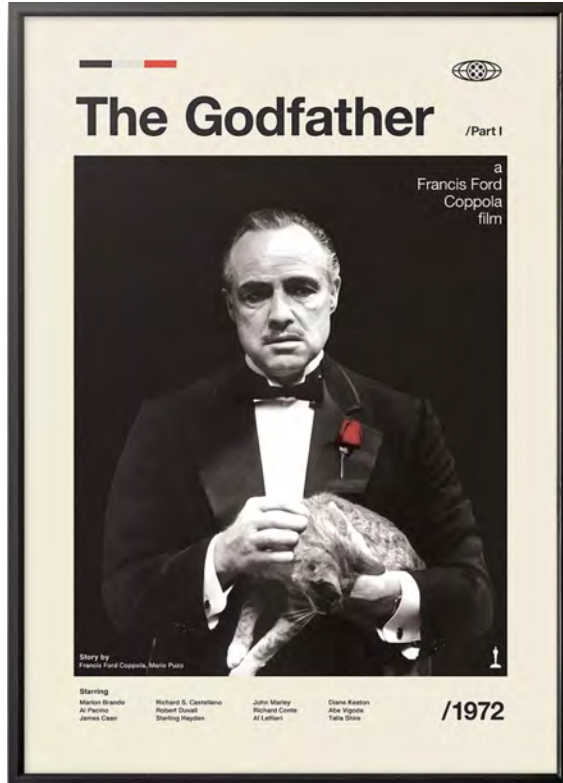




## The Wolf of Dorp Street

Deon Gouws | Chief Investment Officer | March 2025







It ain't what you don't know that gets you into trouble.

It's what you know for sure that just ain't so.

Mark Twain





DrKW Macro research

Equity Strategy | Global



Dresdner Kleinwort Wasserstein

November 2005

# Seven Sins of Fund Management

A behavioural critique

**James Montier**

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[james.montier@drkw.com](mailto:james.montier@drkw.com)



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# “Sins” of fund management – a personal take



# “Sins” of fund management – a personal take



**Generally accepted**

# “Sins” of fund management – a personal take



## Generally accepted

- 1 Fundamentals of finance

# "Sins" of fund management – a personal take



	<b>Generally accepted</b>	<b>Perspective</b>
<b>1</b>	<b>Fundamentals of finance</b>	<b>Spurious assumptions</b>

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
<b>2</b>	<b>Risk measures</b>	

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
<b>2</b>	<b>Risk measures</b>	<b>Risk is what you don't know</b>

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
<b>3</b>	<b>Forecasting</b>	

# “Sins” of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
<b>3</b>	<b>Forecasting</b>	<b>There is no crystal ball</b>

# “Sins” of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
<b>4</b>	<b>Meeting management</b>	

# “Sins” of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
<b>4</b>	<b>Meeting management</b>	<b>Beware the Wolf of Dorp Street</b>

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
4	Meeting management	Beware the Wolf of Dorp Street
<b>5</b>	<b>Too much debt!</b>	

# “Sins” of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
4	Meeting management	Beware the Wolf of Dorp Street
<b>5</b>	<b>Too much debt!</b>	<b>So many assets!</b>

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
4	Meeting management	Beware the Wolf of Dorp Street
5	Too much debt!	So many assets!
<b>6</b>	<b>De-dollarisation</b>	

# "Sins" of fund management – a personal take



	Generally accepted	Perspective
1	Fundamentals of finance	Spurious assumptions
2	Risk measures	Risk is what you don't know
3	Forecasting	There is no crystal ball
4	Meeting management	Beware the Wolf of Dorp Street
5	Too much debt!	So many assets!
<b>6</b>	<b>De-dollarisation</b>	<b>I'll take the other side</b>



1. Assume a can opener

## CAPITAL ASSET PRICES: A THEORY OF MARKET EQUILIBRIUM UNDER CONDITIONS OF RISK\*

WILLIAM F. SHARPE†

### III. EQUILIBRIUM IN THE CAPITAL MARKET

In order to derive conditions for equilibrium in the capital market we invoke two assumptions. First, we assume a common pure rate of interest, with all investors able to borrow or lend funds on equal terms. Second, we assume homogeneity of investor expectations:<sup>16</sup> investors are assumed to agree on the prospects of various investments—the expected values, standard deviations and correlation coefficients described in Part II. Needless to say, these are highly restrictive and undoubtedly unrealistic assumptions. However, since the proper test of a theory is not the realism of its assumptions but the acceptability of its implications, and since these assumptions imply equilibrium conditions which form a major part of classical financial doctrine, it is far from clear that this formulation should be rejected—especially in view of the dearth of alternative models leading to similar results.

**Borrow & lend  
at same  
interest rate**

**All investors:  
homogeneous  
expectations  
& rational**



$$B_{i^*g^*} = - \left[ \frac{P}{E_{Rg^*} - P} \right] + \left[ \frac{1}{E_{Rg^*} - P} \right] E_{Ri^*}.$$

Since  $R_g$  and  $R_{g^*}$  are perfectly correlated:

$$r_{i^*g^*} = r_{i^*g}$$

Thus:

$$\frac{B_{i^*g^*} \sigma_{Rg^*}}{\sigma_{Ri^*}} = \frac{B_{i^*g} \sigma_{Rg}}{\sigma_{Ri^*}}$$

and:

$$B_{i^*g^*} = B_{i^*g} \left[ \frac{\sigma_{Rg}}{\sigma_{Rg^*}} \right].$$

Since both  $g$  and  $g^*$  lie on a line which intercepts the  $E$ -axis at  $P$ :

$$\frac{\sigma_{Rg}}{\sigma_{Rg^*}} = \frac{E_{Rg} - P}{E_{Rg^*} - P}$$

and:

$$B_{i^*g^*} = B_{i^*g} \left[ \frac{E_{Rg} - P}{E_{Rg^*} - P} \right]$$

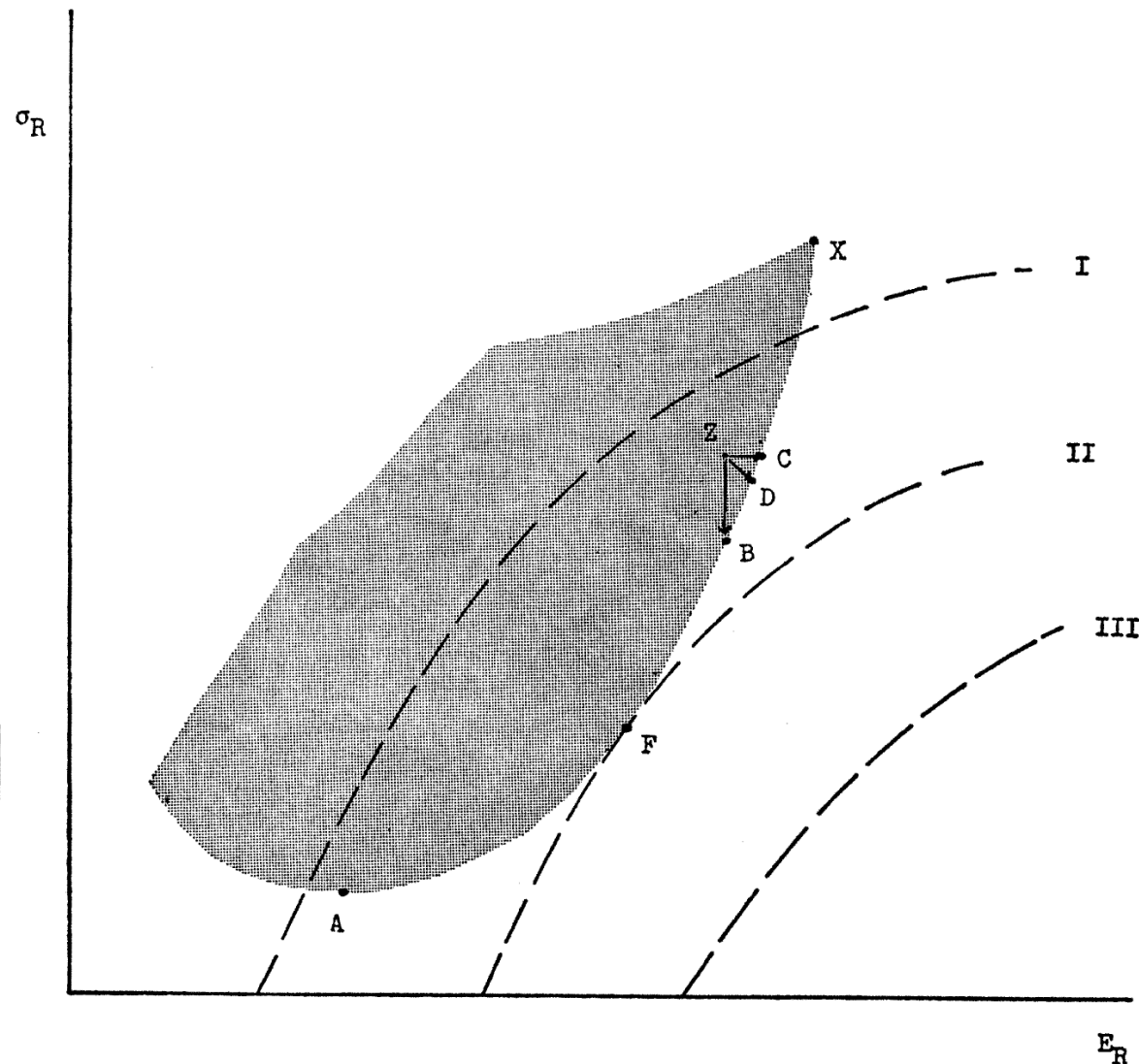
Thus:

$$- \left[ \frac{P}{E_{Rg^*} - P} \right] + \left[ \frac{1}{E_{Rg^*} - P} \right] E_{Ri^*} = B_{i^*g} \left[ \frac{E_{Rg} - P}{E_{Rg^*} - P} \right]$$

from which we have the desired relationship between  $R_{i^*}$  and  $g$ :

$$B_{i^*g} = - \left[ \frac{P}{E_{Rg} - P} \right] + \left[ \frac{1}{E_{Rg} - P} \right] E_{Ri^*}$$

$B_{i^*g}$  must therefore plot on the same line as does  $B_{ig}$ .





# THE NOBEL PRIZE

Economic Sciences



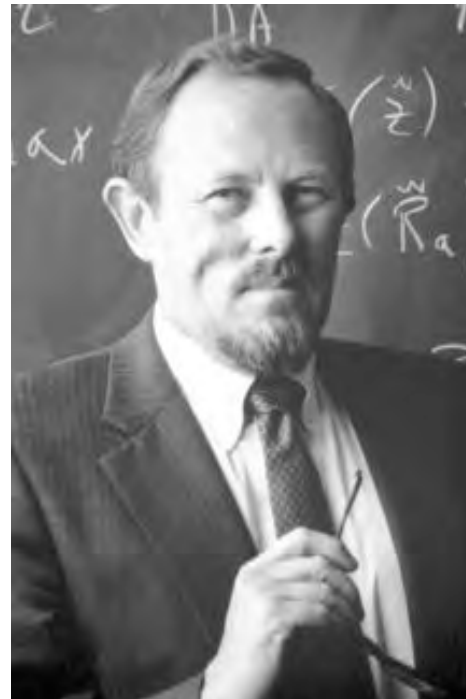
Prize in Economic Sciences 1990

William F. Sharpe - Biographical



The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1990

Harry M. Markowitz  
Merton H. Miller  
William F. Sharpe



## William F. Sharpe



# Efficient Capital Markets: A Review of Theory and Empirical Work

Eugene F. Fama

*Journal of Finance*, Volume 25, Issue 2, Papers and Proceedings of the Twenty-Eighth Annual Meeting of the American Finance Association New York, N.Y. December, 28-30, 1969 (May, 1970), 383-417.

## D. *Market Conditions Consistent with Efficiency*

Before turning to the empirical work, however, a few words about the market conditions that might help or hinder efficient adjustment of prices to information are in order. First, it is easy to determine *sufficient* conditions for capital market efficiency. For example, consider a market in which (i) there are no transactions costs in trading securities, (ii) all available information is costlessly available to all market participants, and (iii) all agree on the implications of current information for the current price and distributions of future prices of each security. In such a market, the current price of a security obviously “fully reflects” all available information.

But a frictionless market in which all information is freely available and investors agree on its implications is, of course, not descriptive of markets met in practice. Fortunately, these conditions are sufficient for market efficiency, but not necessary.

No  
transaction  
costs

Freely  
available  
information

Agreement  
re  
information



# THE NOBEL PRIZE

Economic Sciences



Prize in Economic Sciences 2013

Eugene F. Fama - Biographical



The Sveriges Riksbank Prize in  
Economic Sciences in Memory  
of Alfred Nobel 2013

Eugene F. Fama  
Lars Peter Hansen  
Robert J. Shiller



## Eugene F. Fama

Lunch with the FT Life & Arts

+ Add to myFT

## Economist Eugene Fama: 'Efficient markets is a hypothesis. It's not reality'

The giant of modern finance on the wisdom of crowds and locking horns with the investment industry



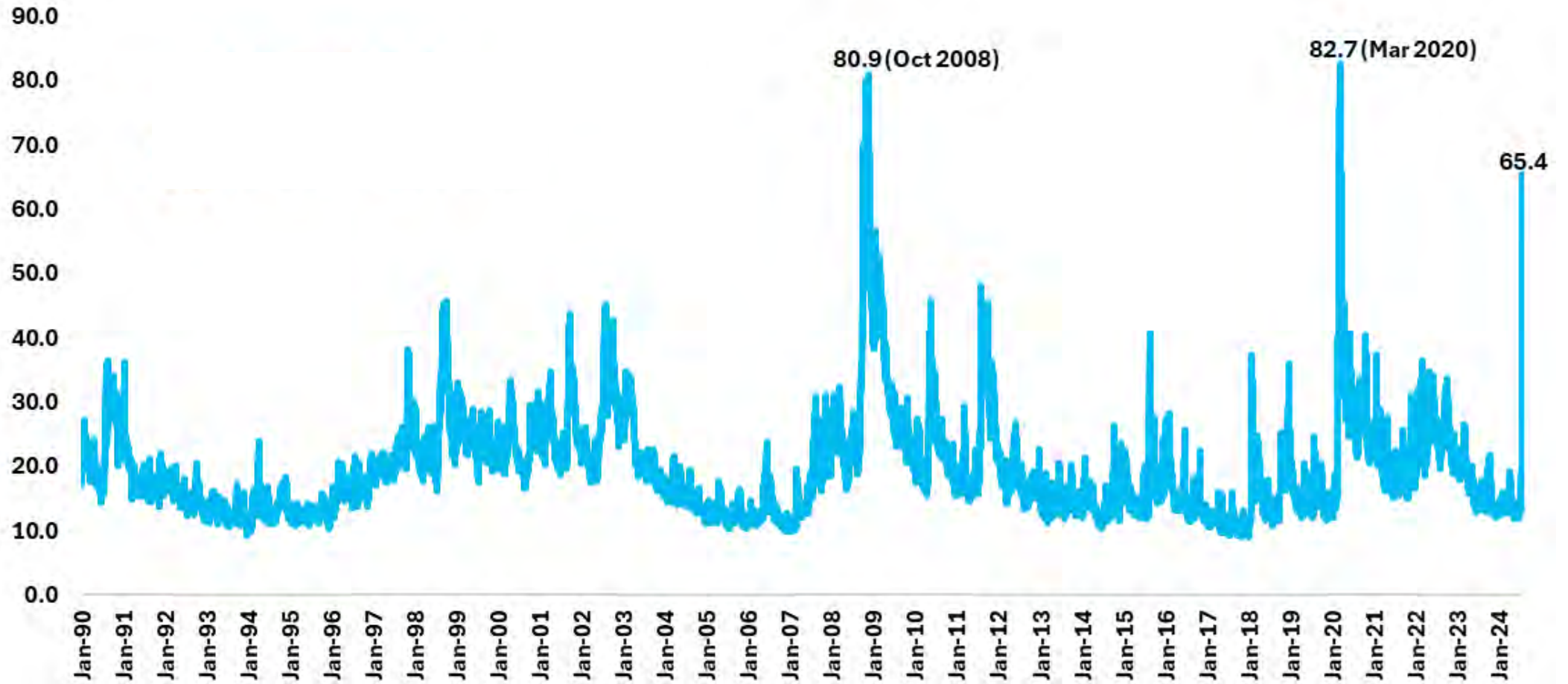


2. Risk is what you don't know

# Quantitative risk measures



- Beta (systemic risk)
- R-squared
- Standard deviation (**volatility**)
- Sharpe ratio
- VIX



# Quantitative risk measures (continued)



- Beta (systemic risk)
- R-squared
- Standard deviation (**volatility**)
- Sharpe ratio
- VIX
- Delta / gamma / vega / rho
- Value at Risk



$$\text{VaR}_{1-\alpha}(X) \leq \text{RVaR}_{\alpha,\beta}(X) \leq \text{CVaR}_{1-\alpha}(X) \leq \text{EVaR}_{1-\alpha}(X),$$

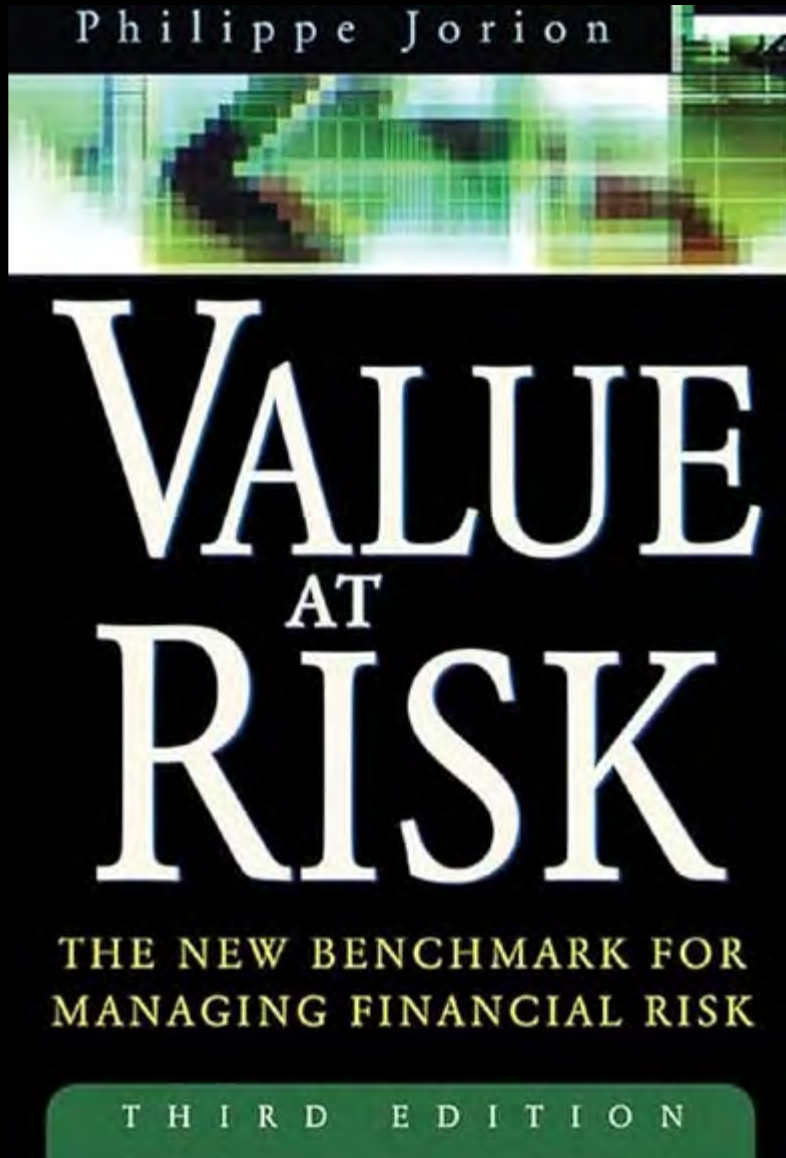
where

$$\text{VaR}_{1-\alpha}(X) := \inf_{t \in \mathbf{R}} \{t : \Pr(X \leq t) \geq 1 - \alpha\},$$

$$\text{CVaR}_{1-\alpha}(X) := \frac{1}{\alpha} \int_0^\alpha \text{VaR}_{1-\gamma}(X) d\gamma,$$

$$\text{RVaR}_{\alpha,\beta}(X) := \frac{1}{\beta - \alpha} \int_\alpha^\beta \text{VaR}_{1-\gamma}(X) d\gamma,$$

$$\text{EVaR}_{1-\alpha}(X) := \inf_{z > 0} \{z^{-1} \ln(M_X(z)/\alpha)\}$$



“...*maximum expected potential loss on the portfolio*

*over the given time horizon*

*for a given confidence interval*

*under normal market conditions...”*

Enter...  
Siegfried  
& Roy





3. There is no crystal ball



"Open this wonderful book to any page. Try not to laugh. I dare you."

—James Grant, *Grant's Interest Rate Observer*

# THE DEVIL'S FINANCIAL DICTIONARY



**RUMOR**, n. The Wall Street equivalent of a fact

**STOCK MARKET**, n. A chaotic hive of millions of people who overpay for hope and underpay for value.

**FAIR-VALUE PRICING**, n. A guess.

**JASON ZWEIG**

## *Forecasting (n):*

*The attempt to predict the unknowable by measuring the irrelevant.*

*A task that, in one way or another, employs most people on Wall Street.*



2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10 Years
REITs 30.4%	REITs 2.4%	Small Cap 26.6%	EM 37.3%	Cash 1.7%	Large Cap 31.2%	Large Cap 18.3%	REITs 40.5%	Comdty 17.5%	Large Cap 26.2%	Large Cap 11.9%
Large Cap 13.5%	Large Cap 1.3%	Mid Cap 20.5%	Int'l Stocks 25.1%	Bonds 0.1%	REITs 28.9%	EM 17.0%	Comdty 31.1%	Cash 1.4%	Int'l Stocks 18.4%	Mid Cap 9.0%
Mid Cap 9.4%	Bonds 0.5%	Comdty 12.9%	Large Cap 21.7%	TIPS -1.4%	Mid Cap 25.8%	Mid Cap 13.5%	Large Cap 28.8%	<b>EW</b> <b>-11.5%</b>	Mid Cap 16.1%	Small Cap 8.6%
Bonds 6.0%	Cash -0.1%	Large Cap 12.0%	Mid Cap 15.9%	Large Cap -4.6%	Small Cap 22.6%	Small Cap 11.4%	Small Cap 26.8%	TIPS -12.2%	Small Cap 16.1%	REITs 7.4%
Small Cap 5.5%	Int'l Stocks -1.0%	EM 10.9%	Small Cap 13.1%	REITs -6.0%	Int'l Stocks 22.0%	TIPS 10.8%	Mid Cap 24.5%	Bonds -13.0%	REITs 11.8%	<b>EW</b> <b>5.0%</b>
<b>EW</b> <b>4.0%</b>	TIPS -1.8%	<b>EW</b> <b>10.0%</b>	<b>EW</b> <b>12.6%</b>	<b>EW</b> <b>-7.2%</b>	EM 18.2%	<b>EW</b> <b>7.8%</b>	<b>EW</b> <b>16.3%</b>	Mid Cap -13.3%	<b>EW</b> <b>10.2%</b>	Int'l Stocks 4.2%
TIPS 3.6%	Small Cap -1.8%	REITs 8.6%	REITs 4.9%	Small Cap -8.6%	<b>EW</b> <b>17.5%</b>	Int'l Stocks 7.6%	Int'l Stocks 11.5%	Int'l Stocks -14.4%	EM 9.0%	TIPS 2.3%
Cash -0.1%	Mid Cap -2.5%	TIPS 4.7%	Bonds 3.6%	Mid Cap -11.3%	Bonds 8.5%	Bonds 7.5%	TIPS 5.7%	Small Cap -16.1%	Bonds 5.7%	EM 1.8%
EM -3.9%	<b>EW</b> <b>-4.7%</b>	Bonds 2.4%	TIPS 2.9%	Comdty -13.1%	TIPS 8.4%	Cash 0.4%	Cash -0.1%	Large Cap -18.2%	Cash 4.9%	Bonds 1.8%
Int'l Stocks -6.2%	EM -16.2%	Int'l Stocks 1.4%	Comdty 0.7%	Int'l Stocks -13.8%	Comdty 7.6%	Comdty -4.1%	Bonds -1.8%	EM -20.6%	TIPS 3.8%	Cash 1.1%
Comdty -18.6%	Comdty -28.2%	Cash 0.1%	Cash 0.7%	EM -15.3%	Cash 2.0%	REITs -4.6%	EM -3.6%	REITs -26.2%	Comdty -9.9%	Comdty -1.9%

Funds: EEM, VNQ, MDY, SPSM, SPY, EFA, TIP, AGG, DJP, BIL

Source: Ben Carlson, Ritholtz Wealth Management

# Year-end S&P 500 target



	2023	31 Dec 2023 (4,770) <b>+24.2%</b>
Deutsche Bank	4,500	
Oppenheimer	4,400	
BMO	4,300	
Scotiabank	4,225	
JP Morgan	4,200	
Cantor Fitzgerald	4,100	
RBC Capital Markets	4,100	
Credit Suisse	4,050	
Bank of America	4,000	
Goldman Sachs	4,000	
Citigroup	3,900	
Morgan Stanley	3,900	
UBS	3,900	
Barclays	3,725	1 Jan 2023 (3,840)
Societe Generale	3,650	
<b>Average</b>	<b>4,063</b>	<b>+5.8%</b>

Source: MarketWatch, Bloomberg

# Year-end S&P 500 target



	2023	2024	
Oppenheimer	4,400	5,200	
Deutsche Bank	4,500	5,100	
BMO	4,300	5,100	
Goldman Sachs	4,000	5,100	
Citigroup	3,900	5,100	
RBC Capital Markets	4,100	5,000	
Bank of America	4,000	5,000	
UBS	3,900	4,850	
Barclays	3,725	4,800	
Societe Generale	3,650	4,750	→ 1 Jan 2024 (4,770)
Scotiabank	4,225	4,600	
Morgan Stanley	3,900	4,500	
Cantor Fitzgerald	4,100	4,400	
JP Morgan	4,200	4,200	
Credit Suisse	4,050		
<b>Average</b>		<b>4,836</b>	<b>+1.4%</b>

→ 31 Dec 2024 (5,882)  
**+23.3%**

→ 1 Jan 2024 (4,770)

**The Pulse**  
with Francine Lacqua

# JPM RAISES US RECESSION RISK TO 35%

**Bloomberg**  
09:09 8 AUG  
@BUSINESS

**FTSE 100**  
8079.36  
-87.52 1.07%

**DAX**  
17497.62  
-117.53 0.67%

**CAC 40**  
7185.42  
-80.59 1.11%

**LME NICKEL**  
16105.00  
-191.00 1.17%

**LME LEAD**  
1958.00  
-9.50 0.48%

**LME TIN**  
29900.00  
-91.00 0.30%

## TOP NEWS

### RBA Won't Hesitate to Raise Rates Further, Currency Climbs

PAGE 2 OF 2

- ▶ 'I know this is not what people want to hear,' Bullock said Thursday in a speech in her hometown of Armidale in northern New South Wales. 'But the alternative of persistently high inflation is worse.'
- ▶ In response, Australia's dollar extended gains to hit a day's high of 65.66 US cents.

# How to never be wrong as an economist



## **Economists Lower Recession Forecasts to 40% on US Job Growth Expectations**

- Economy is seen expanding 2.1% this year in Bloomberg survey
- Forecasters mark down recession odds to 40%, lowest since 2022

Macro Matters

## **U.S. economy has 40% chance of being in recession next year, Bank of America says**

By Caroline Valetkevitch

June 17, 2022 6:57 PM GMT+1 · Updated 2 years ago

## **Citi sees a 40% chance of US recession going into next year and expects the Fed's policies to take up to 18 months to take effect**

Zahra Tayeb Jun 22, 2022, 10:53 AM GMT+1



**Roger Lowenstein**  
@RogerLowenstein

Paraphrasing Buffett, forecasters tell you about the forecaster, not about the future.



wsj.com

Where Are Stocks, Bonds and Crypto Headed Next? Five Investors Look  
Many say equities still look expensive after a promising start to 2023.

5:26 PM · Jan 28, 2023



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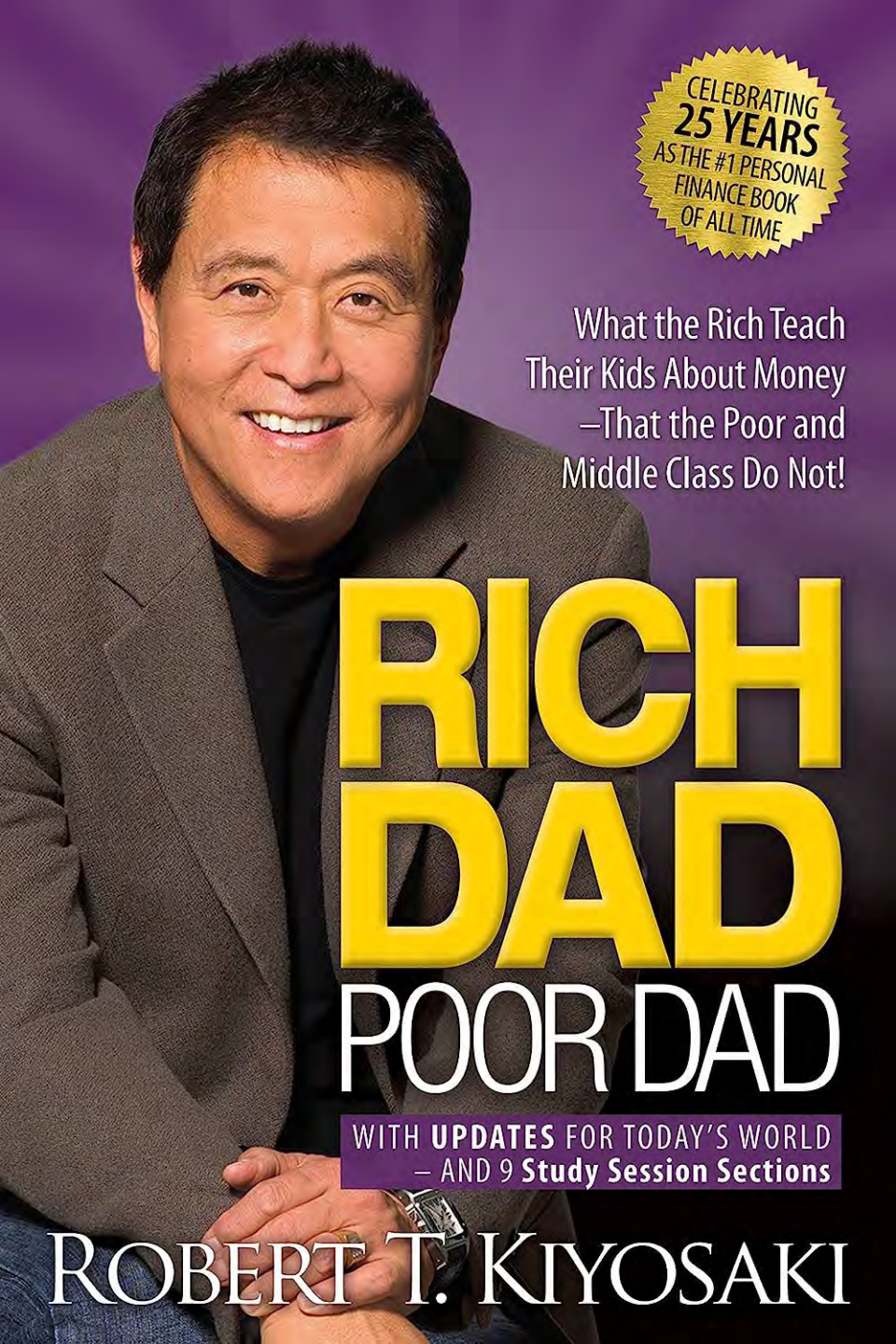
—JASON ZWEIG  
*Wall Street Journal*

Th

*“Pessimism always sounds smarter than optimism.”*

*That's because pessimism sounds like someone trying to help you, while optimism sounds like a sales pitch - even if it's usually right.”*





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Best INVESTMENT: Cans of Tuna Fish. Inflation about to take off. Best investments are cans of tuna & baked beans. You can't eat gold, silver, or Bitcoin. You can eat cans of tuna and baked beans. Food most important. Starvation next problem. Invest in the solution. Take care.

06:46 · 13/06/2022 From Earth

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## 4. The Wolf of Dorp Street



# The wolf of Dorp Street

**A** senior team member at leading investment house GMO, James Montier, is one of the brightest minds in financial services.

In 2005, he produced a paper titled "Seven Sins of Fund Management", which is a behavioural critique of some generally accepted practices in asset management.

One of the topics that he focuses on is meeting with the management teams of companies as part of the investment analysis process, which he describes as mutual love-ins. He bases his view, inter alia, on confirmation bias, as most of us tend to hear what we want to hear when we meet these captains of industry.

I share Montier's cynicism. In a previous life, I used to head the equity research team at a large institution in South Africa. Analysts would come back from visiting their favourite companies, waxing lyrical about the quality of management. How did you assess that, I would always ask. The responses were seldom compelling.

I believe there is only one way to assess the quality of management, and that is to consider their track record of delivery over the longer term. And you don't need face time for that: a data subscription and some spreadsheet skills will do.

Take Elon Musk, for example. Love him or loathe him (and I don't think most people actually like the man very much – he comes across as awkward and arrogant, even rude), it's hard to argue with what the boy from Pretoria has achieved in half a lifetime. Who knows where he might end up taking Tesla and SpaceX in decades to come, even if the smokes pot while being interviewed on live television.

In my view, the typical analyst beating the pavement is likely to be impressed by a rock star manager's strong personality and sunny disposition (pessimists don't rise to the top of big com-

panies). While optimism is clearly a valuable trait, one should always be mindful of the fact that company managers generally have an overabundance of it, specifically as far as their own business is concerned.

A perfect illustration of this can be found in The CFO Survey, co-ordinated by Duke University, which has been polling American business leaders every three months since June 2002. Among other questions, participants are asked to rate their optimism about the overall US economy, as well as their own firms' prospects on a scale from 0 to 100. Averages are then calculated for each of these numbers.



Former Steinhoff CEO Markus Jooste  
Galley/Brenton Gearch

With more than 2,000 participants across the US, the law of large numbers applies. On average, prospects for the typical company should thus approximate that of the overall economy. But, predictably, that's not how the results pan out. In all but one of 87 consecutive quarterly observations to date, American CFOs are noticeably more positive about prospects for their own companies than they are in

respect of the overall US economy.

This is the business equivalent of asking a roomful of people whether they believe that their driving skills are above average for that particular audience, with the vast majority responding in the affirmative. It's an outcome that is mathematically impossible, yet typical in practice.

### The great con

Markus Jooste was arguably the most overoptimistic South African CEO in living memory. While not everyone swallowed his Kool-Aid, Shane Watkins of All Weather Capital was quoted on these pages back in December 2017 as saying that "80% of analysts loved him and lapped up his story".

Steinhoff's accounting may have been opaque, but Jooste would always look you in the eye, smile warmly, and he had an answer for everything. Up to a point, the vast majority of market participants agreed that he came across as very believable – just ask Christo Wiese.

But the most successful con artists in the world end up being successful, exactly because they are so believable. Which is why it's probably a better idea to avoid them in the first place. As Montier suggests in his paper, the ability of analysts to spot deception tends to be very poor.

I understand why investment professionals enjoy flying halfway around the world to visit companies and speak to management (especially if your firm is generous enough to buy you a business class ticket and put you up in a five-star hotel).

Just beware of running into the Wolf of Dorp Street. For if you do, there's a real danger that it may end up costing you and your clients a lot of money.

Gouws is chief investment officer at Credo, London



# Markus Jooste: the questions linger

**"S**ee what you did now." That was the WhatsApp message from a friend in South Africa

around 4pm (UK time) last Thursday. He attached the screenshot of a tweet by Newzroom Afrika stating that Markus Jooste had just shot himself.

A few hours earlier, the same friend and I had exchanged a few messages about my previous column on these pages, which carried the headline "The Wolf of Dorp Street" (March 14-20) and was published exactly a week before Jooste's death. Physical copies of the magazine would still have been on the shelves at newsagents when Jooste walked onto the coastal path near the Hermanus golf course and took his own life. This is what my friend was referring to with his tongue-in-cheek message. The previous week, I presented a

plenary session at The Investment Forum, South Africa's premier gathering of investment managers, discretionary fund managers, multimangers and financial advisers. There was an audience of about 600 people in Cape Town, as well as 800 in Joburg, and I focused on the exact same "Wolf" topic as that month's column. It's fair to say, therefore, that Jooste and all the shenanigans at Steinhoff had been top of my mind for a number of weeks leading up to his demise.

As a result, it was a pretty eerie feeling when I heard about his suicide. I wouldn't quite rank it up there with the death of Princess Diana or September 11, but I guess I'll always remember where I was when I got the news.

I also found the response to his death rather weird. References on X were filled with resignation rather than shock, as if the collective opinion boiled down to this being the inevitable conclusion to a life of lies.

Some simply saw it as an admission of guilt. Willem Kempen of Vrye Weekblad summed it up well when he started his article the following day by saying that, when it comes to Jooste, the rule about not speaking ill of the dead need not apply quite so strictly.

This being South Africa, there were also jokes and memes and conspiracy theories within minutes. As a friend of mine messaged me straight away: "I'll only believe the news when I see the body." Others were comparing Jooste's death to that of Gavin Watson, former Bosasa boss, who died in mysterious circumstances in a car accident in 2019.

### A controversial character

My mind goes back to when I met Jooste around the time of the 2008 global financial crisis. He was already a pretty controversial character, and it's fair to say that opinions about the man were extremely divided. The firm that I was with back then happened to be on his roster for investor roadshows. Jooste faced some tough questions from my colleagues in our boardroom, but you could never pin him down.

A friend of mine who runs a hedge fund started shorting Steinhoff more than 15 years ago. In hindsight, his original thesis was 100% correct, as he always believed that the company was all smoke and mirrors. Yet he was so far ahead of his time that it actually cost him a small fortune: as the Wolf of Dorp Street kept adding to his empire, the share price doubled and redoubled over the years. My friend was eventually forced to close out his position, crystallising a painful loss. By the time the house of cards started falling apart just over six years ago, he'd moved on. He just shook his head in the end.

A final memory: a relative texted me in December 2017, a day after Jooste's resignation from Steinhoff, with the share price having collapsed overnight. What did I think, he asked – was it worth a punt? Without claiming to be a genius, I warned him against buying, my friend the hedge fund manager's influence over the years obviously playing a part in my caution.

I quoted Warren Buffett's words to him: "In the world of business, bad news often surfaces serially: you see a cockroach in your kitchen, as the days go by, you meet his relatives."

That first cockroach in the Steinhoff cupboard did indeed end up having a multitude of relatives. The whole saga will probably go down as the most spectacular corporate fraud in South Africa in living memory. And now that Jooste is no more, we may never have answers to many of the lingering questions. A sad ending indeed. **x**  
Gouws is chief investment officer at Credo, London



12,987/Vectorart



# Markus Jooste: The fall of a Stellenbosch Don

The disgraced former Steinhoff CEO inspired very different sentiments in those he dealt with

🔒 BL PREMIUM

14 DECEMBER 2017 - 06:00

by ADELE SHEVEL



The fall of Markus Jooste, the now-disgraced former CEO of Steinhoff, has badly rattled his legion of disciples.

Jooste (56), whom this magazine recently dubbed "the Fred Flintstone of the investment world" for his scrappy personality, sees the world in black and white. He is "charismatic, but arrogant and abrasive", says All Weather Capital chief investment officer Shane Watkins.

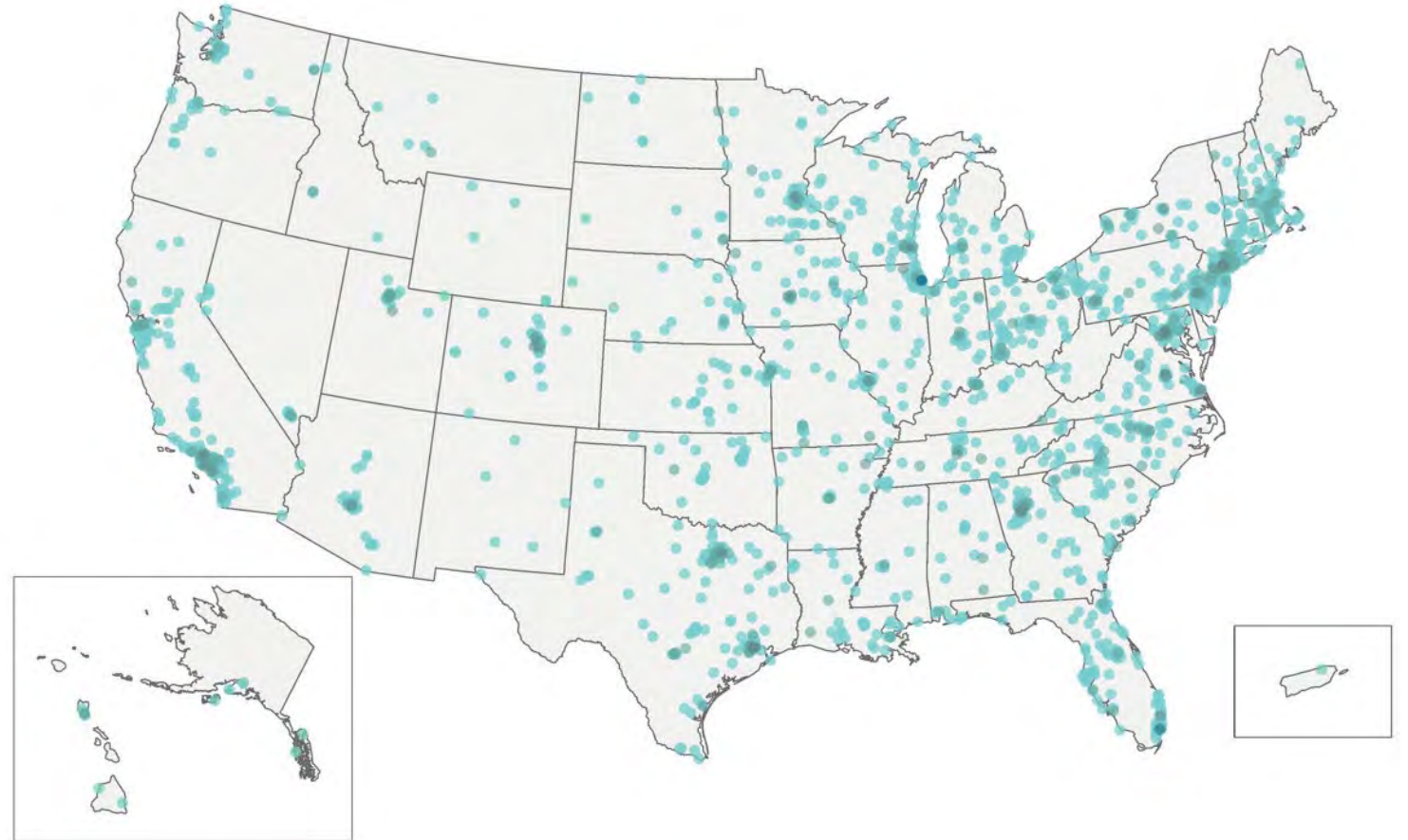
"A large group of people worshipped him unquestioningly. These people were lavishly entertained and fêted. Those analysts who questioned and asked uncomfortable questions were excluded," says Watkins. "The investment community was very split on the issue — my guess is 80% of analysts loved him and lapped up his story and 20% were much more sceptical."





# The CFO Survey

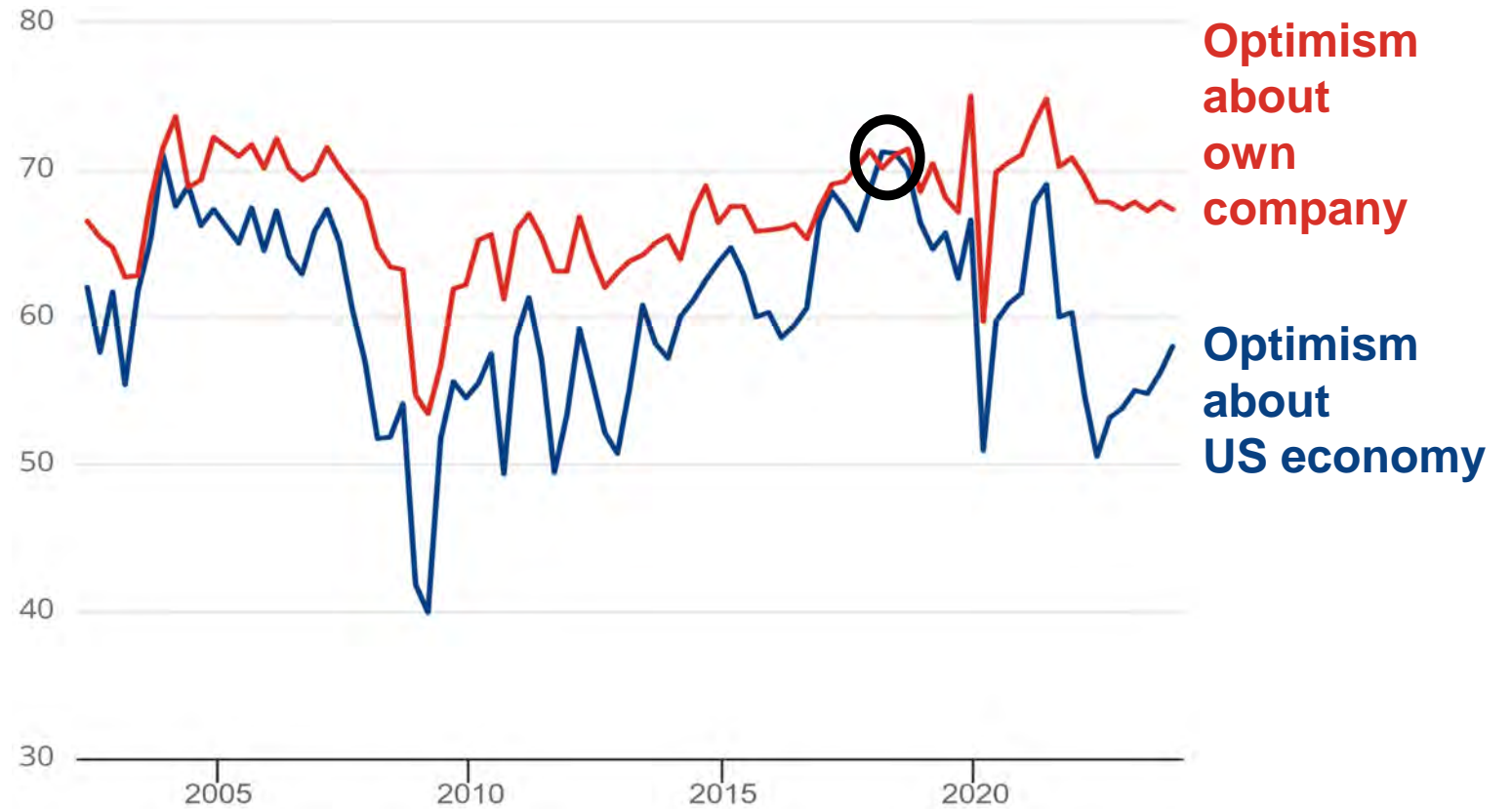
**2,100 panellists  
across US**





# The CFO Survey

## Optimism Index





# The curse of the Forbes front cover



June '14



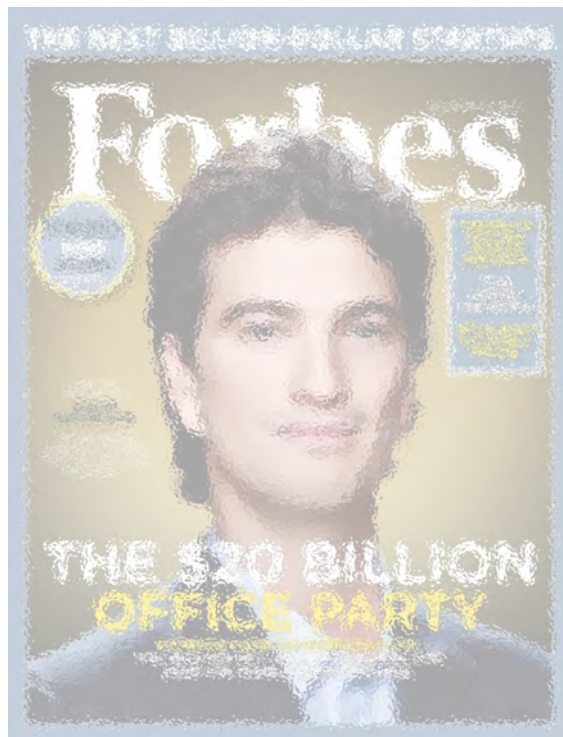
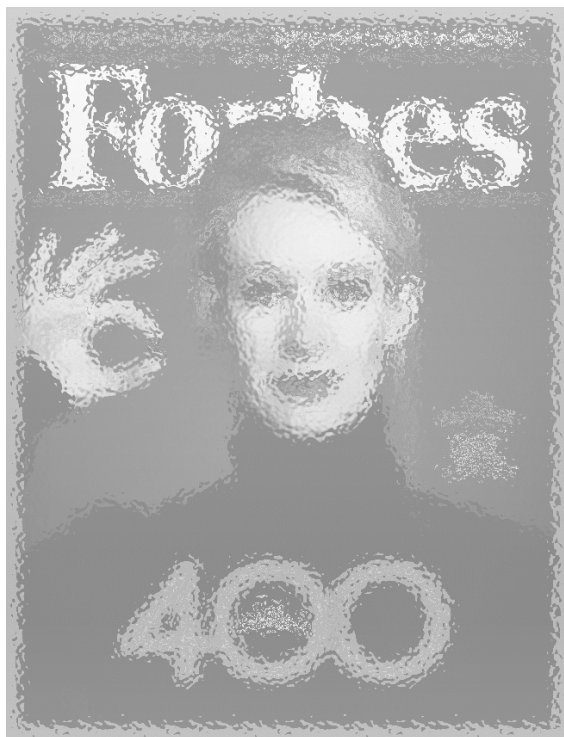
# The curse of the Forbes front cover



October '17



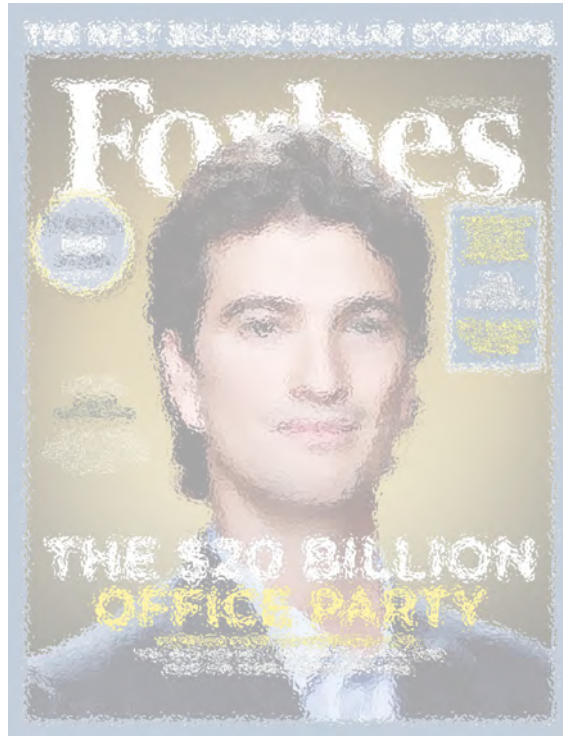
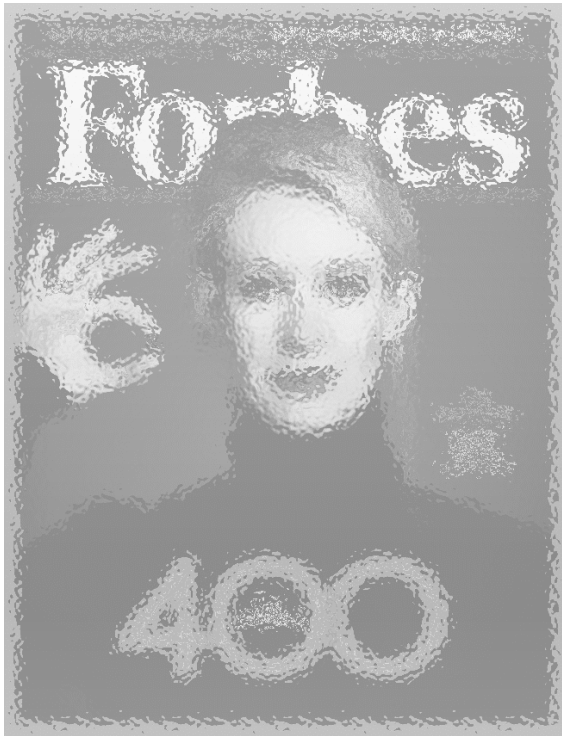
# The curse of the Forbes front cover



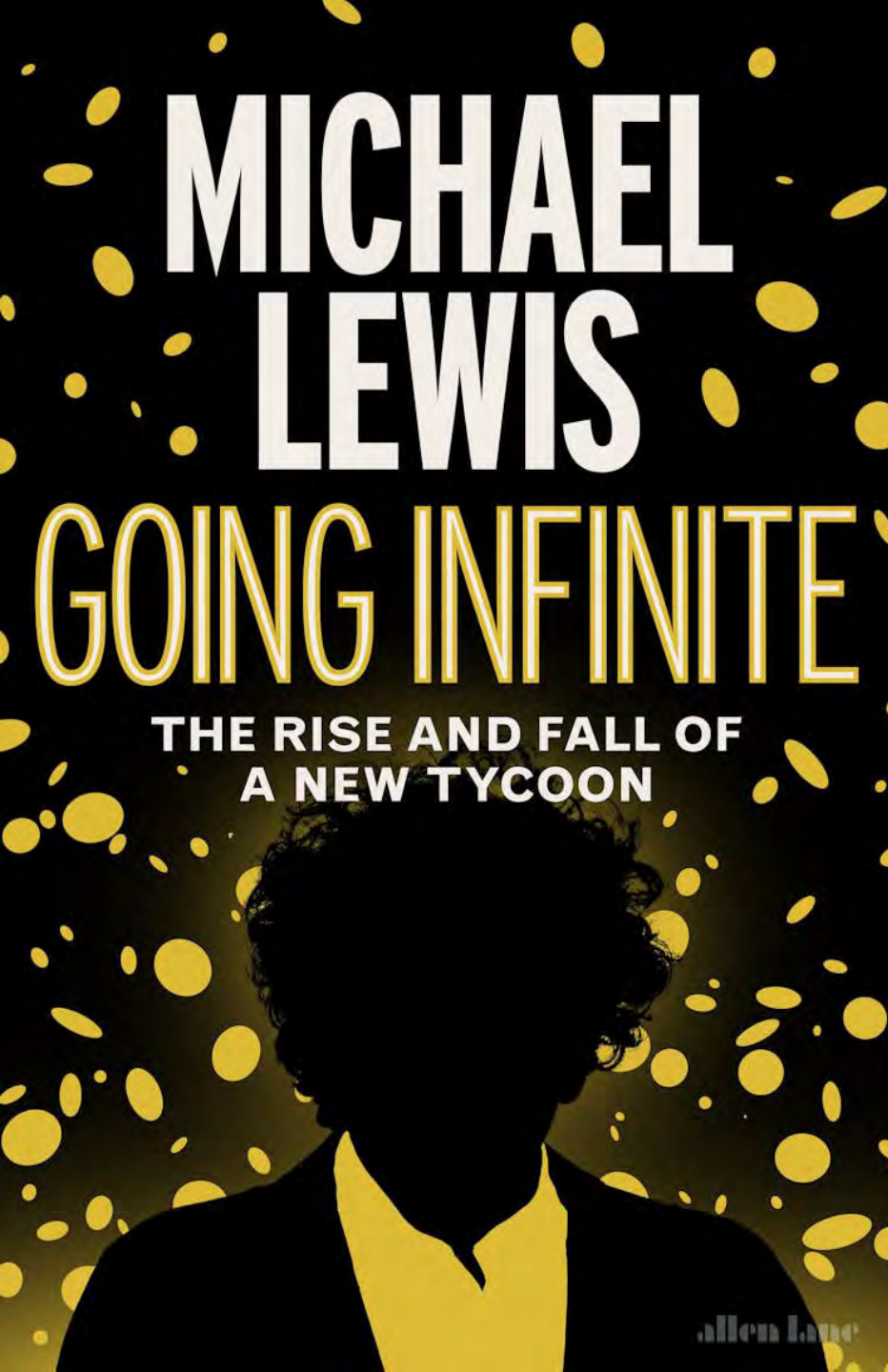
February '18



# The curse of the Forbes front cover



## October '21

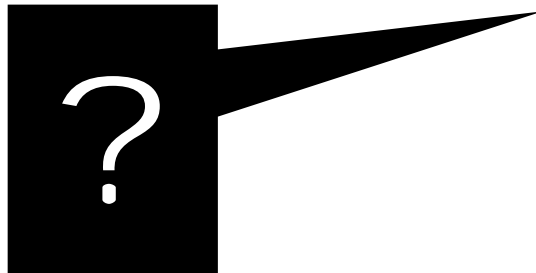


Michael Lewis, to  
Brad Katsuyama:

***“Do whatever  
he wants to do!”***

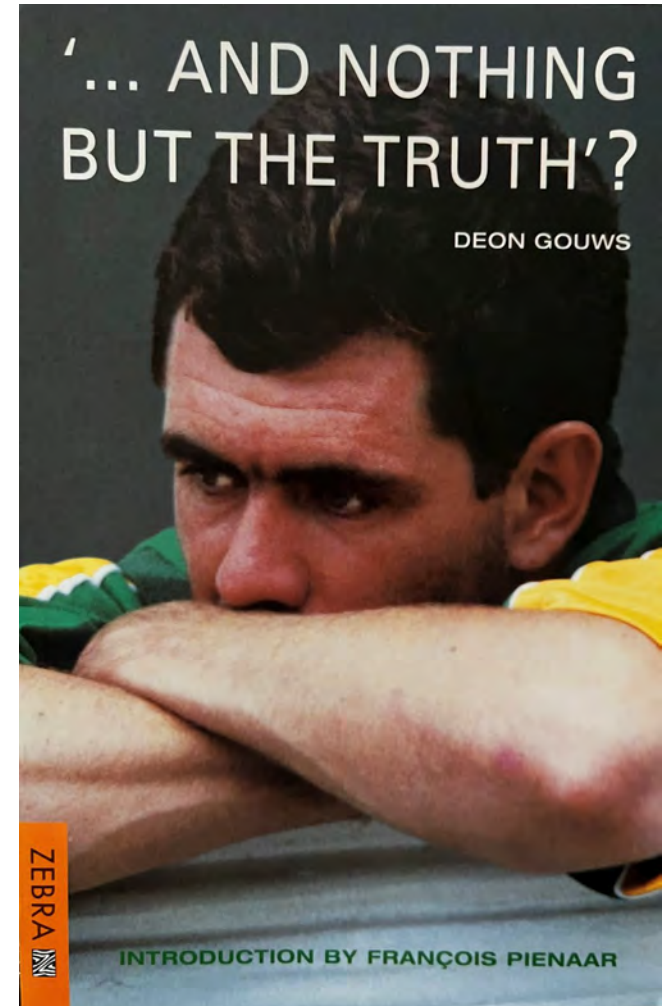
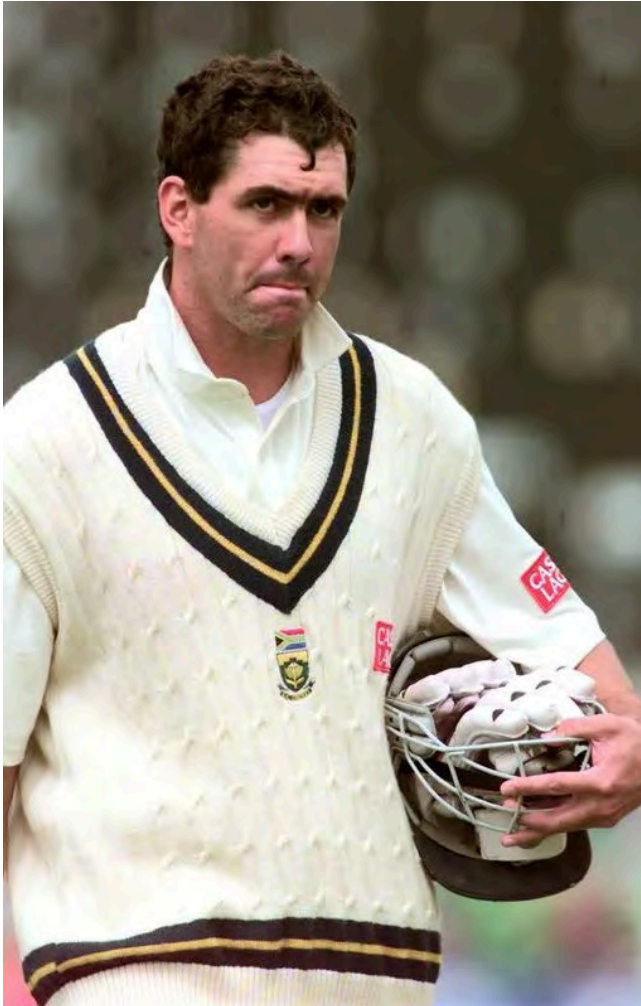
***What could possibly  
go wrong?”***

# PS: the curse of the Forbes front cover...



April '04

# Remember him?



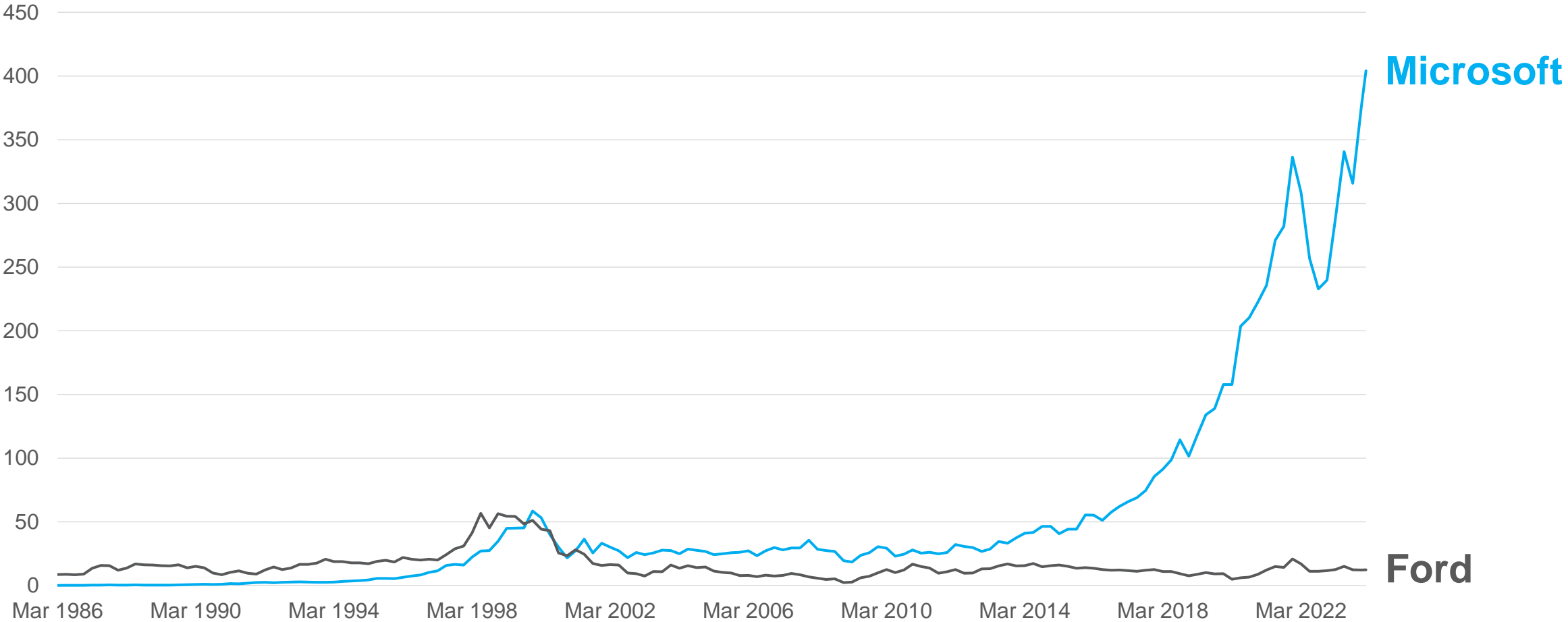
Would you  
have invested  
with these hippies  
in 1978?



...or might you  
have preferred  
this team?



# Microsoft & Ford: relative share price performance



Source: Credo, Bloomberg

...what if the CEO  
was a druggie?





***“You should invest  
in a business that even  
a fool can run, because  
someday a fool will.”***

(Warren Buffett)



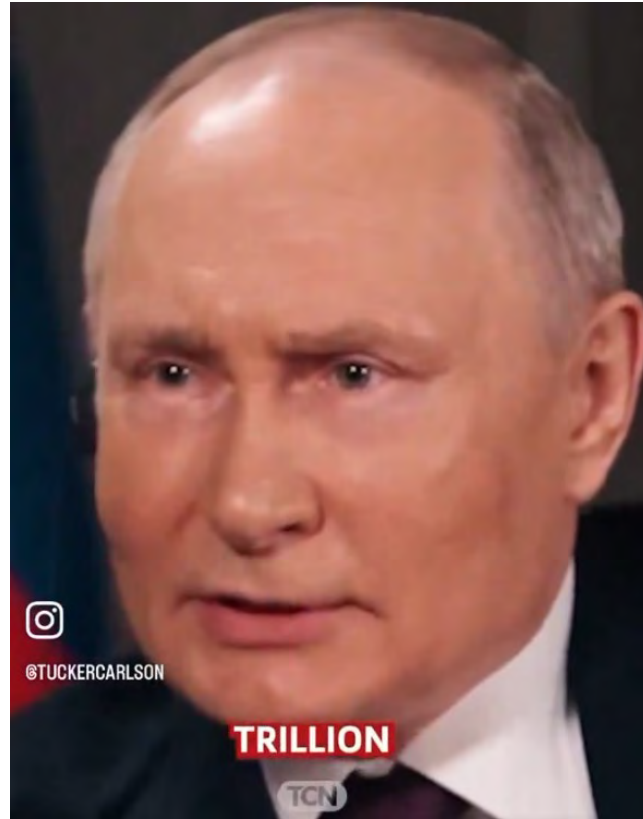
5. Too much debt?

# US debt



Near Times Square, March 1989







# US Debt Clock.org

State Debt Clocks World Debt Clocks Time Machine

### US NATIONAL DEBT

**\$35,138,167,682,013**

DEBT PER CITIZEN: **\$104,213** DEBT PER TAXPAYER: **\$268,258**

US FEDERAL SPENDING (OFFICIAL): **\$6,849,596,015,370** US FEDERAL BUDGET DEFICIT (OFFICIAL): **\$1,870,475,131,585**

US FEDERAL SPENDING (ACTUAL): **\$6,999,233,947,811** US FEDERAL BUDGET DEFICIT (ACTUAL): **\$2,020,113,086,880**

US FEDERAL DEBT TO GDP RATIO: 1960 • **52.56%** 1980 • **34.64%** 2000 • **56.74%** NOW • **122.94%**

US FEDERAL TAX REVENUE: **\$4,979,120,883,785** REVENUE PER CITIZEN: **\$14,823**

INCOME TAX REVENUE: **\$2,330,227,792,648** PAYROLL TAX REVENUE: **\$1,622,774,292,034** EXCISE TAX: **\$81,991,831,969** CHARITABLE DONATIONS: **\$580,364,691,583**

TOTAL STATE REVENUE: **\$2,370,475,885,396** TOTAL LOCAL REVENUE: **\$1,272,114,023,962**

CORPORATE TAX REVENUE: **\$478,423,919,871** TARIFF TAX REVENUE: **\$71,062,510,431** ESTATE & GIFT TAX: **\$31,432,158,393** PER ADULT: **\$2,232**

STATE DEBT: **\$1,313,483,580,484** DEBT PER CITIZEN: **\$3,910** LOCAL DEBT: **\$2,466,660,111,830** DEBT PER CITIZEN: **\$7,344** MUNICIPAL EMPLOYEES: **19,437,867** AVERAGE SALARY: **\$75,234**

US GROSS DOMESTIC PRODUCT: **\$28,582,260,310,116** TOTAL WORKER COMPENSATION: **\$14,803,269,968,657** TOTAL FEDERAL/STATE/LOCAL SPENDING: **\$10,896,098,246,072** TOTAL DEBT TO GDP RATIO: **136.17%** REVENUE TO GDP RATIO: **30.12%** SPENDING TO GDP RATIO: **38.15%**

### Largest Budget Items

MEDICARE/MEDICAID: **\$1,796,564,864,518** SOCIAL SECURITY: **\$1,460,996,924,615** DEFENSE/WAR: **\$914,301,378,447** INTEREST ON DEBT (NET): **\$912,368,897,846**

### Unfunded Debt/Interest

US TOTAL INTEREST PAID: **\$4,672,831,915,388** INTEREST PER ADULT: **\$17,974** US TOTAL DEBT: **\$101,443,137,825,211** SAVINGS PER FAMILY: **\$7,133**

BANK INTEREST RECEIVED: **\$1,009,998,351,228** BANK INTEREST PAID: **\$156,595,380,288** TOTAL PERSONAL DEBT: **\$25,680,060,351,637** PERSONAL DEBT PER CIT.: **\$76,130**

STUDENT LOAN DEBT: **\$1,716,228,586,015** PER STUDENT: **\$39,000** CREDIT CARD DEBT: **\$1,361,164,549,879** PER HOLDER: **\$8,383**

### Money Creation

USA TREASURY DOLLARS 2025: **\$1,586,315,447,611** US M2 MONEY SUPPLY NOW: **\$20,979,708,008,297** CURRENCY AND CREDIT DERIVATIVES NOW: **\$629,761,432,146,799**

USA TREASURY DOLLARS 2000: **\$3,542,250,856** US M2 MONEY SUPPLY 2000: **\$4,832,419,505,868** CURRENCY AND CREDIT DERIVATIVES 2000: **\$91,725,484,190,196**

### Trade Balance

US DEBT HELD BY FOREIGN COUNTRIES: **\$8,453,454,226,208** US TRADE DEFICIT: **\$1,094,979,168,586** US TRADE DEFICIT - CHINA: **\$277,741,731,887** US IMPORTED OIL: **\$251,259,019,913**

US POPULATION: 336,755,084	US WORKFORCE NOW: 161,219,467	OFFICIAL UNEMPLOYED: 6,896,711	HEALTHCARE COST NOW: \$15,104	OIL TO SOLAR RATIO NOW: \$ = 268.46 WATTS	DOLLAR SUPPLY ADDED NOW: \$205,224,322,051
US INCOME TAXPAYERS: 129,509,019	US WORKFORCE 2000: 161,602,445	ACTUAL UNEMPLOYED: 13,067,951	HEALTHCARE COST 2000: \$5,463	OIL TO SOLAR RATIO 2000: \$ = 4.70 WATTS	DOLLAR SUPPLY ADDED 1913: \$653,093,228
PRIVATE SECTOR JOBS: 128,303,684	NOT IN LABOR FORCE NOW: 100,495,127	FULL-TIME WORKERS: 133,072,691	COLLEGE TUITION NOW: \$26,642	DOLLAR TO SILVER RATIO NOW: \$422 PER OUNCE	DOLLAR TO SILVER RATIO 5 YR: \$1,557 PER OUNCE
US SELF-EMPLOYED: 9,035,843	NOT IN LABOR FORCE 2000: 82,504,251	PART-TIME WORKERS: 27,153,830	COLLEGE TUITION 2000: \$10,780	DOLLAR TO SILVER RATIO 1913: \$2.69 PER OUNCE	DOLLAR TO SILVER RATIO 10 YR: \$1,120 PER OUNCE
US UNION WORKERS: 15,744,227	MEDIAN INCOME NOW: \$39,646	MEDIAN NEW HOME NOW: \$407,487	AVERAGE NEW CAR NOW: \$48,939	DOLLAR TO GOLD RATIO NOW: \$3,083 PER OUNCE	DOLLAR TO GOLD RATIO 5 YR: \$12,590 PER OUNCE
GOVERNMENT EMPLOYEES: 23,828,248	MEDIAN INCOME 2000: \$31,935	MEDIAN NEW HOME 2000: \$165,831	AVERAGE NEW CAR 2000: \$22,408	DOLLAR TO GOLD RATIO 1913: \$26.83 PER OUNCE	DOLLAR TO GOLD RATIO 10 YR: \$9,322 PER OUNCE
MANUFACTURING JOBS NOW: 12,950,526	US BANKRUPTCIES: 360,241	LIVING IN POVERTY: 43,976,528	US HOMELESS: 616,271	PAPER TO SILVER RATIO NOW: 403.45 TO 1	G7 GDP TO GOLD RATIO: \$72,323 PER OZ.
MANUFACTURING JOBS 2000: 17,175,294	US FORECLOSURES: 119,383	WITHOUT INSURANCE: 27,079,215	US DRUG DEATHS: 124,824	PAPER TO GOLD RATIO NOW: 127.81 TO 1	BRICS GDP TO GOLD RATIO: \$136,336 PER OZ.
US RETIREES: 59,492,022	MEDICARE ENROLLEES: 65,150,018	US MILLIONAIRES: 23,665,763	TOP 1% WEALTH: \$18,880,097	DOLLAR TO CRYPTO RATIO NOW: \$8.44 TO \$1	M2 \$ TO USA \$ RATIO NOW: \$1,777 TO \$1
US DISABLED: 8,307,396	MEDICAID RECIPIENTS: 88,572,149	FOOD STAMP RECIPIENTS: 41,452,351	BOTTOM 50% WEALTH: \$37,760	DOLLAR TO CRYPTO RATIO 2013: \$9,084 TO \$1	M2 \$ TO USA \$ RATIO 2000: \$505 TO \$1

SMALL BUSINESS ASSETS: **\$18,284,062,445,537** CORPORATE ASSETS: **\$24,957,784,787,553** HOUSEHOLD ASSETS: **\$167,935,612,979,396** US TOTAL NATIONAL ASSETS: **\$211,177,460,269,622** ASSETS PER CITIZEN: **\$624,508**

SOCIAL SECURITY LIABILITY: **\$27,094,807,478,049** MEDICARE LIABILITY: **\$41,566,969,177,233** US UNFUNDED LIABILITIES: **\$217,958,050,066,178** LIABILITY PER CITIZEN: **\$645,686**

MORTGAGE/LOAN CALCULATOR Au GOLD SUPPLY/DEMAND HOME SALES SOURCES AUTO SALES ABOUT ENERGY OUTPUT GOLD/PRECIOUS METALS

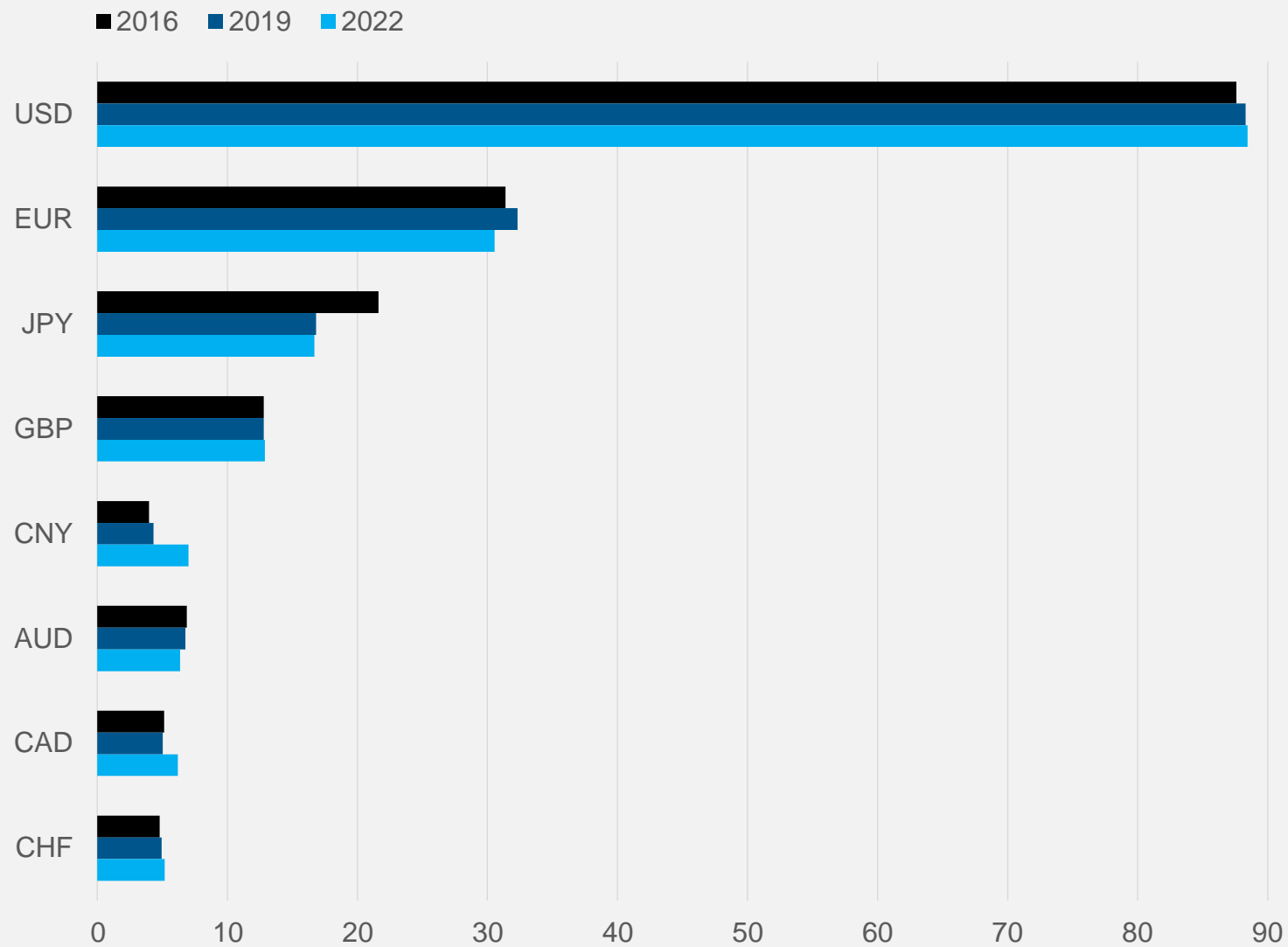






## 6. De-dollarization?

# Foreign exchange turnover by currency





A WEALTH OF  
COMMON SENSE

# Why I Remain Bullish on the United States of America

Posted September 11, 2022 by [Ben Carlson](#)

- No natural heirs to the throne
- Geography
- Domination of consumer technology
- People still want to live there
- It rules pop culture
- Energy independence
- Biggest, most dynamic economy in the world
- Biggest, most diverse stock market in the world
- Global reserve currency backed by most powerful military in the world

*"I believe in America.  
America has made  
my fortune."*

Amerigo Bonasera





FFS!



# In summary



**CREDO**

[credogroup.com](https://credogroup.com)

CREDO



OLDMUTUAL  
INTERNATIONAL

Did I ever tell you how lucky you are?

Deon Gouws | Credo Chief Investment Officer | March 2025



OLDMUTUAL

INTERNATIONAL

MORE OPPORTUNITIES  
FOR BUSINESS

OLD MUTUAL INTERNATIONAL SYMPOSIUM

March 2025

nt.com





DENVER



JOHANNESBURG





## Your journey

SAT 1 MAR

**ECONOMY BASIC**



29h ▾

19:25

15:25 +1d

Johannesburg

Denver

SAT 15 MAR

ECONOMY BASIC



31h 50m ▾

18:30

10:20 +2d

Denver

Johannesburg

## Passengers

1 Adult

TOTAL

**ZAR25,734.74**

PRICE BREAKDOWN

## Your journey

SAT 1 MAR

**BUSINESS**



29h ▾

19:25

15:25 +1d

Johannesburg

Denver

SAT 15 MAR

BUSINESS



31h 50m ▾

18:30

10:20 +2d

Denver

Johannesburg

## Passengers

1 Adult

TOTAL

**ZAR85,334.74**

PRICE BREAKDOWN

**R59.6K**



FLIGHT DETAILS

Johannesburg (Johannesburg) To Denver (Denver)

29 hours 0 minutes - 1 connection

19:25 JNB — 04:45 LHR **11:20**  
Sat 1 Mar +1d Sun 2 Mar  
Terminal A Terminal 5

Operated By: British Airways 

12:25 LHR — 15:25 DEN **10:00**  
Sun 2 Mar Sun 2 Mar  
Terminal 5

Operated By: British Airways 

**21:20**

FLIGHT DETAILS

Denver (Denver) To Johannesburg (Johannesburg)

31 hours 50 minutes - 1 connection

18:30 DEN — 09:35 LHR **9:05**  
Sat 15 Mar +1d Sun 16 Mar  
Terminal 5 Terminal 5

Operated By: British Airways 

21:15 LHR — 10:20 JNB **11:05**  
Sun 16 Mar +1d Mon 17 Mar  
Terminal 5 Terminal A

Operated By: British Airways 

**20:10**

**41:30**





Did  
I  
Ever  
Tell You  
How LUCKY  
YOU ARE ?

  
Dr. Seuss™





Be glad you don't work on the Bunglebung Bridge that they're building across Boober Bay at Bumm Ridge.

It's a troublesome world. All the people who're in it are troubled with troubles almost every minute. You ought to be thankful, a whole heaping lot, for the places and people you're lucky you're *not*!



Be glad you don't work on the Bunglebung Bridge, or...



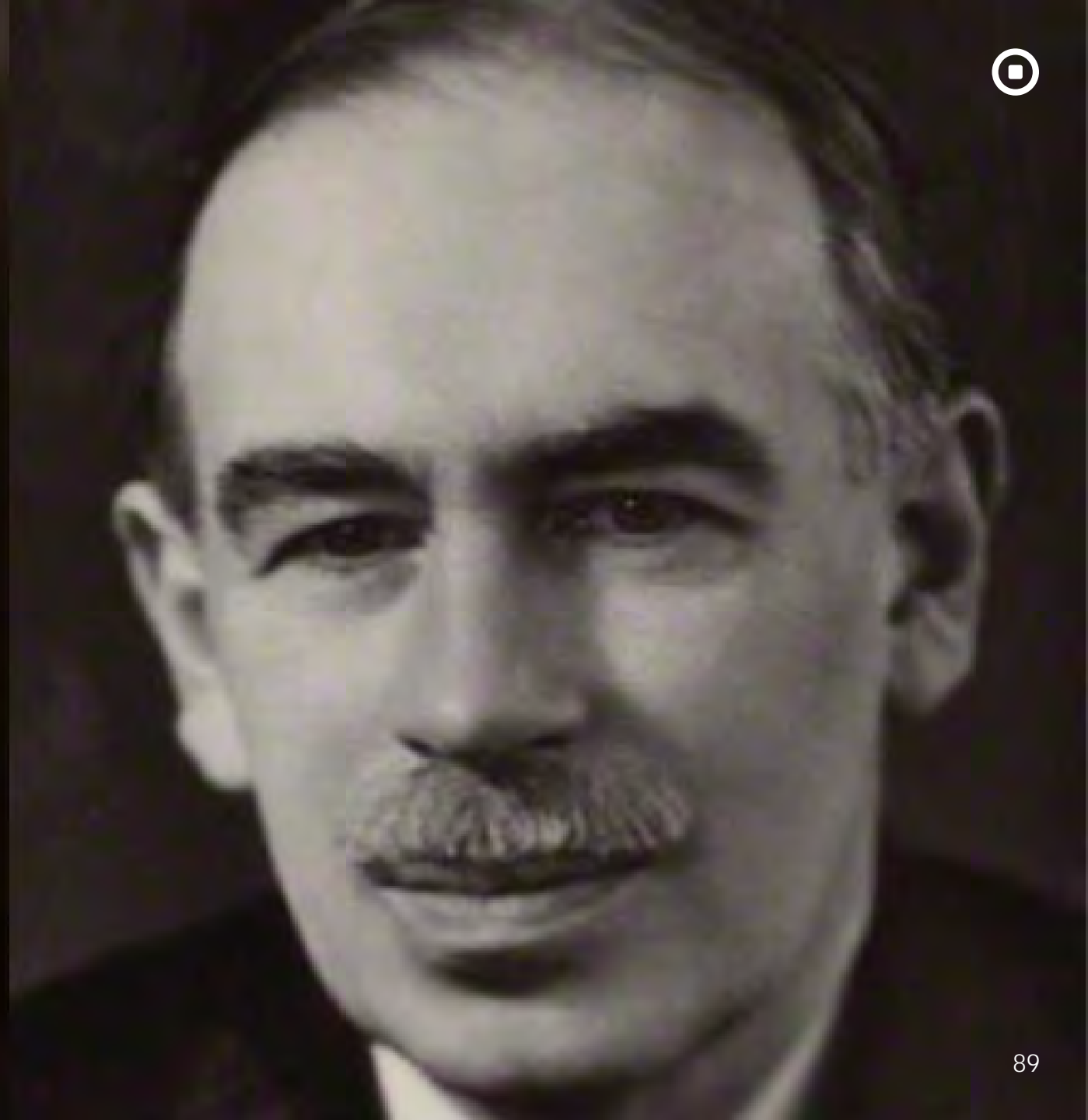






John Maynard KEYNES

The General Theory  
of  
EMPLOYMENT,  
INTEREST,  
AND MONEY



# A few people who work for me... **WHILE I SLEEP!**





Morgan Housel

@morganhousel



A book called Shut Up and Wait.

Each page is just this chart.



1:51 AM · Jul 24, 2017

# A few of my friends





## Trumponomics



Last week, Jim Millar, Director and CIO at Financial Fitness in South Africa, interviewed Deon Gouws, CIO at Credo on the topic of “Trumponomics” during a live-streamed webinar attended by clients.

[WATCH DEON'S INTERVIEW \(FROM 32:32\)](#)

# A few of my friends



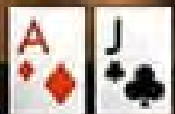




572 K

82 %

VLADIMIR KORZININ



253 K

18 %

OSSI KETOLA



525 K

0 %

PETER WANG



BLINDS 2,500 / 5,000 / 5,000

FIELD 73 / 97

42,500



TRITON POKER SERIES MONTE-CARLO  
\$200K NLH INVITATIONAL



MARVIN & PALMER®  
ASSOCIATES, INC.  
GLOBAL EQUITY MANAGEMENT

PODCAST

HISTORY

TEAM

PRODUCTS

PHILOSOPHY

CONTENT



David Marvin

Chairman of the Board, Portfolio Manager



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CONTENT



## David Marvin

### Chairman of the Board, Portfolio Manager

Mr. Marvin is a member of the Management Committee. Together with Stan Palmer, he founded the firm in July 1986. Prior to starting Marvin & Palmer Associates, Mr. Marvin served for ten years as Vice President in charge of the \$10 billion internally-managed DuPont Pension Fund. Preceding his employment at DuPont, he worked for Investors Diversified Services as the Head Portfolio Manager for the IDS Stock Fund, the largest equity mutual fund in the United States at the time of his tenure. He started in the investment business in 1965 as a securities analyst for Chicago Title & Trust. Mr. Marvin earned his M.B.A. from Northwestern University and B.S. from the University of Illinois. He is a CFA charterholder and a member of the CFA Institute.



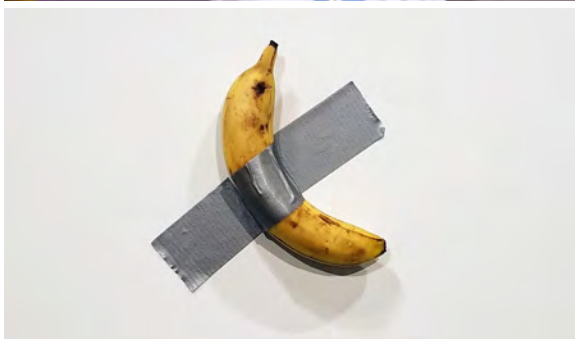




### Label Cloud

100 words (362)  
Communication (336) Global  
Citizen (325) Books (316)  
Relationships (314) Money  
(252) Decision Making (247)  
Community (232) South  
Africa (218) Learning (210)  
Time (183) Engine (180)  
Countries (178) Colonialism (167)  
Guest Post (161) Happiness (160)  
Risk (151) Buffer (144) Capitalism  
(144) Nationalism (143) Universal  
Basic Income (139) Financial Planning  
(137) Identity (121) History (120)  
Investment (115) Stories (115)

# The greatest show on earth



### Staring into the crystal ball

**A**ll those year-end plans, year-end resolutions, year-end... well, you know. It's that time of year again. The end of the year is a time for reflection, for looking back at what you've achieved and for setting goals for the future. It's a time for optimism and for hope. It's a time for looking forward.

As we look back on the year that has just passed, we can see that it has been a year of challenges and of opportunities. We have seen the world change in many ways, and we have seen the resilience of the human spirit. We have seen the power of technology and the strength of community. We have seen the beauty of nature and the joy of life.

As we look forward to the year ahead, we can see that there are many opportunities for growth and for achievement. We can see the potential for a better world and for a brighter future. We can see the power of our dreams and the strength of our determination. We can see the beauty of our lives and the joy of our journey.

So, as we start the new year, let us do so with optimism and with hope. Let us do so with determination and with courage. Let us do so with faith and with love. Let us do so with a vision of a better world and with a dream of a brighter future. Let us do so with a heart full of hope and with a soul full of joy.

### An open letter to Elon Musk

**D**ear Mr. Musk, I am writing you this letter to express my appreciation for the work you have done for the world. Your vision and your determination have inspired millions of people. Your courage and your risk-taking have paved the way for a better future.

You have shown us that it is possible to dream big and to achieve it. You have shown us that it is possible to overcome adversity and to triumph over it. You have shown us that it is possible to change the world and to make it a better place.

Your work has been a source of inspiration and of hope for many people. Your vision has been a source of guidance and of direction for many people. Your courage has been a source of strength and of courage for many people.

Thank you for everything you have done. Thank you for being a leader and a visionary. Thank you for being a role model and an inspiration. Thank you for being a source of hope and of joy.

### Being paid for your pain

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### The devil and the deep blue sea

**O**ne of the most interesting aspects of the human mind is its ability to create stories. We tell ourselves stories about our lives, about our experiences, about our feelings. We tell ourselves stories that give us a sense of meaning and purpose. We tell ourselves stories that help us to understand the world and to make sense of our lives.

One of the most common stories that we tell ourselves is the story of the devil and the deep blue sea. This is a story about a man who is struggling to do good in a world that is full of evil. It is a story about a man who is trying to live by his principles and to do the right thing, even when it is difficult and even when it is unpopular.

The story of the devil and the deep blue sea is a story that has inspired many people. It is a story that has given us a sense of hope and of courage. It is a story that has shown us that it is possible to overcome adversity and to triumph over it. It is a story that has shown us that it is possible to change the world and to make it a better place.

### No dog? I'd rather pay tax

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### Touch wood

**T**he word "touch wood" is a common expression that we use to ward off evil spirits. It is a superstition that has been passed down from generation to generation. It is a superstition that has given us a sense of hope and of courage. It is a superstition that has shown us that it is possible to overcome adversity and to triumph over it.

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### It's only a point

**E**verything we do in life is a point. It is a point of view, a point of interest, a point of connection. It is a point that gives us a sense of meaning and purpose. It is a point that helps us to understand the world and to make sense of our lives.

The story of the devil and the deep blue sea is a story that has inspired many people. It is a story that has given us a sense of hope and of courage. It is a story that has shown us that it is possible to overcome adversity and to triumph over it. It is a story that has shown us that it is possible to change the world and to make it a better place.

### The sins of the father

**A**ll those year-end plans, year-end resolutions, year-end... well, you know. It's that time of year again. The end of the year is a time for reflection, for looking back at what you've achieved and for setting goals for the future. It's a time for optimism and for hope. It's a time for looking forward.

As we look back on the year that has just passed, we can see that it has been a year of challenges and of opportunities. We have seen the world change in many ways, and we have seen the resilience of the human spirit. We have seen the power of technology and the strength of community. We have seen the beauty of nature and the joy of life.

As we look forward to the year ahead, we can see that there are many opportunities for growth and for achievement. We can see the potential for a better world and for a brighter future. We can see the power of our dreams and the strength of our determination. We can see the beauty of our lives and the joy of our journey.

So, as we start the new year, let us do so with optimism and with hope. Let us do so with determination and with courage. Let us do so with faith and with love. Let us do so with a vision of a better world and with a dream of a brighter future. Let us do so with a heart full of hope and with a soul full of joy.

### A very British perspective

**B**ritish people have a unique perspective on the world. It is a perspective that is shaped by our history, our culture, and our values. It is a perspective that has given us a sense of meaning and purpose. It is a perspective that helps us to understand the world and to make sense of our lives.

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### Markus Jooste: the questions linger

**S**ome of the most interesting aspects of the human mind is its ability to create stories. We tell ourselves stories about our lives, about our experiences, about our feelings. We tell ourselves stories that give us a sense of meaning and purpose. We tell ourselves stories that help us to understand the world and to make sense of our lives.

One of the most common stories that we tell ourselves is the story of the devil and the deep blue sea. This is a story about a man who is struggling to do good in a world that is full of evil. It is a story about a man who is trying to live by his principles and to do the right thing, even when it is difficult and even when it is unpopular.

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### The wolf of Dorp Street

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### Print it off and hang it in the Louvre

**T**he Mona Lisa is one of the most famous paintings in the world. It is a painting that has inspired millions of people. It is a painting that has given us a sense of hope and of courage. It is a painting that has shown us that it is possible to overcome adversity and to triumph over it.

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### Trees don't grow to the sky

**I**n the world of business, there are many people who believe that success is a matter of luck. They believe that success is a matter of chance. They believe that success is a matter of fate. They believe that success is a matter of destiny.

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### Now that's what I call value investing

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### Wine is a contact sport

**M**uch of the world's population is wine drinkers. Wine is a part of our culture, our history, and our values. It is a part of our lives that gives us a sense of meaning and purpose. It is a part of our lives that helps us to understand the world and to make sense of our lives.

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### Iran key to market moves

**F**or many years, Iran has been a key player in the global market. It is a country that has a rich history and a strong culture. It is a country that has a sense of meaning and purpose. It is a country that helps us to understand the world and to make sense of our lives.

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### The luck of the Irish?

**W**hether or not there is such a thing as the luck of the Irish, it is a question that has inspired many people. It is a question that has given us a sense of hope and of courage. It is a question that has shown us that it is possible to overcome adversity and to triumph over it.

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### Driving me to drink

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### To my daughter on her 16th birthday

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### Spoiler alert!

**D**EBT CEILING

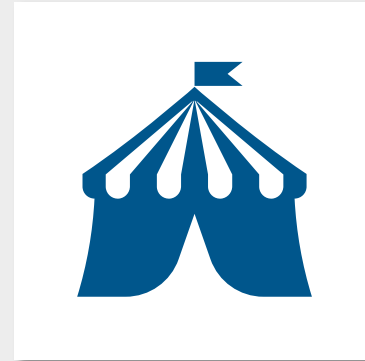
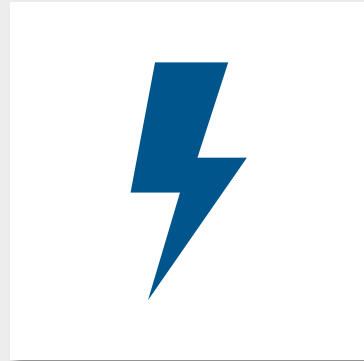
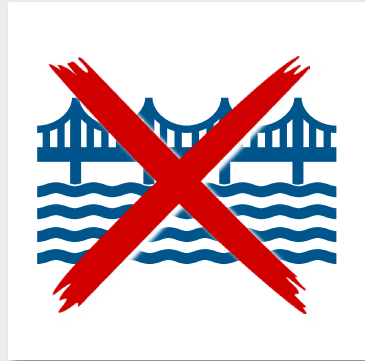
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### Stock market Tinder

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# In summary



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# Important Notice



Credo Capital Limited (Credo) is authorised and regulated by the FCA in the UK (Ref No 192204) and by the FSCA in South Africa (FSP 9757) and is a member of the London Stock Exchange. The Credo Global Equity Fund, the Credo Dynamic Fund and the BCI Credo Global Equity Feeder Fund are regarded as Collective Investment Schemes in Securities (CIS) and should be considered as medium to long-term investments. CISs are traded at the ruling price and can engage in scrip lending and borrowing although none of the Funds do so. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. A feeder fund is an investment vehicle that invests in a single portfolio of a CIS scheme and levies its own charges, which could result in a higher fee structure for investors in the feeder fund.

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