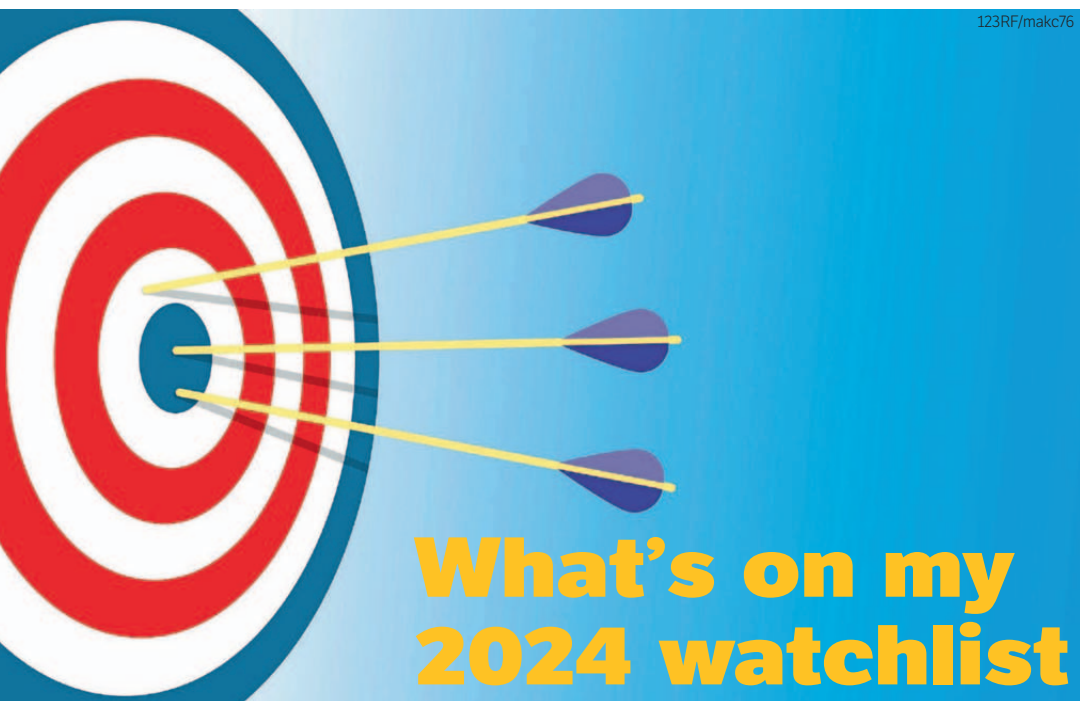




# global investor by Jean Pierre Verster **fm**



## What's on my 2024 watchlist

**B**oosted by a blistering rally over the course of the final two months of the year, the MSCI world index ended 2023 with a total dollar return of 24.4%.

Our five stock picks last year had mixed fortunes: Admiral Group (+38.5%), KLA Corp (+56%) and Trigano (+23.4%) did well. Woodside Energy (+0.3%) roughly broke even, but China MeiDong Auto (-69.9%) turned out to be a dud, as this traditional motor vehicle dealership group struggled to compete against the electric vehicle (EV) revolution.

Here are our top picks for the next trip around the sun:

### **Builders FirstSource**

Builders FirstSource is the largest supplier of building materials in the US, operating more than 400 outlets stocked with products such as bricks, windows, doors, roof coverings and a dizzying array of lumber products. Almost all homes in the US are built out of wood, and lumber prices have spiked since the pandemic, boosting the group's profitability.

There is some concern that higher

interest rates will hurt the US housing market because higher mortgage payments might deter new buyers. But we believe that due to the huge shortage of single-family housing in the US, demand for Builders FirstSource's products will be sturdy. With a p:e of roughly 12, the stock has a solid foundation to build on into 2024.

### **Evolution Gaming**

This leading provider of live casino games to online gambling operators is headquartered in Sweden, where its shares are also listed. Evolution streams live games such as blackjack, roulette, baccarat and poker from its studios in regulated markets to online casino sites in more than 100 countries, allowing those operators to offer an exciting and realistic online gambling experience to punters around the world.

Evolution has an enviable financial profile, with the group's annual revenue growing 50% a year over the past decade and its net profit margin now approaching an astonishing 60%. At a p:e of about 20, Evolution shares are worth a wager.

### **Kering**

French luxury goods powerhouse Ker-

ing has been in a bit of a slump over the past two years, with main brands Gucci and Saint Laurent not getting fashionistas excited of late. This has made investors nervous.

An economic recovery in China would boost Kering's fortunes, since Chinese consumers represent roughly 40% of the global luxury goods market. Kering's shares are trading at a p:e of nearly 13, a significant discount to their 10-year average of 25. Get them before the crowd reacquires a taste for this blue-chip stock.

### **Stellantis**

Born from the 2021 merger of Fiat Chrysler Automobiles and the PSA Group, Stellantis (from the Latin verb *stello* meaning "to brighten with stars") is the fourth-largest automaker globally by sales. The group boasts a rich heritage, encompassing more than two dozen marques including Alfa Romeo, Chrysler, Citroën, Dodge, Fiat, Jeep, Maserati, Opel and Peugeot.

Stellantis is investing heavily in EV technology, with a budget of more than €30bn to be spent developing new production platforms and battery systems for future models. With EV competition hotting up globally as Tesla and BYD slash prices, Stellantis doesn't want to be left behind. Trading at a p:e of less than four, the market is implying that Stellantis will end up in the junkyard. But we think its shares, listed in Milan, Paris and New York, can power ahead.

### **Texas Instruments**

Founded in 1952, Texas Instruments has a long history of innovation. The company produced the world's first transistor radio in 1954, and the integrated circuit in 1958, ushering in the computer age. Its focus on analogue and embedded processing chips sets it apart from the many other semiconductor companies that design and produce the more complex processors found in computers and smartphones. Analogue chips are used extensively in motor vehicles, as well as in numerous industrial applications. With a p:e of almost 22, Texas Instruments might seem only semi-attractive, but we believe the shares are a smart choice. **X**

Verster is CEO of Protea Capital Management