

# Offshore Equity Portfolio

March 2024

## Key information

### Benchmark

- MSCI World Index

### Minimum portfolio size

- R2 million (or equivalent in their offshore currency)

Top 10 holdings*
Bank of America Corp
Berkshire Hathaway Inc
Exxon Mobil
Intel Corp
Johnson & Johnson
JP Morgan Chase & Co.
Microsoft Corp
Pfizer Inc
Philip Morris International In
Raytheon Technologies Corp

\*Sorted alphabetically

## About the portfolio manager

### Adriaan Pask, Chief Investment Officer

- 18 years of investment experience
- BCom (Financial Analysis)
- BCom (Hons) (Financial Management)
- MCom (Business Management)
- PhD (Economic and Management sciences)

## About the lead analyst

### Vaughan Henkel, Head of Securities Solutions

- 24 years experience in analysis and Portfolio Management
- B Sc (Elec Eng), CFA, CAIA

## About the portfolio relationship manager

### Thomas Berry, Portfolio Relationship Manager

- 6 years investment experience
- BCom (Hons) (Financial Analysis)
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## Overview

The PSG Wealth House View Offshore Equity Portfolio ended the month 4.18% higher outperforming the MSCI World Index TR USD which posted a positive return of 3.18%. Twelve of the 21 portfolio stocks outperformed the benchmark. Since inception, the PSG Wealth House View Offshore Equity Portfolio had an annualised positive return of 12.10%, outperforming the MSCI World Index TR USD, which showed an annualised positive return of 10.88%.

## Philosophy

We apply a disciplined, bottom-up, value-biased investment philosophy in our stock selection. The central concept underlying value investing is a margin of safety. This means that the share price should be trading at a discount to the intrinsic value of its underlying business. In our view, a company that has limited downside, contrasted with growth potential, qualifies as an attractive investment.

Accordingly, we prefer companies that currently seem undervalued in terms of fundamental analysis, while remaining cognisant of the momentum factors that drive shorter-term share price performance. In addition, we look for companies with a strong confidence rating, which means it does not have large or unmanageable debt positions. We ensure that the portfolio is diversified across multiple sectors. Finally, we have two additional macro factors investigating the economic environment and liquidity to aid in sector and security selection, with opportunities varying depending on the macro environment. Our process can be summarised as a pragmatic approach to investing.

Thus, investments are not only chosen on their potential value but also their quality. As such investments are screened for their profitability, the quality of their reported earnings, dividend policies as well as their financial structure. There is no guarantee that all the chosen companies will outperform; a few will more than likely underperform. However, the portfolio displays below-average risk and is fundamentally undervalued. As a group, their future investment returns should, therefore, be satisfactory.

## Investment objective

In short, we strive to buy high-quality assets trading at a discount to our estimation of its intrinsic value. We expect the investment to re-rate to its intrinsic value over the medium term, which, if consistently applied, should lead to long-term capital growth. Through this process, we aim to grow wealth while consistently guarding clients against the risk of permanent capital loss.

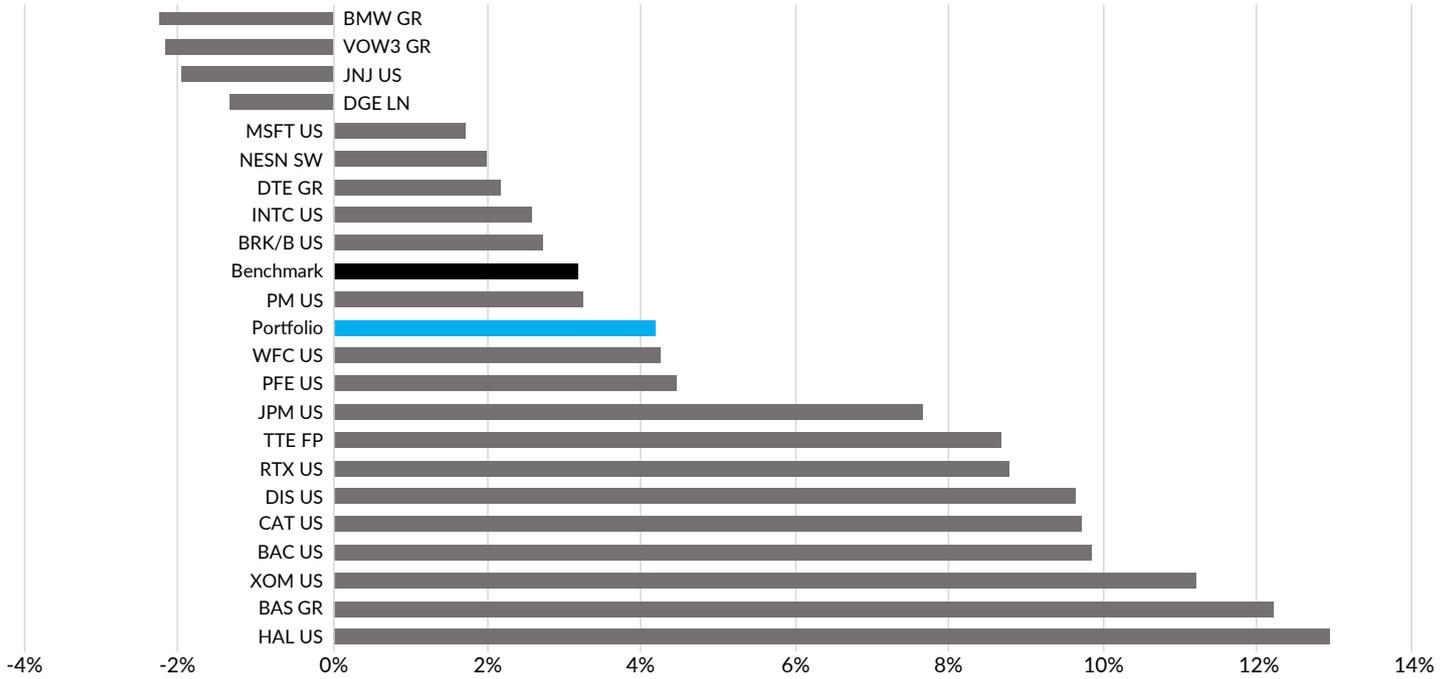
## Market commentary

During March, the MSCI Emerging Market Index Net TR (USD) gained 2.20%, underperforming the MSCI World Index Net TR (USD), which posted a positive return of 3.18%. The ALSI TR (USD) outperformed the MSCI Emerging Market Index, gaining 4.73% in the month of March. The one-month return for ALSI TR (ZAR) was a positive 3.23%.

In the US, the Dow Jones Industrial Average TR (USD) and S&P 500 TR (USD) posted positive returns of 2.21% and 3.22%, respectively. The NASDAQ Composite (USD) gained 1.79%. In Europe, Germany's DAX (USD) was up by 4.57%, France's CAC TR (USD) up by 3.47%, and UK's FTSE TR (USD) up by 4.91% for the month. In Asia, Hong Kong's Hang Seng (USD) gained 0.22% and Japan's Nikkei TR (USD) was up, ending March 1.61% higher.



## Performance attribution



## Significant contributors and detractors

**Halliburton:** HAL increased by 12.95% benefitting from higher oil prices.

**BAS GR:** End market demand for chemicals is improving and Chemical spreads should improve from 2Q24.

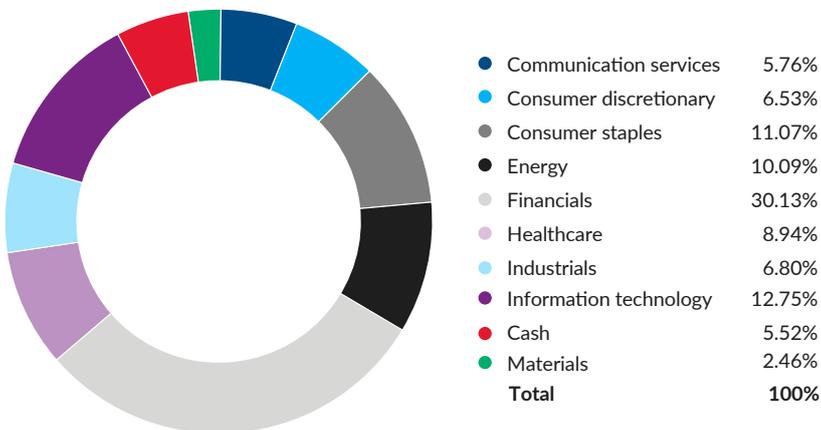
**Exxon Mobil:** XOM rose by 11.21% benefitting from higher oil prices.

**Bayerische Motoren Werke AG:** Simple market volatility.

**Volkswagen Group:** Simple market volatility.

**Johnson & Johnson:** JNJ US was down by 1.98% for the month. The only news flow coming from the company was that they are in talks to purchase Shockwave Medical which would tie into their medical devices segment.

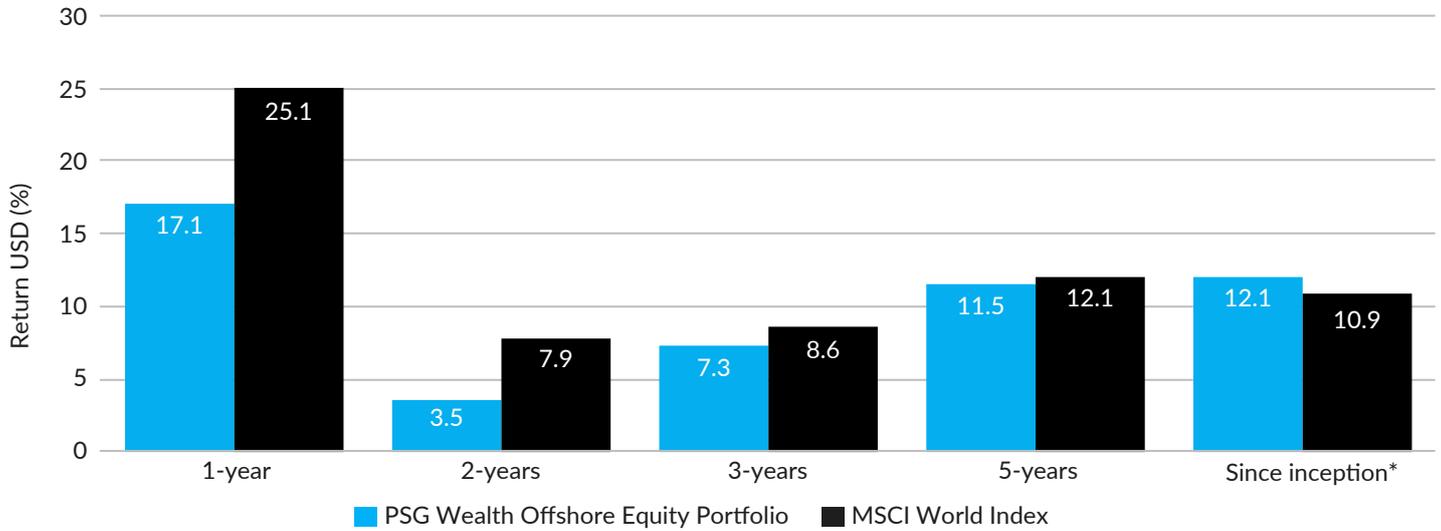
## Sector allocation



- The stock selection within the Industrials sector contributed the most to the portfolio's alpha generation.
- The stock allocation within the Energy contributed the most from the portfolio's alpha.



## Annualised return percentage



\*Inception date: 31 August 2015  
Please note that the returns are before fees.

### Mandatory disclosure

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