

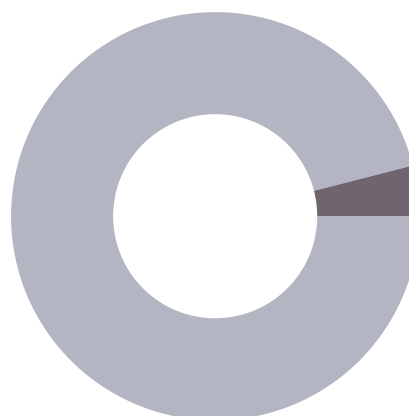
### Fund Details

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
MSCI World Index in USD (Master Fund)	Global Equity General	Ranmore Fund Management (Master Fund)	The Merchant West Global Value Feeder Fund is a US dollar-denominated global equity fund that invests solely in the participatory interests of the Ranmore Global Equity Fund Plc ("The Master Fund"). The Fund tends to follow a value-biased investment philosophy, with equities being selected through a bottom-up investment process which results in the Fund's sector and country weightings, rather than through deriving its weightings from the Index. The Fund is suitable for investors seeking long-term capital growth and have a time horizon of seven years or longer.

### Top 10 Holdings (Master Fund) %

ABN Amro	3.2
Petrobras	3.0
Mattel	3.0
BNP Paribas	3.0
Associated British Foods	2.7
Baidu	2.5
Ryanair Holdings	2.5
Carrefour	2.4
Skechers	2.3
Societe Generale	2.3

### Asset Allocation (Master Fund) Portfolio Date: 31/12/2024 %



### Annualised Performance Fund % Benchmark %

3 months	-4.6	-0.2
1 year	N/A	
3 years	N/A	
5 years	N/A	
10 years	N/A	
Since Inception (September 2024)	2.2	3.5
Launch Date (September 2024)		

### Highest and Lowest Rolling 12 Months Return %

Highest Rolling 12 Months Return	N/A
Lowest Rolling 12 Months Return	N/A

### Market Overview

The first three quarters of 2024 were characterised by strong price gains in global equities, with the MSCI World Index (US\$, net Total Return) gaining almost 19% and the MSCI Emerging Markets Index almost 17% over this nine-month period. The fourth quarter started off with some uncertainty surrounding the outcome of the US election held early in November. The results were conclusive and confirmed that Donald Trump had won the presidential vote and that the Republican party had secured majorities in both chambers of the US Congress. The clean sweep places Donald Trump's government in a position to quickly enact the "America First" economic policies that were key to his election campaign, including lower taxes, higher trade tariffs and government deregulation which investors hope will boost economic growth. This drove US equity markets higher in November, with the US outperforming other major regions significantly.

However, global equity markets stumbled in the last month of 2024. Comments from Federal Reserve Chair Jerome Powell in December suggested that the Fed's outlook for US inflation had become more cautious and that he saw the need for fewer interest rate cuts in 2025, triggering a sell-off in US equities. The Dow Jones Industrial Index shed 5.2% and the S&P 500 lost 2.4% in December, while the Nasdaq managed to eke out a positive return of 0.5% as the mega-cap tech stocks defied the December gloom.

December's arrest left both developed and emerging markets equities in the red over the quarter, with the MSCI World Index showing a total return of -0.2% while the MSCI Emerging Markets Index declined by 8.0%, both in US dollar terms. Trump's election win resulted in heightened uncertainty in emerging markets, with the Chinese equity market (MSCI China: -4.4%) in particular bearing the brunt of the negative sentiment in November on concerns that an escalating trade war with the US could undermine the support measures announced by Chinese authorities earlier during the year to stimulate domestic economic growth. Chinese equities did however manage to recoup some lost ground in December as the government announced further measures aimed at boosting lacklustre economic growth.

Despite the poor end to the year, 2024 was a good one for developed equity markets as the MSCI World Index produced a total return of 18.7%. The so-called "Magnificent Seven" mega-cap tech stocks ended 2024 with a gain of 48%, including a 171% year-on-year (YoY) gain by chip maker Nvidia.

the MSCI Emerging Markets Index lagged somewhat with a total return of 7.5% in US dollars after Trump's election win and the prospect of increased trade tariffs.

Fed Chair Jerome Powell's cautious stance on for US inflation should not come as a surprise. US inflation increased in November to 2.7% YoY from 2.6% YoY in October, in line with market forecasts. The Fed announced another 25 basis points cut to the federal funds rate in December, marking its third consecutive cut in 2024 and reducing the Fed's target range to 4.25% to 4.5%. Hawkish comments from Chair Powell post the meeting and a revised Fed committee dot plot indicating that policymakers now anticipate just two interest rate cuts in 2025, totalling 50 basis points, compared to 100 basis points of reductions projected in the previous quarter surprised investors. The Fed also revised its GDP growth forecasts upward for 2025 from 2.0% to 2.1% and reduced its unemployment forecast for 2025 from 4.4% to 4.3%.

The Bank of England (BoE) left its interest rate policy rate at 4.75% following its December meeting, in line with market expectations, as UK inflation (increasing for a second month to 2.6% YoY in November from 2.3% YoY in October) and some indicators of inflation expectations had risen. Governor Bailey confirmed that the BoE was adopting a more cautious approach, and that UK monetary policy would need to remain restrictive until UK inflation returned sustainably to their 2% target. The European Central Bank (ECB) cut its key interest rate for the fourth time this year by 25 basis points in December, in line with market forecasts. The inflation outlook for the region remains in line with ECB's targets and is forecast to print at 2.1% in 2025 and 1.9% in 2026.

The hawkish comments from Chair Powell around the Fed's outlook for US inflation and reduced expectations for interest rate cuts for 2025 caused a sell-off in US treasury bonds in December as bond yields moved significantly higher. The US 10-year treasury yield increased 39 basis points to 4.58%. This was nearly one percentage point higher than when the Fed began cutting US interest rates in September. This is the opposite of what the central bank would have expected as investors demand a higher risk premium on US government bonds. Bond yields also increased in the UK and Europe during December. The higher bond yields, especially in the US, left the Bloomberg Barclays Global Aggregate Treasuries Index with a total return of -6.0% in the fourth quarter, and -3.6% for the calendar year. Global listed property (GPR 250 REIT Index, US\$, net) was hard hit in December (-7.5% in US dollar) after the significant increase in developed market long bond yields, resulting in a total return of -9.7% for the December quarter and just 1.6% for the calendar year.

One of the big drivers of stock market performance over the past year was investment in Artificial Intelligence (AI). While this theme is likely to continue for some time, with today's US\$200 billion AI market which is forecast to reach more than \$1 trillion by the end of the decade, we believe that one should approach the current exuberance cautiously. If enacted, the threat of trade tariffs by the US could hurt global economic growth and stoke inflation in the event of retaliation. Furthermore, while the US economy still appears to be in good shape, the UK and Europe as well as China appear to be struggling to revive the momentum in their economies.

Furthermore, and perhaps more concerning, is US national debt currently exceeding \$36 trillion and climbing. This has prompted president elect Trump to form the Department of Government Efficiency (DOGE), headed by Elon Musk, in an effort to cut federal spending and regulations. According to Musk, DOGE will try to cut \$2 trillion from federal spending but admitted that they may not reach that goal.

## The Fund

The Merchant West Global Value Feeder Fund is a new global equity fund that was launched on 3 September 2024. The establishment of this new fund came on the back of a decision taken last year to convert the existing Merchant West Global Value Fund (a fund investing directly into individual securities) into a feeder fund. The old Merchant West Global Value Fund was therefore amalgamated with the new Merchant West Global Value Feeder Fund and investors in the old Global Value Fund were transitioned into the new Global Value Feeder Fund on 3 September 2024. The old Merchant West Global Value Fund has been closed to investors and is in the process of regulatory deregistration.

The Merchant West Global Value Feeder Fund is a US dollar-denominated global equity fund that invests solely in the participatory interests of the Ranmore Global Equity Fund Plc ("The Master Fund").

The investment objective of the Master Fund is to outperform the MSCI World Index and to provide capital growth over a medium to long-term time horizon. The Master Fund is not managed to closely track the Index. The Fund tends to follow a value-biased investment philosophy, with equities being selected through a bottom-up investment process which results in the Fund's sector and country weightings, rather than through deriving its weightings from the Index.

The Fund has a moderate to high-risk investment profile and is suitable for investors who expect to maintain their investment over a medium to long-term horizon (five years or longer).

The Merchant West Global Value Feeder Fund was launched on 3 September 2024 and therefore has a track record of just under four months. The Fund returned -4.6% (in USD) over the quarter, underperforming the Master Fund's benchmark (-0.2% for MSCI World) as well as the peer group average (-3.4% for Global Equity General funds) over the December quarter. From inception on 3 September 2024, the Global Value Feeder Fund has gained 2.2%, versus the MSCI World which gained 3.5% and the peer group's average of 0.3%.

For further information on the Merchant West Global Value Feeder Fund, and the underlying Master Fund, please refer to the Global Value Feeder Fund's latest Minimum Disclosure Document on our website at [merchantwestinvestments.co.za](https://merchantwestinvestments.co.za) or contact Merchant West Investments on 021-492 0200 or [invest@merchantwest.co.za](mailto:invest@merchantwest.co.za).

**Performance commentary from Ranmore Fund Management (manager of The Master Fund)**

In general, Value strategies underperformed the MSCI World Index over the December quarter. The underlying Master Fund was down 3.3%, while the MSCI World Index was down 0.2% (in USD). The re-election of Mr Trump saw investors allocate to US stocks and particularly Growth ones (the MSCI World Growth Index was up 3.8% in the quarter, the MSCI World Value Index was down 4.2%). The largest negative contributions to the Master Fund performance came from holdings in the Consumer Discretionary and Consumer Staples sectors, while four of the top 10 contributors were banks, but none being the household name US banks one may see in many global equity funds. The long-term effects on equity markets of a Trump presidency remain to be seen, but our investment approach is not to select investments based on such a top-down macro thesis; we will continue to seek companies which, in general, generate cash earnings, have strong balance sheets and trade at valuations which we think offer compelling upside.

**Disclosure**

*The Merchant West Global Value Feeder Fund (the "Fund") is a cell of The Offshore Mutual Fund PCC Limited (the "Scheme") (Registration Number 51900). The Scheme is an open-ended investment company, which was registered with limited liability in Guernsey on 20 May 2010, and is authorised by the Guernsey Financial Services Commission ("GFSC") as a Class B Collective Investment Scheme. The Scheme is an umbrella company constituted as a Protected Cell Company under the Companies Law. The provisions of the Companies Law enable a company to which it applies to create one or more cells for the purpose of segregating and protecting the assets within those cells so that, on the basis that the company complies with the conditions laid down by the Companies Law, liabilities of the company attributable to one cell can only be satisfied out of the assets of that cell and even if those assets are insufficient, recourse cannot be had to the assets of any other cell. The Fund was approved by the Financial Sector Conduct Authority in terms of Section 65 of the Collective Investment Schemes Control Act, 2002 (the "Act"), Notice 2076 of 2003 as amended by notice 1502 of 2005 ("the conditions") on 19 April 2024.*

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