

## News and Review

Volume 38 – July 2025

Dear Investor

### Financial year end audit 2024

Further to our communication sent in June, we are pleased to inform you that the 2024 annual financial year end audit has been concluded. We include our Annual Investor Report for your perusal. We would also like to remind you that the detailed financial statements are available to you upon request.

### Reversal of VAT increase

In our April newsletter we confirmed that the VAT rate increase was due to be implemented on the 1<sup>st</sup> of May 2025. The Ministry of Finance published a statement on the 24<sup>th</sup> of April, confirming their decision to forgo the increase. We would therefore like to confirm that all fees applicable to your investments have remained unchanged.

### Closure of the IFM Technical Fund

After months of deliberation and careful consideration, a decision has been made by IFM's Board of Directors to close down the IFM Technical Fund.

A formal application for the closure of the portfolio has been lodged with the Financial Sector Conduct Authority ("FSCA"). We will reach out to the affected investors and guide them through the process upon approval.

Investors will have the option of either having the proceeds of their investment paid directly to their bank account, or to switch or reinvest the proceeds into the IFM Balanced Value Fund of Funds.

Both the FSCA, as well as our Trustee RMB, will oversee the entire process from start to finish ensuring we comply with the requirements as set out in the Collective Investment Scheme Control Act. It is our priority to ensure all investors are treated fairly, and as such the portfolio will be closed for all transactions until the closure date, 31 August 2025\*.

If you are affected by the closure and do have questions or concerns in the interim, please do not hesitate to contact our client services team on 0861 116 075, or alternatively you may also contact Chris Meyer, the current portfolio manager of the IFM Technical Fund and IFM Balanced Value Fund of Funds on 012 743 6437.

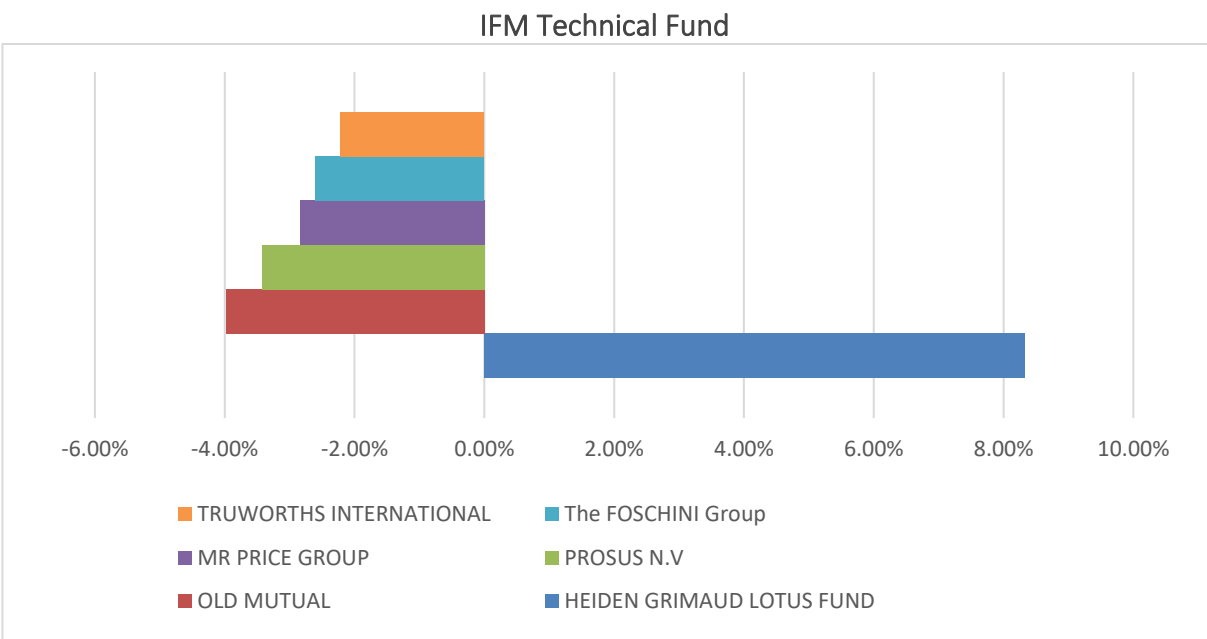
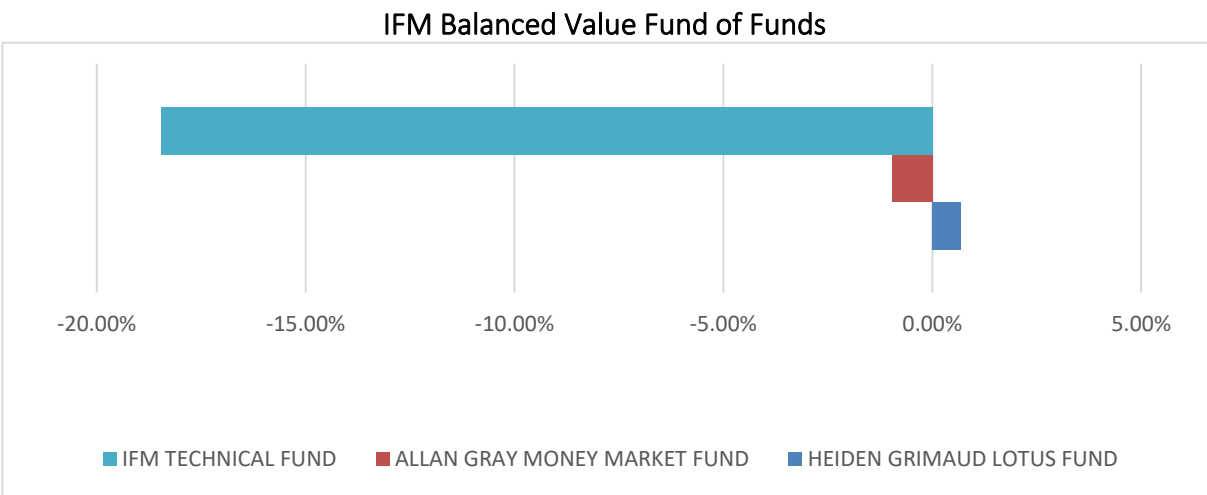
\*Date still to be confirmed and approved by the FSCA.

Analysis of the Portfolios

As part of the regulations that govern financial institutions, a manager must publish on its website each calendar quarter a general investor report that details an analysis of the portfolio with reference to the extent to which it has, or has not, adhered to its policy objective. We can report that for the quarter ending 30 June 2025, the following two portfolios have adhered to their respective policy objectives:

**IFM Balanced Value Fund of Funds** with the objective of prudential asset allocation and being a medium equity fund to secure balance between capital growth and income.  
**IFM Technical Fund** with the objective of being a general domestic equity fund where investment decisions are based on technical analysis.

During the previous quarter the Manager bought and sold some shares and investments. Herewith an illustration of the changes in holdings as a result of this. Please note that this is not a reflection of the performance of these investments.



## News from our Fund Manager

Dear Investor

### Artificial Intelligence: The High-Speed Train Has Left the Station

Artificial Intelligence (AI) is no longer just a buzzword — it's a transformative force reshaping our world at breakneck speed. While many are eager to jump on the bandwagon, few truly grasp the scale and speed of the change already underway. AI and automation aren't just altering industries — they're redefining the very fabric of our global economy and society. And we are not fully prepared.

The disruption ahead will be unlike anything we've seen before. The World Economic Forum (WEF) estimates that by 2030 — **just five years from now** — 39% of workers will need to significantly change their core skills due to AI and automation. That's a global figure. Now imagine the impact in South Africa, where the tax base is already narrow and stretched, and the job market struggles to absorb youth entrants even in the best of times.

Goldman Sachs projects that as many as 300 million full-time jobs worldwide could be lost to automation, and Ford's CEO believes half of all white-collar jobs are at risk. This isn't just about factory-floor robots. Today's automation, supercharged by AI, is targeting digital and cognitive tasks — roles traditionally filled by office workers, analysts, customer service reps, and even junior legal or financial professionals.

In the United States, unemployment among recent college graduates stands at 5.8%, the highest since 2021 — at a time when graduates normally enjoy an advantage in the job market. If that's the case in developed markets with stronger safety nets, one can only imagine how fragile the situation is in emerging economies.

We're watching the distant light of a train that's already in motion. But make no mistake — this is a high-speed train, and we're standing directly on the tracks. Historically, transitions like the one from horse-drawn carriages to automobiles played out over decades. Today, society may experience a larger shift in just a few short years.

The question isn't whether change is coming — it's whether we're ready for it.

Most governments and societies aren't. **And here in South Africa, where tax policy is already under strain and inequality is a persistent threat, the stakes are even higher.** According to the U.S. Tax Policy Center, 40% of American households will pay no income tax by 2025. In South Africa, that number is already far higher. Our tax system cannot sustain a wave of unemployment without severe social and economic consequences.

At some point, the system breaks. Economic momentum stalls as discretionary spending collapses. Social unrest becomes more likely — not just as a theoretical risk, but as a very real reaction from people who feel left behind, angry, and desperate.

As a parent, an investor, and a citizen, this keeps me up at night. I think about my children, nieces, nephews, and their friends — all in their twenties—stepping into a world of unprecedented volatility. I’m **urging them to learn AI, to work with it**, not against it. Those who adapt will thrive. Those who don’t may struggle in a rapidly evolving job market where digital fluency is the new baseline.

And yet — amid the disruption lies enormous opportunity.

AI is improving at an astonishing pace. It is a force multiplier that can empower individuals, transform businesses, and unlock productivity gains that were unimaginable just a few years ago. But to benefit, we must engage with it— not avoid it.

At **Heiden Grimaud Asset Management**, we are keenly aware of the tectonic shifts AI and automation are driving across industries. Our investment strategy is focused not only on managing risk, but also on identifying the companies shaping the future — the pioneers in AI, machine learning, robotics, and digital infrastructure. These are the future champions, and we are committed to ensuring that our clients share in the immense potential this transformation will bring.

We are not spectators. We are active participants in the new AI-driven economy — and we are investing accordingly.

This is the dawn of a new era. There will be challenges. But there will also be extraordinary rewards for those who are prepared.

Yours in smart investing,



## Enquiries regarding your investments

As always, we would like to invite you to contact us via the channels below, to address any queries or complaints you may have regarding your investment.

- All **administrative enquiries**, for example a request of statement or balance of investment, redemption request, update of contact details, enquiries regarding FICA or assistance required to log onto the online Ireport system is handled by Itransact Fund Managers.

☎ 0861 116 075

✉ [admin@itransactfm.co.za](mailto:admin@itransactfm.co.za)

- All **investment specific or portfolio enquiries** are handled by Heiden Grimaud Asset Management.

☎ 012 743 6437

✉ [investments@heidengrimaud.co.za](mailto:investments@heidengrimaud.co.za)

- All **Heiden Grimaud Global Fund** enquiries are handled directly by the Heiden Grimaud Group International Network. Their contact details are:

☎ +27 12 743 6437 (South Africa),

☎ +353 1 254 9406 (Ireland) or

☎ +32 468 280463 (Belgium)

✉ [investments@heidengrimaud.com](mailto:investments@heidengrimaud.com)