

Déjà vu or something new?

Curate managers' views for 2025

The adage of 'new year, new me' is extensively used by those wanting to improve their lives or accomplish a specific goal. Can the same apply to markets or is history going to repeat itself?

With wildfires in California, another virus outbreak in China and Trump as the US president all alluding to the recent past, can we expect the global economy to move in a new direction or continue on its trajectory?

Below we have collated the views for 2025 from Curate's underlying managers to help you navigate the year ahead and continue towards financial success.

Curate Momentum Equity Fund



- Globally, the economic outlook is increasingly uncertain due to Trump's victory, with concerns about potential tariff wars affecting growth, especially in emerging markets.
- A possible Trump-negotiated settlement between Ukraine and Russia could benefit European and global growth.
- Locally, the GNU reforms should continue to support economic growth into 2025.
- Local interest rate cuts are likely to boost consumer confidence and enhance spending. In this regard, Laurium Capital continues to hold positions in SA banks, retailers and industrials.

Curate Momentum Balanced Fund



- Visio expects continued growth in artificial intelligence, automation, and quantum computing to drive innovation and efficiency across various sectors, benefiting the likes of Microsoft, Alphabet, TSMC and Meta.
- DeepSeek shows a positive shift towards telephonic personalised AI assistants and that these large models can be run more efficiently. Visio believes that the impact will be lower prices but also higher usage.
- The ongoing shift towards e-commerce and digital services should also benefit companies like Amazon.
- Advances in biotechnology and telehealth are reshaping the healthcare landscape, with increased investment in personalised medicine and digital health solutions (e.g. Stryker).
- Visio remains bullish on the UK pension risk transfer market where the shift from corporate to insurance-backed defined benefit funds will be a multi-decade opportunity.
- While the recent California wildfires highlighted catastrophe risks in Property and Casualty insurance, diversified insurers such as Chubb and Berkshire Hathaway can maintain high underwriting margins due to their diversified and conservative underwriting process.

Curate Momentum Flexible Property Fund



- President Trump's trade policies may be inflationary and may result in further bond volatility.
- Germany's February elections may result in reduced rental control regulations, thereby resulting in strong performance in German apartments. The fund has an overweight to German apartments via Vonovia.
- Sesfikile Capital also sees opportunities in stocks benefiting from aging populations (healthcare), big data and AI (datacentres) and the resurgence of retail (shopping centres).
- In South Africa, Sesfikile Capital sees value in larger companies that underperformed retail focused smaller companies in 2024.

Curate Momentum Enhanced Yield, Curate Momentum Flexible Income and Curate Momentum Income Plus Funds



- 2024 was strong for fixed income – reduction of inflation rates, central bank rate cuts, and a market friendly SA election outcome.
- The key market theme for 2025 will be the shifts in global macro dynamics – inflation, US trade policy, stagnant growth and further slow-paced monetary policy easing.
- Local inflation remains within the SARB's target band (3–6%), providing some room for further interest rate cuts.
- Key events for 2025 include the JIBAR to ZARONIA transition plan, which will impact on derivative and cash instruments linked to JIBAR rates within the funds, and the potential removal of SA from the FATF greylist.
- Momentum Fixed Income expects higher levels of demand for SA credit, as higher levels of business confidence have historically been strongly correlated with higher levels of private sector investment.

Curate Global Sustainable Equity and Curate Global Emerging Markets Equity Funds, Curate Momentum Global Sustainable Equity and Curate Momentum Global Emerging Markets Equity Feeder Funds



- The market is currently in a “normal” stage of the Quant Cycle, which typically lasts around two-thirds of the time.
- This stage is favourable for consistent factor (growth, value, quality etc.) performance, which is used in Robeco's systematic funds.
- The likelihood of a growth rally is low, following multiple growth rallies in the last ten years.
- A crash in value companies remains a regular risk, but overall, the outlook for factors is positive.
- There are two reasons for expecting this “normal” stage to continue – the normal stage typically lasts at least five years, and the reduced likelihood of the other stages increasing the probability of this stage continuing.

Curate Global Quality Equity Fund



- The trend Evenlode is most interested in is the increasing sovereign bond yields in developed markets.
- Having remained stubbornly high throughout 2024, they moved up substantially since mid-September 2024.
- Evenlode thinks the chances of declining yields and still-robust economic growth are not very high. As a result, there is a good chance 2025 will be tougher for companies with weak cashflows which need to refinance debt.

- Evenlode prioritises companies which have revenues which are well diversified.
- Evenlode is currently looking at a number of sectors which were left behind in 2024's narrow rally, including healthcare and enterprise software, where good companies can be bought at attractive valuations.

Curate Global Value Equity Fund



- Lyrical expects that it is only a matter of time before the recent incredible performance of the Magnificent Seven and mega-cap stocks reverses.
- When that trend reverses, Lyrical expects to benefit, not only because of Lyrical's lack of mega-cap exposure but because value stocks have historically done well in periods following mega-cap dominance.
- Lyrical continues to find excellent bottom-up stock investments in good companies, trading at extremely attractive prices.
- For example, their most recent purchase, Henry Schein (the largest global dental products distributor), is an extremely high-quality business, trading at a near-40% discount to the S&P 500.

Curate Global Growth Equity Fund



- The recent increase in Jennison's exposure to the information technology sector has been notable – including positions in Taiwan Semiconductor, Snowflake, Datadog, AppLovin, Astera Labs, and CrowdStrike.
- Jennison is encouraged by the tremendous progress that has been made in the foundational layer of generative AI since the launch of ChatGPT approximately two years ago.
- Jennison remains optimistic about the sector in general and the emerging opportunities to monetise generative AI through software and across industries in the years ahead.

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Sources: Morningstar, Momentum Investments, Iress