A rare, genuine investment idea

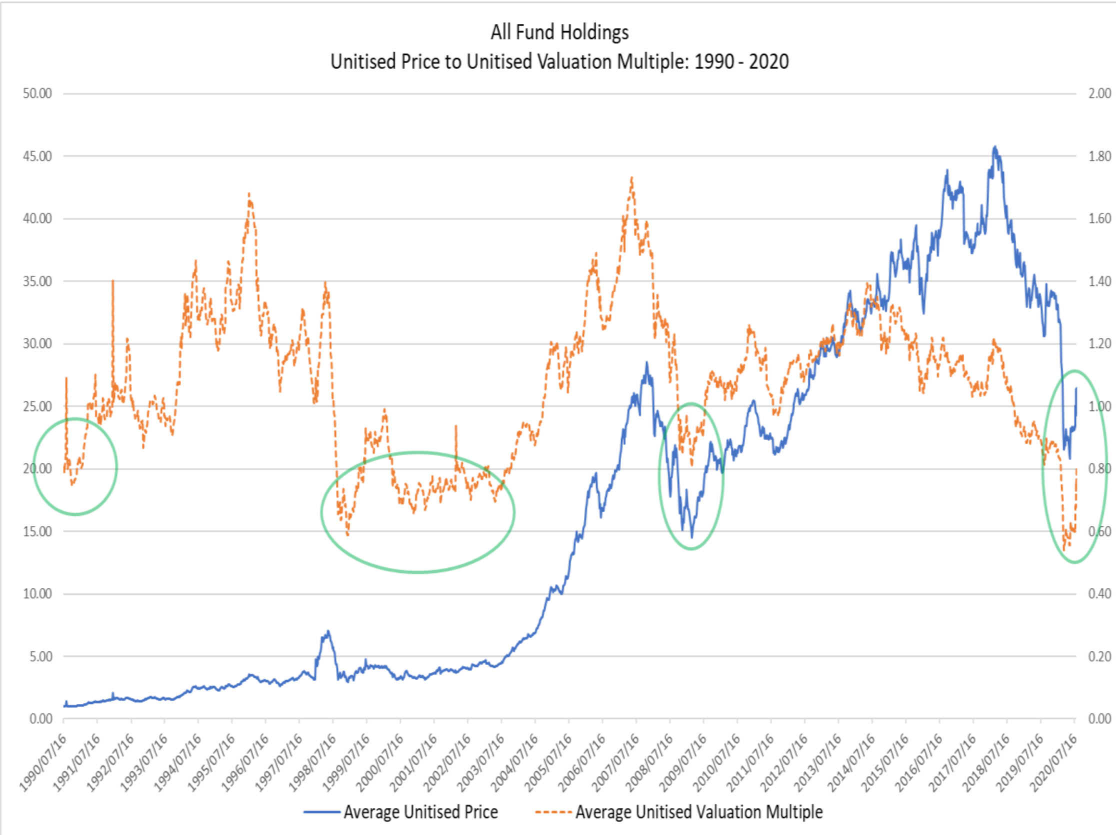
Perspectives: November 23rd, 2020

It is exceedingly rare to have the opportunity to construct an entire portfolio meeting all of the following 4 vital investment characteristics;

1. **Deeply Undervalued**, with a Price to Earnings Multiple of below 6, and a Dividend Yield above 8%.
2. **High Quality**, a focused selection of 24 scale & established businesses, with trustworthy owners & leaders, high returns on capital, and market leading positions in their respective industries.
3. **Diversified**, across industries.
4. **Highly Liquid** public stock exchange listed assets, imposing no liquidity constraints or restrictions on investors.

There have only been 3 comparable opportunities since the early 1990's, circled in the chart below. The blue (solid) line represents the equal-weighted **price** of our 24 businesses, while the orange (dotted) line represents the equal-weighted **valuation multiple** for each business relative to its own long-run history.

Each of those 3 previous occasions presented within the context of an extremely pessimistic consensus view, recessionary economic conditions, assumed high levels of uncertainty, and stock market participants scrambling to get out at any price. **These are the necessary pre-conditions to create the best long-term investment bargains in quality listed assets.**



To make the most of this opportunity we designed and recently launched a unit trust fully dedicated to its pursuit – the **Perspective Executive Equity Prescient Fund**. The supporting research was performed over the past 4 years. This no-frills, low cost fund is narrowly focused on investing on behalf of discerning **executive investors** - people who deeply understand and respect what it takes to create sustainable long-term value.

We are particularly encouraged by the **evidenced corporate actions taken in the year to date to unlock long-term growth in per share business value,** across the 24 businesses we own. Our portfolio businesses have used the COVID crisis to cut excess costs and become more efficient; some sold off non-core portions of their businesses at full value; others acquired quality business assets from distressed competitors at bargain prices; others aggressively bought back their own deeply undervalued shares just as executive insiders and control owners increased their own stakes; and one received a takeover bid from its foreign corporate control owner.

Amid the pervasive negativity about South Africa, the executives in our investor base and network are actively pursuing the best long-term opportunities in their own industries and private businesses. We do not believe this to be a coincidence. **Where others saw chaos, they saw opportunity.**

Our investors have now committed nearly R250mn for us to manage. Please consider supporting us because of the **investment merit** in our proposition – which is unique to our firm because of the way we think and do things, and our commitment to the principles of long-term value investing.

It would be a tremendous honour and privilege for us to have you invested in this fund alongside our families and ourselves. **Let us know to contact you.**

Our work continues...

Daniel Malan
Managing Director & Chief Investment Officer
daniel@perspectiveim.co.za

Perspective Investment Management
www.perspectiveim.co.za

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