
10X Investments
Multi-asset webinar Q2 2025

Recap of 10X themes

Long-term themes we've covered in previous webinars

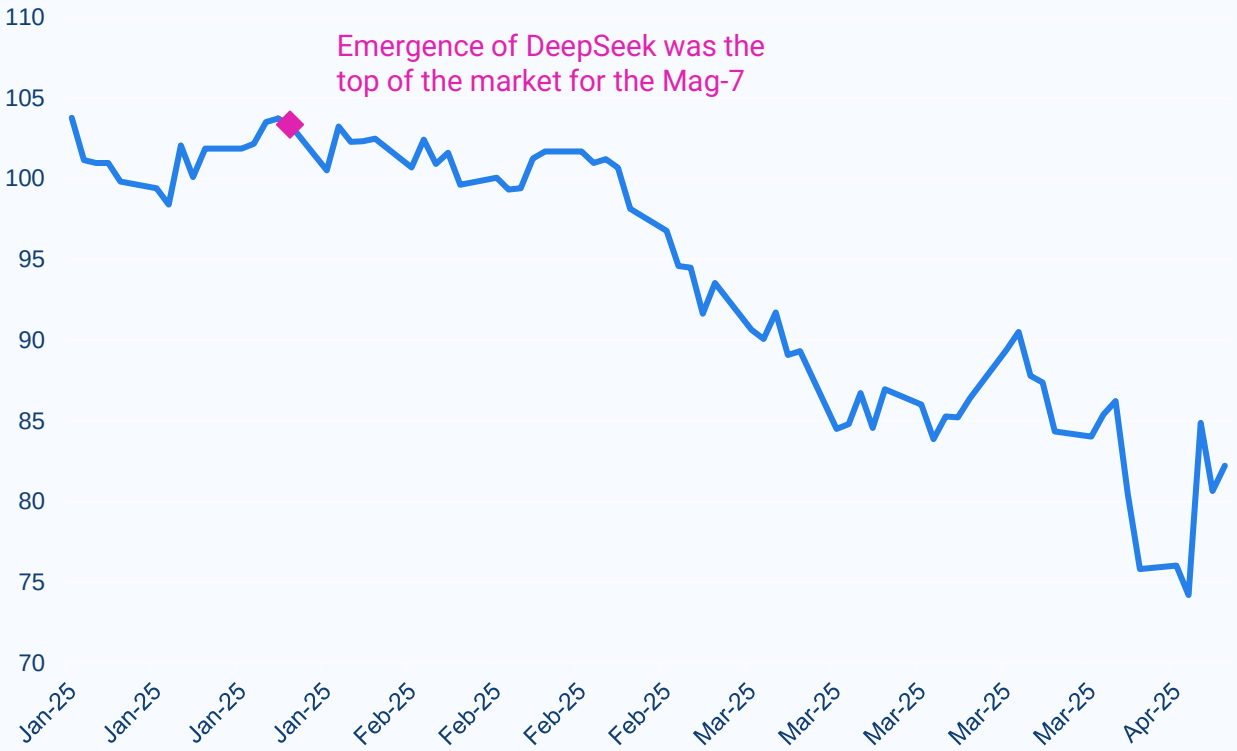
1. A bubble in US equities leading to a lost decade
2. US fiscal sustainability concern as large deficits drive debt accumulation at higher interest rates
3. Opportunities in unloved emerging markets
4. Elevated real yields increasing the attractiveness of defensive assets

The DeepSeek moment

The disruption of the disruptors

Magnificent 7 is 20% below DeepSeek peak

Magnificent 7 31 Dec 2024 – 11 April 2025



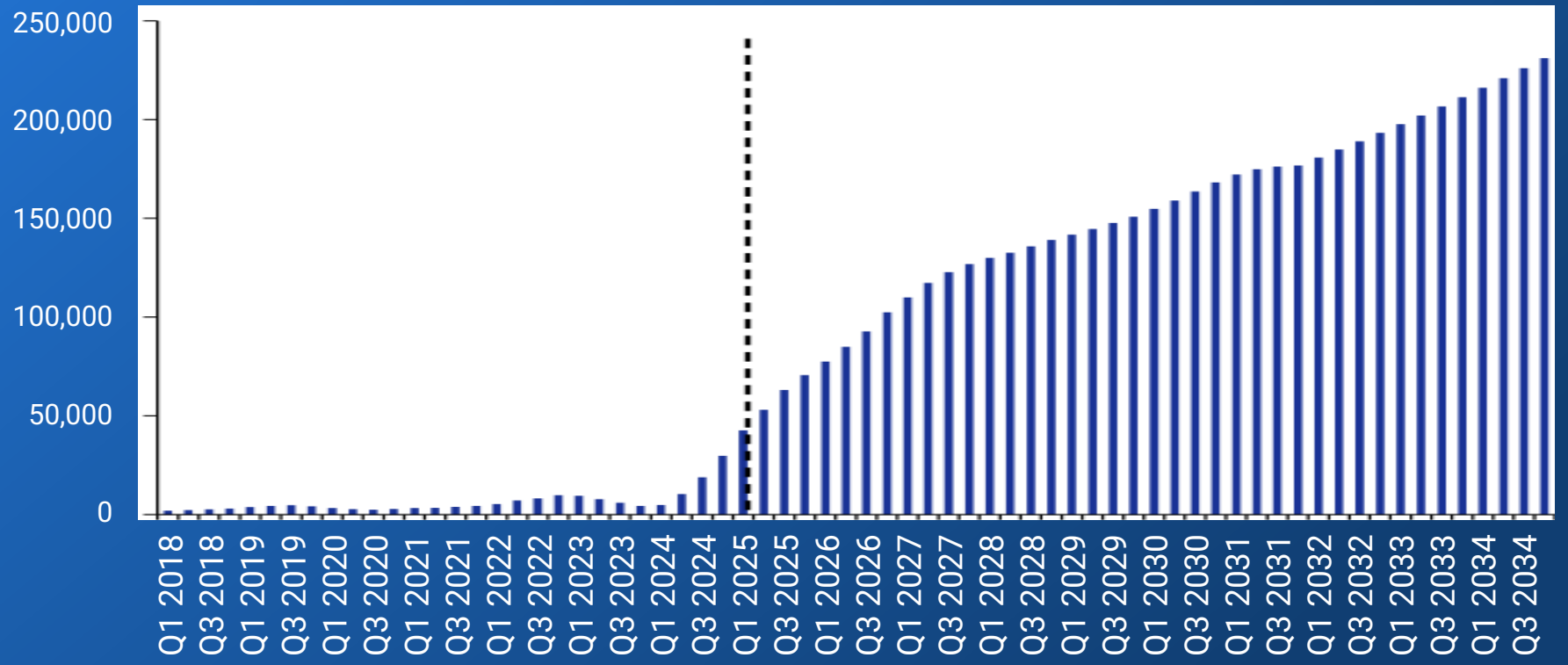


Is Nvidia the Cisco of this bubble?

Profit from $4bn in 2023 to nearly a quarter of a trillion by early 2030's

Exponential growth forecast far into the future

Nvidia LTM earnings and analyst forecasts



Source: 10X Investments, Bloomberg

Great companies can be **poor investments**

Tech Bubble Era

Company	99-00 PE Ratio	Peak to Trough Drawdown	Year Surpassed Tech Bubble High
Cisco	230	-88%	Never
Intel	59	-81%	2018
Microsoft	87	-65%	2014
General Electric	53	-61%	Never

Source: 10X Investments, Bloomberg

Magnificent 7: 31 Dec 2024

Company	PE Ratio
Tesla	202
Nvidia	54
Amazon	46
Microsoft	35
Apple	34
Meta	27
Alphabet	25

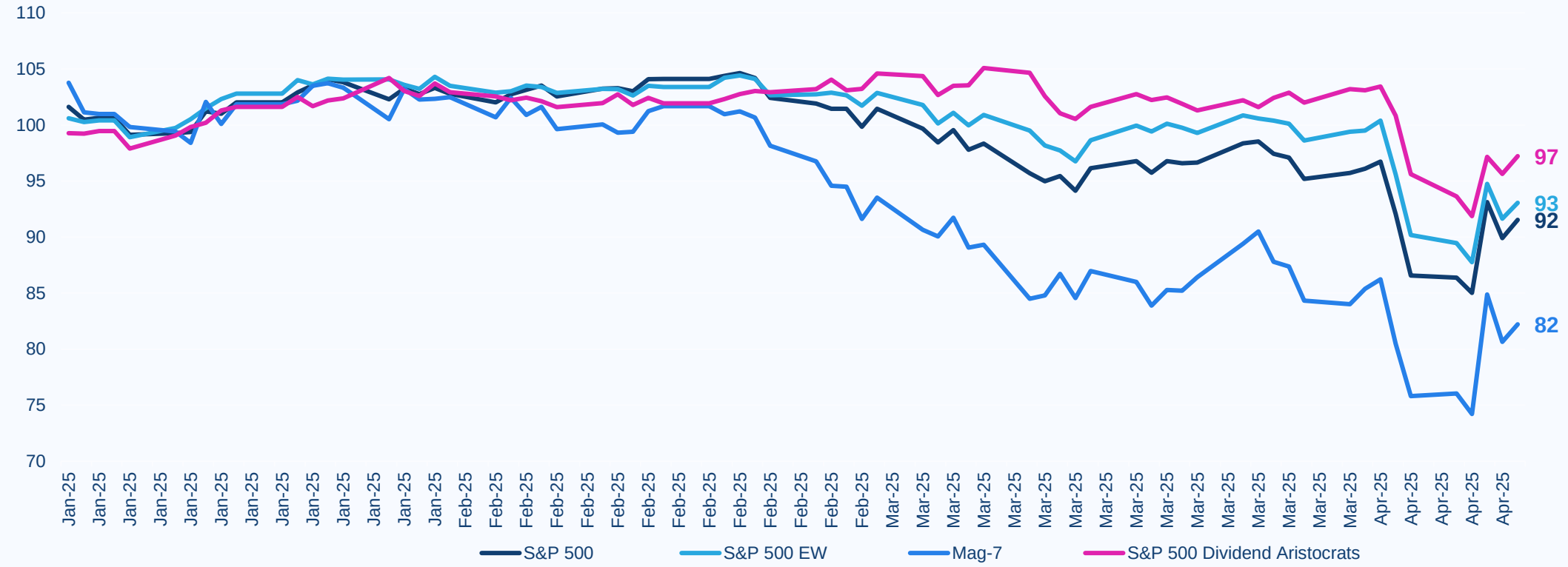
The price you pay today matters for even the winners of tomorrow.

Tech sell-off driving **weak US performance**

US Equities have been under pressure since January

Tech leading the sell-off

Index total returns in Rand 31 Dec 2024 – 11 April 2025



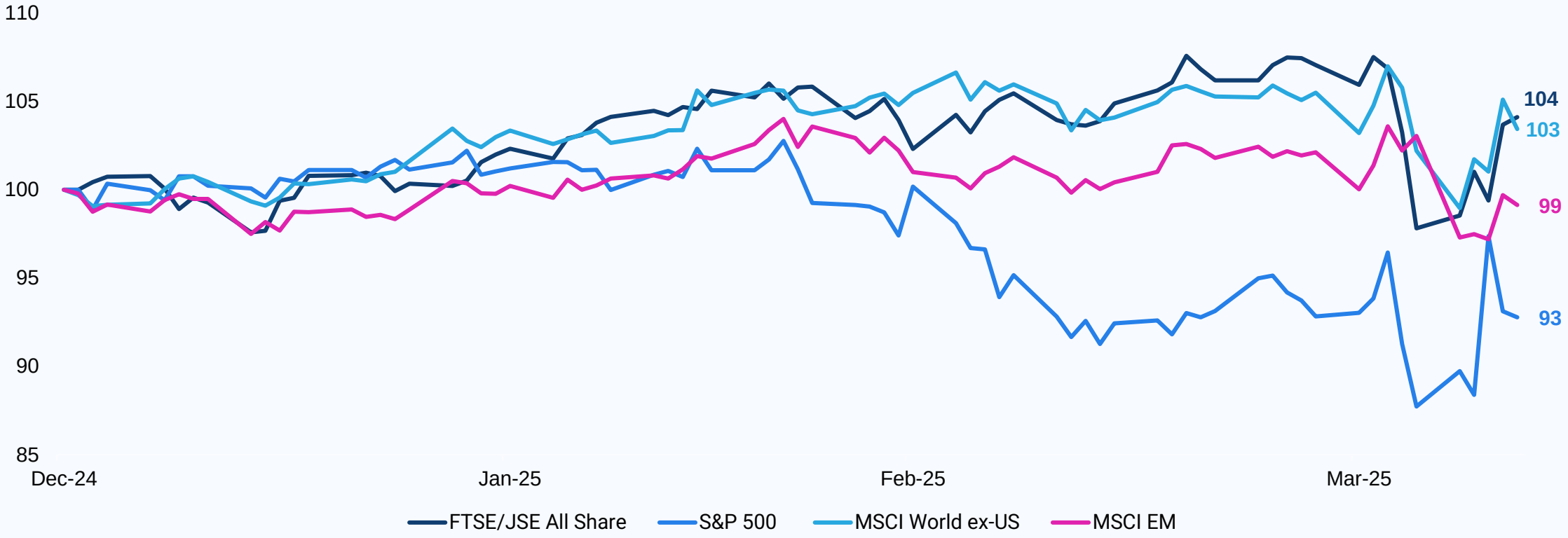
Source: 10X Investments, Bloomberg

US Equities underperforming

US Equities were weak prior to Tariffs

Investors have been rotating away from US equities

Index total returns in Rand 31 Dec 2024 – 11 April 2025



Source: 10X Investments, Bloomberg

With dollar weakness

DXY down more than 10% YTD as other DM currencies strengthen

Dollar weakness

DXY April 2023 – April 2025



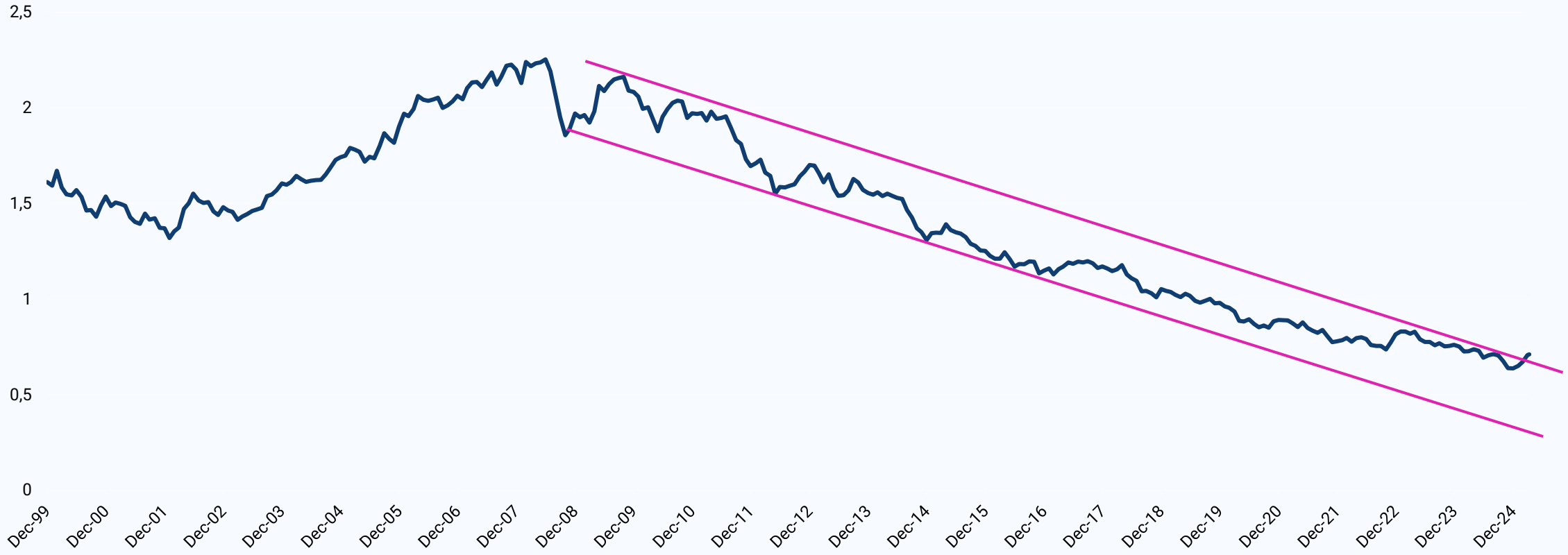
Source: 10X Investments, Bloomberg

End of **US exceptionalism?**

Break in trend of 17-year outperformance of US over R.O.W

The end of US exceptionalism?

MSCI World ex-US / S&P 500 Dec 1999-April 2025



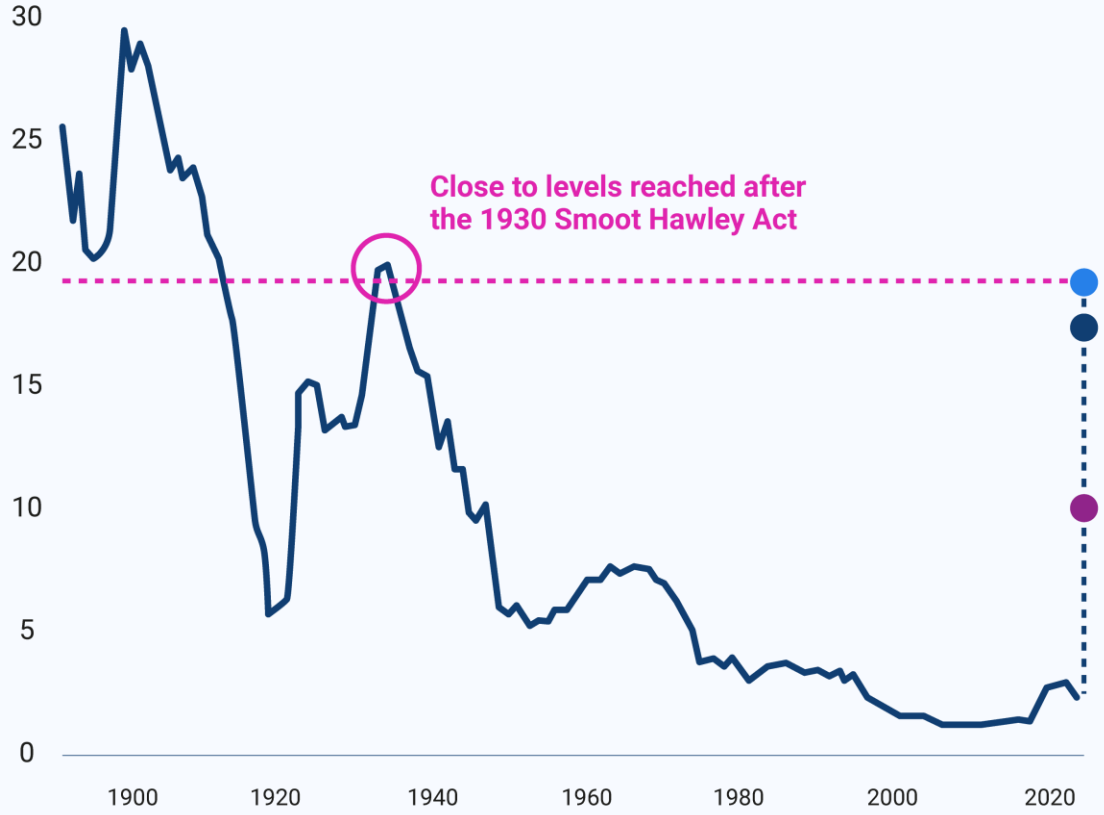
Source: 10X Investments, Bloomberg

Tariff policy uncertainty

Policy is a moving target

Highest tariffs since 1930's

US effective tariffs 1890 -2025

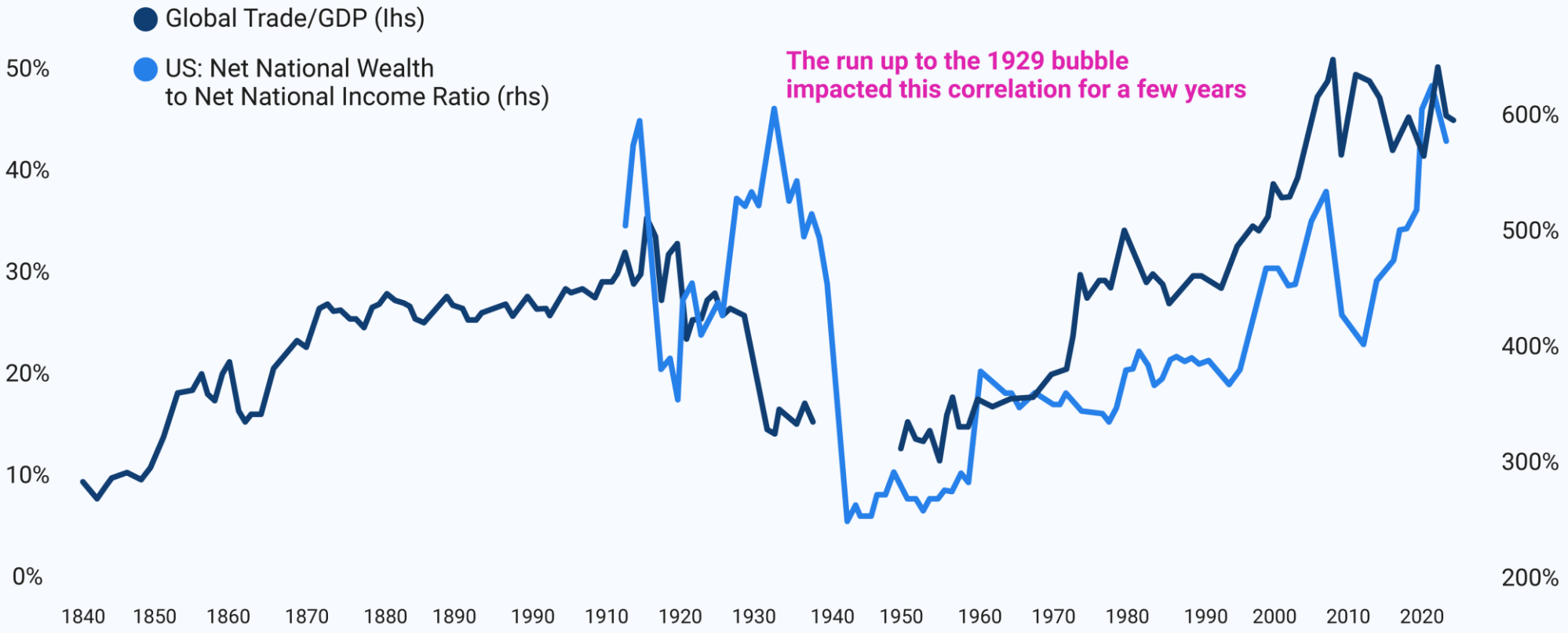


- Tariff policy is a constant moving target
- Wherever they land, these will be the highest tariff levels since the 1930's

US has benefitted from **higher global trade**

The US is wealthy because of increased global trade

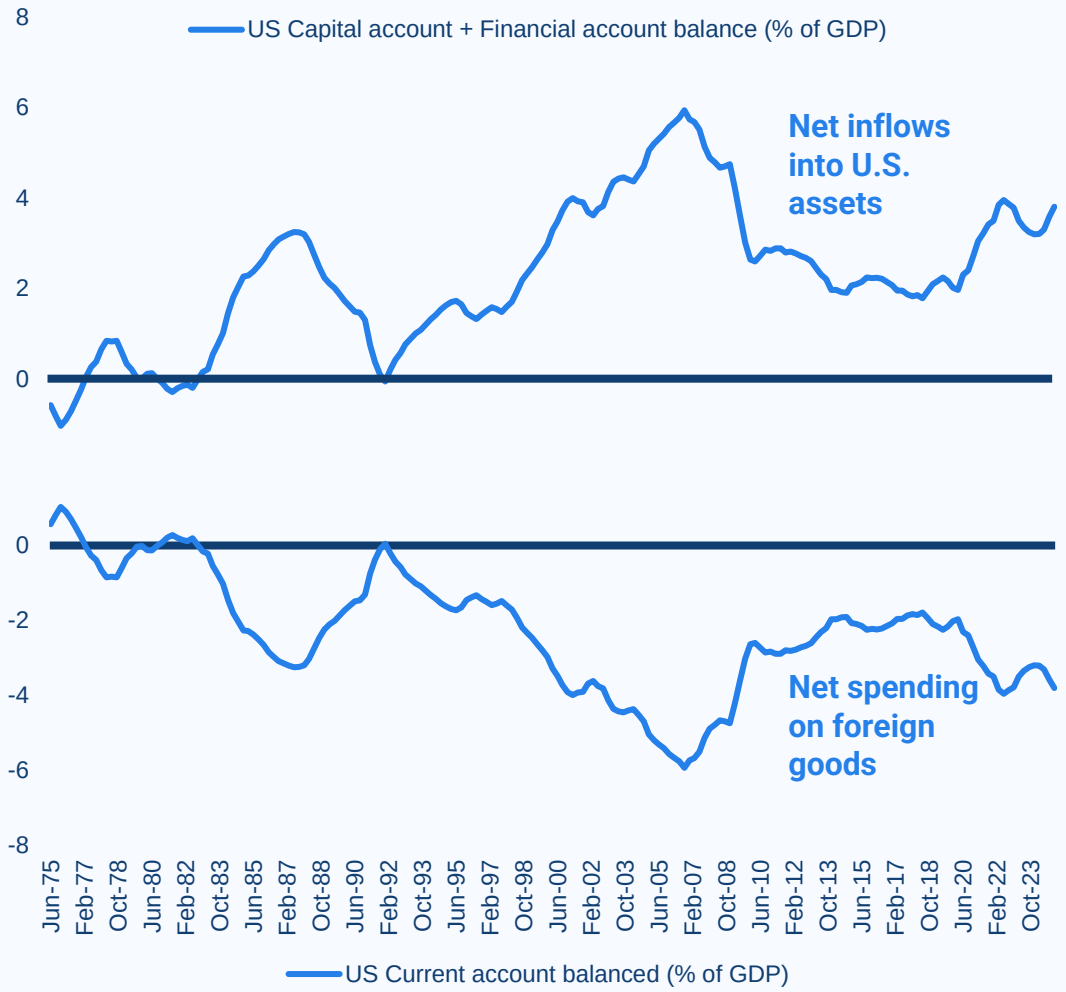
Global trade as % of Global GDP vs US Net wealth as % of Net Income 1840 -2024



Source: 10X Investments, Deutsche Bank, World Bank

Trade deficit = Foreign investment surplus

The two sides of the same coin



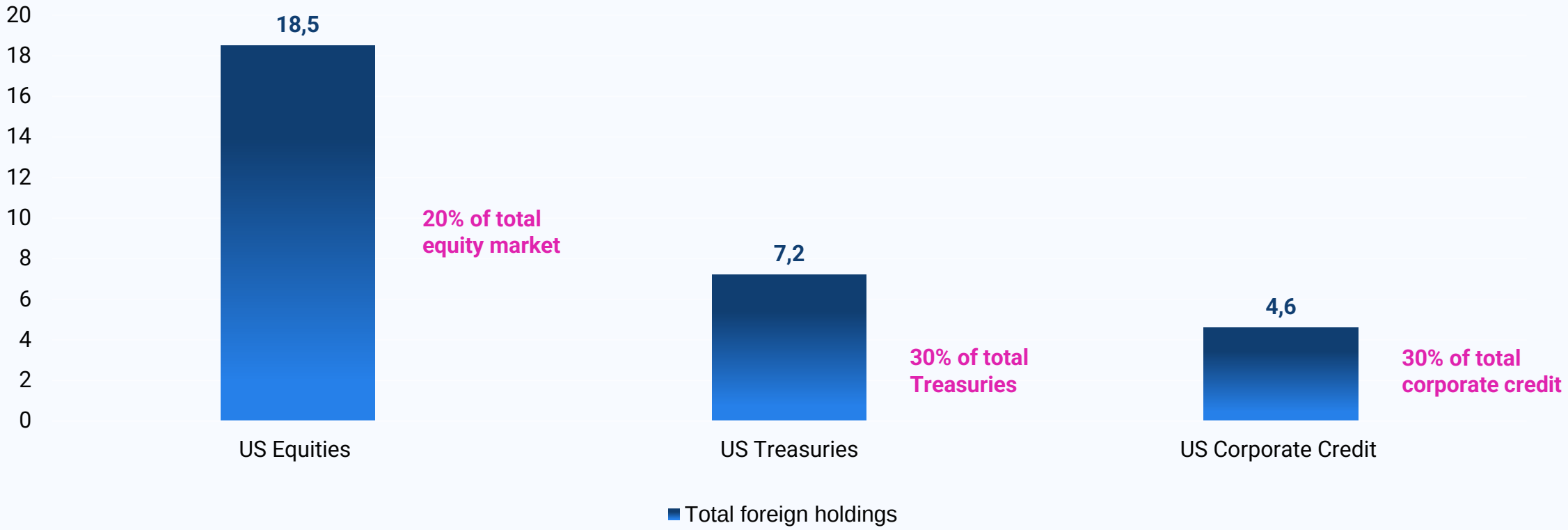
Source: 10X Investments, Bloomberg, BEA

- Reducing the current account deficit via tariffs removes a bid for US assets as dollars are no longer recycled into US assets

Trade deficit flows back into US assets

US assets supported by foreign buyers

Total foreign holdings, by asset class $trn



Source: 10X Investments, Bloomberg

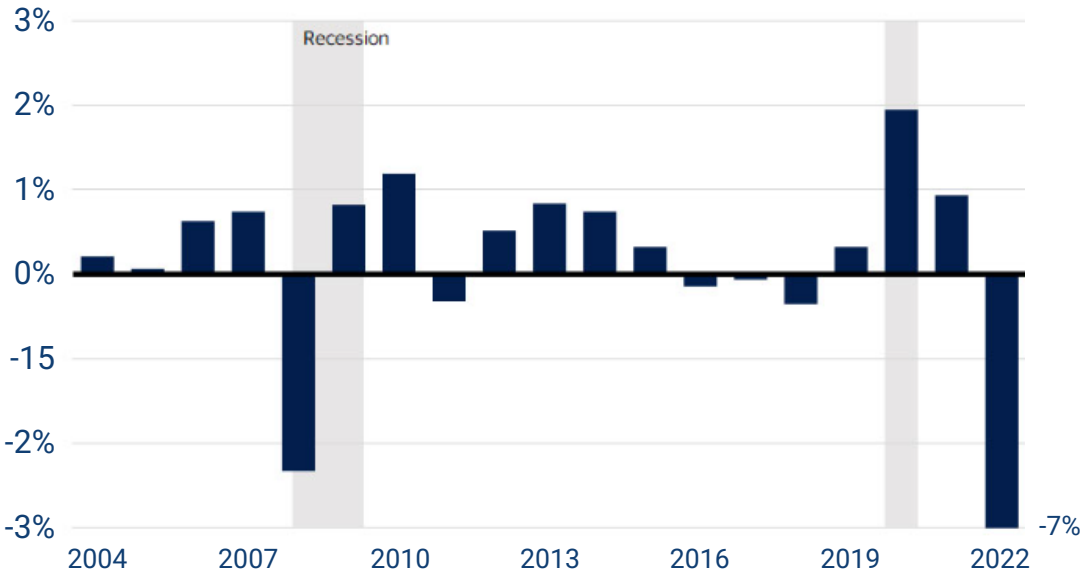
The market is the economy

Record household exposure to stock market
% of financial assets held in equities, Households and NPO 1994 – 2024



Source: 10X Investments, FRB

Stock and bond wealth contribution to real personal consumption expenditure growth
(Percentage points. Last actual: Q3-2022)

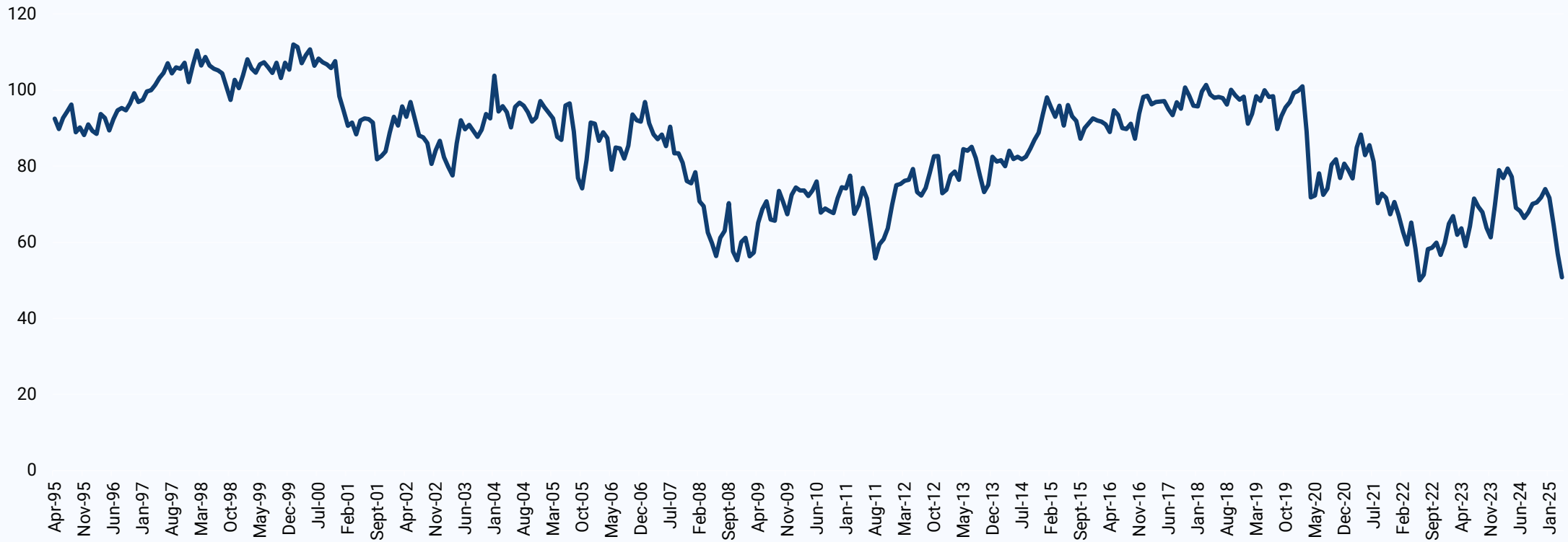


Elevated uncertainty **hits sentiment**

Consumer confidence at lower levels than 2008

Consumer confidence has collapsed

University of Michigan Consumer Confidence Index April 1995- April 2025



Source: 10X Investments, Bloomberg

Increasing **recession probabilities**

Increasing probability that we are in a recession

Atlanta Fed GDPnow GDP forecast April 2022 – April 2025

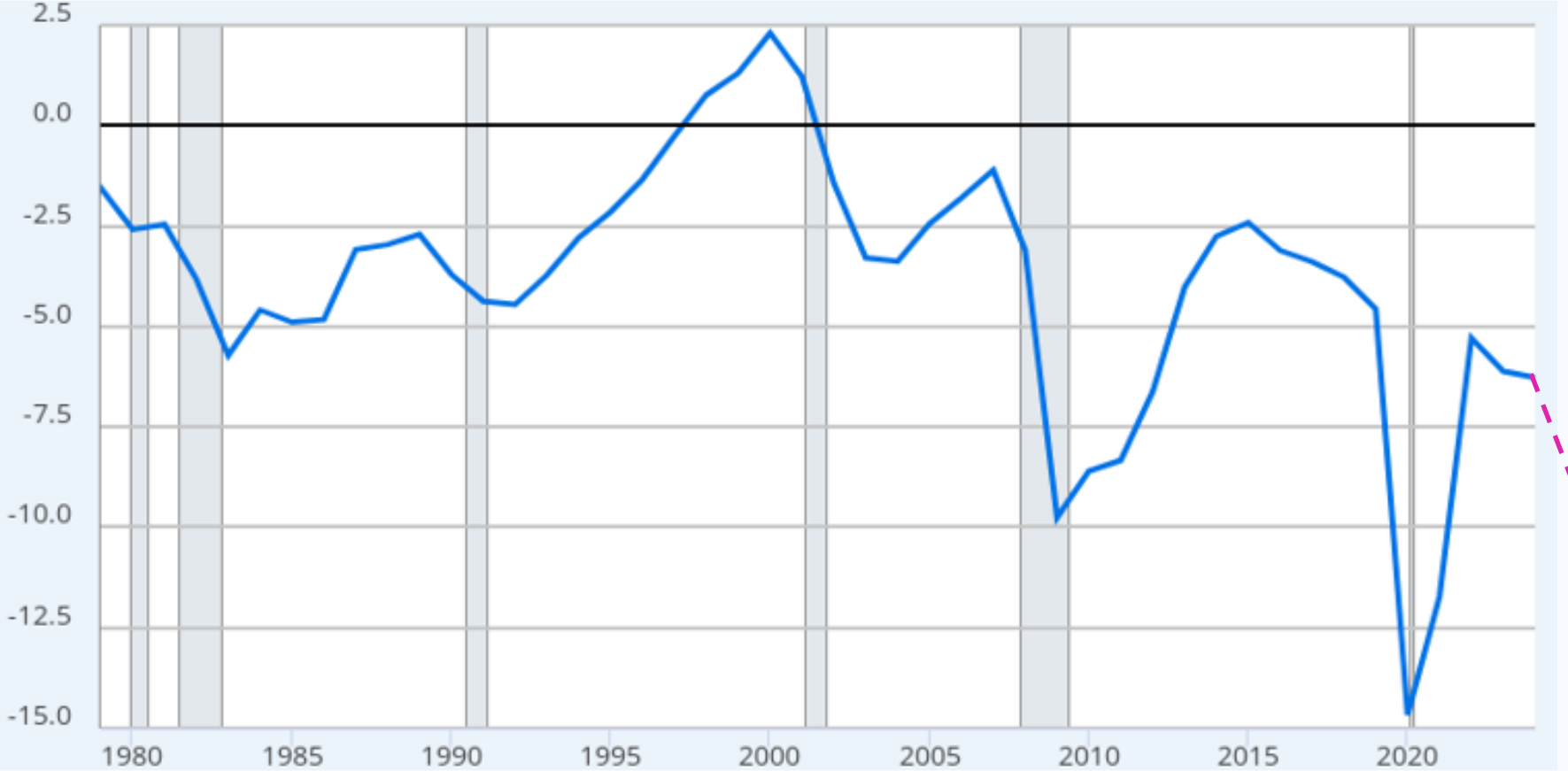


Source: 10X Investments, Bloomberg, Atlanta Fed

In a recession, **budget deficits increase**

A recession would see the budget deficit get wider

Federal Surplus or Deficit as % of GDP, recessions shaded 1979 – 2025

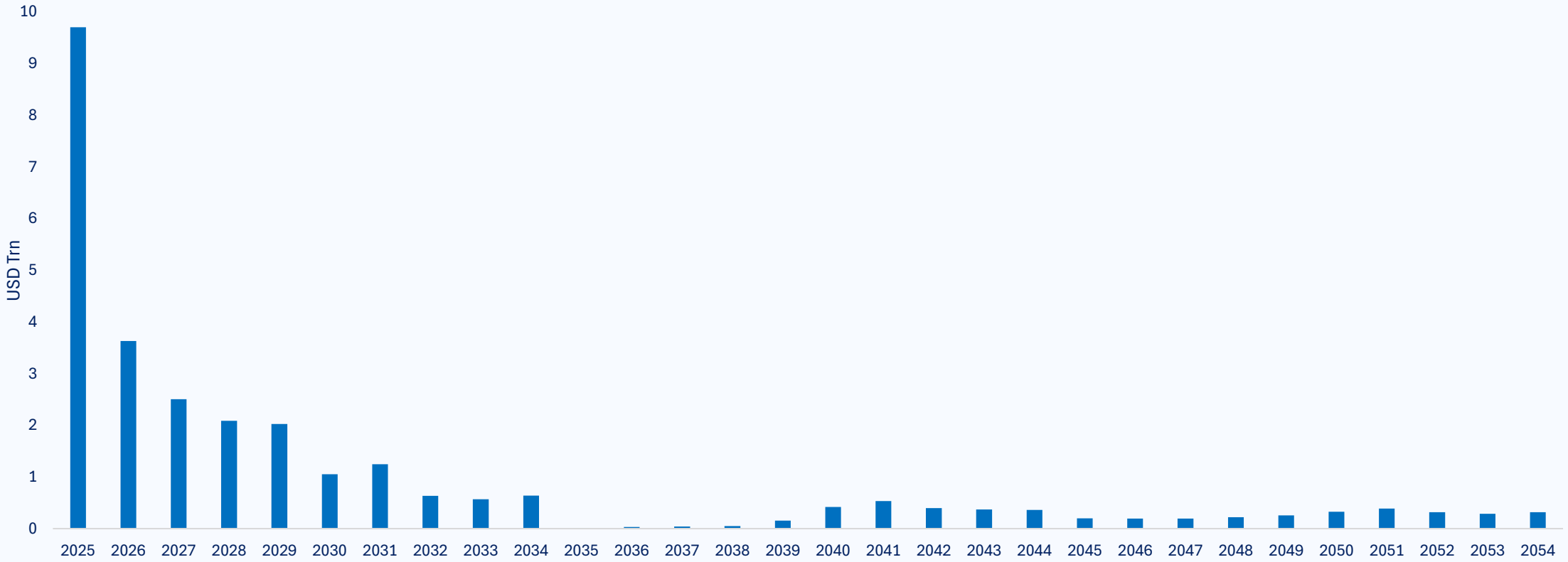


Source: 10X Investments, Fred

45% of US debt needs to be rolled over in the next 2 years

US Government has to roll over $10trn in 2025

US Government maturity schedule as 31 December 2024



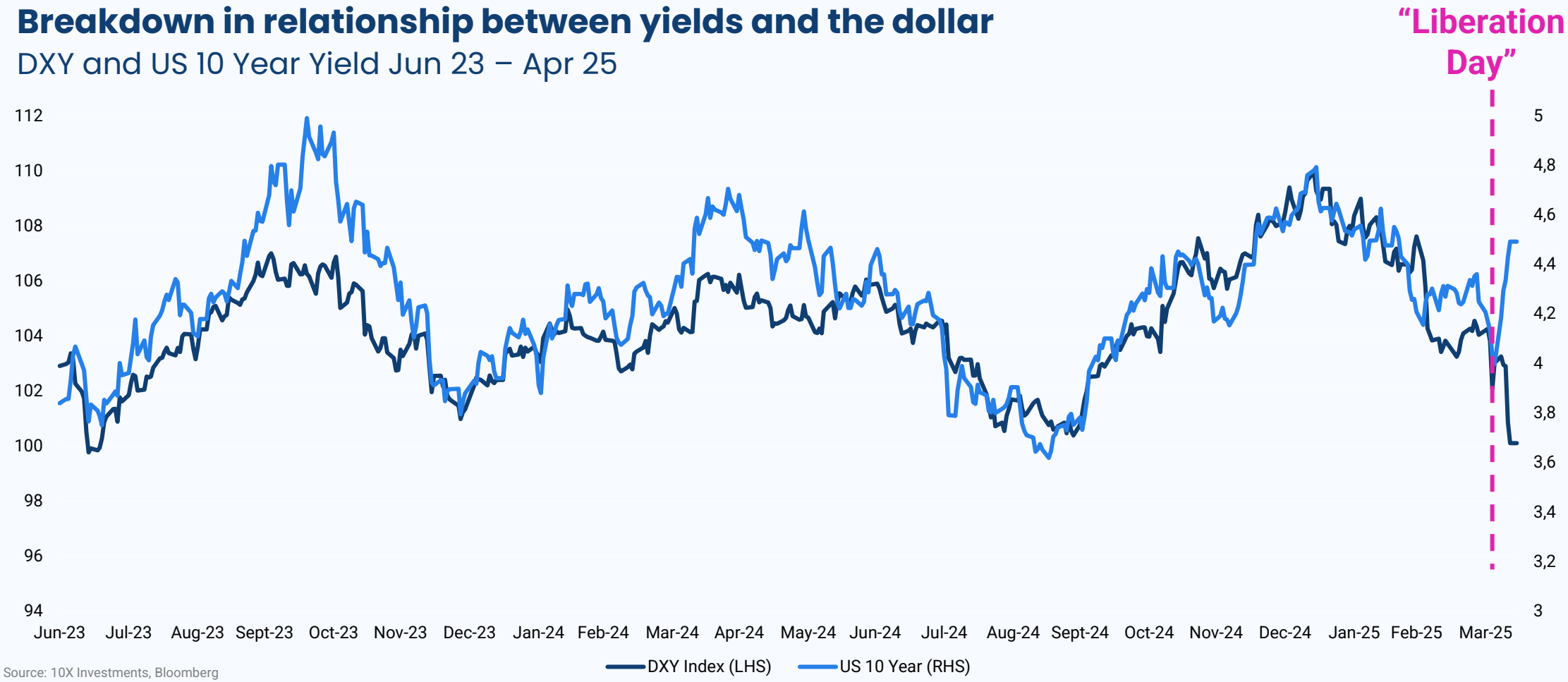
Source: 10X Investments, Bloomberg

Weaker USD with higher yields

Dollar weakening on higher US yields

Breakdown in relationship between yields and the dollar

DXY and US 10 Year Yield Jun 23 – Apr 25



Source: 10X Investments, Bloomberg

US assets and the Dollar sell-off

USD, US Bonds and US Equities all delivering negative returns

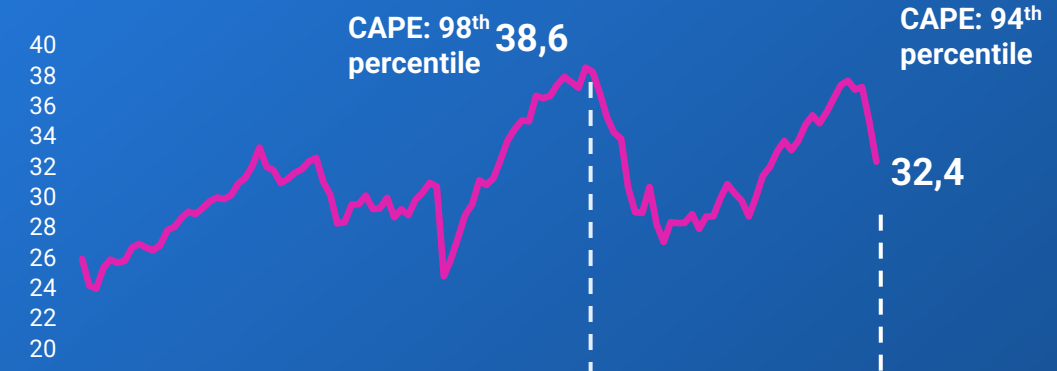
DXY, Bloomberg US Treasury Index and S&P 500 performance post “Liberation Day” 2 April – 11 April 2025



Source: 10X Investments, CBO

TINA becomes **TARA**

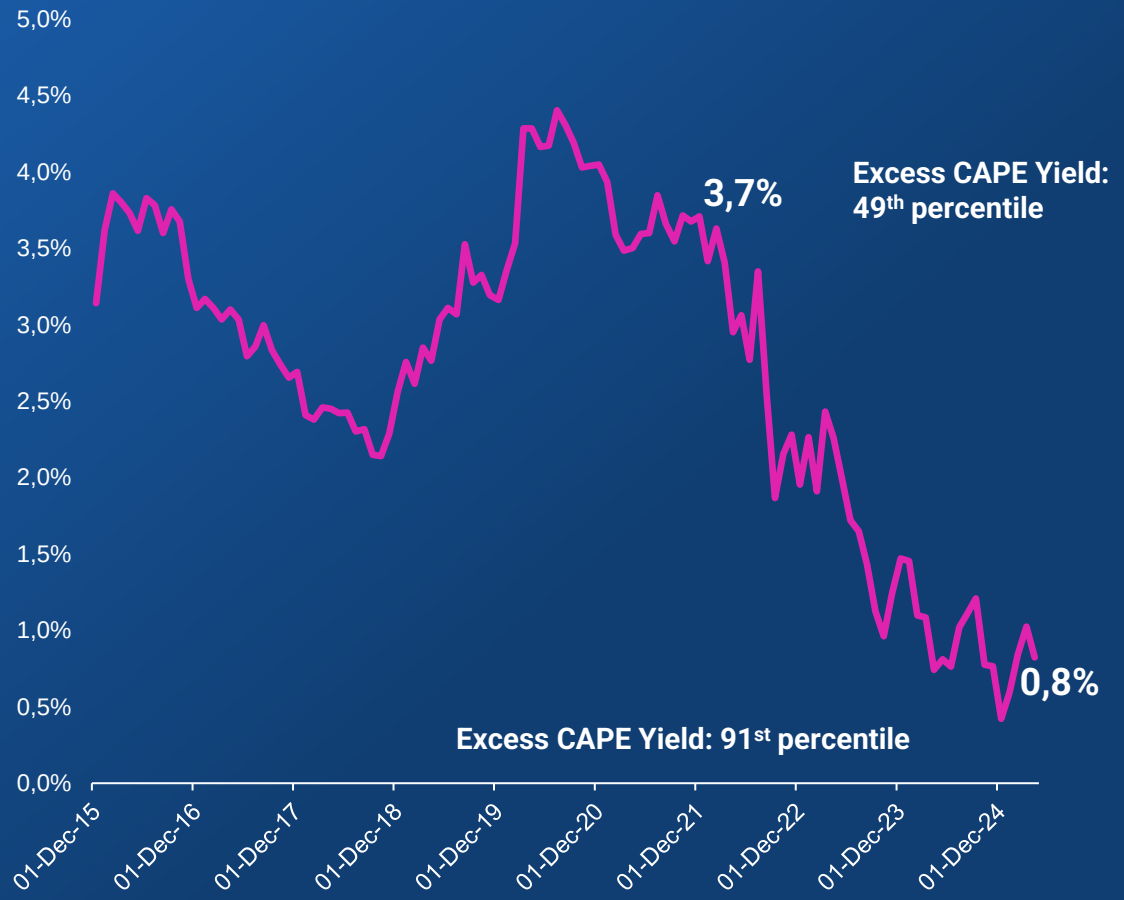
CAPE Ratio
Dec 2015 – April 2025



US 10-Yr Real Yield
Dec 2015 – April 2025



Excess CAPE Yield
Dec 2015 – April 2025



Source: 10X Investments, Bloomberg

Lost decade ahead for US Equity

Despite recent sell-off, US equity valuation still presents a headwind for returns

CAPE Ratio

Jan 1950 – April 2025



Source: 10X Investments, Bloomberg

10-year real return estimates for US Equity

Scenario		1	2	3	4	5
		Real EPS Growth				
		1.0%	1.8%	2.0%	3.0%	4.0%
Exit CAPE	35	3.2%	3.9%	4.2%	5.2%	6.2%
	30	1.7%	2.4%	2.7%	3.7%	4.7%
	27	0.7%	1.4%	1.7%	2.7%	3.7%
	20	-2.3%	-1.6%	-1.3%	-0.3%	0.7%
	15	-5.0%	-4.3%	-4.0%	-3.0%	-2.0%

Global market observations

Look through the short-term catalysts to the fundamentals

1. Did DeepSeek '*disrupt the disruptors*' and **pop the AI bubble**?
2. Tariffs will result in **less dollars** being recycled into the US financial system to **support US assets**
3. Lower asset prices and policy uncertainty creating significant **headwinds for economic growth**
4. Signs of **instability** in the **US bond market**
5. Despite the recent sell-off, **valuations remain elevated**

Elevated SA specific risks

3 new risks in 2025 that could negatively impact SA growth and elevate risk premiums

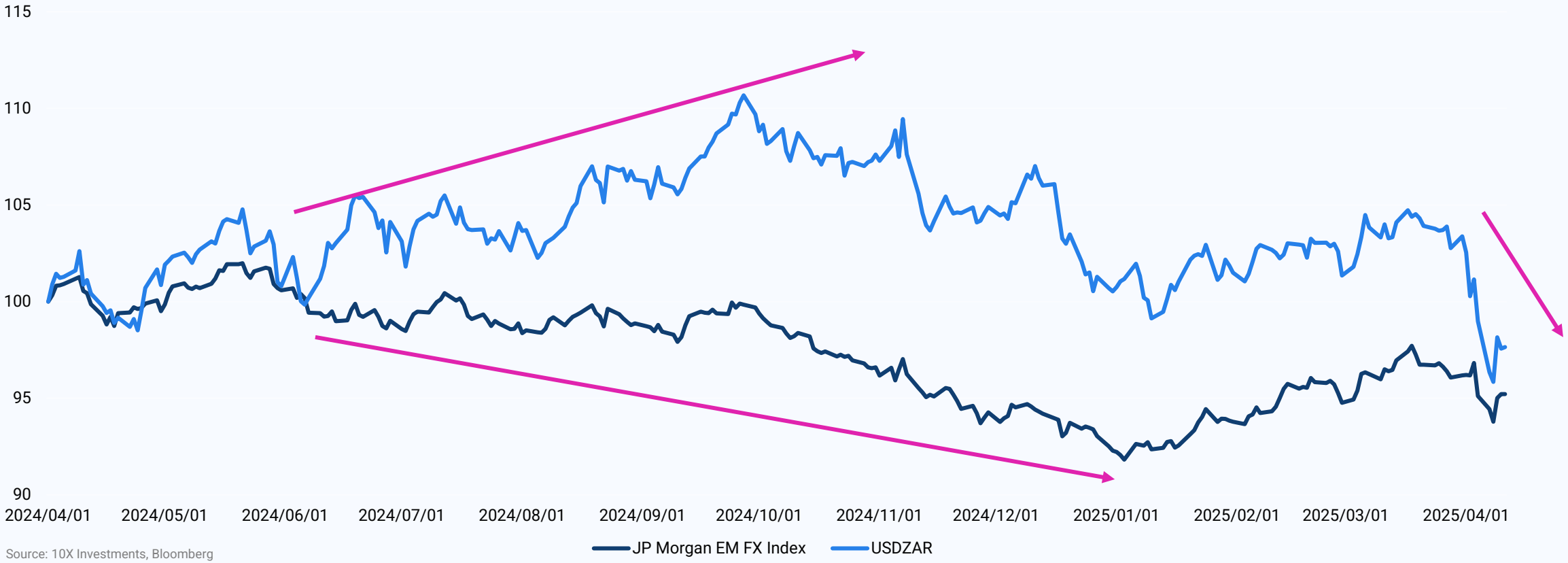
1. Risk of a **global growth slowdown** as a result of trade-war
2. SA has been **singled out for elevated tariff's** and **AGOA set to end**
3. Budget impasse leading to a **weakened GNU**

Volatile Rand

Rand strength post SA election, weakness post tariff announcement and GNU concerns

Rand has given up all of last years post election strength

USDZAR vs JP Morgan EM FX Index rebased to 100 31 Mar 2024 – 11 April 2025



Source: 10X Investments, Bloomberg

SA risk premium remains compressed

Driven by falling breakeven inflation, real yields still elevated

Low SA risk premium

SA 10 yr – US 10yr Dec 2019 – April 2025



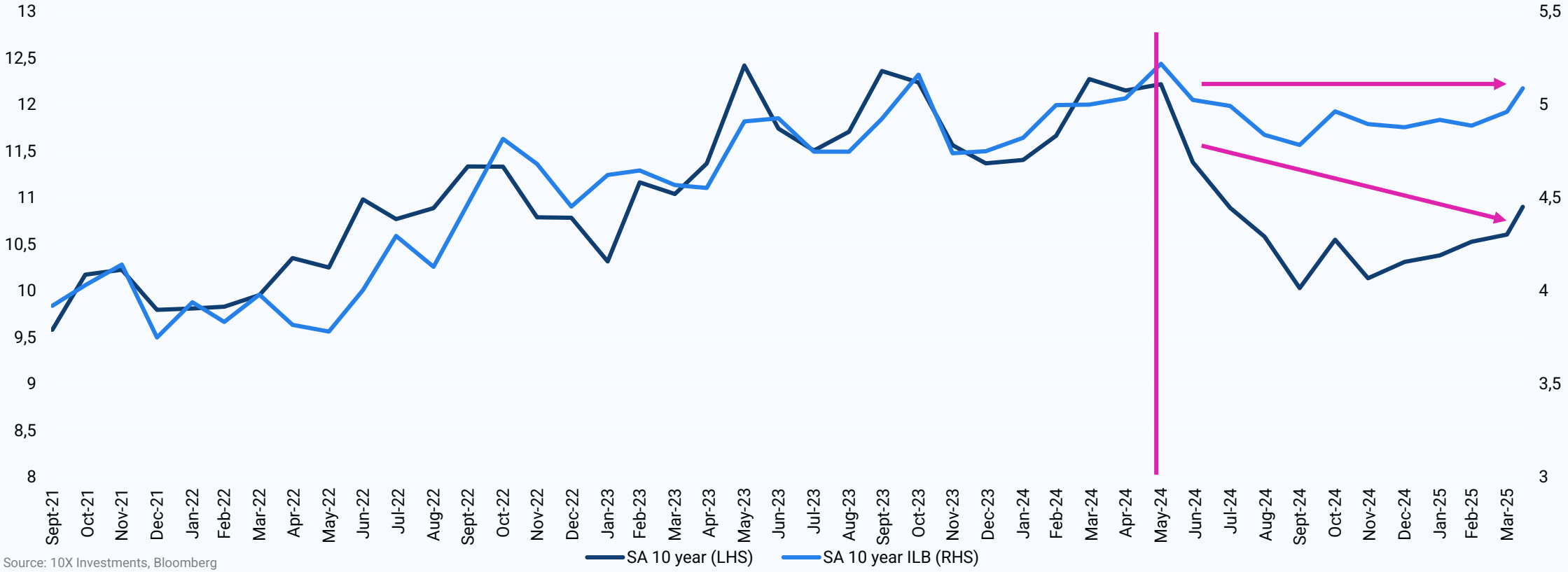
Source: 10X Investments, Bloomberg

Real yields at **pre-election levels**

Real yields remain over 5%, whilst nominals are 1.3% lower than pre-election

Nominal yields have fallen, real yields still elevated

SA real and nominal bond yields Sept 2021 – April 2025



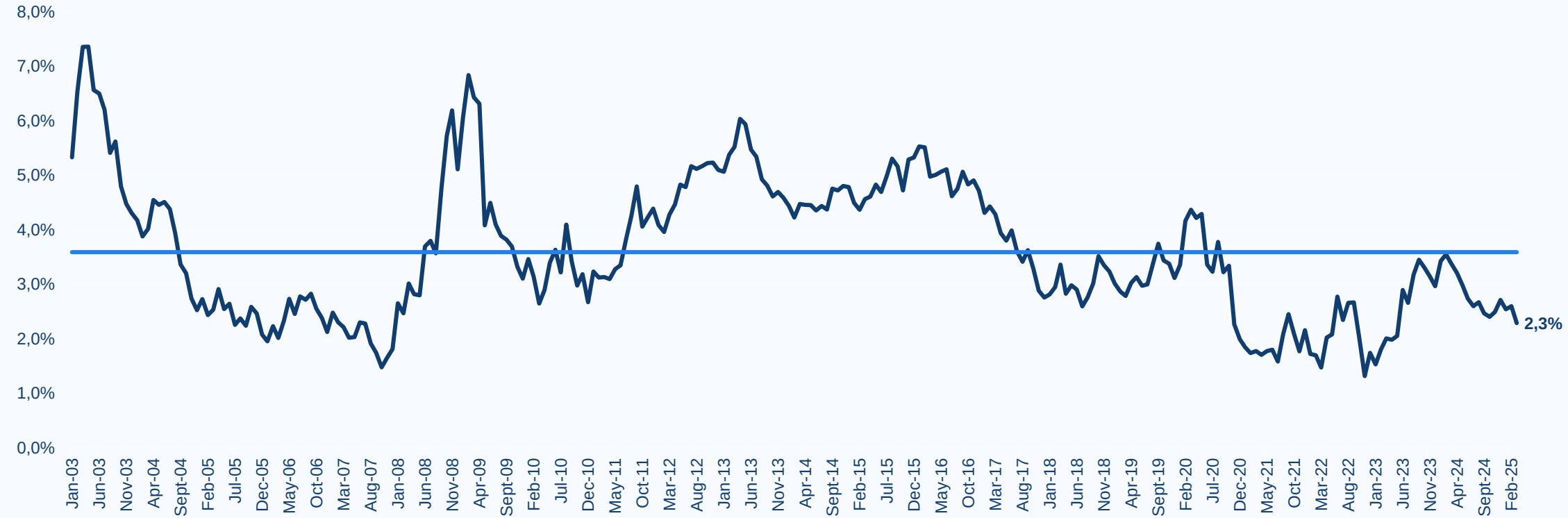
Source: 10X Investments, Bloomberg

SA equity risk premium is compressed

Elevated real yields create headwind for re-rating “Cheap” SA Equities

Compressed SA Equity Risk Premium

FTSE-JSE All Share Index Excess CAPE Yield Jan 2003 – March 2025



Source: 10X Investments, Bloomberg

Performance

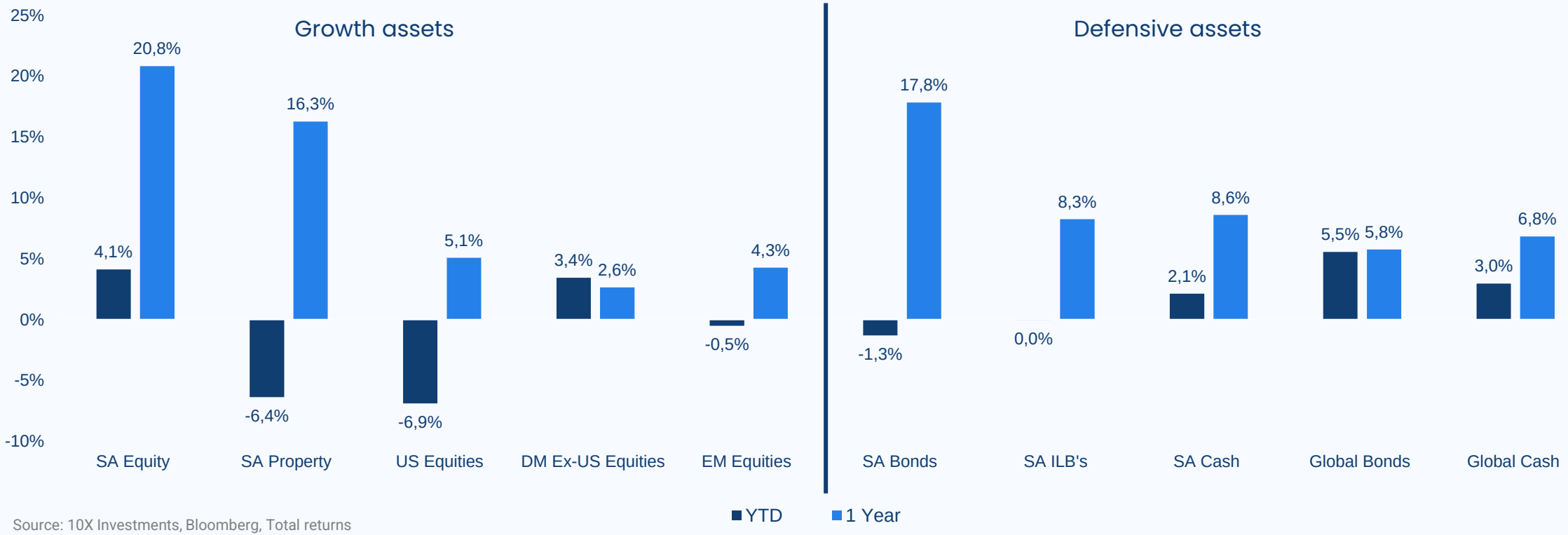


Asset class performance

US Equities underperforming

Local assets outperforming global

Asset class returns in Rands – 3 months and 1 year to 11 April 2025



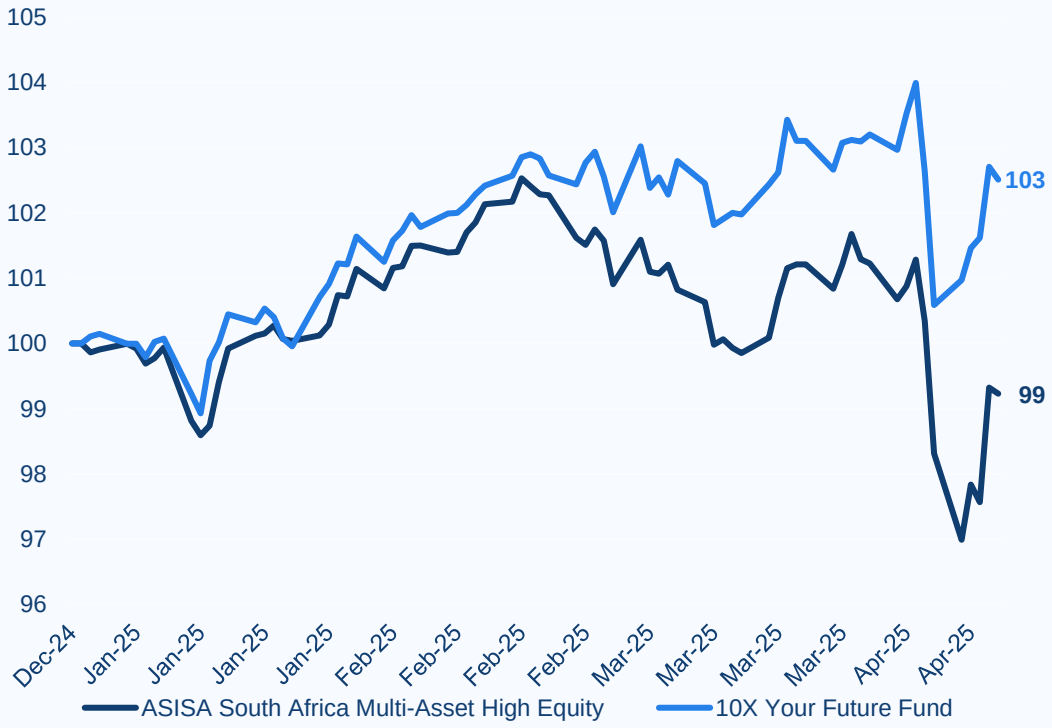
Source: 10X Investments, Bloomberg, Total returns

15-year outperformance

Consistent short-term and long-term performance

Resilient short-term performance

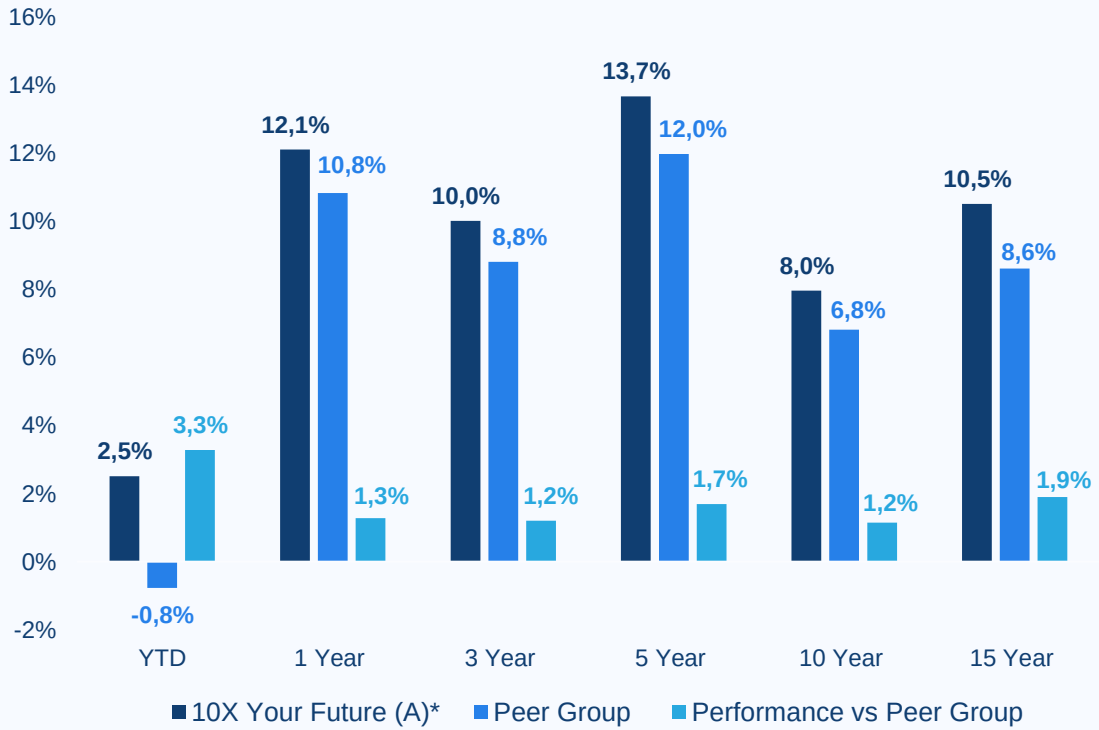
R100 invested on 31 December 2024 to 11 April 2025



Source: 10X Investments, Morningstar, Class A

Consistent long-term outperformance

Portfolio returns to 11 April 2025



Source: 10X Investments Morningstar; * returns prior to March 2019 are those of 10X Umbrella Pension Fund adjusted for Class A fee

Positioning

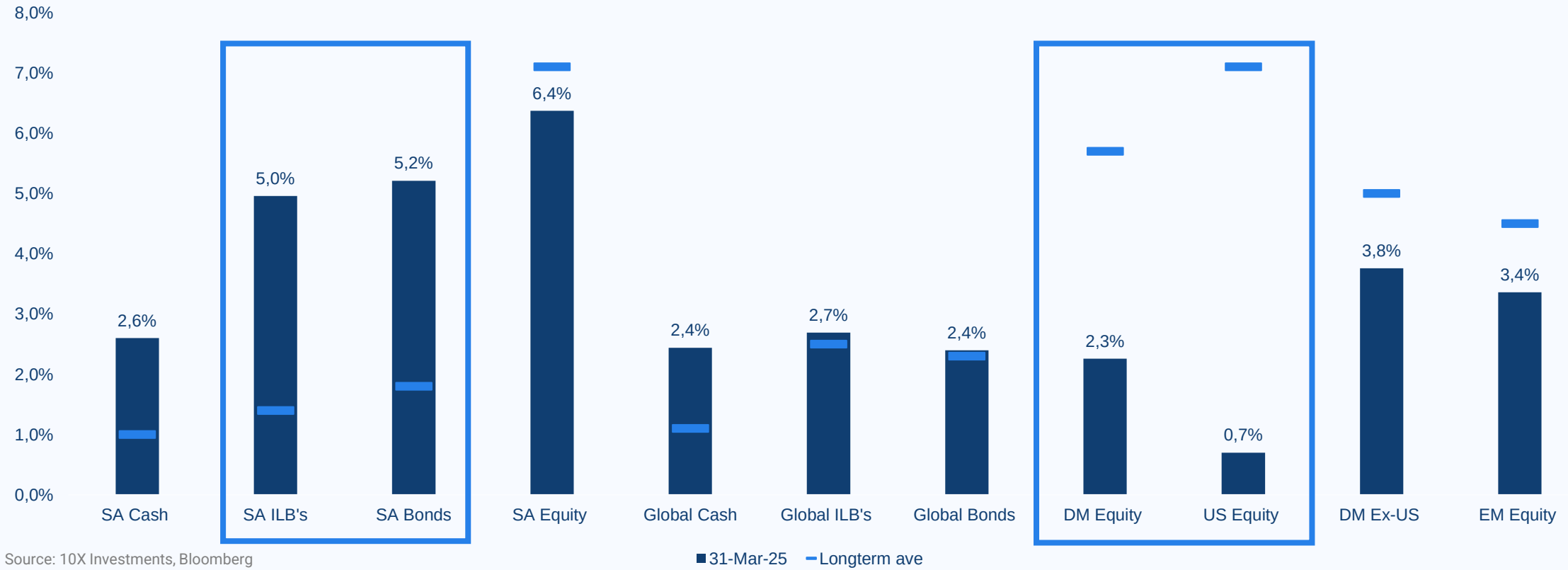


Asset class return expectations

SA Bonds & US Equities represent largest disconnects

SA Bonds attractive, US Equities expensive

5-10 year expected real returns in Rands as at 31 March 2025



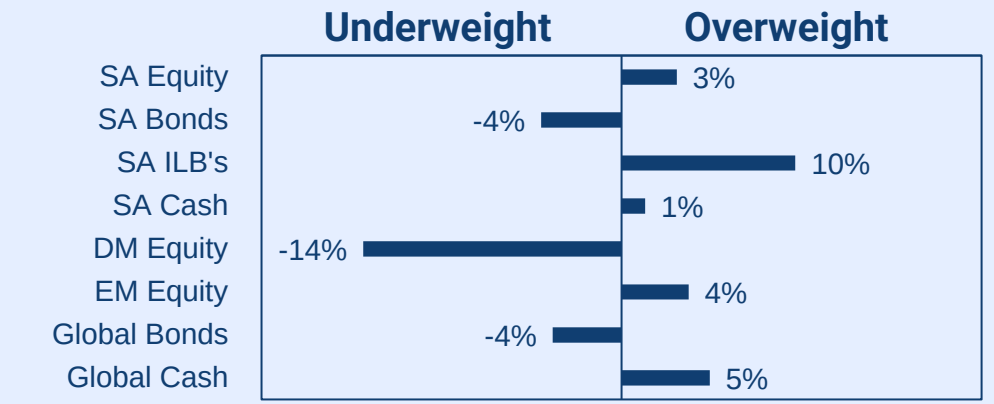
Source: 10X Investments, Bloomberg

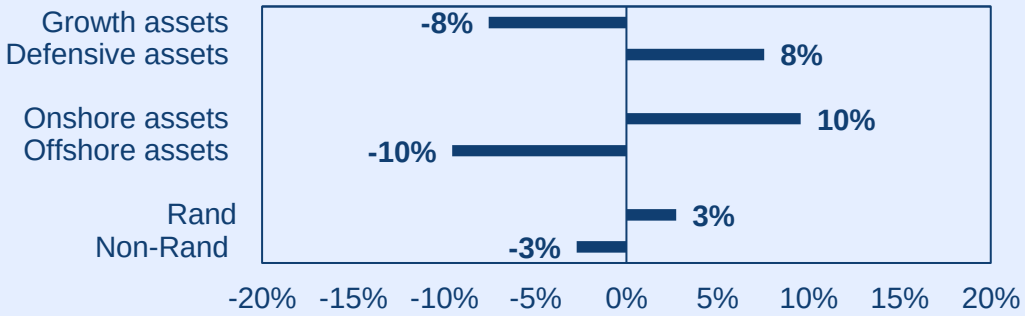
Defensively positioned

Portfolio remains defensively positioned

	Benchmark	Portfolio
SA Equity	35%	38%
SA Bonds	10%	6%
SA ILB's	5%	15%
SA Cash	5%	6%
DM Equity	31%	17%
EM Equity	4%	8%
Global Bonds	10%	6%
Global Cash	0%	5%
Growth assets	70%	62%
Defensive assets	30%	38%
Onshore assets	55%	65%
Offshore assets	45%	35%
Rand	60%	63%
Non-Rand	40%	37%

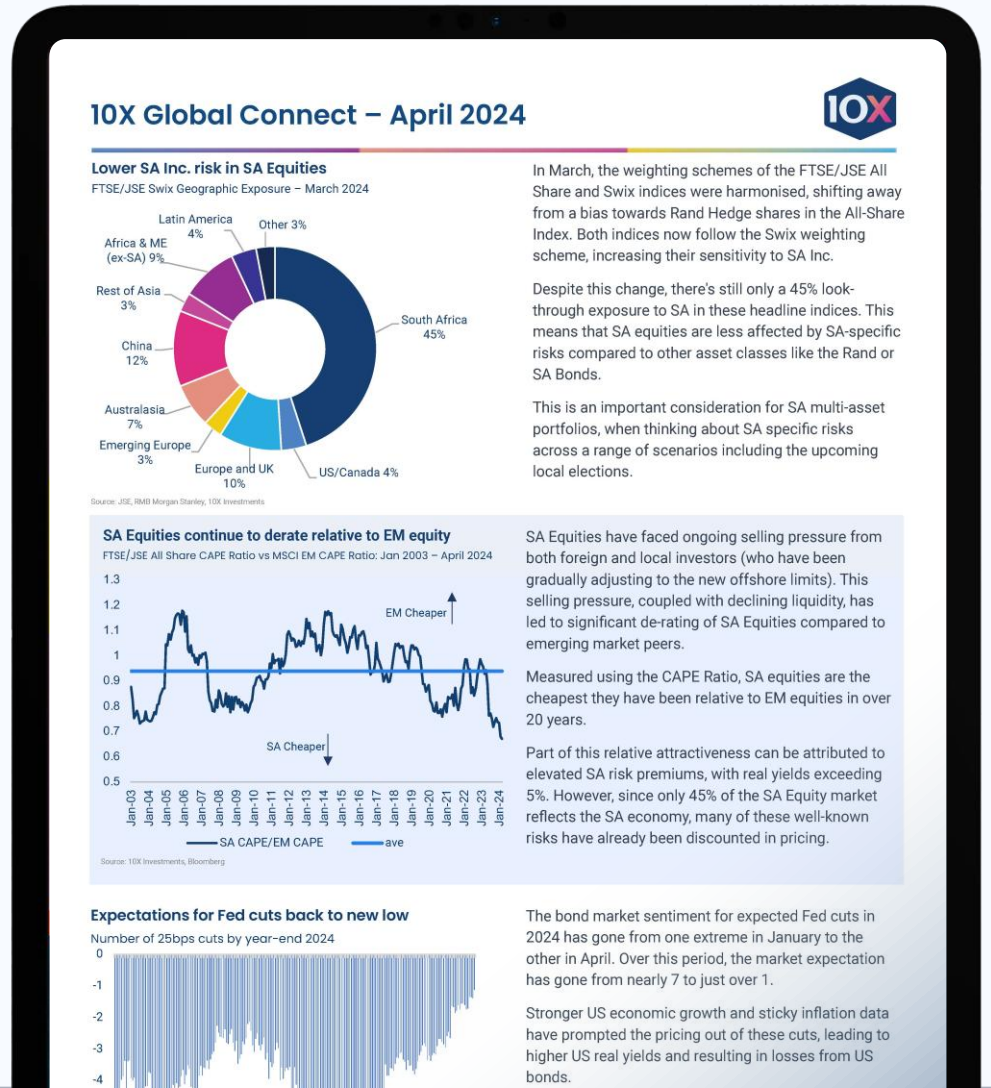
Source: 10X Investments

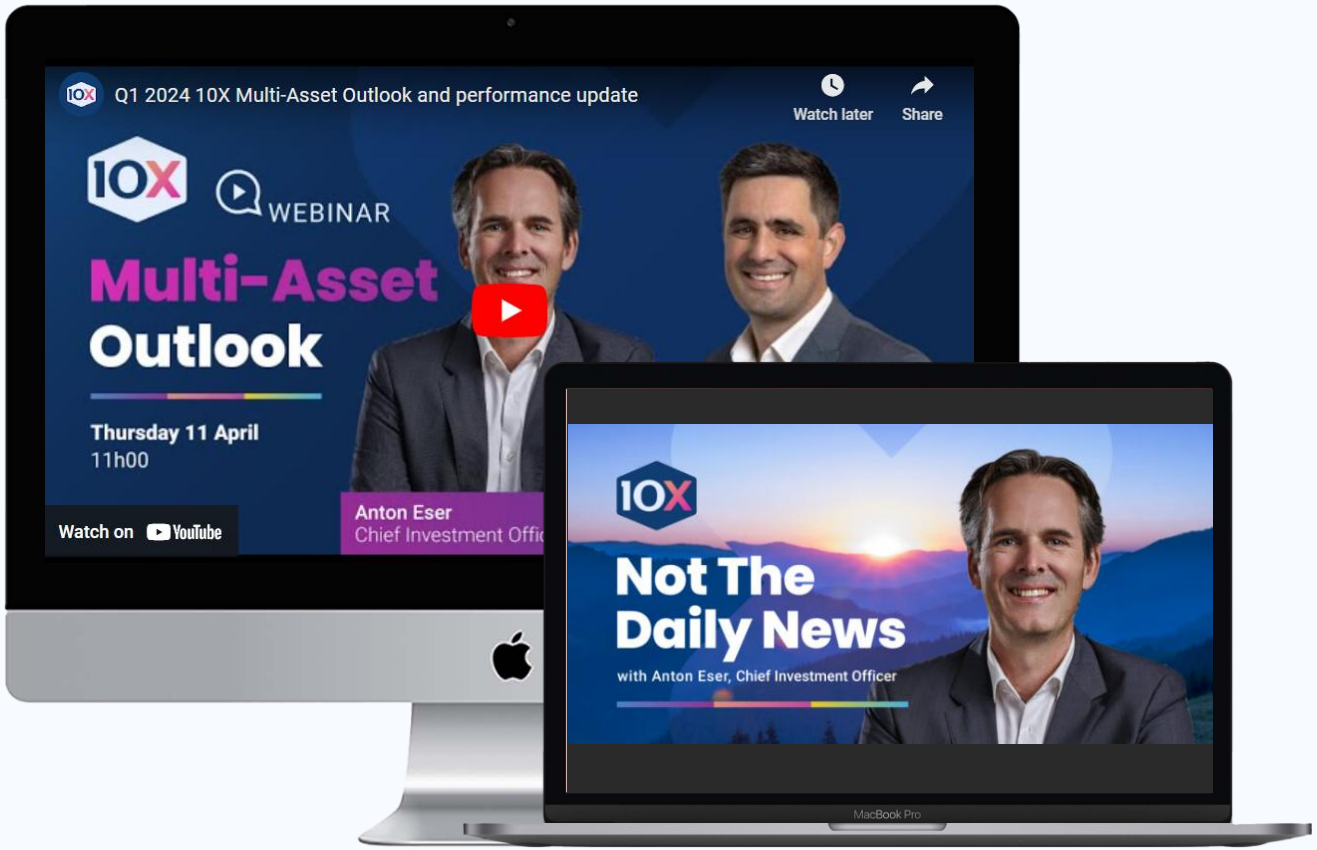




10X Multi-Asset **Resources**

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Thank you
Q&A?

Cape Town Office

The Terraces,14th Floor, Office 01401

34 Bree Street, Cape Town, 8001

Call: +27 (0) 21 412 1010

Email: invest@10x.co.za

Visit: www.10x.co.za

10X Your Future_

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