INVESTMENT GROUP



CIO QUARTERLY INVESTMENT UPDATE

UNITED STATES OF AMERICA: STILL THE POINT OF DIFFERENCE?

America's enduring greatness, a more competitive world, and the price we pay.

Every four years, the world gathers to watch greatness tested. Reputations arrive fully formed. Outcomes do not. The 2026 FIFA World Cup, jointly hosted by the United States, Canada and Mexico, brought that spectacle to North America and watching an older Lionel Messi sent my mind back to two earlier finals. One ended in heartbreak, the other in fulfilment.

Brazil, 2014. Argentina against Germany.

Messi was already great. The trophies, the records and the moments of almost impossible invention had established that. Millions of children wore his name on their backs. Yet one question followed him everywhere: could he win the World Cup?

Late in the final, with Argentina trailing, Messi stood over a free kick. Peter Drury, one of football's most celebrated commentators, gave voice to the hopes resting on his shoulders:

"The little boy from Rosario, Argentina, on behalf of every little boy wearing his shirt. Messi on a million backs. Messi for a million flashbulbs. Messi potentially to crown his stellar career."

Then came the kick.

"Lionel Messi. No, no, no … it's got away, it's got away."

Germany were world champions. Messi's greatness remained. But the dream was unfinished.

Eight years later came Qatar.

Argentina against France. Messi against Mbappé. Thirty-six years of waiting for Argentina. Perhaps one final opportunity for Messi.

For me, it remains the greatest World Cup final. Argentina seemed to have won it. France came back. Argentina went ahead again. France came back again. Eventually, a game that seemed unwilling to end arrived at penalties.

Then Gonzalo Montiel scored.

And Drury reached for poetry:

"Argentina, champions of the world. And the nation will tango all night long. Thirty-six years since Maradona and Mexico. Here, finally, is a nation's new throne of immortals. Messi will be sainted. France, this time, denied, defied."

"And in 2022, the world champions are Argentina."

"Lionel Messi has conquered his final peak. Lionel Messi has shaken hands with paradise. The little boy from Rosario, Santa Fe, has just pitched up in heaven."

"He climbs into a galaxy of his own. He has his crowning moment. And he is not alone."

"He was beautiful. He was the point of difference. He has always been the point of difference."

That last line has stayed with me.

The point of difference.

Messi had been great long before he lifted the World Cup. Qatar gave that greatness its crowning moment. By 2026, time was narrowing his advantage without erasing his achievements.

There was something fitting about watching this chapter unfold with America as one of the tournament's cohosts.

For much of our investing careers, America has been **the point of difference** in the global economy. The dollar, its deep capital markets and companies that repeatedly changed how we live helped make it the reference point. For much of the past 15 years, investors, asking whether they would have been better off simply owning America, received an emphatic answer: yes.

But three questions now deserve separate answers. Will America remain great? Where are its advantages being challenged? And how much future success do today's prices already assume?

China presents a challenge in manufacturing and parts of technology. Elsewhere, countries can become more consequential through the capital, resources or opportunities they offer, without matching America's overall power.

Therefore, America can remain exceptional while attractive investments emerge elsewhere. A great business can disappoint at the wrong price; a less celebrated one can reward investors when expectations are low.

To understand which American advantages might endure, and which are becoming more contested, we first need to understand how America earned them.

American exceptionalism was earned. Its foundations were productive capacity, capital, innovation and institutions. At a decisive moment in history, America possessed these advantages while much of the rest of the world was rebuilding.

1945: America emerges from a broken world

World War II left Europe devastated and Japan shattered. Britain had won the war at an enormous financial cost. America's homeland had largely escaped the destruction inflicted on the other major industrial powers. Its factories produced aircraft, ships, vehicles, weapons and food at extraordinary scale. When peace arrived, that productive capacity remained.

America was the great industrial power and the great creditor, with the factories, capital and domestic market to supply the rebuilding. Its advantage over competitors had become extraordinary.

My thinking on the monetary system, the dollar's role and gold draws on the work of my colleague Meryl Pick, a senior portfolio manager in our domestic equity and multi asset strategies. Several ideas in this letter were developed in her presentation, *Gold in a fragmenting world*, delivered at BizNews Conference #9 and available on YouTube.

Even before the war ended, countries began designing the financial system that would follow it. In 1944, representatives of 44 nations gathered at Bretton Woods in New Hampshire.

The British economist John Maynard Keynes proposed an international settlement currency called Bancor. The eventual agreement instead placed the dollar at the centre. Other currencies would be linked to the dollar, and the dollar would be convertible into gold at $35 an ounce.

The architecture reflected the balance of power. America's economic strength and gold reserves anchored the system. The dollar's position rested on confidence in the country behind it: its ability to produce, finance, trade and honour its commitments.

America helped build a world that wanted what it offered

Winning an advantage is one thing. Making it endure is another.

After the war, America helped finance Europe's reconstruction through the Marshall Plan. The International Monetary Fund and World Bank became part of the new financial architecture. Trade agreements helped reopen markets, while American military power underpinned the security of its allies.

These arrangements served American interests. A recovering Europe could buy American goods. Prosperous allies strengthened its strategic position. A financial system centred on the dollar created lasting demand for American money and assets. Other countries gained access to capital, markets and a framework within which to rebuild. Their growing prosperity reinforced America's position.

At home, the post-war baby boom expanded the population of future workers and consumers. The GI Bill, introduced in 1944, helped returning veterans fund education and vocational training and access home loans. GI, short for Government Issue, had become a popular term for an American soldier. The programme helped a generation become skilled workers, professionals and homeowners, expanding America's middle class.

Over the following decades, more women entered paid employment. Rising education, changing social expectations and technologies that reduced the time required for household work helped expand the economy's available talent.

Infrastructure connected that talent to opportunity. Highways linked factories, cities and consumers. Universities and research institutions developed new ideas. Defence and space programmes supported technologies whose uses extended far beyond their original purpose.

And American businesses could grow inside an enormous domestic market before taking their products abroad.

Education improved productivity and incomes. Demand encouraged investment. Deep capital markets financed the next generation of businesses. America had an unusually powerful combination of people, productive capacity, innovation, capital and scale.

That is the historical benchmark. The question today is which of those advantages remain distinctive and where competitors have developed strengths of their own.

America's advantage survived its first great tests

The system did not remain unchanged.

By the late 1960s, the promise to exchange dollars for gold was becoming harder to sustain. Dollars had accumulated abroad, and confidence in America's ability to honour that promise was weakening. In August 1971, President Richard Nixon closed the gold window.

The dollar's link to gold was broken. Its central role in the world economy endured.

By then, decades of trade, borrowing, investment and financial infrastructure had been built around it. The world still needed dollars, and America still offered markets large enough to absorb the world's savings.

That is useful context for today. A monetary system can change profoundly while its leading currency remains central. There does not have to be a dramatic replacement for the economics beneath it to shift.

Then came the inflationary 1970s. Oil shocks, rising prices and declining confidence challenged America again. Paul Volcker's

Federal Reserve responded with painfully high interest rates. Recession and unemployment followed, but inflation was eventually brought under control.

America demonstrated that it was willing to accept economic pain to restore confidence in its money.

For a country borrowing in its own currency, that confidence is an enormous asset. Lenders need to believe that the money returned to them will retain its purchasing power.

And then America found another gear

The collapse of the Soviet Union in 1991 left America without a comparable geopolitical rival. China was still developing. Japan was entering a prolonged period of economic difficulty. Europe was focused on integration.

At much the same time, America became the centre of another technological revolution.

Personal computers. The internet. Search engines. Smartphones. Cloud computing.

Again and again, American businesses helped define the way the world worked and lived. Their products reached beyond America's borders, while their profits and growing market values reinforced its financial power.

Globalisation strengthened many of these advantages. Production spread across borders. American companies gained access to lower-cost manufacturing and new customers. Consumers benefited from cheaper goods. Exporting nations accumulated dollars and invested some of those savings in American assets.

There were real costs too, particularly for workers and communities exposed to manufacturing competition. But for many large American businesses and the investors who owned them, the economics were powerful.

Lower costs supported profits. Global markets supported growth. Deep capital markets financed expansion. Rising share prices helped companies attract talent and acquire competitors.

Success attracted capital, and capital helped finance further success.

For investors, this became a compelling habit. Why look elsewhere when America offered so many of the world's most profitable businesses, supported by the world's most developed financial markets?

America earned that confidence. The investment question is how much of it is now reflected in the price.

The world has become more competitive

One foundation of American exceptionalism was how rarely another country could match its combination of strengths. Today, China challenges America in manufacturing and parts of technology. That does not mean it matches America's advantages across finance, institutions or living standards.

The broader change is that more countries offer strengths the world needs. India is an increasingly important source of growth and talent. The Gulf states have substantial capital to deploy. Energy, metals and critical minerals give producing countries a role in the next phase of physical investment.

These countries have weaknesses, sometimes serious ones. They do not need to replicate America's entire collection of advantages to become more important. They need to offer something the world wants.

A country can become indispensable in manufacturing without issuing the reserve currency. It can supply capital without possessing the strongest military. It can control scarce resources without having the deepest stock market.

And countries increasingly have several partners to choose from. Trade, investment and security relationships need not all point in the same direction.

For Africa, that creates possibilities. Governments and businesses can seek capital from Western markets, China, the Gulf and regional institutions. The challenge is turning those choices into productive investment, with the governance and financial discipline required to make it endure.

The emerging picture is a world in which different countries matter for different reasons.

America can remain the most powerful player while finding that more of the game is shaped by others.

Power must still produce a return

Military strength remains an important part of America's position. But possessing resources and achieving durable outcomes are different things.

Vietnam, the 2003 invasion of Iraq, and Afghanistan demonstrated how difficult it can be to translate overwhelming military capability into lasting political success. The return of the Taliban after two decades of war in Afghanistan was a particularly stark example.

The asymmetry matters. An opponent need not match America aircraft for aircraft or ship for ship to make its overwhelming advantage harder and more expensive to use. Military superiority remains real; the cost of translating it into durable outcomes can still rise.

Investors understand this distinction. When a business spends billions, we ask what the expenditure produced. Scale alone does not settle the question. A vastly larger budget does not guarantee a proportionately better outcome particularly when an opponent can impose costs far greater than its own expenditure.

Geopolitical competition also carries an economic cost. Governments and companies want more secure supply chains, reliable access to energy and greater domestic industrial capacity. They are willing to pay for redundancy and resilience. That means more factories, more inventories, more infrastructure and, in some cases, higher operating costs.

For much of the globalisation era, businesses asked where something could be produced most cheaply. Increasingly, they also ask whether that supply will remain available when they need it. That change reaches investors through company profits, capital expenditure and inflation.

The financial privilege is becoming more expensive to sustain

America's financial position adds another layer to the argument.

Persistent fiscal deficits increase government debt. Higher borrowing costs make that debt more expensive to service, leaving interest payments competing with other priorities for public revenue. The dollar and Treasury market give America substantial financing advantages, but investors still have to assess the return they receive for lending.

This is particularly relevant at the long end of the bond market.

When we lend to a government for 20 or 30 years in a fixed nominal currency, we make a judgment about inflation, future interest rates and compensation for uncertainty. Every payment can arrive on time while the investment disappoints: the money may buy less than expected, or higher yields may reduce the bond's market value before maturity.

The question is therefore how much protection today's yield offers against the range of outcomes ahead.

There is also a tension within America's ambitions. It wants to retain the benefits of issuing the world's preferred currency, while rebuilding domestic manufacturing and reducing external imbalances.

A strong dollar helps consumers buy imports and attracts financial capital. It can also make American production less competitive abroad.

Those competing objectives are difficult to reconcile. The policies used to pursue them can affect currencies, inflation, trade and company earnings far beyond America.

The strongest challenge to this argument is also American

Before we write the obituary, we should consider America's record of making obituary writers look foolish. Its capacity for reinvention has been extraordinary. Ultimately, the greatest risk to our view is that we are identifying the pressures narrowing America's lead just as a technological revolution begins to widen it again.

History shows how fundamentally technological revolutions can change economic power. During America's industrial expansion between 1870 and 1913, real GDP grew by approximately 3.9% a year and GDP per person by roughly 1.8% annually. Population growth helped, but rising output per person showed that the country was becoming more productive and larger.

Electricity illustrates the transformation. Between 1899 and 1929, its share of power used in American factories rose from less than 5% to more than 80%. Individual electric motors allowed factories to reorganise production more efficiently. Alongside other innovations, this helped manufacturing productivity grow by an estimated 5.5% a year between 1919 and 1929.

Artificial intelligence could herald another transformation. Systems are already changing how businesses operate and people work. Frontier laboratories are pursuing artificial general intelligence, or AGI: systems capable of matching human abilities across a wide range of intellectual tasks. Beyond that lies the ambition of superintelligence, which could substantially surpass those abilities. The timing is uncertain and neither outcome is guaranteed. But machines that accelerate scientific discovery, medicine, materials and energy research could change how quickly the economy creates new possibilities.

America enters this period with powerful advantages: leading technology businesses, major cloud platforms, research institutions, deep capital markets and experience commercialising new ideas. Capturing a disproportionate share of the gains could support productivity, profits and tax revenues, ease some fiscal pressures and attract further talent and capital. What looks like the erosion of American exceptionalism could become the prelude to its next crowning moment.

We must take that possibility seriously while distinguishing a technology's impact from investors' returns. A revolution can be real while some investments disappoint. Spending on semiconductors, electricity, data centres and networks must earn a return. Who captures the profits? Does America's advantage endure as the technology spreads? And how much success do today's prices already assume?

Donald Rumsfeld famously described "unknown unknowns: the ones we don't know, we don't know." AI is already a known uncertainty, but the discoveries and shifts in economic power that superintelligence might enable could exceed our imagination. We may understand today's pressures while underestimating tomorrow's renewal. Our task is to weigh both, examine prices and remain willing to change our minds. A thesis should guide our questions. It should remain open to the answers.

What if nobody replaces America?

When a dominant power loses some of its relative advantage, we instinctively ask who takes its place. But perhaps nobody needs to.

America could remain wealthy, innovative and militarily powerful. The dollar could remain the largest reserve currency. American markets could remain the deepest. Yet fewer of the world's opportunities might depend exclusively on America.

Manufacturing strength, technological leadership, capital and scarce resources need not reside in the same country. Different countries can become indispensable for different reasons. Governments gain more partners to choose from. Businesses gain more markets. Investors gain more destinations for their savings.

America could remain a point of difference in a world with several.

Such a change need not arrive through a single dramatic event. Trade relationships evolve. Companies invest. Governments adjust reserve holdings. Capital follows opportunity. Over time, those individual decisions can change where economic power resides and where investment returns are earned.

For us, that means looking carefully at what we actually own. A company's listing tells us where its shares trade. Its customers, revenues, assets and costs tell us more about its economic exposure. An American business may benefit from growth elsewhere. A South African business may earn much of its income abroad. Our task is to identify the businesses whose advantages are stronger than their prices imply, wherever those advantages originate.

The obituary

So, is American exceptionalism dead?

The obituary remains premature. America has too many strengths, and too much history of reinvention, for us to dismiss its capacity to extend its lead. AI could yet deliver another crowning moment.

But America does not have to cease being exceptional for other countries to become more consequential. Its greatness can endure while particular advantages become more contested and attractive opportunities emerge elsewhere.

That brings us back to Messi.

In Brazil in 2014, greatness was already established. The crowning moment still escaped him. In Qatar in 2022, greatness and fulfilment finally met. Both outcomes belonged to the same extraordinary player.

America's strengths are similarly real. The question for investors is which outcome the price already assumes. The weight of America in global benchmarks, and the expectations embedded in its leading businesses, suggest considerable confidence in another Qatar: innovation delivering, profits compounding and leadership enduring.

That outcome is possible. But when we pay for a crowning moment in advance, even an exceptional performance can disappoint.

Our discipline, therefore, brings us back to a familiar question: what am I getting, and what am I paying for it? We seek quality that is underappreciated, wherever we can find it. In a world where more countries and companies can offer a point of difference, our search should widen with them.

Messi's story reminds us that greatness alone does not settle the outcome. America may yet shake hands with paradise again. Our job is to recognise how much of that paradise is already in the price.

QUARTER 3 2026 MARKET AND PERFORMANCE COMMENTARY

Market context

The third quarter brought another change in market leadership. After the strong technology led recovery and commodity correction of the second quarter, resources regained momentum as renewed energy pressures complicated the outlook for inflation and interest rates. Modest movements in headline equity indices concealed substantial differences between sectors, countries and individual companies.

Global equities delivered positive but relatively subdued returns. In US dollar terms, developed markets gained 1.6%, the S&P 500 returned 2.0% and global equities rose 1.3%. Emerging markets declined 1.0%, although outcomes varied considerably. Brazil gained 7.1% and China rose 2.9%, while India declined 6.2% and Mexico fell 5.5%. Emerging markets continued to represent a diverse collection of economies with different exposures to energy costs, commodity production and global investment spending.

Commodities were the defining feature of the quarter. Brent crude rose 42.0%, while the Bloomberg Commodity Index gained 15.1%. Platinum advanced 10.5%, copper rose 8.3% and gold gained 3.7%. Agricultural prices also increased sharply, adding potential food inflation pressure to the renewed increase in energy costs.

For investors, the energy shock extends beyond the price of crude oil. The availability and cost of refined products, particularly diesel, affect transport, mining, agriculture and manufacturing. These pressures can persist even if crude prices retreat, depending on refining capacity and supply disruptions. The distinction matters when assessing how quickly inflation might ease and how much room central banks have to reduce interest rates.

South Africa sits on both sides of this divide. Higher commodity prices can support mining earnings and export revenues, but, as a net oil importer, the country also faces higher fuel costs and pressure on household spending and business margins.

This tension was visible in equity returns. The Capped All Share Index declined just 0.3% in rand terms, but that relatively flat outcome masked a substantial rotation beneath the surface. Resources gained 12.8%, with precious metals rising 16.7%, diversified miners advancing 6.7% and chemicals gaining 29.7%. By contrast, general retailers fell 16.7%, food producers declined 17.0%, telecommunications lost 17.9% and technology fell 12.0%. Banks declined 4.3%.

Fixed income also reflected the more difficult inflation backdrop. South African bonds declined 0.7%, while cash returned 1.7%. The rand was broadly stable against the US dollar, weakening approximately 0.2% over the quarter.

	QTD		YTD		1 Year		3 Years (ann)		5 Years (ann)	
	Return(%)	Quartile	Return(%)	Quartile	Return(%)	Quartile	Return(%)	Quartile	Return(%)	Quartile
Active Multi Asset										
Old Mutual Balanced	0.03	3	1.78	2	7.49	2	13.96	2	10.13	3
Old Mutual Stable Growth	-0.44	4	1.38	4	6.35	4	10.47	4	7.83	4
Old Mutual Flexible	0.14	3	2.46	2	8.50	2	13.78	2	9.61	3
Old Mutual Moderate Balanced	-0.31	4	1.57	3	6.57	2	11.75	4	8.57	4
Old Mutual Real Income	0.76	3	3.86	4	8.25	3	10.58	2	8.75	3
Active SA Equity										
Old Mutual Investors	-0.82	3	-2.82	2	5.18	2	15.12	4	10.70	4
Old Mutual Equity	-2.22	4	0.44	2	7.38	1	12.41	4	8.68	4
Old Mutual Managed Alpha Equity	-0.37	2	-6.00	4	2.90	3	16.47	3	10.98	4
Old Mutual ESG Equity	1.55	1	-5.71	4	1.09	4	14.57	4	11.10	4
Specialist Funds										
Old Mutual Gold	16.56	1	-0.53	4	11.31	3	55.49	1	39.92	1
Old Mutual SA Quoted Property	-1.85	3	1.89	4	20.06	2	24.31	3	14.66	2
Old Mutual Mid & Small-Cap	0.24	1	-6.82	3	3.33	4	16.57	1	10.62	3
Active Global Equity										
Old Mutual Global Managed Alpha	1.11	3	14.33	1	20.80	1	24.00	1	13.35	1
Old Mutual Global Islamic Equity	3.12	1	20.84	1	26.11	1	23.50	1	14.12	1
Old Mutual Global ESG Equity	0.48	3	18.46	1	21.23	1	23.44	1		
Active Africa Equity & Fixed Income										
Old Mutual African Frontiers Equity	5.45	2	19.25	2	29.60	2	31.93	1	13.42	1
Old Mutual African Frontiers Flexible Income	0.11	1	6.54	1	13.04	1	20.34	1		
Passive Multi Asset										
Old Mutual Core Balanced	0.77	2	3.03	1	8.71	1	16.15	1	12.22	1
Old Mutual Core Moderate	0.56	2	2.59	2	8.53	1	15.08	1	10.95	1
Old Mutual Core Conservative	0.31	2	2.61	3	8.36	1	13.69	1	10.13	2
Passive SA Equity										
Old Mutual Capped SWIX Index	-0.15	2	-2.73	2	5.83	2	18.62	1	13.25	2
Old Mutual RAFI 40 Index	2.89	1	0.30	1	10.26	1	19.40	1	15.63	1
Old Mutual Top 40 Index	0.36	2	-3.96	3	3.11	3	17.93	3	14.92	3
Passive Global Equity										
Old Mutual RAFI Select Global Index FF	1.80	2	14.92	1	16.75	1	15.79	1	13.80	1
Old Mutual MSCI Emerging Market Selection Index FF	0.94	3	10.29	1	7.82	2	15.62	1	6.90	3
Old Mutual MSCI World Selection Index FF	2.41	2	9.06	2	9.72	2	14.44	2	12.41	1

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Performance across our investment platform was mixed. Several specialist and equity strategies delivered strong relative outcomes, while parts of the fundamental multi asset and domestic equity ranges remained under pressure. We assess these results across multiple periods, recognising both the importance of longer term outcomes and our responsibility to address areas of persistent underperformance.

Fundamental equity & multi asset: The Old Mutual Balanced, Flexible and Real Income funds ranked in the third quartile for the quarter, while Stable Growth and Moderate Balanced ranked in the fourth quartile. Longer term outcomes were stronger in several strategies. Balanced, Flexible and Real Income ranked in the second quartile over one year, while Balanced and Flexible also retained second quartile rankings over three years. Performance across this range remains an area of focus.

Core multi asset: The Old Mutual Core Balanced, Core Moderate and Core Conservative funds all ranked in the second quartile for the quarter. Their longer term records remained strong, with all three ranking in the first quartile over one and three years. Core Balanced and Core Moderate also retained first quartile rankings over five years, while Core Conservative ranked in the second quartile.

South African equity: Outcomes varied across the active range. Old Mutual ESG Equity delivered a first quartile quarterly result, Managed Alpha Equity ranked in the second quartile, Investors Fund in the third and Equity Fund in the fourth. Investors Fund remained second quartile year to date and over one year, while Equity Fund ranked first quartile over one year. Longer term rankings across much of the domestic equity range require sustained improvement.

Specialist funds: Old Mutual Gold Fund returned 16.56% for the quarter, ranking in the first quartile. Its longer term record remained particularly strong, with first quartile rankings over three and five years. Old Mutual Mid & Small Cap Fund also ranked first quartile for the quarter and over three years. SA Quoted Property ranked third quartile for the quarter, but retained second quartile rankings over one and five years.

Global equity: The systematically managed global equity range continued to demonstrate strong longer term consistency. Global Islamic Equity ranked first quartile for the quarter, while Global Managed Alpha and Global ESG Equity ranked third quartile. All three remained first quartile year to date and over one and three years. Global Managed Alpha and Global Islamic Equity also retained first quartile rankings over five years.

African strategies: African Frontiers Equity returned 5.45%, ranking second quartile for the quarter, and retained first quartile rankings over three and five years. African Frontiers Flexible Income ranked first quartile across the quarter, year to date, one year and three year periods.

Indexation: All three domestic equity index funds ranked second quartile for the quarter. The RAFI 40 Index Fund retained first quartile rankings year to date and over one, three and five years. Within global indexation, the FTSE RAFI All World and MSCI World Selection funds ranked second quartile for the quarter, while MSCI Emerging Market Selection ranked third. All three retained first quartile rankings year to date and over three years.

Portfolio positioning

Enough of the history lesson. How does this translate into our portfolios?

Our positioning in our fundamental strategies remains broadly consistent with the views we outlined last quarter. We hold meaningful exposure to precious metals and other commodities, remain overweight selected emerging markets and underweight the United States, and remain cautious about long duration US Treasuries. Each position has its own investment case, but they share a common discipline: we want to own assets whose prospects are better than their prices imply.

Precious metals: monetary protection and constrained supply

We maintain meaningful exposure to precious metals, including gold and platinum group metals. Their investment cases are complementary, although the drivers differ.

Gold offers something unusual in a financial system built largely on promises: it is nobody else's liability. Its appeal increases when investors and reserve managers seek to diversify their exposure to currencies, governments and political relationships.

Gold generates no cash flow, and its price can move sharply. Nevertheless, we continue to see a meaningful role for it in a world of elevated public debt, fiscal pressure and less settled geopolitical relationships.

Our platinum group metals exposure reflects a different opportunity: constrained mine supply, years of underinvestment and demand that we believe may prove more resilient than market expectations suggest.

Across both, valuation matters. Higher metal prices do not automatically translate into attractive shareholder returns. We assess production costs, balance sheet strength and capital discipline alongside the outlook for the metals themselves.

Commodities and energy: the physical foundations of change

Our broader commodity exposure has a complementary logic. The world we are describing requires physical investment. Data centres need electricity. Electricity needs generation and grids. Electrification needs metals. More secure supply chains require factories, transport and inventories.

Our energy exposure includes businesses such as Sasol, Glencore and Exxaro Resources, alongside a global energy ETF. This gives us exposure to South African producers and major international energy businesses.

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The investment case extends beyond the current conflict. Years of uneven investment, declining production from existing assets and infrastructure constraints can limit the system's ability to meet demand reliably. The challenge is increasingly about delivering energy where and when it is needed, as well as producing it.

Demand alone, however, does not make a good investment. We assess supply, production costs, balance sheets and management's capital allocation. Our preference is for producers that can turn commodity revenues into sustainable cash returns for shareholders. Higher commodity prices are helpful; the price we pay for those earnings still matters.

Emerging markets and Africa: expectations leave room

We remain underweight the United States and overweight selected emerging markets. Many American companies are outstanding, but their quality is widely recognised and often accompanied by demanding valuations. A great business must still generate enough growth and cash flow to justify its price.

In selected emerging markets, we find lower expectations and valuations that offer more room for positive surprises. A more stable or weaker dollar could also provide support, although our investment cases must stand on company fundamentals.

We extend this approach selectively into Africa. Young populations and natural resources create potential, but institutions, infrastructure, liquidity and capital allocation determine how much of that potential reaches investors. We seek opportunities where the evidence supports the story and the valuation compensates us for the risks.

Long duration US Treasuries: compensation for uncertainty

We remain underweight long duration US Treasuries. Committing capital for decades in nominal dollars requires sufficient compensation for uncertainty around inflation, government borrowing and future yields.

Long bonds can provide valuable protection when growth weakens and inflation falls. We weigh that benefit against the risks and the return available at today's prices.

Implementation varies with each portfolio's mandate, liquidity needs and risk budget. Our view of the world must earn its place in the portfolio through the investments we select, the prices we pay and the risks we accept.

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Conclusion

America may remain the point of difference for years to come. Its capacity for reinvention deserves our respect, and artificial intelligence could yet write another remarkable chapter. At the same time, a more competitive world is widening the range of opportunities available to investors.

Our portfolios reflect that possibility. We see value in selected precious metals, resource businesses and emerging markets, while remaining cautious where prices already anticipate extraordinary success. These judgments must remain open to challenge. Conviction earns its place through evidence, and we will change our minds when the evidence changes.

Messi's greatness was visible long before his crowning moment. In investing, recognising greatness is only part of the task. We must also judge what it can deliver and what we are being asked to pay.

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