Summer Edition 2021

Perpetua
INVESTMENT MANAGERS

CONTENT

Opening Perspectives 2
Kevin Dantu

The macro-economic road we see in 2021 3
Patrick Ntshalintshali

Is it all doom and gloom for SA Inc? 9
Delphine Govender

South African equity: Oceana - cyclical commodity or quality business? 11
Glen Heinrich

Global equity: The case for global memory stocks 15
Graeme Ronné

Responsible Investing: Our priority areas for 2021 19
Vuyolwethu Nzube

***EXPLAINED:* Luxury at a glance** 23
Siya Mbatha

Cultivating a new generation of professionals: 27
Conversations with our people

Perpetua

Opening Perspectives

Despite the effects of one of the most challenging economic and financial years in history, Q4 2020 proved that there is indeed light at end of the tunnel. We saw global equity markets returning 14.7% for the MSCI ACWI, gains fostered by the development and first roll-out of the COVID-19 vaccine in larger economies and more largely driven by the unprecedented levels of liquidity injected into the system by central banks. The local JSE All Share Index delivered a positive 7.0% for the year versus the 12% in 2019 providing South African investors with much needed comfort after the sharp declines earlier in the year.

In this edition of Perpetua Perspectives, our macroeconomic review discusses the most likely prospects for economic recovery in 2021 and beyond, both globally and locally and against this backdrop we have included an article which casts the spotlight on SA Inc companies and where we see selected opportunities in these shares.

Oceana, a holding in our domestic equity portfolios, is an established, well-diversified business, which we feature in our local stock piece, presenting our views on a business that perhaps tends to be misunderstood by the market.

Our global equity stock article covers the backbone of all electronics – semiconductors. We provide background to this increasingly important industry, and explain our case for capitalising on the opportunities within this industry by owning two global memory stocks, namely Samsung and Micron Technologies.

In the second edition of our new regular feature, *Responsible Investing in focus* or *"RI in focus"*, we present our ESG priorities for 2021 and how we plan to make thoughtful, continual and frequent enhancements to our existing process.

In our 2021 *Explained* Series, we will be explaining the constructs and nuances of specific sectors, industries or secular themes that we encounter in investing. The Summer Edition of our *Explained* feature focuses on one of the oldest but most intriguing industries, Luxury.

Finally, in our "Getting to Know Perpetua" feature, we introduce a few of our younger team members as they share aspects of their journey be it their reasons for joining the firm, their initial experiences of life at Perpetua, memorable moments and their future aspirations.

We hope that you enjoy these insights by our Perpetua team and that you find them useful.

By Kevin Dantu

Kevin is Perpetua's Head of Clients. Kevin has over 20 years' experience in investment management and holds a B Com.

Perpetua

The macro-economic road we see in 2021

A global economic recovery after a most challenging 2020

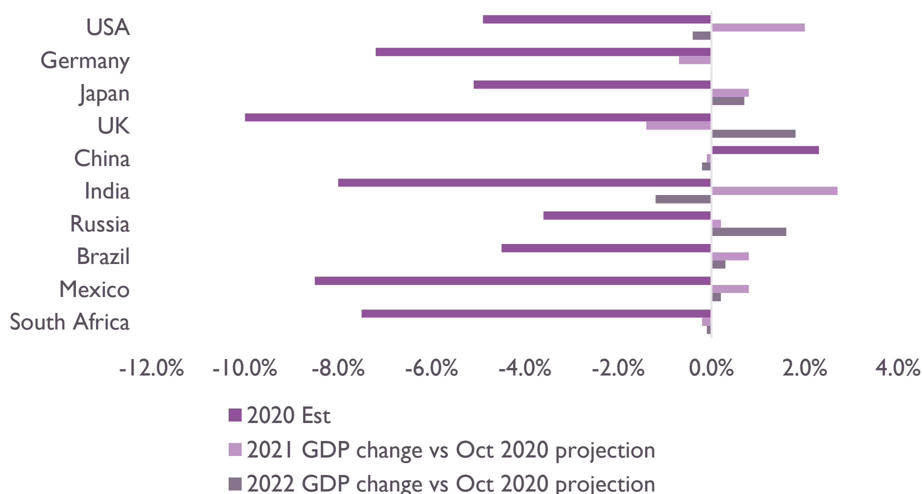
We had no sense 14 months ago that COVID-19 would have such a devastating and unprecedented impact on the world and the global economy when it initially started spreading out of China. The economic and social damage caused by this pandemic was unexpected; we were unprepared for it and it has changed the shape of the world significantly. This had a material, sustained impact on many countries; on how they formulate policies; and in many instances respective populations have borne the brunt of it.

Notable effects:

- The global economy suffered tremendously with most countries registering sharp GDP declines for the year [Figure 1]
- Emerging countries, most of them with limited resources and fragile economies post the Global Financial Crisis (GFC), struggled to deal with the impact and were hit the hardest economically and socially
- To provide financial relief, government debt skyrocketed to record levels for many countries
- Inequality within and between regions and poverty levels deteriorated even further
- The fortunes of many industries including travel, hospitality, especially smaller businesses, changed dramatically in a short period of time
- Many countries started advocating for "localisation", detracting from the multi-decade long globalisation trend that has dominated the global economics landscape
- Sadly, 2,5million people lost their lives as a result of COVID-19

"Fortunes of many industries changed in a short period of time…"

Figure 1: GDP has declined sharply; some recovery is expected in 2021



Source: WEO forecasts

Global financial markets recovered swiftly

After collapsing to lows in March 2020, financial markets recovered and as a whole performed relatively well for the year. This was largely driven by unprecedented levels of liquidity injected into the system by central banks. In addition, economic relief efforts by various governments also added support to the market. Risky assets and especially technology and selected healthcare companies shone amidst the crisis and poor economy.

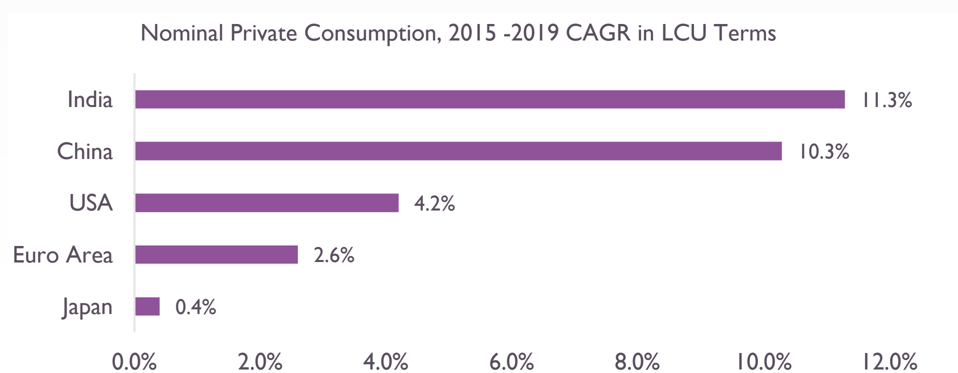
Following the steep decline of 2020, the consensus view is that the global economy will recover strongly to 5.5%[1] this year. This projection seems reasonable as the base is very low. In addition, interest rates remain low, and relief funds will also boost most economies. Emerging markets, with lower levels of economic support, are expected to lag in their recovery but are expected to recover to 2019 levels by 2023.

"…the global economy will recover strongly…"

Recovery patterns will vary across regions

China's superior growth will continue to stand out as their economy structurally transforms into a demand-led one. India and the USA will also recover strongly as a result of strengthening private consumption as has been the trend over the past few years [Figure 2].

Figure 2: China, the USA and India poised for strong consumption-led rebound



Source: Haver, Morgan Stanley Research, Perpetua Research

Although poised for some recovery, Europe is still facing long-standing structural issues that have been condemning them to low growth when compared to peers. European policies seem to be stagnant, non-progressive, and exhibit a lack of innovation in technology, and demographic challenges have had a negative impact on the continent's performance for a long time now. Accommodative central bank policies in Japan will help them recover as well.

Global uncertainty remains elevated

Notwithstanding the unique and unforeseen pandemic challenges of 2020, we progress into 2021 with continued levels of further uncertainty. Tensions between China and the USA are worth watching. The extremely high global debt needs to play out and relief programmes that are still in the system will have a short-term positive impact. Inflation expectations in the USA have risen in the last two months. The Federal Reserve System's (FRS's) reaction to this is very important to monitor as it will have a major impact to global financial markets. The vaccines that have been developed to develop

immunity to the virus that causes COVID-19 are currently being rolled out as we speak. This is a very positive development but COVID-19 with its mutation and newer variants is still very much a short-term risk to global stability.

Another development worth watching is the regulation of big technology companies in the USA and China – this could be a potential game changer for the future earnings prospects for these businesses. These industries have been a driving force of global investment performance in recent years therefore any substantial changes to how they operate going forward will have a material impact.

Overall, the global economy is set for good growth, well supported by accommodative economic policies and low base effects. However, it seems the financial markets have largely discounted this recovery and demonstrate large pockets of overheating and unrealistic expectations – especially in the USA. As value investors, we primarily analyse and pick stocks for inclusion in client portfolios based on their specific fundamental attractiveness. We assess and consider the potential macro impact at company and industry levels, for important context.

"Financial markets have largely discounted this economic recovery."

This is execution time for South Africa

On the domestic front, 2021 is a critical year for the implementation of structural reforms; the execution of the economic recovery plan and actioning of the National Development Plan (NDP) policy plans by the state and its departments. We desperately need to lift ourselves out of gradual decline back to a better growth trajectory, and with great urgency.

"…a critical year for the implementation of structural reforms."

The second wave of COVID-19 and the recently touted potential third wave in winter this year may introduce further setbacks in this path, but the country can no longer afford to delay acting swiftly. The gradual economic and political decline that has tormented South Africa for the last decade has taken its toll. This is also in the context of a global economy that is expected to start recovering quickly in the next two years from a challenging 2020. South Africa risks being left behind.

If we allow the current stagnation to continue, we might find ourselves approaching a state of uncontrollable collapse. If that were to happen, capital providers (including important foreign investors) would likely label SA as a value trap, and it will take substantial effort and time to woo them back. Again, the cost of funding for SA would further rise to higher levels delaying our potential true recovery.

South Africa urgently needs policy certainty

It is well documented that the political situation in SA has been (and is) very fluid and challenging. There are pressing questions about how the factional battles in the ruling ANC and ineffective opposition are perpetuating this difficult situation even more. It remains to be proven whether the state it sufficiently capacitated to implement the necessary policies and structural reforms for economic recovery and stability to take place. The objectives that were articulated in the infrastructure-led economic recovery plan presented by President Cyril Ramaphosa in 2020 can only be achieved if

political parties, state organs, business and social partners collaborate and work together to act swiftly. However, judging by the messages coming from the labour unions and business partners of the National Economic Development and Labour Council (NEDLAC), this is not promising. We hope to see positive changes and direction soon.

Fiscal challenges remain a risk

A key macro challenge for SA that needs urgent attention is the achieving of the fiscal consolidation targets that were presented by National Treasury in the Medium-Term Budget Strategy (MTBS). The problem is that due to the struggling economy, the revenue side of the budget is under pressure. Debt servicing costs have been rising for many years; the public wage bill is unsustainably too high; and various State-Owned Enterprises (SOE's) require financial intervention and restructure. In addition, government needs to enable infrastructure investments by increasing its own spending too. The elephant in the room is the public sector wage bill and how it can be contained. It has become unaffordable to maintain and also dominates the total public expenditure. This is something we have to monitor very closely as it has become a significant risk to fiscal sustainability and our sovereign credit rating.

"The elephant in the room is the public sector wage bill."

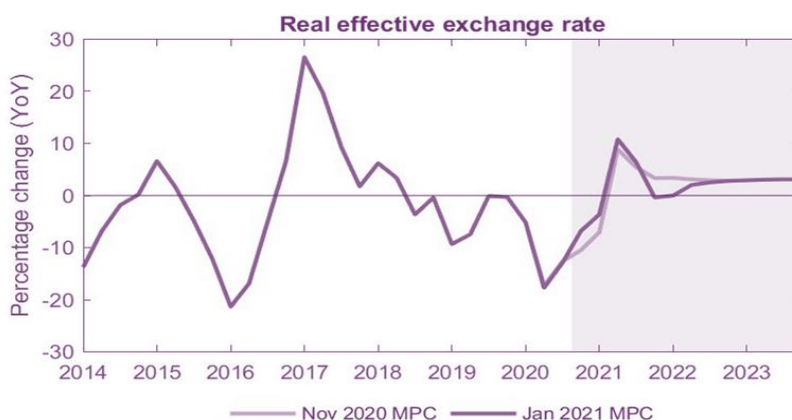
As investors who invest in businesses that operate in SA, we need hard evidence that those who have been allocated the responsibilities of championing and fixing the economy are motivated, empowered and are making traction. Right now, there is disturbing vacuum of information on this. The President's State of the Nation Address (SONA) and Minister of Finance's budget speech on 24th February 2021 gave us hope but lacked the much-needed detail regarding the implementation efforts and state of readiness to execute the agreed plans.

Monetary policy provides hope

South Africa's monetary policy, as articulated through the Monetary Policy Committee (MPC) has largely played its role effectively by providing financial stability through their policy decisions amid the COVID-19 impact. Inflation appears under control and interest rates remain at low levels. The currency is relatively stable and the South African Reserve Bank (SARB) seems to have enough policy space to act or provide more relief, if required [Figure 3].

"The SARB seems to have enough policy space to act."

Figure 3: Monetary policy provides relief



Source: SA Reserve Bank

Socio-political and economic risks appear priced into asset markets

South African assets look cheap. Bond yield differentials seem to indicate that much of the risks mentioned above have been priced in [Figure 4].

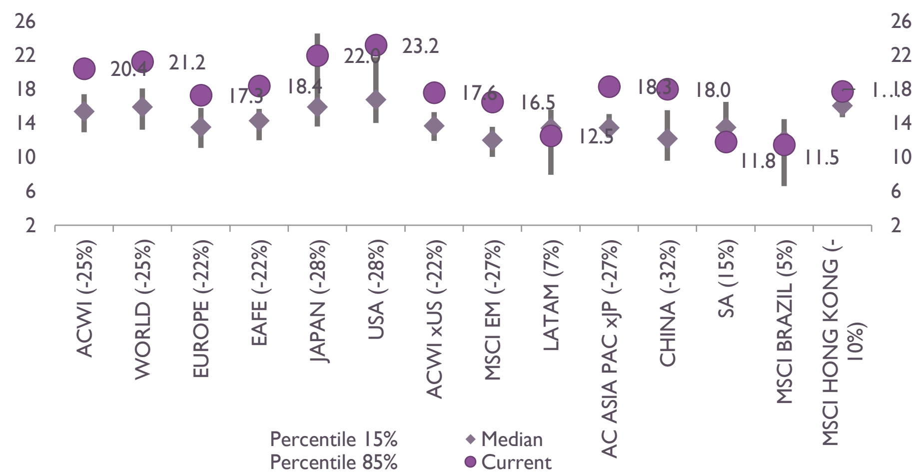
Figure 4: Global yield curves

Source: World Government Bonds

In addition, equity valuations are lower than historical averages especially relative to that of other equity markets, but require positive catalysts mentioned in this article for value to be unlocked [Figure 5].

"…equity valuations are lower than historical averages…"

Figure 5: Bloomberg Estimates 1-year Fwd. PE (Jan 99 – Jan 21)



Source: Bloomberg

For now, it is still a stock-pickers market with many tactical investment opportunities presenting themselves at sector and asset class levels.

"It is a stock-pickers market."

SA's economic fortunes ride on successful policy implementation

Although we expect some economic recovery with forecast GDP growth at 2.8% it will take SA at least three years to achieve the 2019 (pre-COVID-19) level of GDP. Again, most of this growth in 2021 can be attributed to low base effects as the level of restrictions in lockdowns will have lesser impact.

Of greater importance will be the successful implementation of structural reforms; proactively driving the agreed economic recovery plan; and capacitating the state machinery to be more effective in delivering the key services to the public. We should ensure recovery in infrastructure spending occurs to boost confidence for capital providers, business and consumers alike. Effective leadership will be key towards achieving these goals.

By Patrick Ntshalintshali

Patrick is one of Perpetua's equity and balanced portfolio managers. He has over 25 years' investment management experience, holds a B Com (Hons), and EDP.

Perpetua

Is it all doom and gloom for SA Inc?

SA Inc includes companies exposed predominantly to the domestic economy

South Africa oriented companies and sectors, commonly referred to as "SA Inc" typically include a cohort of companies and sectors which derive the majority of their revenue and profits from South Africa – both in terms of being geared to the domestic economy and exposure to the Rand. This SA Inc basket includes Banks, Insurers, General Retail, Food & Drug Retail, Food Producers, Telcos, General Industrial companies, domestic financial services companies and select hospital companies.

SA Inc companies have recorded anaemic profit growth for several years

Over the past five years, even excluding the effects of COVID-19, SA Inc companies' share prices have performed poorly versus the more popular rand-hedge basket of non-commodity and commodity shares. This has been driven by a very difficult and opaque macro-economic and socio-political environment characterised by low levels of economic growth; weak consumer and business confidence; lack of fixed investment; rising and heavy levels of unemployment; constraints of fiscal expansion due to high and increasing government debt levels; deep policy uncertainty and structural challenges in terms of electricity supply. All these headwinds have manifested in very anaemic profit growth for SA Inc from 2015 to 2019 when this group of companies collectively achieved no real growth in profits. Then came 2020, when business shutdowns significantly reduced activity as a result of COVID-19 and saw a complete decimation of profits compared to prior years. An already beleaguered situation pre-pandemic, SA Inc companies could in fact hardly afford the effects of the pandemic on business operations and this created immense strain.

"…very anaemic profit growth for SA Inc from 2015 to 2019…"

The South African stock market excluding Naspers has de-rated meaningfully

Unsurprisingly just the anticipation of what was expected to happen to profits saw the share prices of SA Inc companies falling precipitously in 2020, many sub-sectors falling well over 50% during the year. These declines reflected both the expectation for evaporating earnings and also a potential for deeply dilutive capital raises and restructuring to shore up balance sheets and establish liquidity. Excluding large index rand-hedge heavyweight Naspers, the SA equity market trades well below its long-term average at around 10x earnings and also trading at a significant discount to other emerging markets. Within the market too there is wide disparity with several mid and small-cap domestic shares significantly underperforming the more popular large-cap shares.

"Within the market too there is wide disparity…"

A positive macro is not required to see some meaningful re-rating in SA Inc shares

As we stand here at the start of 2021, macro-economic and political factors in SA still look poor and it's hard to present anything but a "low-road" outlook into the medium-term as many structural reforms still look very opaque. Notwithstanding this, bottom-up fundamental analysis points to clear pockets of opportunity for outsize returns from SA Inc shares given current prices. There is a clear group of domestic companies who have used the past several months to establish financial stability; flex internal levers of cost control; develop rapid turnaround of divisions; pivot their business models to benefit from structural shifts by agile and aligned management teams seeking to take advantage of the opportunities that can be presented in times of crisis. Most importantly many market participants have been more focused on the disastrous macro than the micro and have failed to yet acknowledge these internal improvements. This has been compounded by the lack of clarity over the vaccine deployment programme. These factors have resulted in compelling valuations in average to above average quality domestic businesses whom we believe will endure post pandemic.

"…to clear pockets of opportunity for outsize returns from SA Inc shares…"

Perpetua sees select opportunity in SA Inc shares

Given research conducted, Perpetua has been selectively building positions in the more neglected, undervalued SA Inc over the past 6 months given high probability for upside vs downside risk to returns. We have already seen some of this return delivered in recent re-rating of SA Inc shares in 2021-to-date. We are of the view that from current levels at start of 2020, our domestic equity portfolios are geared to deliver outperformance vs standard benchmarks over the medium-term given our differentiated, more SA Inc mid-cap oriented equity portfolio that currently reflects compelling value with low risk of permanent loss.

By Delphine Govender

Delphine is Perpetua's Chief Investment Officer. Delphine is co-founder of the firm and has been CIO since it started in 2012. She has over 23 year's direct investment management experience and is a CA (SA) and CFA charterholder.

Perpetua

South African equity: Oceana - cyclical commodity or quality business?

A business that tends to be misunderstood by the market

We believe that the market under-appreciates the quality of Oceana's business. When looking at the consistency of its earnings, it more closely resembles a branded goods company rather than a cyclical commodity business, the latter descriptor being how we suspect it's often assessed by most market participants.

"Oceana is well-diversified in sourcing product"

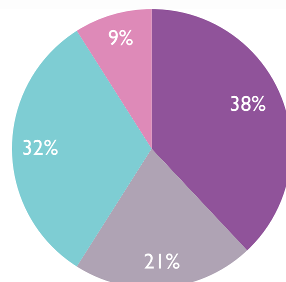
Oceana is an established, well-diversified business

Oceana is a global fishing company that is involved in the catching, processing, marketing and distribution of canned fish, fishmeal, fish oil, lobster, mackerel, squid and hake. Fishing companies are typically cyclical businesses due to the variability in catch rates in each fishing location, as well as the price of fish, which goes up and down with supply and demand dynamics. Oceana is well diversified in terms of fishing geographies and species [Figure 1].

Figure 1: Oceana is well diversified by fishing geography, sales geography and fish species (FY20 numbers)

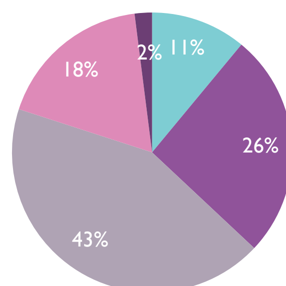
Fish geography

- North America
- South Africa
- West Africa
- Namibia



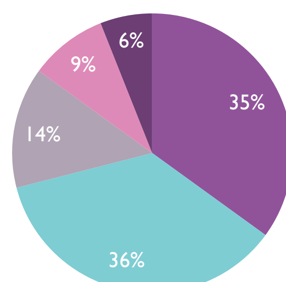
Sales geography

- Europe
- North America
- South Africa
- Rest of Africa
- Other



Fish species

- Pilchards/Sardines
- Anchovy/Menhaden
- Horse Mackerel
- Hake
- Other



Source: Perpetua and company reports

"95% of earnings converted into free cashflow"

The diversification above provides natural offsets to the cyclicality in any one of the individual factors that typically make fishing a volatile enterprise. As such Oceana has far greater consistency in terms of its margins than would be expected.

Oceana compares favourably to food producer peers

Oceana's relatively high margins have driven good generation of cash in the business and compares favourably to other food producers such as Tiger Brands (TBS) and AVI Limited (AVI) [Figure 2]. Over 95% of earnings over the last 15 years have been converted into free cash flow. This is a hallmark of high-quality earnings.

Figure 2: Oceana compares favourably in terms of gross and operating margins

Source: Perpetua and company reports

The Lucky Star brand is iconic

The comparison to Tiger Brands and AVI makes sense when you look at Oceana's Lucky Star brand, the country's leading canned fish product. They sell over nine million cartons each year to consumers and this continues to grow even in the current tough economic environment. Lucky Star source 95% of their fish for this product outside of South Africa and have become the largest procurer of pilchards globally. This gives Lucky Star significant buying power and they are not dependent on South African quotas or catch rates. We believe this product has a lot of runway in the South African environment and will continue to grow for years to come.

Oceana's business is hedged against rand weakness

The one downside to offshore fish procurement for Lucky Star is that their cost of sales increases as the rand depreciates. Luckily when that happens their other divisions, namely Daybrook Fisheries in the USA, as well as their African Fishmeal, Horse Mackerel and Hake businesses all make more money as these products are priced in US Dollars and Euros.

Daybrook contributed significantly to operating profit

Daybrook contributed just under 30% of Oceana's operating profit in the last financial year. Oceana bought Daybrook in 2015 for R4.2 billion using a combination of R1.2 billion equity and the balance using USD and ZAR debt. Profitability in this business was high at the time due to high fishmeal prices. They paid about 8.7x earnings before interest, tax, depreciation and amortisation (EBITDA), which given the high level of profitability, was a full price for the asset.

That said, this is an excellent fishing asset with a very healthy fish resource and a 50-year license to fish in the Gulf of Mexico. Catch rates have been low for the last two years due to extreme rainfall in FY19 and COVID-19 disruptions in FY20. Earnings from this business are likely to grow in the coming years as catch rates improve back to normal pre-COVID-19 levels; and the additional investments that have been made into the fish processing and vessel fleet in the last year start to bear fruit. They are also increasing the share of their product that goes into the higher margin pet food section in the USA.

Oceana grew earnings per share 16% in 2020

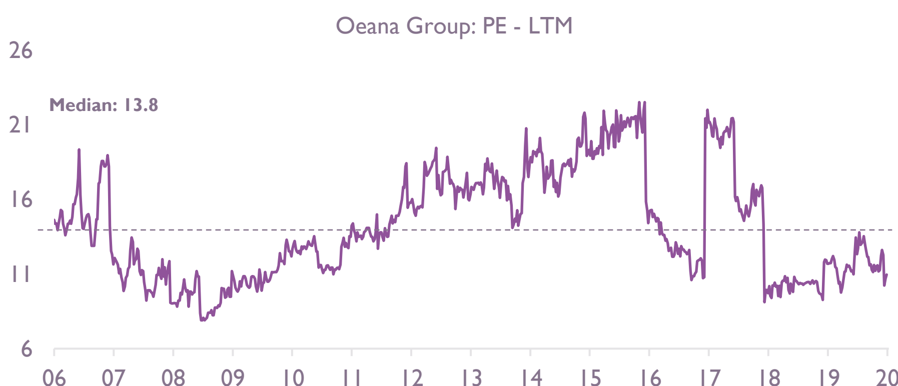
While most companies struggled to maintain profitability in 2020, Oceana grew its earnings 16%, and reduced its gearing from 2.2x to 1.4x net debt/EBITDA. It showed improvement in profitability in all divisions except for canned fish (due the effect of a weaker rand). It is poised to continue to grow off this base as discussed earlier in this article. It has a strong balance sheet and is generating significant amounts of cash flow.

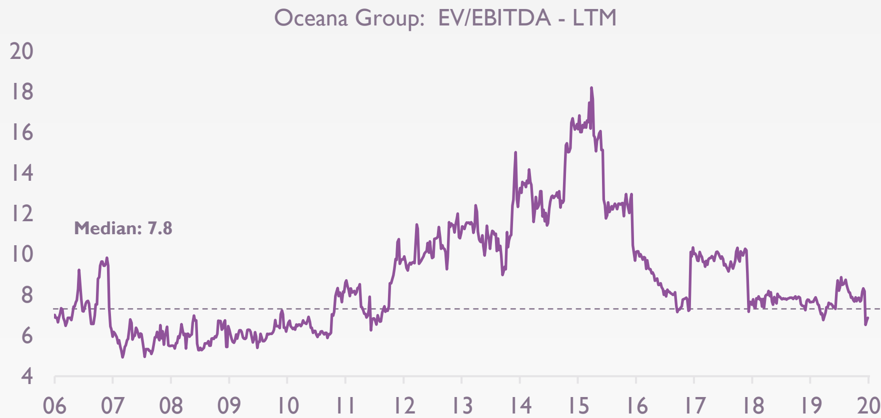
"Oceana grew earnings and reduced gearing."

Further upside potential after an encouraging year

Despite having a great 2020 and a promising outlook, Oceana is trading on 11x earnings and an EV/EBITDA multiple of only 6.9x. Oceana has traded on a median valuation of 13.8x earnings and 7.8x EV/EBITDA over the last 15 years. These multiples tie up to our valuation of the business based on its long-term fundamentals [Figure 3].

Figure 3: Oceana is trading below its long-term valuation multiples





Source: FactSet

The quality of Oceana's business is under-appreciated

Oceana's share price has outperformed the market by 17% this year and by almost 50% over the past 15 years. Despite this, we still see value in this share as evidenced by its modest valuation multiples, material growth prospects, high quality earnings and strong balance sheet. It more closely resembles a branded goods company than a cyclical commodity business and as a result is one of the top 10 holdings in our client portfolios.

By Glen Heinrich

Glen is co-head of Perpetua's domestic equity research process. Glen is also one of Perpetua's equity and balanced portfolio managers. He has over 13 years' direct investment management experience, holds a PhD (Chem Eng.) and is a CFA charterholder.

Global equity: The case for global memory stocks

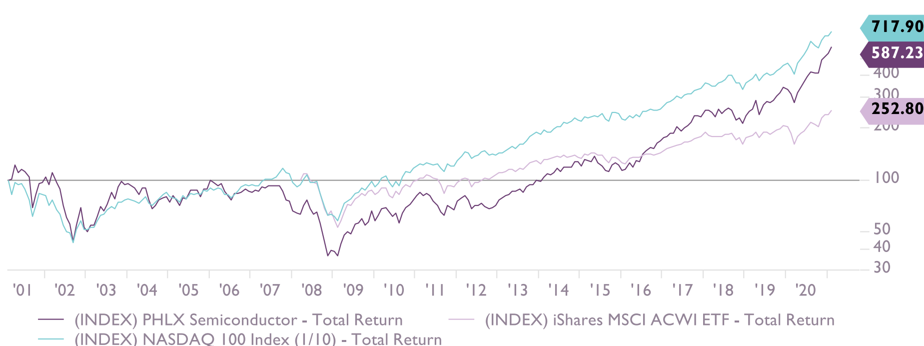
Semiconductor stocks have been phenomenal investments over the past decade

Global semiconductor stocks have been phenomenal investments since the global financial crisis rising 16-fold, compared to 4-fold for the MSCI World Index and 12-fold for the Nasdaq 100 Index. Driven by Moore's Law[1], the semiconductor industry has achieved dramatic technological advances, greatly benefitting productivity, the global economy and giving rise to a host of new industries and applications. They have been enabling technology advances in communication, healthcare, computing, transportation and countless other applications. Today's semiconductors underpin the technologies of the future, including artificial intelligence (AI), quantum computing, advanced wireless networks and smartphones (5G), big data, cloud computing, machine learning and autonomous driving. These secular tailwinds have been given a boost as COVID-19 has accelerated the transition toward the digital economy and the Internet of Things (IoT).

"The semiconductor industry has achieved dramatic technological advances."

It has, however, not been one-way traffic for semiconductor stocks. The industry remains prone to cyclical booms and busts. This is clearly evident in Figure 1 where the PHLX Semiconductor Index has sold off on several occasions and typically more than the market during broad based equity corrections. Those who stayed the course and showed patience were well rewarded with strong absolute and relative returns. At this point you might be wondering, what are semiconductors and why are value investors such as ourselves writing about 'tech' stocks that have been in a decade long bull market.

Figure 1: Total Return Index (rebased to 100 at start) for Nasdaq 100, iShares MSCI ACWI ETF and Philadelphia Semiconductor Index.



Source: FactSet

[1] Moore's Law refers to Moore's perception that the number of transistors on a microchip doubles every two years, though the cost of computers is halved. Moore's Law states that we can expect the speed and capability of our computers to increase every couple of years, and we will pay less for them.

What are semiconductors?

Imagine life without electronic devices. No smartphones, computers, video games, TVs, MRI scanners, data centres and all the electronics in your car we take for granted these days. Without semiconductors, those devices would not exist. Over the last 60 years, semiconductors have become the essential component of all modern electronic devices. They are truly the backbone of all electronics. At its core, semiconductors are microchips made from pure elements such as silicon. A microchip is a set of electronic circuits on a small flat piece of silicon. The good news is that silicon is made from sand, and is the second most abundant element on earth after oxygen. Each microchip contains transistors that act as tiny electrical switches that can turn a current on or off.

"…semiconductors have become the essential component of all modern electronic devices."

Semiconductors are a global industry with worldwide sales of $439 billion in 2020[2] and a compound annual growth rate of approximately 13% over the past 25 years. Following record sales of $469 billion in 2018, global sales declined 12% in 2019 due to a downturn in demand for global memory chips. The industry resumed its growth trajectory in 2020 with worldwide sales rising 6.5%. The US semiconductor industry is the worldwide industry leader with 46% global market share. While the USA remains the global leader in chip design and Research and Development (R&D), the bulk of chip manufacturing now happens in Asia, including China, South Korea, Taiwan and Japan. The largest individual end-market for microchips is China with 35% share of worldwide billings.

The industry has evolved over time around 3 business models:

1. Integrated Device Manufacturers (IDMs) such as Intel and Samsung both design and manufacture chips.
2. Foundries such as TSMC (Taiwan Semiconductor Manufacturing Company) and GlobalFoundries manufacture chips under contract only.
3. A third type of chipmaker is the 'fabless semiconductor company' such as Qualcomm, Nvidia and AMD who focus only on chip design and outsource production to foundries.

Of the four component types that make up the semiconductor market – memory, logic, analog and discrete – sales of memory and logic microchips dominate with each holding 26% market share. Logic chips process information to complete a task (e.g. Central and Graphic Processing Units), whereas memory chips store information (e.g. Dynamic Random Access Memory (DRAM) and NAND Flash storage). The key end-markets for semiconductors are: communications (33%), computers (29%), consumer electronics (13%), automotive (13%) and industrial (12%).

Our investment in the global equity fund has been confined to semiconductor memory stocks

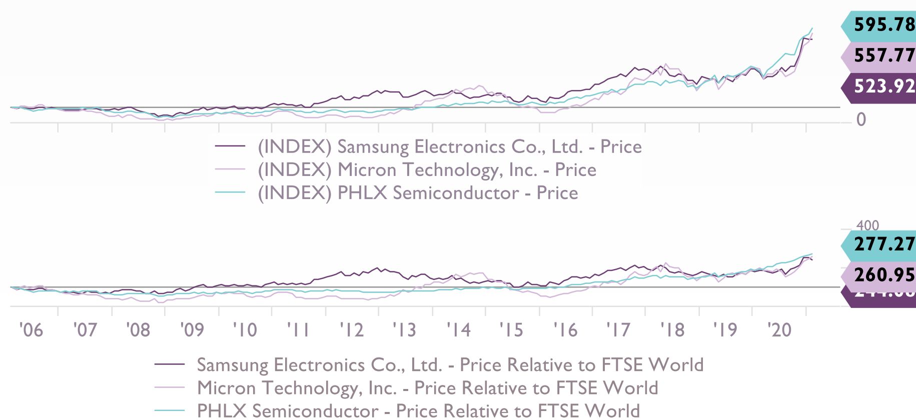
Micron Technologies is a pure-play IDM focused on memory and storage (DRAM and NAND) microchips for a broad range of applications, including mobile phones, computers, data centres, cars and gaming consoles.

[2] World Semiconductor Trade Statistics (WSTS) Association

Samsung Electronics is a diversified consumer electronics group that manufactures and sells smartphones, home appliances, printers, medical and telecom network equipment, and memory and storage microchips. More than half of its profits is derived from the semiconductor business, and a further 33% from its mobile handset business. Samsung is the market leader in each of its market segments, except mobile, where it is second behind Apple.

The Perpetua Global Equity UCITS Fund initially purchased Samsung Electronics at inception of the Fund in February 2019 and later Micron Technology in August 2019. At the time of purchase, both shares were selling at prices in the low $40s, after falling 35% to 45% from their cyclical highs in the first half of 2018. Micron was selling for 1.2x net book value and less than 5x our assessment of normal earnings. Samsung was selling for 1.2x net book value and less than 7x our assessment of normal earnings. Furthermore, Samsung had one-third of its market capitalisation in net cash, while Micron was also in a strong net cash position.

Figure 2: Samsung, Micron and PHLX Semiconductor index relative to the FTSE World index



Source: FactSet

We were drawn to the more stable, structurally attractive industry structure

Besides the cheap prices and low financial risk, we were drawn to the improved quality of these two businesses and the more structurally attractive industry structure. The semiconductor memory markets has been consolidating for the past 15 years. There are now three dominant players in DRAM – Samsung, Micron and SK Hynix – with Samsung the clear market leader with 45% share.

The industry had been prone to cyclical booms and busts as new capacity typically entered just before demand softened or a change in chip technology, sending selling prices and profitability crashing. It was feast or famine, with losses at the bottom of the capital cycle. The consolidation, however, has resulted in both higher profitability at both cyclical peaks and troughs.

Furthermore, with only three players controlling the supply-side, capital investment and capacity expansion have been more measured and

economically rational. This has and will lead to significant improvements to profitability and returns on capital through the cycle. In NAND flash storage, the industry is moving in a similar direction with SK Hynix recently purchasing Intel's NAND business. These industry changes will result in a more structurally attractive industry structure with more stable markets shares and less price competition.

The shares have quickly moved from 'high uncertainty and high risk' to 'low uncertainty and low risk'

"They are financially sound, well-managed, market leading companies."

The shares of Samsung and Micron are two examples of investment opportunities that fall squarely within the Perpetua global equity target investment universe. They are financially sound, well-managed, market leading companies with strong and improving underlying fundamentals that were out of favour and selling at very attractive prices. The industry capital cycle was becoming more favourable and the supply-side economics were vastly improved compared to prior cycles. Furthermore, corporate governance at Samsung had been steadily improving over the past four years with the appointment of a new independent Chairman, including the separation of the CEO and Chairman role, a majority of independent directors on the board and the election of only independent directors to several key committees. While there is material room for further improvement, the company is slowly moving in the right direction.

In our opinion, the investments had a strong asymmetric payoff profile – low downside risk of loss but significantly more upside return potential. The market, however, viewed these two shares as having 'high uncertainty and high risk' largely because their time horizon was extremely short. By taking a longer time horizon, focusing on underlying fundamentals and ignoring the short-term noise, we had high conviction in our purchases of these two shares. To date, this investment has returned more than 90% on average for the Fund, with a special and normal dividend (6.4% yield) still to be received from Samsung as a sweetener. Ironically, despite prices doubling from their lows, the consensus now views the shares as 'high certainty and low risk'.

One of the cornerstones of our investment approach is that only by purchasing shares in advance of 'greater certainty and better visibility' can we be assured of paying a low price with low risk of loss. It appears that despite all the advances in computing power, complex algorithms and history as a guide, markets will occasionally provide opportunities to purchase mispriced assets because of deep rooted emotions and behavioural biases such as fear, greed, anxiety, overconfidence and loss aversion. Habits are hard to change and human behaviour changes slowly. Long may it last.

By Graeme Ronné

Graeme is one of Perpetua's global equity co-portfolio managers. He has over 15 years' direct investment management experience, holds a B. Econ (Hons) and is a CFA charterholder.

Perpetua

Responsible Investing: Our priority areas for 2021

The most enduring form of improvement tends to be continuous

Approximately 80% of people who make New Year's resolutions have dropped them by the second week of February[1]. This is likely because instead of creating a long-term process around the changes they want to make, they look to create once-off targets.

Perpetua's Responsible Investing process is dynamic by design

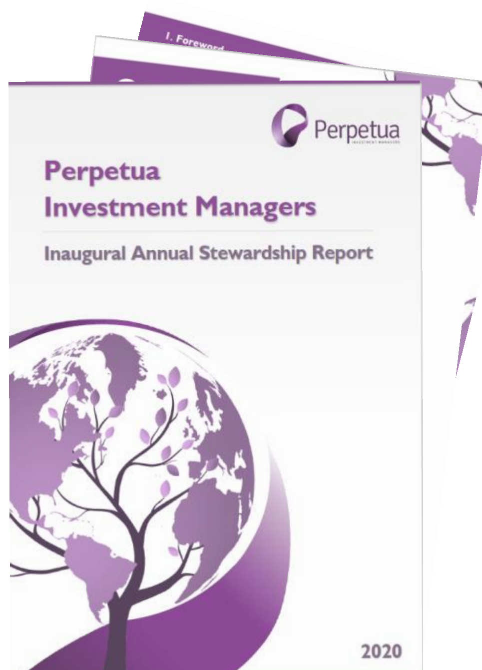
At Perpetua, we regularly re-assess our Responsible Investing (RI) process given rapidly changing developments. We try to ensure that it continuously evolves and improves through our learnings over time and as relevant externalities shift. Mindful of this dynamic, we therefore look to avoid making "once-off targets" to improvements to our RI process, but rather to make thoughtful, continual and frequent enhancements. This is usually achieved in a two-fold manner:

1. Evaluating our current process on its outcomes (intended and unintended) to assess where adjustments might be needed
2. Assessing key structural trends in RI themes to ensure our existing processes and emphases are correctly incorporating those evolving dynamics

"...ensure our existing processes are correctly incorporating evolving dynamics"

In 2020, our focus was on bringing quantitative metrics into our scorecard; as well as making it a more central and meaningful part of our Environmental, Social and Governance (ESG) process through it spurring engagement and proxy voting. Highlights of our 2020 ESG activities can be seen in our 2020 Stewardship report.

Read the full report here

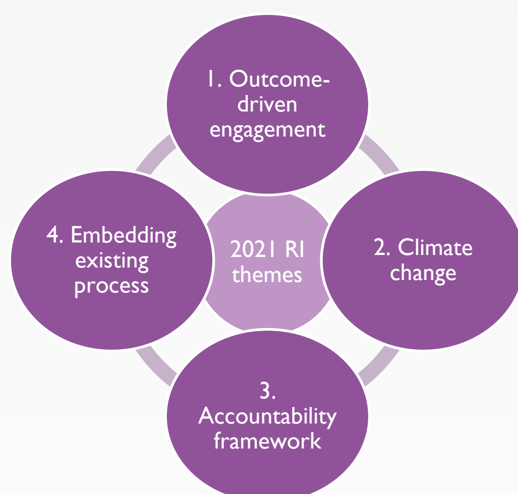


[1] Strava

We have identified four RI focus areas for 2021

For 2021, we have identified the following key focus areas in terms of adjusting aspects of our current processes while incorporating new elements where we believe they are now warranted [Figure 1].

Figure 1: Perpetua ESG priorities for 2021



Source: Perpetua research

1. Increase the specific outcome-driven engagement

- Objective:
  - To ensure that we are able to accelerate the impact we can have on investee companies, as well as change our RI policy in line with global best practice.
- Planned process additions:
  - Industry and company-specific ESG focus areas have been highlighted at the beginning of the year by the ESG team. These will drive engagements for the year. The industry-specific ESG issues identified will include those aligned with the United Nations' Sustainable Development Goals (SDG's).
  - Using the above, we will seek to increase targeted and outcome-driven engagements at an investee level, with emphasis on specifically identified issues relevant to each firm or industry, and target dates/timelines by which we would expect shifts.
  - We will continue to actively participate in collaborative engagements both in relation to specific investee issues as well as industry matters, such as direct input into RI regulation changes and amendments. Our role on a variety of Responsible Investing industry committees assists us achieve this objective.
  - In order to stay in touch with the trends in RI that should drive the types of engagements we need to have with investees, we have identified areas for targeted ESG research. For example, the banks and other financial services companies have been attracting increasingly more questions about the role they play in climate change. We intend to do work on identifying global trends in this regard, as well deepening a specialised understanding of guidelines from codes that these companies

"We continue to actively participate in collaborative engagements."

have signed up to. This will be shared within the investment team as part of their training, and shared with clients as thought-leadership pieces in future editions of Perpetua Perspectives.

2. Accountability framework

- Objective:
  - Ensure that accountability in terms of the role of each investment team member in the RI process is further enhanced and refined.
- Planned process additions:
  - Explicit RI Key Performance Indicators (KPI) for the investment team and certain members of the operations team will be set.
  - Having a more outcome-driven approach to engagement will help us to explicitly measure the progress on agreed outcomes for the investment team. There will then be a greater cohesion between the ESG risks identified at the research stage, with our engagement and proxy voting activities for each company each year. This will help us better identify and manage ESG risks and opportunities for client portfolios, which should lead to better investment outcomes through lower risk and/or return.
  - The improvement in ESG score for an investee company over time - which will be based partly on quantitative metrics - will form part of the quantitative KPIs for the investment team.
  - The quality of ESG analysis will form part of the qualitative KPIs for the investment team, with quality of analysis measured in a similar manner to the quality of investment research. This will be assessed on a variety of metrics such as ESG risks identification; engagement with company in respect of mitigation measures of these risks.

"Explicit RI KPI's for the investment team will be set…"

3. Climate change

- Objective:
  - To accelerate the impact we can have with respect to climate change, and engage investee companies on the actions they're taking in reducing their carbon emissions.
- Planned process additions:
  - Engagements around climate change will be a priority this year, particularly questioning the alignment of carbon reduction programs with global scientific targets. We expect to focus on the most carbon-intensive sectors such as resources and industrials.
  - For those companies that are in carbon-intensive industries, we will engage to seek the following within specified timelines:
    - Science-based targets for emissions reductions
    - Board-level responsibility for climate change, and
    - Executive remuneration to have KPIs tied to carbon reduction

4. Evolution of ESG as a measure of risk

- Objective:
  - To further evolve in our consideration of ESG as a measure of risk, and more deeply embed it into our process.
- Planned process additions:
  - While we have an exclusion list at present as outlined in our Stewardship report, we plan to develop a formal list of high-risk companies and flag this in our portfolio and research management system. We will outline a specific investment action plan with respect to our expectation in terms of mitigating the risk both in terms of the investee company's own plan as well as our portfolio management plan. This will be included in our portfolio risk reporting.
  - We will be introducing an ESG "minority view" for select research group reports. This will be prioritized for companies which are deemed to be more borderline on their ESG ratings yet are being recommended as buys.

By Vuyolwethu Nzube

Vuyolwethu is one of Perpetua's equity analysts and also has specialist responsibility for Responsible Investing at the firm. She has 3 years' direct investment management experience and 3 years' multi-management experience; holds a B. Bus Science and is a CFA charterholder.

EXPLAINED: Luxury at a glance

In our 2021 Explained Series, we will be explaining the constructs and nuances of specific sectors, industries or secular themes that we encounter in investing.

In this edition, we have opted to explain one of the oldest but most intriguing industries – the luxury sector. We explore luxury goods, luxury retail and luxury consumption as a whole.

"The best things in life are free.
The second best are very, very expensive."
Coco Chanel

Luxury is a state of mind

Luxury consumption is a play on the psychological effects of intangible elements. From hard luxury such as cars, watches and jewellery to soft luxury, being handbags, shoes and clothing, the purveyors of these items seek to appeal to the affluent, or economically upwardly mobile through conspicuous consumption, whilst capitalizing on the aspirations of the rest of the world. This strategy aims to create the highest brand equity and pricing power by leveraging intangible elements such as time, heritage, countries of origin and craftsmanship.

Luxury consumption stratifies people on socio-economic lines

Consumption based on extrinsic motivations - such as recognition, praise, fame or money - is a key agent of socio-economic stratification. It satisfies the need to belong to a particular group of people or to bestow upon the wearer, the perceived characteristics associated with a particular item or brand.

Exclusivity, a word synonymous with luxury, is achieved through meticulously controlled pricing, supply, and distribution. This creates a virtuous cycle, whereby high price points and a limited number of points of sale create the demand for these products leading to an increase in brand equity, which in turn allows luxury companies to continue to sell their products at high price points.

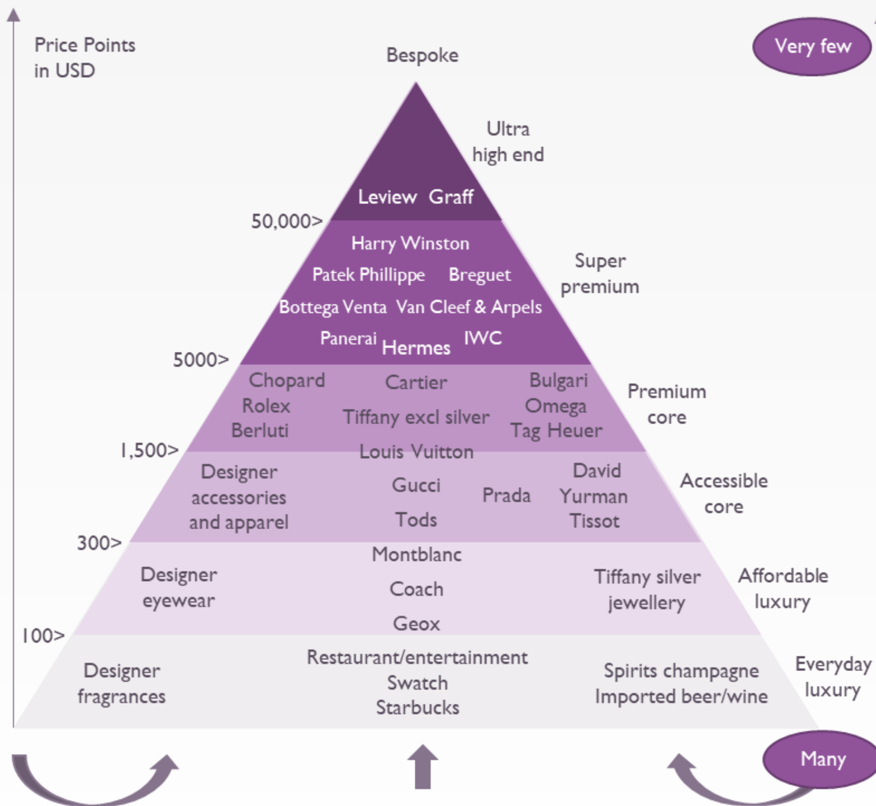
"…meticulously controlled pricing, supply, and distribution."

One of the best examples of this in modern time is the infamous Hermès Birkin Bag (*pictured to the right)*. With a deliberate strategy to limit production and operate through an order/waiting list, Hermes was able to drive up an enigmatic interest in the bag which has an entry price point of around $10,000, and ranging up to $300,000!

HERMES BIRKIN ULTRA VIOLET ($15,000)

This cycle can be used to explain the phenomenon referred to as the Veblen Effect[1], where an increase in the price of an item, results in an increase in the quantity demanded [Figure 1].

Figure 1: The number of points of sale

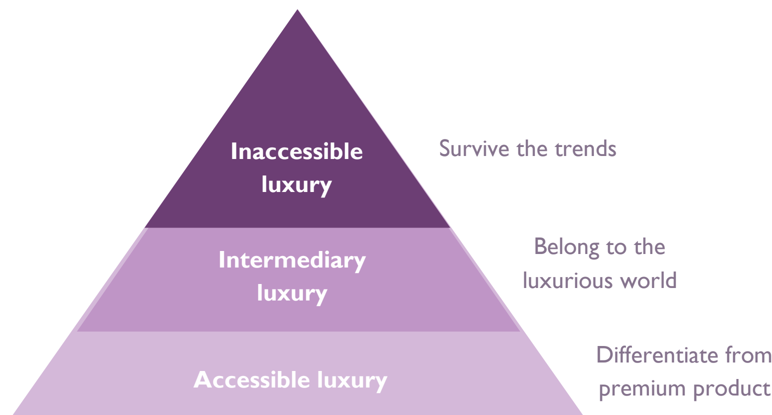


Source: "The Bling Dynasty" Business Insider

Luxury markets

The tiering of the luxury products themselves is effectively mirrored in the intrinsics of the luxury market segment to which it belongs. Luxury is separated into 3 segments: Accessible, Intermediary and Inaccessible [Figure 2] where the core objectives of each segment drives the very specific method of marketing and intended reach.

Figure 2: Main objectives of luxury markets



Source: Alleres Ward, Chiari (2008)

[1]The Veblen Effect was derived by research conducted by American economist and sociologist Thorstein Bunde Veblen

The core luxury strategy

Luxury brands are built and nurtured in a specific way to preserve, yet nurture and grow the brand's value. These components include the brand's heritage; the brand's intrinsic identity and the brand's growth strategy.

1. **Familial roots**

   Most of the popular luxury brands we know today, initially started as family enterprises and were built over several successive generations. Whether a brand/company is family-owned or listed, largely determines the strategy and key areas of focus. Family-owned companies place great importance on the image of the brand, whereas listed companies may have to consider brand equity in conjunction with a number of other factors like profitability and sustainability. Family-owned brands have greater flexibility in being able to sacrifice profitability in order to invest in a nurturing a brand.

2. **Brand sovereignty**

   Luxury brands within a conglomerate operate as separate entities that are highly independent. Most will have a shared centre for marketing and admin. However, each brand has its own raison d'etre.

   A feature common amongst luxury houses is the high level of vertical integration - this is particularly true of hard luxury brands i.e. jewellery and time pieces. Brands want to have as much control as they can over their product, distribution and the client experience.

3. **Expansion levers**

   Brands may choose to adopt the following expansion strategies: vertical and/or horizontal. Vertical expansion entails carefully introducing new products that are in the category of existing products, but at different price points (higher or lower). A brand may want to increase accessibility to its products and therefore create a line with lower price points and/or quality level to entice new potential consumers to experience the brand. Horizontal expansion involves expanding into a different product category whilst maintaining the relative price points across product categories, for example a company known for producing luxury handbags within a certain price point range may elect to launch a luxury shoe range within a similar price range to drive greater degree of brand purchase from the same target customer.

A threat to the value premium

A luxury brand's single most important source of pricing power is its brand equity. With the increased adoption of e-commerce and as a consequence, the proliferation of grey markets, luxury companies' perceived value premia has been under pressure. Grey market retailers and distributors sell authentic luxury items that are legally distributed outside the official distribution channel without the trademark holder's permission. The grey market is the antithesis of the traditional luxury strategy - it makes luxury items more accessible in terms of price and supply. This erodes the perceived value premium of the product. The grey market discount on a brand's items is a good proxy for the health of the brand.

"Pricing power stems from brand equity."

Other contributors to the growth in grey markets include the significant price differentials on identical products in different geographies and the need to

sell excess stock which can accumulate in the authorized channels. Time pieces in particular, have been the most vulnerable to the grey market due to exposure to wholesale channels; the items being non-perishable, high margin and easy to transport. Luxury companies over the years have made a concerted effort to reduce exposure to the wholesale channels.

Replica/fake product has also been a continuous thorn in the side of luxury good companies. The proliferation of fake product can result in lack of perceived exclusivity of a specific brand which could drive down demand for the authentic product.

What's driven luxury growth in the past?

At the turn of the 21st century, there was a massive shift to an age of information that transcended physical borders and increased connectivity. This structural trend in globalization initially posed a dilemma for an industry that was premised on exclusivity. Luxury companies sought to adapt and capitalized on three key trends that would see the industry boom:

1. the "democratization" of luxury
2. emerging markets becoming an additional source of luxury consumption
3. the development and popularity of tourism

In the early 2000's, the world of luxury underwent a massive shift towards what is known today as the democratization of fashion. This global movement, fueled by globalisation, increased the popularity of luxury brands and made them more accessible (expanding the client base). This was expected to be detrimental to luxury brands, however, it ironically became a significant driver of the growth in luxury consumption in the early 2000's. With democratization, luxury brands would go on to fuel the need for greater social stratification, which in turn increased the demand for luxury products.

Following the Global Financial Crisis, emerging markets became an important driver of luxury consumption, notably led by China and India. Economic prosperity led to an increase in spending power in these regions - particularly the female consumer. Chinese consumers' contribution to luxury spend grew from approximately 2% in 2000 to about 35% in 2019. A significant proportion of this spend occurs in Europe, where Chinese tourists take advantage of the price differentials there.

In summary, the key driver of demand in the luxury market is High Net Worth Individual (HNWI) consumption which is fueled by:

- The wealth effect created from favourable stock market performance; this impacts consumer confidence and thus existing HNWI consumption.
- Global GDP growth facilitates the growth in the number of new HNWI's.

By Siya Mbatha

Siya is one of Perpetua's equity analysts. She has over 2 years' direct investment management experience, holds a BBusSc degree and is a CFA candidate.

Cultivating a new generation of professionals

Part of Perpetua's value proposition when it was founded in 2012 was to deepen and diversify the talent pool in the investment industry, across a range of roles, in South Africa, through the hiring of young, aspiring professionals with a view to developing them alongside established team leaders. Over the years this has been a source of excitement and inspiration for the leadership of Perpetua, as the investment into young talent becomes evident in their individual development and resultant contribution to the firm.

In this article we introduce a few of these team members as they share aspects of their journey be it their reasons for joining the firm, their initial experiences of life at Perpetua, memorable moments and their future aspirations. For most of the individuals in this article, working at Perpetua is their first full-time professional position in the working world.

Janet Muzenda is an Equity Analyst at Perpetua and has been with Perpetua for 3 years. She holds a B.Sc. and loves thrift shopping and running.

Brittany Shapiro is a Business Analyst at Perpetua and has been with the firm for 2 years. She holds a B.Comm. (Hons) and enjoys frequenting new coffee shops; baking and trying out new recipes.

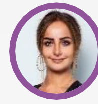
Jo-Anne Gopalsamy works as an Office and Investment Team support at Perpetua and has a National Diploma in Tourism Management. She has been with the firm for 2 years. She loves being outdoors enjoying hikes, picnics and beach days.

Zhanique Jacobs works on the Client Service and Marketing side of Perpetua and has a National Diploma in Financial Management. She has been with the firm for 3 years and enjoys braiding hair and car rides around Cape Town.

Tell us a little about how you came to work at Perpetua

I was in my final year at UCT and had just decided I no longer wanted to pursue the CA stream but rather finance/investments. I knew that I did not want to go to a bank as I had done a few internships which I really enjoyed, however, with the little exposure I had in my finance course into investments and the valuations of companies I became interested in exploring opportunities in the asset management space. This

was when I came across a job post for a trainee investment analyst role at Perpetua on the UCT Career Portal and applied for it.



Near the end of my Honours degree, I started searching for jobs in the investment industry. I got in contact with a financial recruitment agency and they put my application forward to Perpetua. I started working at the company as soon as I finished my degree.

A family friend told me about the firm and then gave my CV to Logan, the Chief Operating Officer and co-founder. I read up about the company, came for an interview and then I was offered this great opportunity. Coming from a different career path, I was both nervous and excited to start at Perpetua. I was also really taken aback and grateful that they were willing to grant me the opportunity given that I had absolutely no background experience in the industry.

After completing the theory of my Financial Management course at False Bay College, I needed to find a company that would provide me with practical training to complete my 3 year course. At the time I had no idea of where to start looking until my father mentioned that he knows a 'financial' company called Perpetua that I could research and find out if they have any vacancies. I remember reaching out to Logan Govender who requested that I come for an interview and after sharing my story about where I came from and plan for my future, I was given the opportunity to do my internship at Perpetua and over time became a permanent employee.

What was like it like acclimatising to the working world, and becoming a part of the Perpetua Team?

It's been an amazing journey! I must say I was very nervous initially as this was my first experience of the working world. However, the warm welcome by the Perpetua team made it much easier for me to settle in, more so the senior members who have been very supportive and active in my career growth.

Before I started working I already knew that adjusting to the workplace would not necessarily be easy. Going in with that awareness and not having expectations about the job did help me have a smoother transition into the working environment. As the weeks and months went on I felt more and more comfortable, especially once I started building on relationships with co-workers. At Perpetua, the feeling of being part of a team motivates us to work hard. We all play to our strengths and are able to dive deeper into areas that interest us, which enables us to perform well as a team and feel accomplished.

I studied tourism for 3 years and obtained my National Diploma at CPUT in Cape Town. This is not my first job but my first time working in the corporate world. I worked at a tour operator in the Ops department for a year and a half. At my previous job I literally could wear shorts and flip flops to work but starting in the corporate world that

obviously changed. As mentioned previously, I was nervous when I started out at Perpetua and felt very intimidated due to the lack of experience I had. That changed quickly though as the "Purple family" were very welcoming. Everyone was keen to help me out and answer any questions I had. It's almost 2 and half years later and everyone is still open to providing help and guidance when needed.

It was very intimidating and overwhelming but exhilarating at the same time. Technically I should have been at an accounting firm but from the moment I heard about investments I was intrigued. I initially started as the "office gopher" doing unhealthy amounts of printing, scanning and binding until I started forcing myself into different areas of responsibility. Since then my knowledge about the company, our products and the industry has expanded rapidly. The Perpetua team made adjusting to the working world very easy, they have always been open to mentoring and guiding me. From answering approximately 157 questions per day to allowing me to make mistakes and learn from them. Oh and I received the name "Little One" for being the youngest, a name which I am very happy to pass on to our newest team member, Shavaan.

Do you have any specific experiences you're willing to share in terms of anything that has aided your growth and development thus far?

I can't pinpoint one experience, but I would say the overall exposure I got as a trainee or junior analyst has really aided in my growth. Although at the time I was a trainee I was given the same exposure and opportunities as the other analysts in the team. This has and is allowing for me to learn a lot, early in my career.

What has aided my growth and development is being given responsibility to complete new tasks that are challenging to me (initially). This includes being assigned new projects, such as the Annual Stewardship Report, which was launched for the first time this year. Being given the responsibility to complete this report entailed having to gather raw data and information throughout the year and compile a well-rounded easy to read document that was packed with all the relevant material.

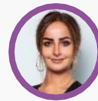
As I have a support role in the firm, it is diverse and multi-facetted. This had helped me gain exposure to a variety of components in the company and not just one part of it. Also, I had the opportunity to incorporate some of the aspects I covered when I was in the tourism industry at Perpetua and I found that rewarding.

There are many experiences that supported my development as an in this industry and most of them involve the people I work with and in terms of mentoring and team work. I really value the all-round advice received from learning how to ask for help when needed or learning the importance of saving money. The ultimate experience would be the freedom to be myself. I was only 19 when I started and joked around a

lot and by being myself I felt comfortable enough to explore and take chances which allowed me to tackle tasks I never thought I was capable of doing.

Please share a favourite memorable moment at work which has inspired you to continue your chosen career path.

It would have to be the moments when I feel like I'm achieving the purpose of my job. So it definitely has to be the moment my investment case was unfolding after putting in the work and in some way having a positive impact on clients inspires me to continue.



The career workshop that Perpetua holds each year is always a great motivation for me to continue on my career path. The speakers, who have been in the industry for many years, are passionate about what they do and offer great advice for young women starting out in the industry. At the same time, meeting and listening to students, who have not yet started their working career, also provides a sense of excitement for the industry which is encouraging to hear.

I do not have a specific memorable moment but what surely inspires me is how passionate Perpetua is about empowering young people. In 2018 when I just started at Perpetua, Delphine alongside the other women in the firm hosted a career workshop for young women who are interested in pursuing a career in the investment industry. The day is filled with a great line-up of speakers, lunch, gifts, and the students have an opportunity to ask as many questions as possible to gain clarity and simply just receive advice. This really stood out for me and now takes place on an annual basis.

My most memorable moment would be creating our 2019 Annual Investment Career Workshop poster. I took a chance at using an image of Africa's Fearless Girl sculpture we have in office and it worked really well as it was aligned with the purpose of the event which is to empower young women. After that I received more exposure to the marketing aspect of our firm and was given the opportunity to do a graphic design course which was exciting for me as this created a space for my creative outlet. After completing the course I started doing some of our internal design work and it's become the favourite part of my job.

Shavaan Padayachee is a graduate trainee at Perpetua. He holds a B.Sc. and joined the team on 1 February 2021. He enjoys a wide variety of sporting interests from playing guitar to enjoying a round of golf with his friends on the weekend.

Tell us a little about how you came to work at Perpetua

I recently completed my Actuarial science degree and was actively seeking a job in the field of asset management. This was brought about as a result of my interest in obtaining the CFA charter as well as my natural curiosity on the topic of investing. I came to know about Perpetua through a family friend.

After a serious deep dive into the Perpetua website, as well as following the company on LinkedIn, I grew more eager on the prospect of starting my career with this forward-thinking company. Eventually I got in touch with Logan, and successfully progressed through the initial interview stage. Over the next few weeks, I held discussions with Delphine, the company's CIO, as well as a few of other portfolio managers within the investment team. This experience had improved my understanding of the company and confirmed my initial reaction of wanting to join this young exciting company.

What was like it like acclimatising to the working world, and becoming a part of the Perpetua team?

It is important to mention, that there is a substantial jump from attending lectures and having flexible hours, to working an 8 – 5 every day. I am a month into my first job, and my body is still acclimatizing to the routine and environment. However, as the weeks go by, I feel myself being able to focus better, actively work for longer periods and engage with my colleagues on a regular basis. In light of the pandemic, most of my team has been working from home. This has posed an issue for a new graduate, like me, as most of the skills transfer takes place when you are constantly surrounded by your peers. Thankfully, my Perpetua colleagues make themselves readily available whenever I have any questions on the topic at hand. From an emotional point of view, seeing as this was my first job out of university, my first week was filled with anxiety. However, the rest of the Perpetua team were brilliant in interacting with me, continuously checking in as well as offering help whenever possible. These small gestures had helped me better integrate into the team and provide me with a sense of belonging.

Do you have any specific experiences you're willing to share in terms of anything that has surprised you thus far?

What surprised me the most was the occasional Friday afternoon socials. This is a way for the team to interact on a deeper level which helps build relationships between team members and improves team cohesion. I thought that this was a great way to meet the rest of the team in a lighthearted environment. Furthermore, everyone that I have interacted with so far, has been extremely welcoming and supportive in their own way. This was very surprising given the inherent stereotypical nature of the industry being filled with individuals who only have self-driven interests. I can honestly state that this is not the case when it comes to the Perpetua team.

How do you think working at Perpetua will enable you to achieve have your career aspirations?

I believe that working at Perpetua will give me the opportunity to learn from veteran investors, with the aim of becoming a great analyst in the future. This experience will provide me with analytical challenges which I am eagerly waiting to overcome, whilst improving my soft and interpersonal skills. Moreover, this opportunity will allow me to work across the various departments within the company. As a result, I would get exposure to a wide variety of roles which will improve my skill set and capabilities, ultimately contributing to make me a well-rounded investment and business analyst.