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## Prudential's pandemic equity picks pay off

During the height of the pandemic crisis in March-April 2020, numerous investment opportunities presented themselves for valuation-based investors like Prudential, as share prices plunged 30-50% on the back of overblown investor fears.

Prudential seized this opportunity, selling some of our more expensive offshore equity exposure to buy more Resources exposure – this was our best investment idea at the time as we saw the potential for strong gains on the back of the very cheap valuations combined with rising commodity prices and the weaker rand. We doubled our existing exposure to Impala Platinum (our largest trade), while also increasing our holdings in Northam Platinum, Anglo American and Exxaro.

Since then we have experienced strong commodity price gains as global growth has accelerated out of the downturn. This has been particularly evident in platinum group metals (where supply has been in shortage even before the pandemic), copper and iron ore, the latter spurred largely by China's economic stimulus. South African miners are seeing record

profitability levels in rand terms, and their share price rises have reflected this. As such, our holdings in Implats, Northam, Anglo American and Exxaro have been among the largest contributors to returns in the [Prudential Equity](#) and [Prudential Balanced](#) funds over the past one-, three- and six-month periods

Another top contributor to returns in our Equity and Balanced Funds over the past three and six months has been our holding in Truworths. This is another share, along with Foschini, that we opted to add during the March-April crisis period due to their excellent valuations. Going into the pandemic we were defensively positioned toward SA retailers, underweight and holding only Woolworths and Pick ‘n Pay. Then after the market crash, we sold all our food retail exposure and bought both Foschini and Truworths as another of our key trades. Foschini shares, after losing some 50% of their value in March-April, have risen almost 70% subsequently, while Pick ‘n Pay’s share price is now about 10% lower. So amid some of the highest uncertainty the market has experienced in the last 40 years, we took the decision to switch into these cyclical retail shares and out of our defensive holdings, a move that has paid off for our clients so far. This was a very calculated risk on our part, not just taking risk for risk’s sake, and is an excellent example of how value-based managers like Prudential outperform, adding value to our clients’ portfolios.

For more information about our funds, please visit the [Our Funds](#) section of our website. Alternatively, if you’re ready to start investing with Prudential, you can do so [online](#) in under 10 minutes. For any other queries, please feel free to contact our Client Services Team on 0860 105 775 or email us at [query@prudential.co.za](mailto:query@prudential.co.za).