



INVESTMENTS

WHY GLOBAL TAILWINDS MATTER IN A DIVERSIFIED PORTFOLIO

By Rob Ollerman, Portfolio Manager at Laurium Capital and Manager of the PPS Stable Growth Fund

The PPS Stable Growth Fund is designed for investors seeking moderate long-term returns with capital preservation front of mind. In that context, the inclusion of both local and global assets is central to the fund's relevance. A diversified portfolio that combines South African opportunities with carefully selected global businesses gives investors access to a broader range of return drivers, while also helping to manage risk across different market environments. As portfolio manager, Laurium's research process is focused on identifying high-quality businesses trading at reasonable valuations, with strong products or services, capable management teams and the pricing power needed to grow earnings and cashflows sustainably over time.

While that philosophy sounds straightforward, implementation is never simple. Investors must contend with a constant stream of noise including wars, political events, tariff uncertainty, inflation concerns and changing economic expectations. This is precisely why diversification remains so important. For a fund such as the PPS Stable Growth Fund, combining local and global equity exposure within a broader multi-asset portfolio helps reduce dependence on any single economy, sector or market outcome.

LOOKING BEYOND SHORT-TERM MARKET NOISE

A reflection on the opening period of 2026 confirms how influential these external factors have been in shaping returns. It has been a noisy period for investors, but it has also reinforced the value of maintaining a disciplined long-term approach. For the PPS Stable Growth Fund, the objective is not to chase short-term market moves, but to build a resilient portfolio that can participate in growth opportunities while remaining aligned with the fund's moderate-risk profile and capital preservation mindset.

In our experience, one of the most effective ways to deal with excessive market volatility is to remain focused on durable trends rather than temporary distractions. The aim is to identify areas of structural growth that can offset short-term headwinds and support long-term earnings progression. That means staying anchored in business fundamentals, thinking in years rather than quarters, and investing behind themes where commercial momentum is real and sustainable.

This is particularly relevant for the global equity component of the PPS Stable Growth Fund. Our research continues to focus on industries experiencing sustained and commercially viable change for the better, including technology hardware, electrification, pharmaceutical innovation, workplace automation and key commodity extraction. These are areas of the global economy where businesses with best-in-class products, scale and strong management teams are often able to grow through the cycle. Within the fund, this global opportunity set complements local South African holdings, giving investors access to both domestic value opportunities and international structural growth themes.

BUILDING RESILIENCE THROUGH DIVERSIFICATION

In technology, much of the market's attention has naturally centred on artificial intelligence, but the broader opportunity is more foundational. Cloud infrastructure, data architecture and industrial-scale computing power are the building blocks that enable these advances. By investing in companies like Broadcom that provide the critical infrastructure behind these shifts, the fund can gain exposure to enduring sources of growth rather than relying on short-term market excitement. This is one example of how the global equity allocation can add depth and resilience to a diversified portfolio.

Electrification is another powerful and ongoing opportunity for companies positioned to benefit from rising global demand. Grid densification, transmission upgrades, renewable integration and growing power needs from data centres all support a sustained investment case in this part of the market. The fund has benefited from exposure to businesses such as GE Vernova, Quanta Services and Mitsubishi Heavy Industries, which are aligned with these long-term trends. These types of holdings illustrate why global stocks can play an important role in a stable growth portfolio: they broaden the opportunity set beyond the domestic market and provide access to industries with compelling structural tailwinds.

LOOKING AHEAD

The pharmaceutical industry offers a further example of how global research can uncover attractive long-term opportunities. While the rapid progress in weight-loss drugs has captured headlines, the broader pipeline of innovation in areas such as oncology and immunotherapy remains highly significant. These are fields where scientific progress can translate into long-duration earnings opportunities for well-positioned companies. Investments such as AstraZeneca demonstrate how the global component of the PPS Stable Growth Fund can provide exposure to innovation-led growth that is not readily available in the local market, helping to enhance diversification and long-term return potential.

Ultimately, the role of global equities in the PPS Stable Growth Fund is not to replace local opportunities, but to strengthen the overall portfolio. South African assets remain an important source of value and income, while global stocks provide access to industries, technologies and business models that can compound over time and are often less dependent on domestic conditions. Together, this combination supports a more diversified and resilient portfolio, aligned with the fund's objective of delivering moderate returns while preserving capital over the medium to long term.

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