



**GINSGLOBAL**  
INDEX FUNDS

# GLOBAL INDEXING

*Prudent, Diversified Approach*

*Anthony Ginsberg (CEO)*

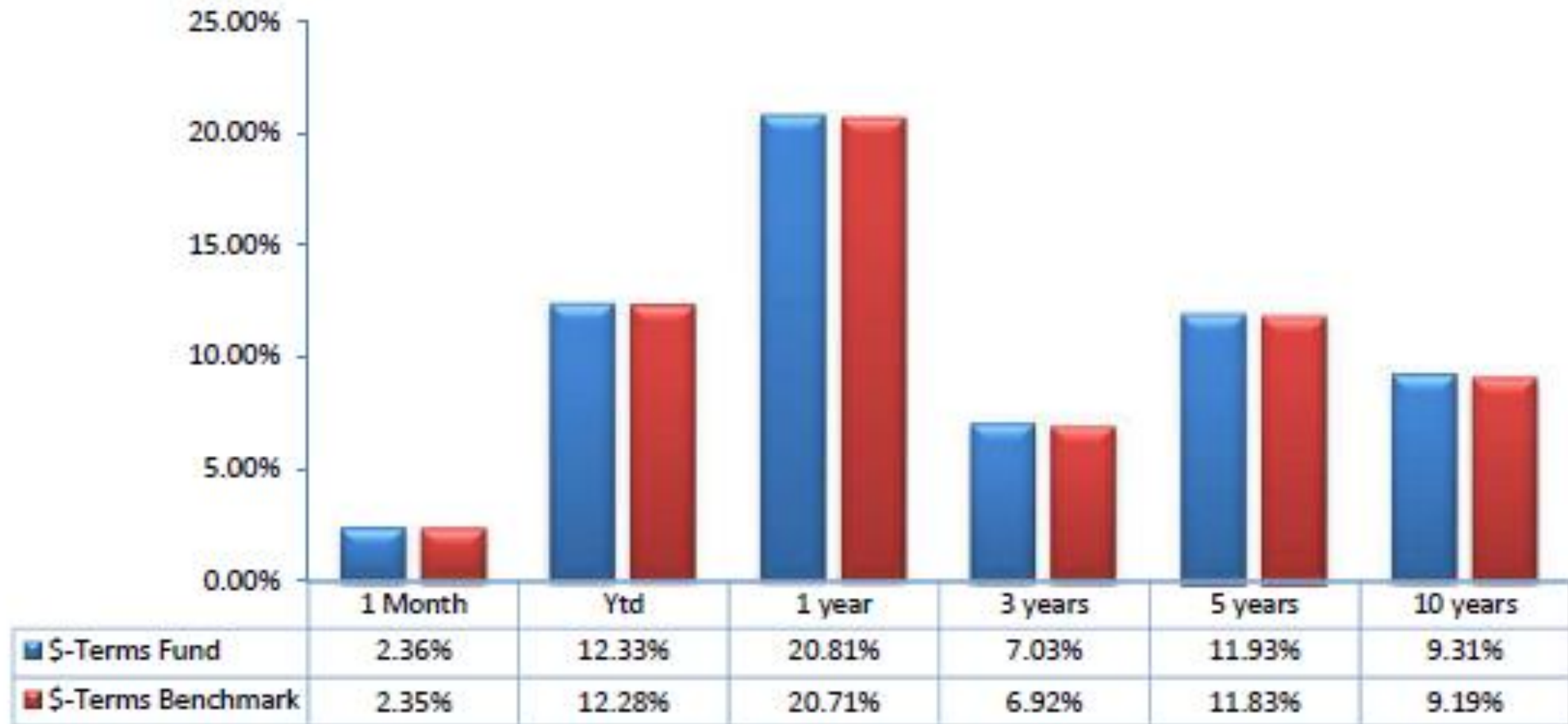
# ETFs, Index Funds, Insurance & Bank Notes

- **ETFs listed on LSE, Xetra, Swiss & Euronext**
- **Offshore Index Funds (24 years – State Street)**
- **US Hindsight Index - Patented Products**
  - **AIG – (Hindsight Annuities & Life Ins)**
  - **ING-VOYA (Life Ins)**
  - **Citibank (3yr Bank Notes, Principal Protected)**
  - **Zurich Life (Life Ins)**
  - **JP Morgan, RBC & SocGen (Hindsight Bank Notes)**

# BCI GinsGlobal Equity Index Feeder Fund

- **MSCI World = low cost, global core.**
- **1,600+ Developed Market shares.**
- **R1.5bn since April 2022 launch.**
- **State Street - Global Index Leader (\$3tn)**
- **Low TIC – 37bps (TER 33bps).**

# MSCI World Index return (June 2024)



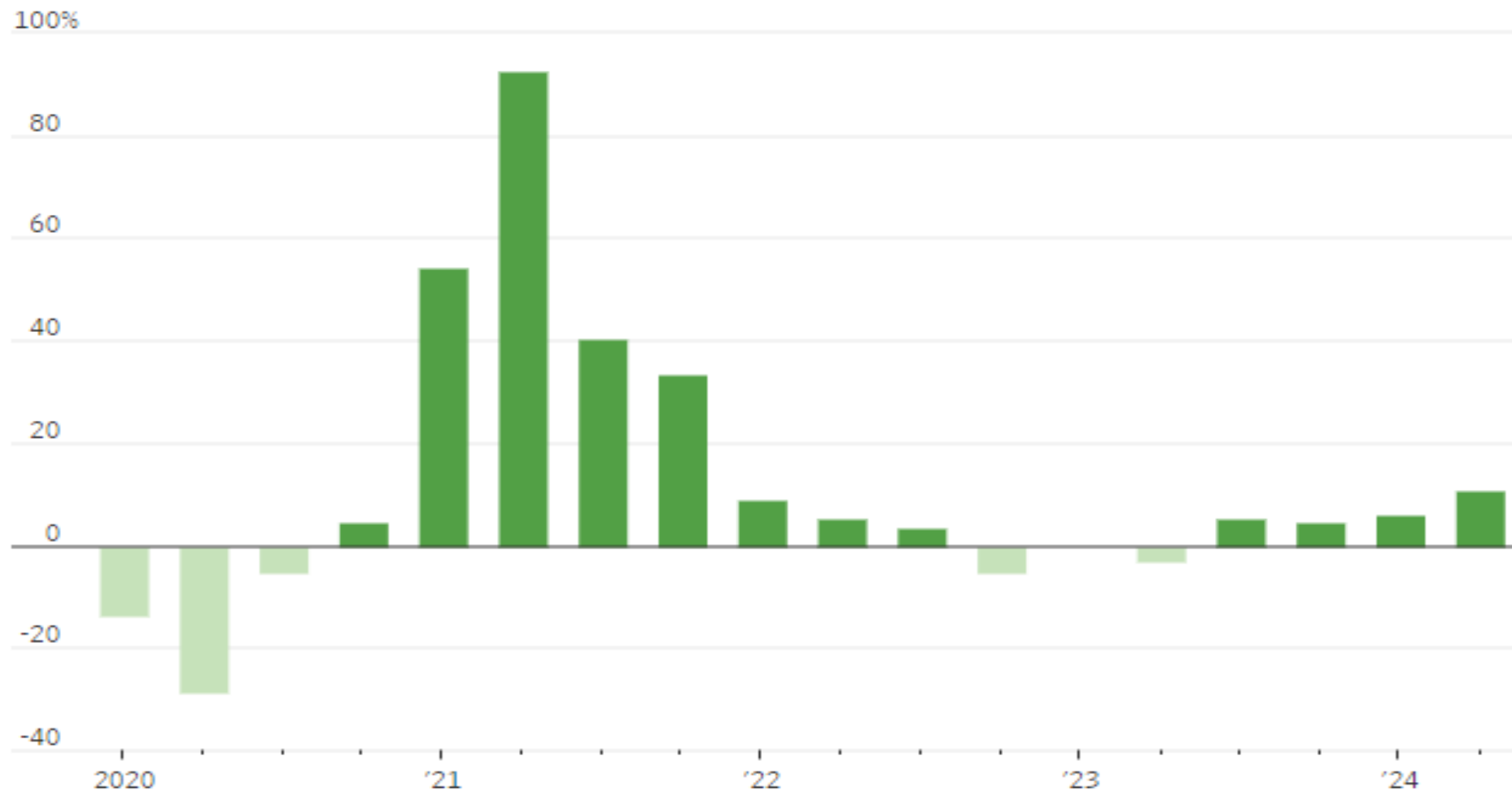
# US Resilient: Soft-Landing

- **Healthy US GDP growth 2.5%.**
- **Inflation falling below 3%. (CPI & PPI)**
- **Sept Fed rate cut; multiple next 6 months.**
- **Unemployment 4.2% - still low, but rising.**
- **US Election - good for stocks.**
- **Positive Earnings.**
- **Big Tech huge cash - Not Bubble.**

# US VALUATIONS – no bubble

- **S&P 500 - fwd P/E of 16x (excluding Mag 7).**
- **Magnificent 7 - P/E of 35x.**
- **Mag 5 = 80% of S&P 500 gains ('24).**
- **Fed - lower rates, tailwind for many stocks.**
- **401K plans, domestic bias, foreign flows.**

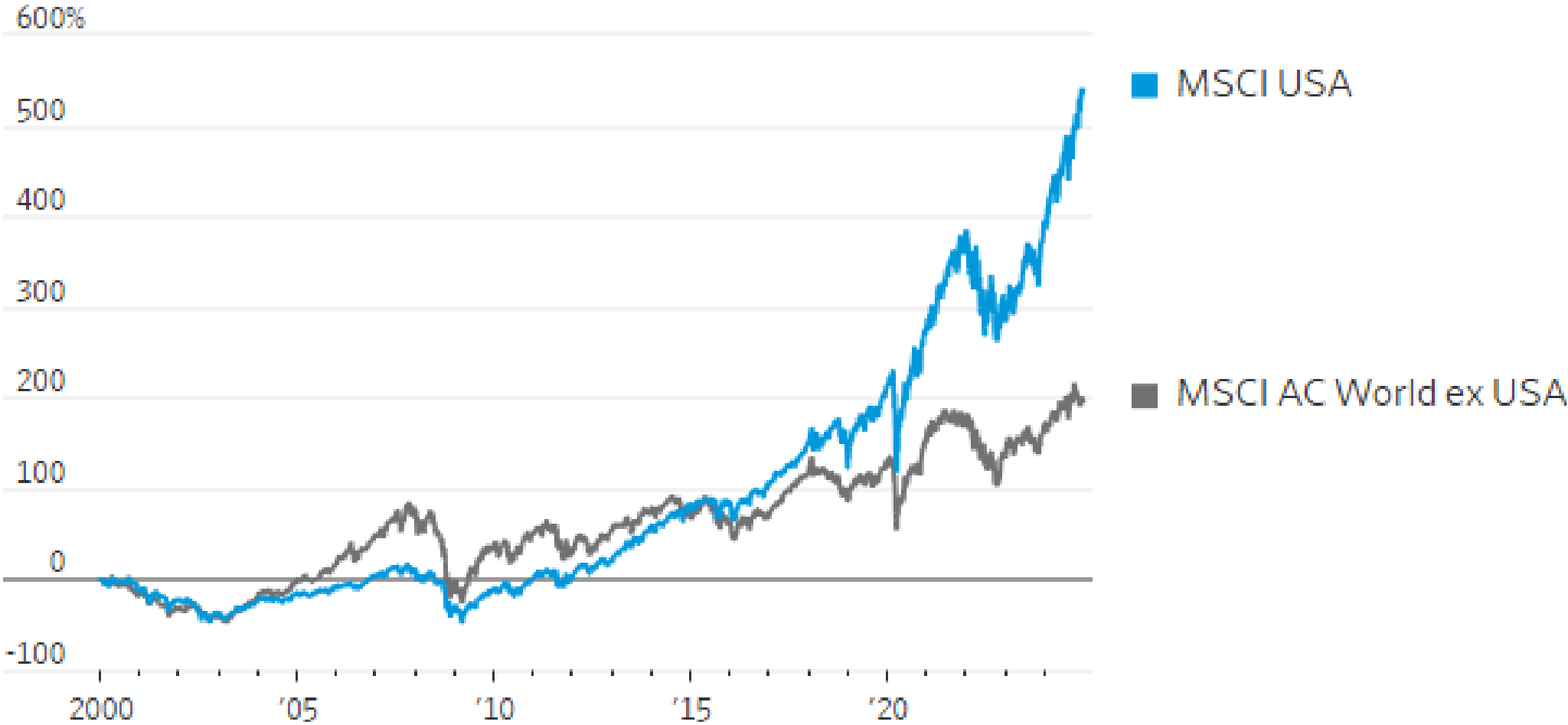
### S&P 500 quarterly earnings, change from a year earlier



Note: 2Q24 data is a mix of actual and estimates.

Source: FactSet

# Cumulative total return



Note: In U.S. dollars  
Source: FactSet



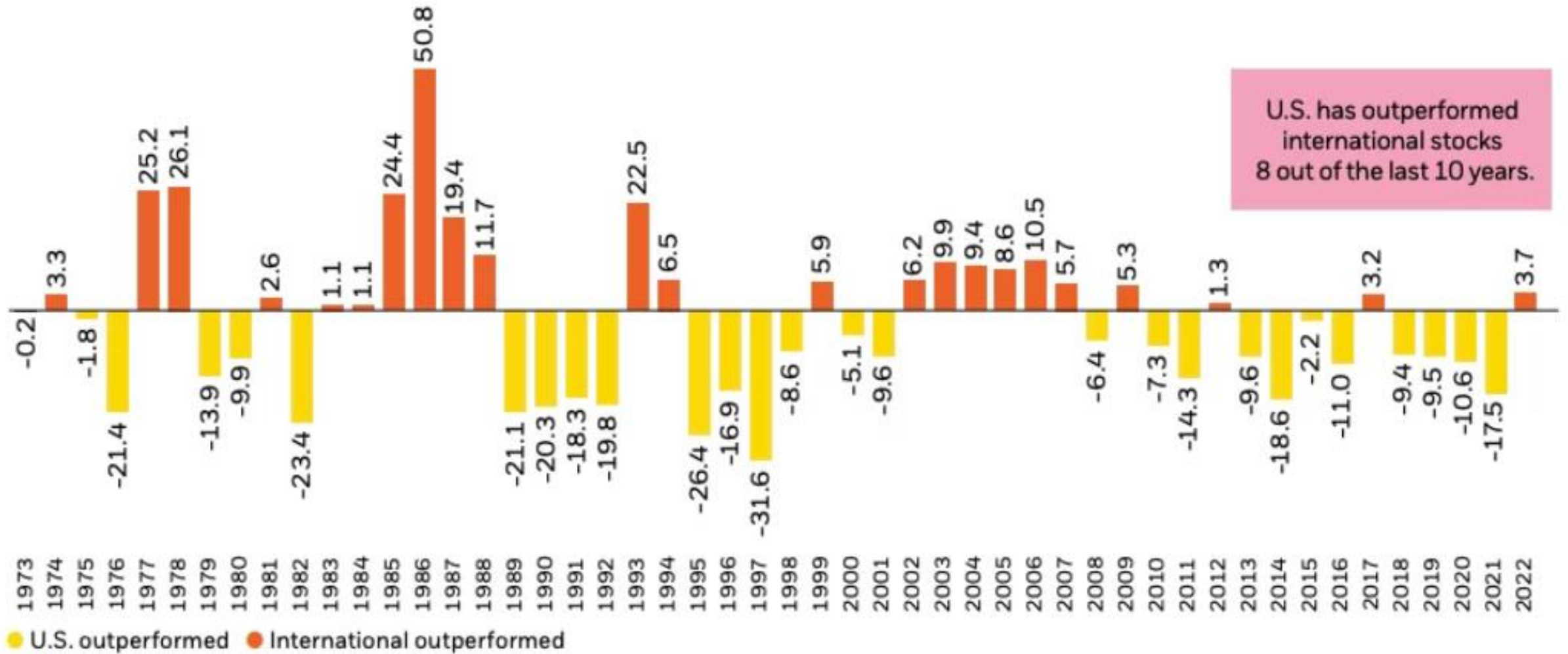
# MSCI World vs MSCI World ex USA



## U.S. vs. International stocks

Performance difference for each calendar year

International stocks minus U.S. stocks (1973 - 2022)



Source: Blackrock

# Why Indexing - Prudent Approach

- **Myth of Stock-Picker's market. (>70% closed)**
- **Fund Managers fail vs Global Indices (>90%).**
- **Indexing Diversified: Core vs Explore.**
- **Indexing = Low Cost**

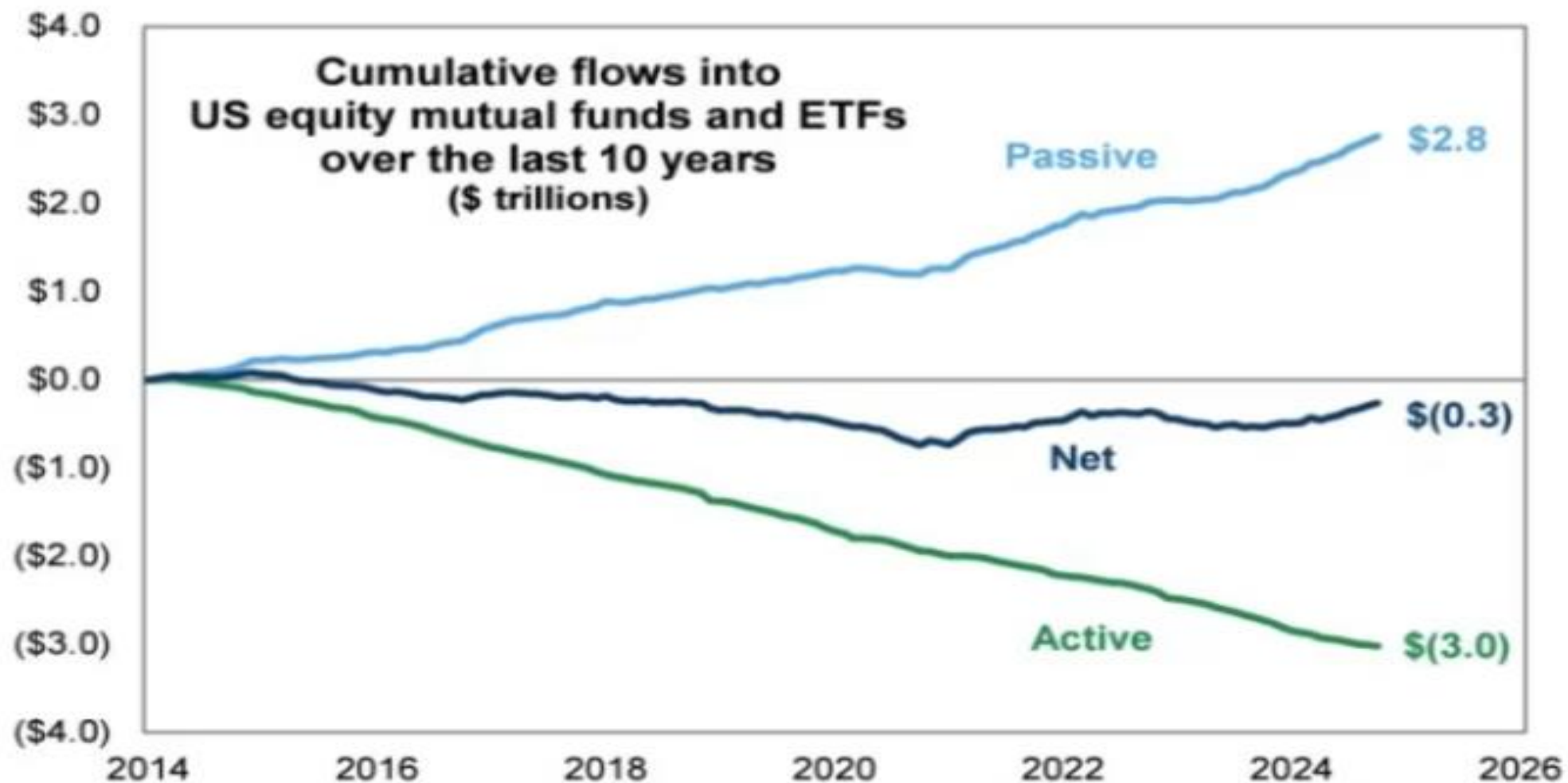
# Money is pouring out of active funds and into passive

US domiciled cumulative fund flows, \$tn (to August 2022)



Source: JPMorgan  
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## Exhibit 1: The rotation from active to passive US equity funds has continued as of October 31, 2024



Source: EPFR, Goldman Sachs Global Investment Research

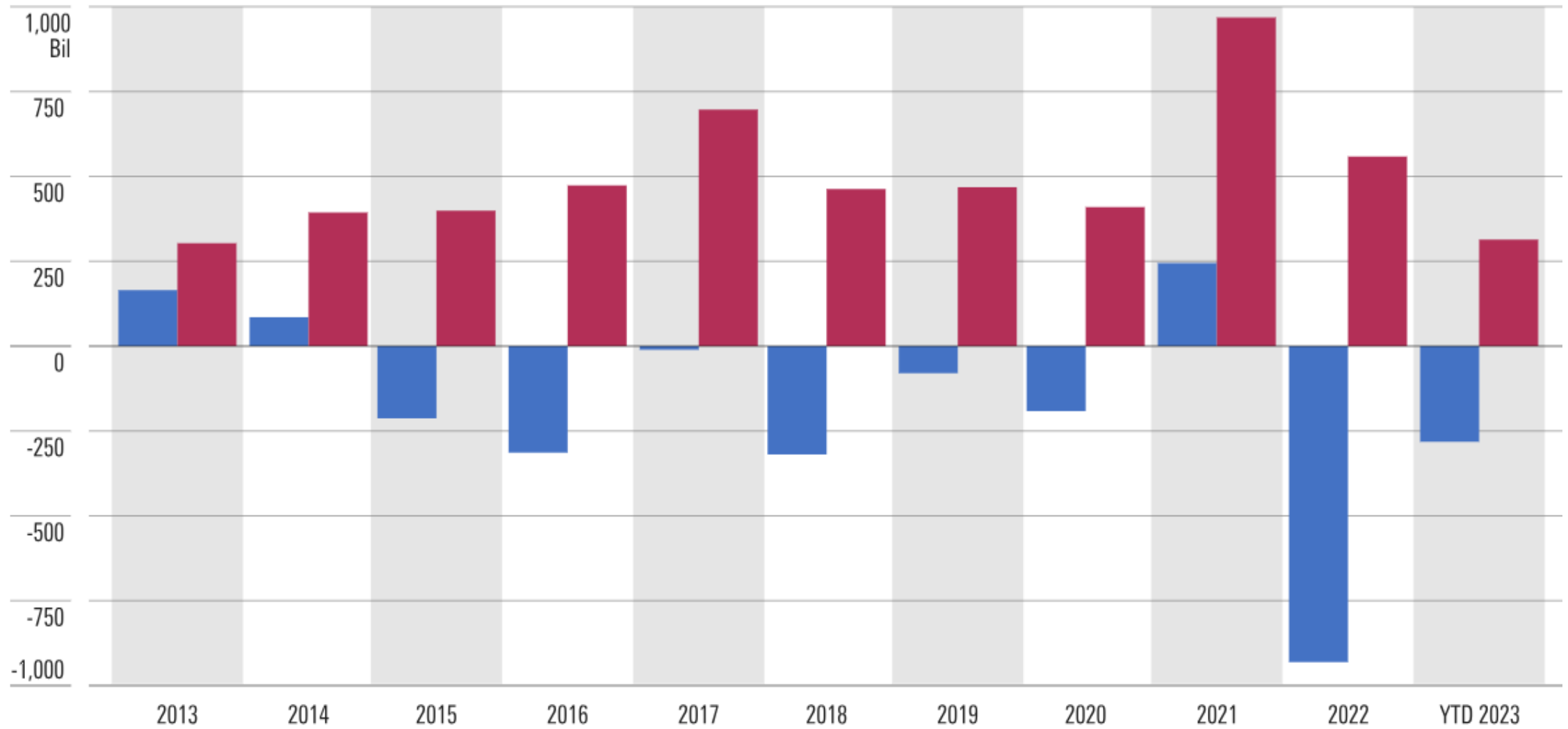
# US REVOLUTION: Active vs. Passive



Source: Morningstar Direct Asset Flows. Data as of Dec. 31, 2023.

## Active Versus Passive: U.S. Long-Term Fund Flows by Calendar Year

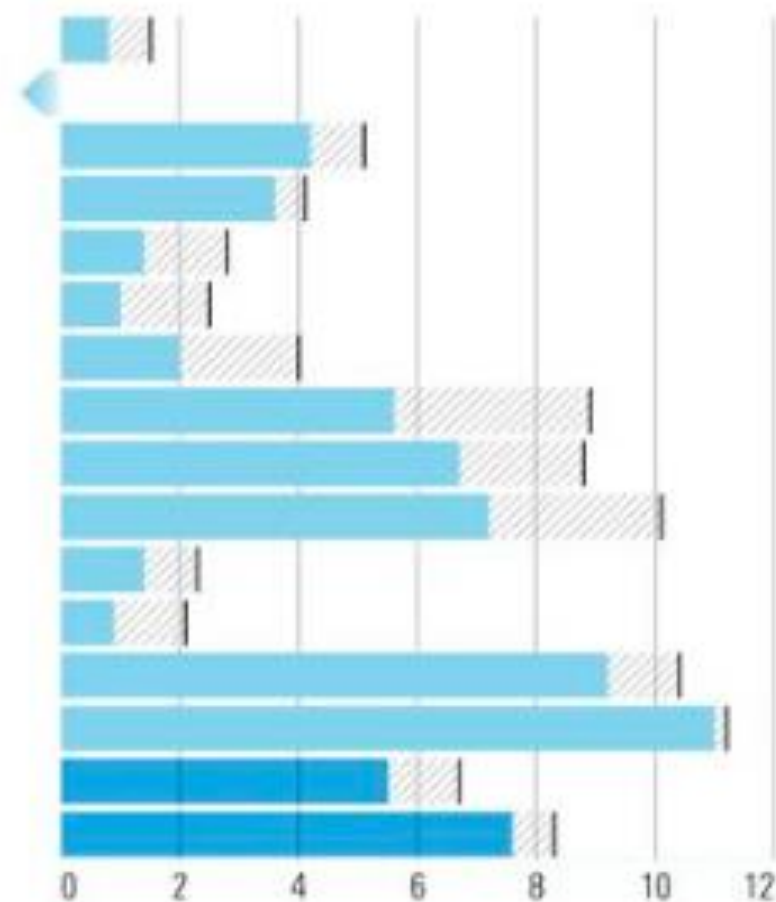
■ Actively Managed ■ Passively Managed



Source: Morningstar Direct Asset Flows. Data as of Sept 30, 2023.

## Active vs. Passive: Investor Return Gaps by Category Group

Category	Investment Type	Investor Return %	Total Return %	Gap
Alternative	Active	0.8	1.5	-0.8
	Passive	-22.7	-22.5	-0.3
<u>International Equity</u>	Active	4.2	5.1	-0.9
	Passive	3.6	4.1	-0.5
Municipal Bond	Active	1.4	2.8	-1.3
	Passive	1.0	2.5	-1.4
Nontraditional Equity	Active	2.0	4.0	-2.0
	Passive	5.6	8.9	-3.3
Sector Equity	Active	6.7	8.8	-2.0
	Passive	7.2	10.1	-2.9
Taxable Bond	Active	1.4	2.3	-1.0
	Passive	0.9	2.1	-1.2
<u>US Equity</u>	Active	9.2	10.4	-1.2
	Passive	11.0	11.2	-0.2
<b>Overall</b>	<b>Active</b>	<b>5.5</b>	<b>6.7</b>	<b>-1.2</b>
	<b>Passive</b>	<b>7.6</b>	<b>8.3</b>	<b>-0.8</b>



Source: Morningstar. Data as of Dec. 31, 2023.



# US Index Underperformance

## US Fund Managers

	1 year	3 year	5 year	10 year
<b>Large-cap</b> (vs. S&P 500)	57.1%	86.1%	77.3%	84.7%
<b>Medium-cap</b> (vs. S&P 400)	71.8%	72.8%	83.2%	78.8%
<b>Small-cap</b> (vs. S&P 600)	36.5%	48.8%	62.7%	81.3%
<b>All US Equity</b> (vs. S&P 1500)	76.2%	90.1%	85.9%	90.1%

Source: Standard & Poors, Mid-Year 2024 SPIVA Scorecard

# Global Index Underperformance

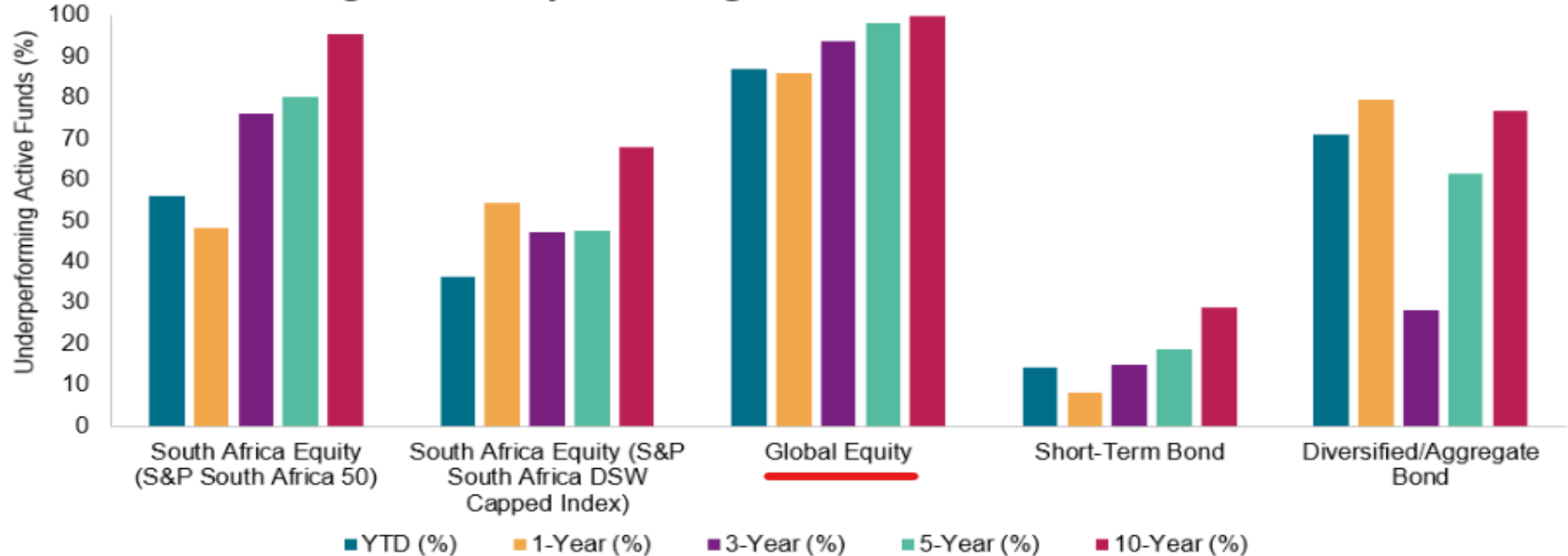
## US Fund Managers

	1 year	3 year	5 year	10 year
<b>Global (incl US)</b> (vs. S&P World)	76.6%	92.2%	86.4%	87.8%
<b>Global (ex US)</b> (vs. S&P 700)	71.3%	81.7%	79.3%	81.5%
<b>Emerging Markets</b> (vs. S&P/IFCI Composite)	63.5%	72.6%	72.2%	86.2%

Source: Standard & Poors, Year-End 2023 SPIVA Scorecard

# SA Fund Managers - Underperformance

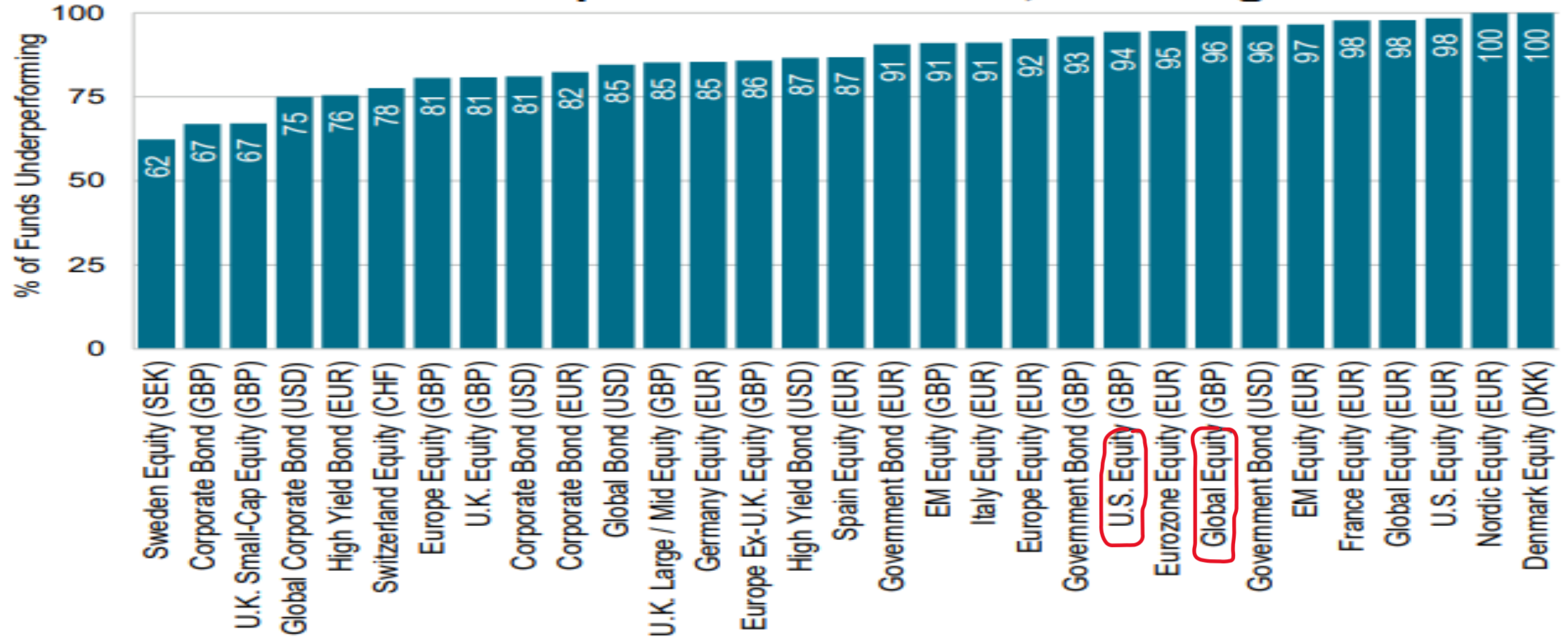
**Exhibit 1: Percentage of Underperforming Active Funds in South Africa**



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2024. The S&P World Index (ZAR) was launched Sept. 30, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

# European Fund Managers

**Exhibit 1: 10-Year Underperformance Rates, All Categories**

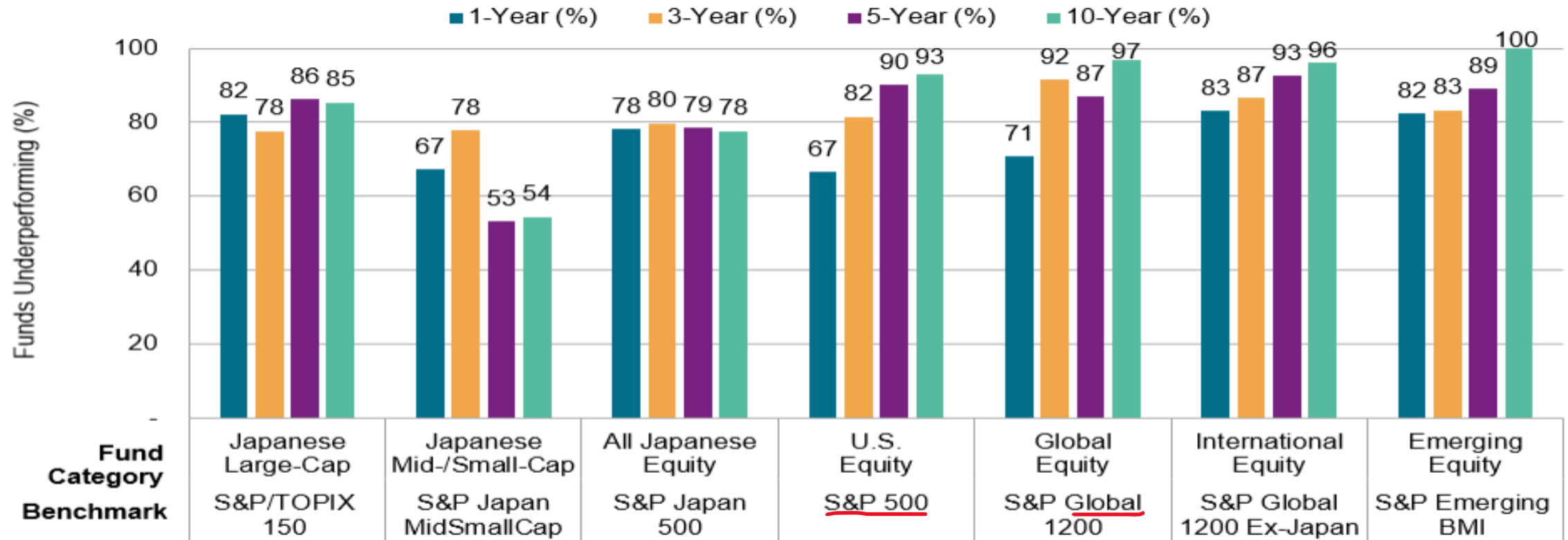


Sources: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Japan Fund Managers

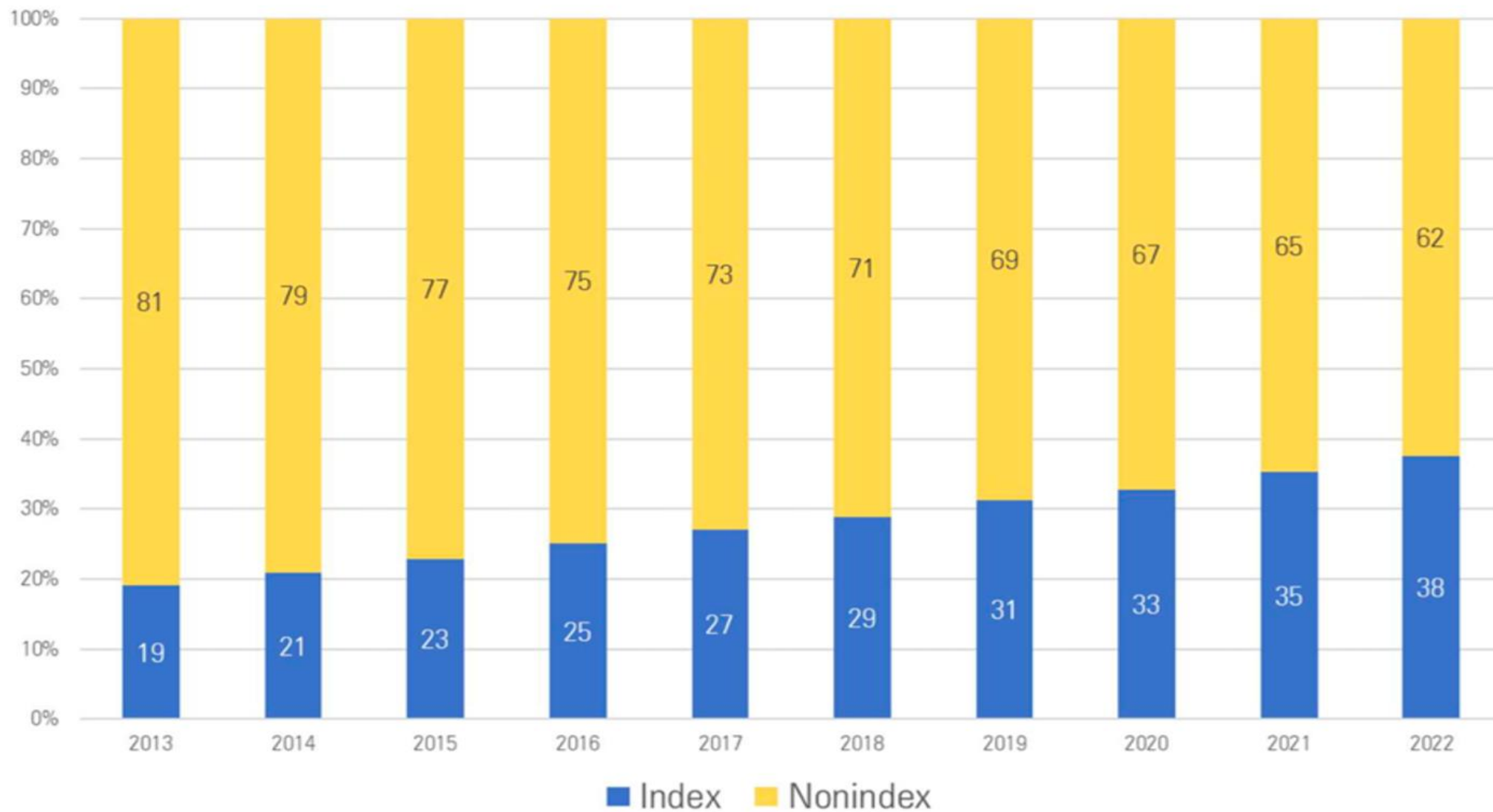
## % Global Underperformance

**Exhibit 1: Percentage of Underperforming Active Funds in Japan**



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2023. Underperformance is calculated based on equal-weighted fund counts comparing absolute returns. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

## Indexed Vehicles Approach 40% of Total Assets Globally



Source: Morningstar Direct.

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