

# Glacier Investment Summit Gauteng 2022 - Day 1 highlights

23 August 2022

## Economic overview

Global markets took strain in Q1 2022, while local markets outperformed. Speaking at Glacier by Sanlam's 2022 Gauteng Investment Summit, Madalet Sessions, Portfolio Manager at Denker Capital, discussed some of the drivers behind this. She concluded by stating that business fundamentals will determine return opportunities in the long run, and that sometimes the opportunities are brightest when you cannot see a bright future. Buying high-quality companies at attractive prices is a recipe for success.

Michael Power, Strategist at Ninety One, shared his views on global markets, notably the challenges facing the Federal Reserve's interest rate hiking decisions. Other concerns include climate change, geopolitics, the instability of the US political system, and elevated food and energy prices.

## Historic lessons learnt in turbulent and disruptive times

Good investment habits are critical during challenging markets. These include ignoring market 'noise' and short-term decisions and sticking to a strategic, long-term investment plan. Investing remains about the time investors are in the market, and not trying to time the market. Alwyn van der Merwe, Director of Investments at Sanlam Private Wealth; Omri Thomas, Director of Abax Investments; and Murray Winckler, Co-founder and Portfolio Manager at Laurium Capital Pty Ltd, shared their views on lessons learnt in turbulent and disruptive times, with Francis Marais, Head of Glacier Research.

## Do bond yields offer an attractive entry point today?

A second panel discussion at Glacier by Sanlam's 2022 Gauteng Investment Summit looked at bonds as an investment class. Local bond yields reached their highest levels in the last two

decades, although there's a much higher risk priced into bonds at current levels. There's a lot of value in SA government bonds – but consideration needs to be given to the time path to unlock this value. From a local outlook point of view, a speaker stressed that SA needs 10 years of more than 3% growth to fix unemployment, to reach investment grade and to move into a sustainable debt position.

Bronwyn Blood, Director and Portfolio Manager at Granate Asset Management; Erik Nel, Chief Investment Officer at Terebinh Capital (Pty) Ltd; and Melville du Plessis, Fixed Interest Portfolio Manager at Sanlam Investments presented their views on whether bond yields offer an attractive entry point today. Mansoor Narker, Research & Investment Analyst at Glacier by Sanlam facilitated the discussion.

## Exclusion vs integration – what is your philosophy and approach in the process regarding ESG?

Scott Cooper, Investment Professional at Marriot Investment Managers; Henry Munzara, Deputy Head of Investments at STANLIB; and Pieter Koornhof, Investment Analyst at Allan Gray Proprietary Limited, discussed their philosophies and approaches regarding ESG with facilitator, Francis Marais, Head of Glacier Research. Many ESG principles are already included in the asset managers' filtering and selection process, as it's not possible to select quality investments if poor social practices or weak governance are overlooked. There are many approaches to responsible investing, but for many local asset managers it's more about engagement rather than exclusion, given the size of the local equity market.

## What investment styles and sectors are looking the most attractive for equity investors today?

The last speakers for day 1 were Cor Booysen, Portfolio Manager at Fairtree Asset Management; Shaun Le Roux, Fund Manager at PSG Wealth; and Gavin Wood, Chief Investment Officer at Camissa Asset Management, who spoke to Mansoor Narker, Research & Investment Analyst at Glacier, about current attractive investment styles and sectors. Some felt it necessary to move between different categories, depending on the market cycle. Recent market distortions have led to mispricing of risk and wide differences in valuations, leading one of the managers to believe that this is an exceptional environment for long-term returns, but that differentiation will be required. Another agreed, stating that they use a contrarian approach to find inefficiencies in the market that they can take advantage of.

## Conference Imagery



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