



ANNUAL INVESTOR COMMUNICATION
FINANCIAL YEAR END
AUGUST 2017

T \ +27 41 581 1525
E \ INFO@REZCO.CO.ZA
A \ 146 MAIN ROAD, WALMER, PORT ELIZABETH, 6001
W \ WWW.REZCO.CO.ZA

REZCO COLLECTIVE INVESTMENTS LTD – FSB APPROVED MANAGEMENT COMPANY



TABLE OF CONTENTS

1	BUSINESS OVERVIEW	3
2	INVESTMENT PHILOSOPHY	3
3	AWARDS.....	3
4	EXECUTIVE CHAIRMAN’S REPORT: WALLY GRAY	4
5	PORTFOLIO MANAGER’S REPORT: ROB SPANJAARD.....	4
6	ADMINISTRATION	6
7	REZCO VALUE TREND FUND	7
8	REZCO MANAGED PLUS FUND.....	10
9	REZCO EQUITY FUND	13
10	REZCO STABLE FUND	16
11	INDEPENDENT AUDITOR’S REPORT	19
12	TRUSTEE’S REPORT	22
13	TEAM.....	23
14	COMPANY STRUCTURE.....	29
15	SERVICE PROVIDERS	30
16	LEGAL NOTICES	30
17	COMMUNICATION WITH INVESTORS.....	31
18	DISCLAIMER.....	31

1 BUSINESS OVERVIEW

The Rezco Group was established in 1981. Founded with a style of preserving capital and creating wealth, managing risk and achieving performance over full investment cycles, Rezco is a focused asset manager run by a passionate team of dedicated investment professionals.

2 INVESTMENT PHILOSOPHY

It is fundamental to our approach that capital must be protected. Our objective is to preserve capital during times of market weakness and to outperform the overall index during periods that are positive for equities. Our strategy is to acquire interests in well managed companies for less than they are intrinsically worth, and to timeously position our clients in the correct asset classes.

The Rezco investment philosophy combines the best aspects of value investing with superior sustainable earnings growth, primary trend analysis and measured market timing. We seek companies with attractive price earnings ratios relative to their long-term growth prospects. Investments are intended for the long term but we

recognise the changes in circumstances that can lead to altered risk levels, necessitating earlier adjustments to the portfolios.

Our funds tend to be more concentrated than most. We make significant investments in shares that meet our highly selective criteria. Rezco's investment philosophy has been proven against objective industry standards and measures, resulting in Rezco being accorded prestigious Morningstar and Raging Bull awards.

Achieving exceptional results and maintaining the highest level of standards is core to everything that we do at Rezco.

3 AWARDS

REZCO VALUE TREND FUND		
2008	Raging Bull	Top Performance for Domestic Collective Investment Scheme
2009	Morningstar	Best Fund in Sector
	Raging Bull	Top Performance for Best Domestic Asset Allocation Flexible Fund
2012	Raging Bull	Best Risk Adjusted Return over 5-Year period, for Best Domestic Asset Allocation Flexible Fund
2015	Raging Bull	Certificate for Top Performance on Risk-Adjusted returns by Domestic Collective Investment Scheme over 5-Year period

REZCO MANAGED PLUS FUND		
2013	Raging Bull	Best South African Multi-Asset High Equity Fund, over the 3-Year period ended 31 December 2013
2015	Raging Bull	Best South African Multi-Asset Equity Fund on a Risk-Adjusted Basis for the 5-Year period ended 31 December 2015

4 EXECUTIVE CHAIRMAN'S REPORT: WALLY GRAY

The year to August 2017 has been a season of developing, refining, building and growing capability at Rezco, especially in the areas of systems and the use of technology.

We have made much progress, with the result that the quality and capability of Rezco as a business has been enhanced.

The business has been enabled to cover a much wider range, quantity and depth in important areas such as investment research, administration, compliance, and client service.

In a world of wide ranging political, social and business change, it puts Rezco in an even better position to deliver.

The exciting thing is that from here further growth and development is possible, placing Rezco on a

firm growth path for the future, with enhanced potential to serve investors well.

Our fund range remains clear and focused on investors for their particular requirements.

We are making good improvements to the Rezco Global Fund, which will enhance its appeal to investors. Rezco will be releasing more detailed information in due course.

Thank you to all our Rezco people, and appreciation to all our service providers.

A special appreciation and thank you to all our investors who have entrusted the care of their capital to us.



5 PORTFOLIO MANAGER'S REPORT: ROB SPANJAARD

The South African All Share performance of 10.2% for the year to August 2017 gives the impression of a reasonable return environment in which a fund could add value through stock picking. Underlying this performance, however, was significant volatility within stocks, and a very wide range of returns between stocks. Four large foreign shares, Naspers, Richemont, BHP Billiton, and Anglo American contributed 9.8% of the ALSI return of 10.2%. Owing to the political risk, and uncertainty around the SA economic cycle, 'SA Inc' shares were very volatile through the period.

This volatility gave the appearance of investment opportunity, but against the strict investment style of Rezco – high quality and sustainable earnings growth at a reasonable price – these investments were high risk and required a short term trading mentality to justify.





The global equity environment, despite aggregate valuation metrics looking expensive, offered attractive opportunities through stock picking within industries with good tailwinds where investments were made in companies with sustainable earnings growth, positive earnings revisions and reasonable valuations. Growth in data storage, demand for semiconductors, demand for energy storage, smart logistics and growth of e-commerce, and increased demand for online advertising are some of the key trends in which Rezco has invested.

The Rezco Value Trend Fund had a 1 year return of 2.5% against the South African Multi-Asset High Equity Sector's weighted average return of 3.9%. Two significant detractors weighed on performance for the year: Redefine International largely due to ZAR strengthening against GBP by 13.2%; and AngloGold Ashanti where short term volatility depressed the share price. Our constructive view on the gold price gives us confidence in holding AngloGold, while Redefine International is a well-run UK and European property company with a GBP yield of 6.8%.

Performance for the Rezco Managed Plus Fund at 1.8% and the Rezco Stable Fund at 2.7% for the year to August 2017 were similar to the Rezco Value Trend Fund. The performance of the Rezco Equity Fund, noting a minimum equity exposure of 80%, was higher at 7.7%. Although this was short of the ALSI performance, the standard deviation (total risk) was significantly lower at 5.8% compared to the ALSI at 11.3%.

The SA market performance is sensitive to changes in local political sentiment and global sentiment towards emerging markets, with the intersection of the two forces driving the ZAR movements. Furthermore the 'SA Inc' shares are expensive relative to low South African GDP growth, while a deterioration in the economic structure makes it difficult for this to change even in the event of a positive political outcome in December. Preserving capital is front of mind in this environment – we think by being patient we will be able to buy good quality businesses at

much cheaper prices. We are particularly concerned that as QE unwinds, weakening sentiment towards emerging markets will expose the structural flaws in the SA economy and high company valuations. Cash returns available of 8.3% offer a significantly better risk adjusted return than most of the SA-listed universe and thus the funds maintains a high allocation to high quality interest-linked investments and liquid assets.

Mindful of relatively high global equity valuations, we remain of the view that stock picking in an environment of technological change brings significant investment opportunities, with synchronised global GDP growth a supportive backdrop which reduces downside risk.

We are confident in the investments into global equity opportunities, and maintain that caution towards the locally listed shares is the correct approach as risks heighten towards year end.

6 ADMINISTRATION

The fund administration service is provided by JTC Group (JTC). They have extensive experience in administration. This enables Rezco to focus on what we do best, which is investing on behalf of clients. Rezco continues to manage client relationships, statutory aspects as well as monitor accuracy and performance of JTC.

Rand Merchant Bank Custody and Trustee Services, a division of FirstRand Bank Limited, the Funds' trustees, continues to monitor all four local fund portfolios.



7 REZCO VALUE TREND FUND

7.1 ABRIDGED INCOME STATEMENT

	2017	2016
NET INVESTMENT INCOME	R 279 876 495	R 232 572 251
Income Distributions		
28 February	R 155 133 547	R 66 528 606
31 August	R 124 742 948	R 166 043 645

7.2 BALANCE SHEET

	2017	2016
CAPITAL EMPLOYED	R 7 326 248 127	R 7 809 729 877
Capital Value of Portfolio	R 7 326 248 127	R 7 809 729 877
EMPLOYMENT OF CAPITAL	R 7 326 248 127	R 7 809 729 877
Non-Current Assets	R 4 669 668 760	R 3 753 188 030
Net Current Assets	R 2 656 579 367	R 4 056 541 847

7.3 GENERAL FACTS

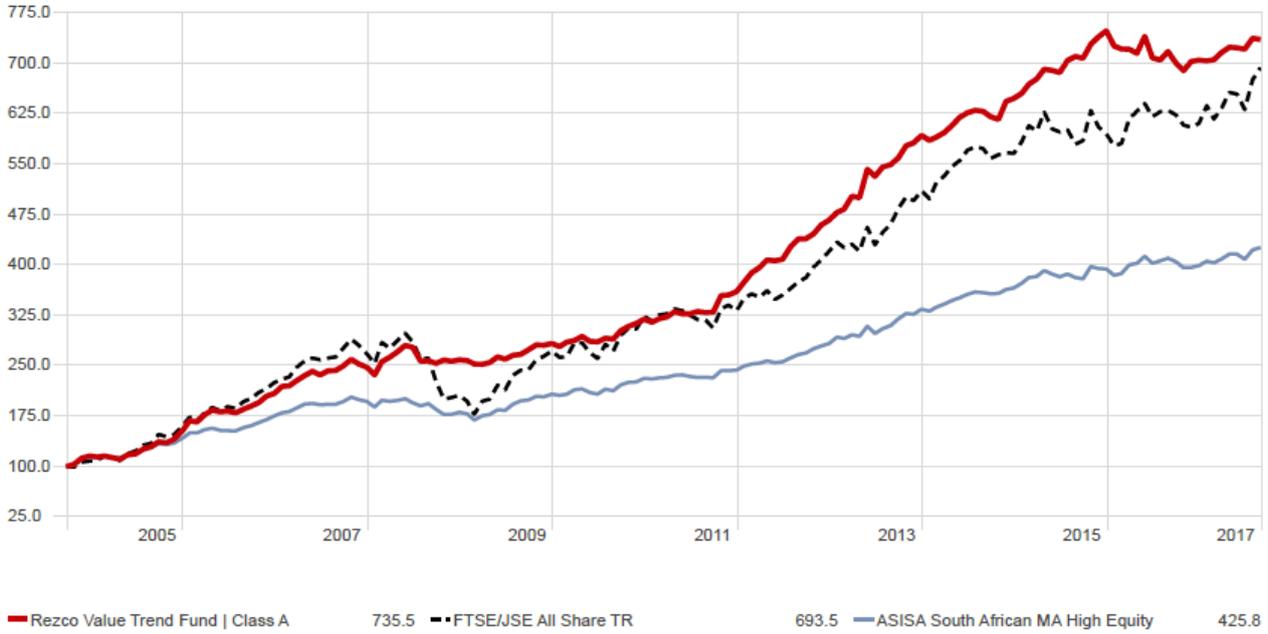
INVESTMENT TEAM	Wally Gray, Rob Spanjaard, Simon Sylvester & Jann Krynauw
FUND SIZE	R 7 446 772 362
FUND CATEGORY	ASISA SA Multi-Asset High Equity
YEAR END NAV PRICE	5758.01 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 7.5% in the out-performance above the benchmark (J203) up to max of 0.75%. Calculated on a rolling 1-year basis and only paid when rolling 1-year returns are positive.

7.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: 2004/10/01 to 2017/08/31

Currency: South African Rand Source Data: Total Return



ANNUALISED RETURNS

As of Date: 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Value Trend Fund Class A	2.5	5.4	10.9	11.7	16.7
FTSE/JSE All Share TR	10.2	6.6	13.1	10.2	16.2
ASISA South African MA High Equity	3.9	5.9	9.8	8.3	11.9

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2004/10/01 to 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: FTSE/JSE All Share TR ZAR

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio
Rezco Value Trend Fund Class A	-10.1	9.0	1.9	1.0
FTSE/JSE All Share TR	-40.4	15.0	1.0	0.6
ASISA South African MA High Equity	-16.8	7.4	0.9	0.6

Source: Morningstar

7.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio:RVTU
As at 31/08/2017

	Local Currency	Foreign Currency	Total
Equity	26.4%	21.0%	47.4%
Listed Property	5.8%	0.2%	6.0%
Bonds	1.1%		1.1%
Money Market	35.8%	5.4%	41.3%
Commodities	4.2%		4.2%
Derivatives		0.0%	0.0%
Total	73.4%	26.6%	100.0%

GICS SECTOR ALLOCATION

Commodities	4.2%
Consumer Discretionary	2.9%
Consumer Staples	3.9%
Energy	1.5%
Financials	22.1%
Health Care	3.3%
Industrials	5.5%
Information Technology	7.9%
Materials	6.2%
n/a	42.4%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
Discovery Ltd	Financials	ZAR	South Africa	9.3%
Redefine International PLC	Financials	ZAR	UK	5.0%
AngloGold Ashanti Ltd	Materials	ZAR	South Africa	4.4%
NewGold ETF	Commodities	ZAR	South Africa	4.2%
BID Corporation Ltd	Consumer Staples	ZAR	South Africa	3.9%
Investec PLC	Financials	ZAR	UK	2.5%
Lam Research Corp	Information Technology	USD	US	2.4%
Compagnie Financiere Richemont	Consumer Discretionary	ZAR	Switzerland	2.3%
FedEx Corp	Industrials	USD	US	2.3%
Mylan Inc	Health Care	USD	US	2.3%

8 REZCO MANAGED PLUS FUND

8.1 ABRIDGED INCOME STATEMENT

	2017	2016
NET INVESTMENT INCOME	R 24 932 063	R 21 663 410
Income Distributions		
28 February	R 15 414 087	R 5 332 601
31 August	R 9 517 976	R 16 330 809

8.2 BALANCE SHEET

	2017	2016
CAPITAL EMPLOYED	R 746 240 879	R 876 935 840
Capital Value of Portfolio	R 746 240 879	R 876 935 840
EMPLOYMENT OF CAPITAL	R 746 240 879	R 876 935 840
Non-Current Assets	R 562 322 340	R 524 666 870
Net Current Assets	R 183 918 539	R 352 268 970

8.3 GENERAL FACTS

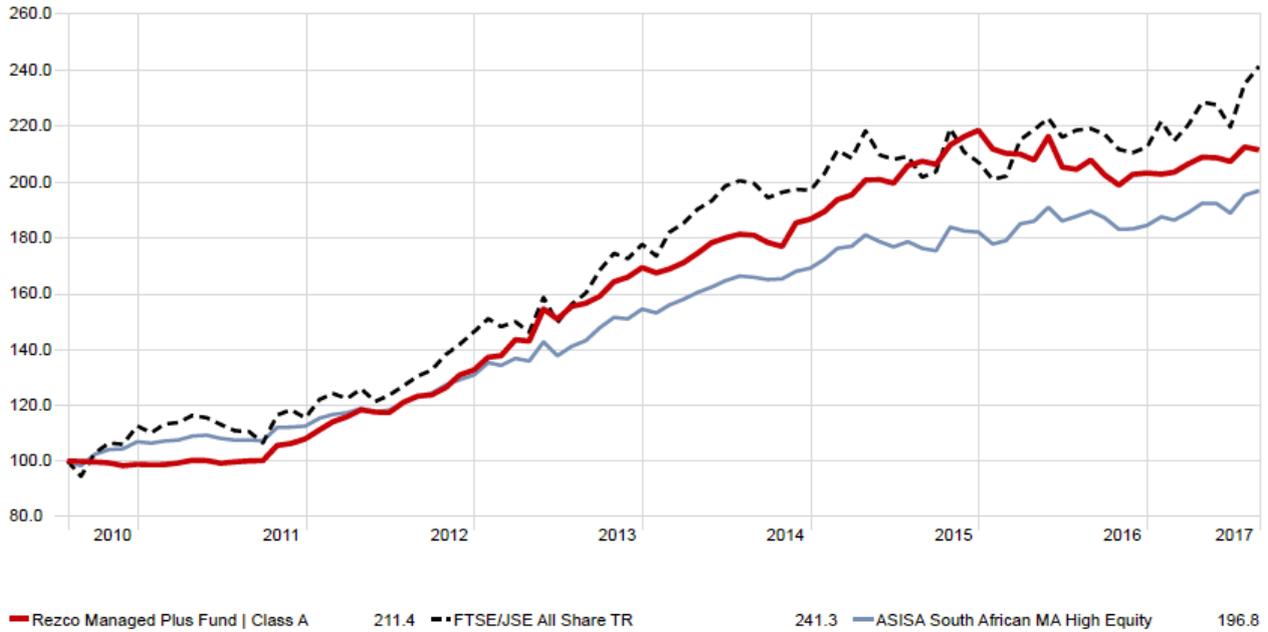
INVESTMENT TEAM	Wally Gray, Rob Spanjaard, Simon Sylvester & Jann Krynauw
FUND SIZE	R 757 956 797
FUND CATEGORY	ASISA SA Multi-Asset High Equity
YEAR END NAV PRICE	1922.20 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 12.5% in the out-performance above the benchmark (ASISA MA High Equity Peer Group Weighted Average) up to max of 1.25%. Calculated on a rolling 1-year basis and only paid when rolling 1-year returns are positive.

8.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: 2010/08/03 to 2017/08/31

Currency: South African Rand Source Data: Total Return



ANNUALISED RETURNS

As of Date: 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	2 Years	3 Years	5 Years	Since Inception
Rezco Managed Plus Fund Class A	1.8	1.0	5.3	11.4	11.3
FTSE/JSE All Share TR	10.2	9.4	6.6	13.1	14.3
ASISA South African MA High Equity	3.9	5.7	5.9	9.8	10.4

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2010/09/01 to 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: FTSE/JSE All Share TR ZAR

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio
Rezco Managed Plus Fund Class A	-9.0	6.7	1.3	0.7
FTSE/JSE All Share TR	-8.5	11.2	1.3	0.7
ASISA South African MA High Equity	-4.1	5.7	1.2	0.7

Source: Morningstar

8.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio:REPF
As at 31/08/2017

	Local Currency	Foreign Currency	Total
Equity	31.4%	20.8%	52.1%
Listed Property	8.4%	0.2%	8.6%
Bonds	3.0%		3.0%
Money Market	25.5%	4.0%	29.5%
Commodities	6.8%		6.8%
Derivatives		0.0%	0.0%
Total	75.0%	25.0%	100.0%

GICS SECTOR ALLOCATION

Commodities	6.8%
Consumer Discretionary	3.7%
Consumer Staples	4.8%
Energy	1.7%
Financials	25.9%
Health Care	4.0%
Industrials	5.3%
Information Technology	7.6%
Materials	7.8%
n/a	32.4%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
Discovery Ltd	Financials	ZAR	South Africa	9.4%
Redefine International PLC	Financials	ZAR	UK	5.6%
AngloGold Ashanti Ltd	Materials	ZAR	South Africa	5.0%
BID Corporation Ltd	Consumer Staples	ZAR	South Africa	4.8%
NewGold ETF	Commodities	ZAR	South Africa	4.6%
Investec PLC	Financials	ZAR	UK	3.8%
Mylan Inc	Health Care	USD	US	3.1%
Compagnie Financiere Richemont	Consumer Discretionary	ZAR	Switzerland	2.7%
Lam Research Corp	Information Technology	USD	US	2.4%
Mondi PLC	Materials	ZAR	Europe	2.3%

9 REZCO EQUITY FUND

9.1 ABRIDGED INCOME STATEMENT

	2017	2016
NET INVESTMENT INCOME	R 3 000 244	R 1 530 743
Income Distributions		
28 February	R 1 331 392	R 344 651
31 August	R 1 668 852	R 1 186 092

9.2 BALANCE SHEET

	2017	2016
CAPITAL EMPLOYED	R 127 461 854	R 59 775 322
Capital Value of Portfolio	R 127 461 854	R 59 775 322
EMPLOYMENT OF CAPITAL	R 127 461 854	R 59 775 322
Non-Current Assets	R 103 800 007	R 49 311 877
Net Current Assets	R 23 661 847	R 10 463 445

9.3 GENERAL FACTS

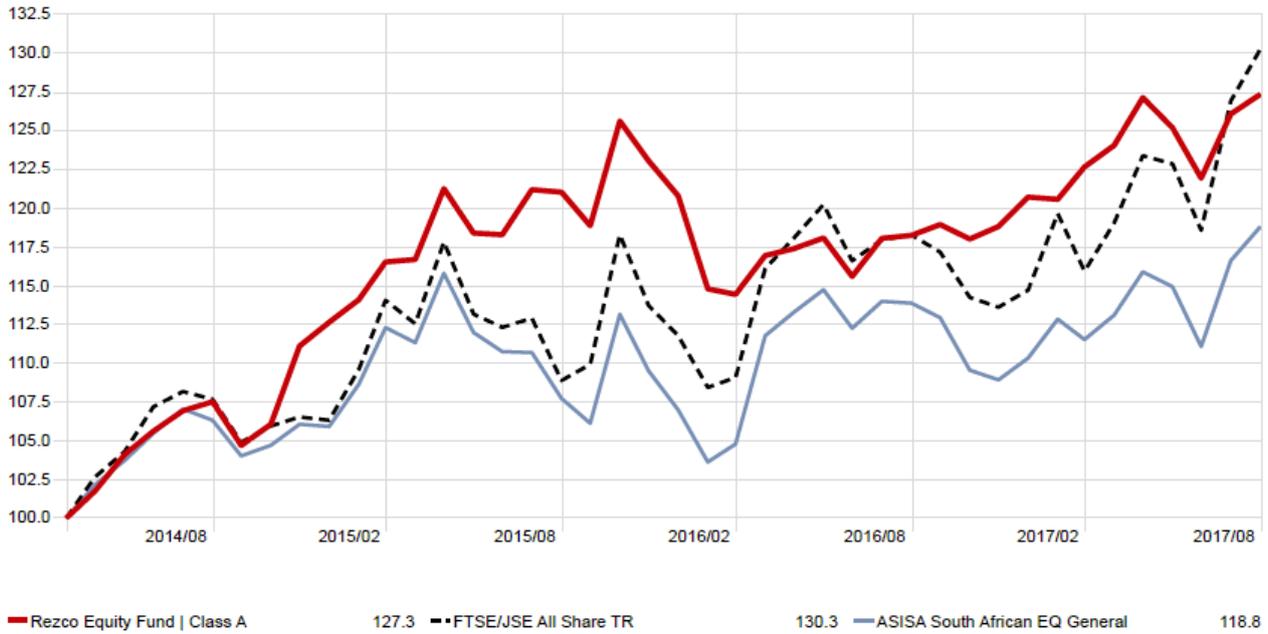
INVESTMENT TEAM	Wally Gray, Rob Spanjaard, Simon Sylvester
FUND SIZE	R 128 861 295
FUND CATEGORY	ASISA South African EQ General
YEAR END NAV PRICE	1170.39 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	0.65% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (J203) up to max of 1%, calculated on a rolling 1-year basis and only paid when rolling 1-year returns are positive.

9.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: 2014/04/01 to 2017/08/31

Currency: South African Rand Source Data: Total Return



RETURNS

As of Date: 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	6 Months	1 Year	2 Years (Ann.)	3 Years (Ann.)	Since Inception (Ann.)
Rezco Equity Fund Class A	3.8	7.7	2.6	5.8	7.3
FTSE/JSE All Share TR	12.4	10.2	9.4	6.6	8.0
ASISA South African EQ General	6.5	4.3	5.0	3.8	5.2

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2014/04/01 to 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: FTSE/JSE All Share TR ZAR

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio
Rezco Equity Fund Class A	-8.9	7.4	0.1	0.1
FTSE/JSE All Share TR	-8.3	10.3	0.2	0.2
ASISA South African EQ General	-10.5	8.8	-0.2	-0.1

Source: Morningstar

9.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio:REEF
As at 31/08/2017

	Local Currency	Total
Equity	57.7%	57.7%
Listed Property	13.4%	13.4%
Money Market	19.4%	19.4%
Commodities	9.5%	9.5%
Total	100.0%	100.0%

GICS SECTOR ALLOCATION

Commodities	9.5%
Consumer Discretionary	11.8%
Consumer Staples	3.9%
Energy	2.1%
Financials	28.0%
Health Care	2.2%
Materials	23.2%
n/a	19.4%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
Discovery Ltd	Financials	ZAR	South Africa	8.6%
Redefine International PLC	Financials	ZAR	UK	6.5%
Compagnie Financiere Richemont	Consumer Discretionary	ZAR	Switzerland	5.5%
Mondi PLC	Materials	ZAR	Europe	5.0%
New Gold Palladium ETF	Commodities	ZAR	South Africa	5.0%
Metair Investments Ltd	Consumer Discretionary	ZAR	South Africa	4.9%
NewGold ETF	Commodities	ZAR	South Africa	4.5%
AECI Ltd	Materials	ZAR	South Africa	4.4%
AngloGold Ashanti Ltd	Materials	ZAR	South Africa	4.4%
Investec Australia Property Fund	Financials	ZAR	South Africa	4.3%

10 REZCO STABLE FUND

10.1 ABRIDGED INCOME STATEMENT

	2017	2016
NET INVESTMENT INCOME	R 17 773 948	R 23 630 121
Income Distributions		
28 February	R 10 146 184	R 10 685 123
31 August	R 7 627 764	R 12 944 998

10.2 BALANCE SHEET

	2017	2016
CAPITAL EMPLOYED	R 322 522 188	R 559 556 695
Capital Value of Portfolio	R 322 522 188	R 559 556 695
EMPLOYMENT OF CAPITAL	R 322 522 188	R 559 556 695
Non-Current Assets	R 158 220 056	R 254 262 296
Net Current Assets	R 164 302 132	R 305 294 399

10.3 GENERAL FACTS

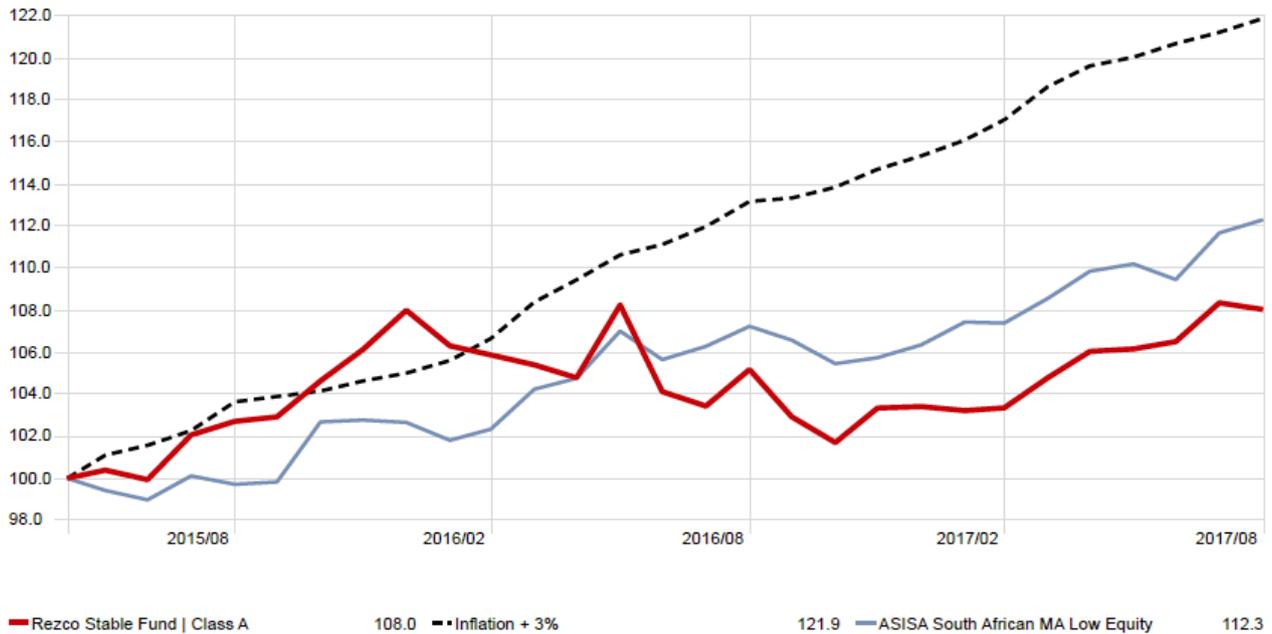
INVESTMENT TEAM	Wally Gray, Rob Spanjaard, Simon Sylvester & Jann Krynauw
FUND SIZE	R 330 253 501
FUND CATEGORY	ASISA SA Multi-Asset Low Equity
YEAR END NAV PRICE	1002.20 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.00% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (CPI + 3%) up to max of 1%. Calculated on a rolling 1-year basis and only paid when rolling 1-year returns are positive.

10.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: 2015/05/05 to 2017/08/31

Currency: South African Rand Source Data: Total Return



RETURNS

As of Date: 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	3 Months	6 Months	1 Year	2 Years (Ann.)	Since Inception (Ann.)
Rezco Stable Fund Class A	1.8	4.5	2.7	2.6	3.3
Inflation + 3%	1.5	4.1	7.7	8.4	8.7
ASISA South African MA Low Equity	1.9	4.6	4.7	6.1	5.6

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2015/06/01 to 2017/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: FTSE/JSE All Share TR ZAR

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio
Rezco Stable Fund Class A	-6.0	5.2	-0.8	-0.7
FTSE/JSE All Share TR ZAR	-8.3	11.3	0.0	0.0
ASISA South African MA Low Equity	-1.7	3.5	-0.6	-0.4

Source: Morningstar

10.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio: REST
As at 31/08/2017

	Local Currency	Foreign Currency	Total
Equity	12.9%	14.6%	27.5%
Listed Property	8.9%	0.2%	9.1%
Bonds	4.8%		4.8%
Money Market	45.5%	9.4%	55.0%
Commodities	3.6%		3.6%
Derivatives		0.0%	0.0%
Total	75.8%	24.2%	100.0%

GICS SECTOR ALLOCATION

Commodities	3.6%
Consumer Discretionary	1.1%
Consumer Staples	2.7%
Energy	0.6%
Financials	17.9%
Health Care	2.6%
Industrials	3.6%
Information Technology	5.0%
Materials	3.2%
n/a	59.8%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
Redefine International PLC	Financials	ZAR	UK	4.6%
Discovery Ltd	Financials	ZAR	South Africa	4.0%
Investec Australia Property Fund	Financials	ZAR	South Africa	4.0%
BID Corporation Ltd	Consumer Staples	ZAR	South Africa	2.7%
NewGold ETF	Commodities	ZAR	South Africa	2.5%
AngloGold Ashanti Ltd	Materials	ZAR	South Africa	2.1%
Mylan Inc	Health Care	USD	US	1.8%
Lam Research Corp	Information Technology	USD	US	1.6%
FedEx Corp	Industrials	USD	US	1.5%
Investec PLC	Financials	ZAR	UK	1.5%



11 INDEPENDENT AUDITOR'S REPORT

“TO THE SHAREHOLDERS OF REZCO COLLECTIVE INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Rezco Collective Investments Limited, as set out on pages 9 to 31, which comprise the statement of financial position as at 31 August 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rezco Collective Investments Limited as at 31 August 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards and further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based



on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of



our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



GRANT THORNTON CAPE INC.
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS (SA)

CRAIG KILIAN
Partner
Registered Auditor
Chartered Accountant (SA)
28 November 2017

106 PARK DRIVE
PORT ELIZABETH, 6001
TEL: +27 41 374 3222 / +27 41 374 3232
EMAIL: gtpe@gtec.co.za
WEBSITE: www.gt.co.za

12 TRUSTEE'S REPORT

Reg. No. 1929/001225/06
An Authorised Financial Services Provider



04 December 2017

The Directors
Rezco Collective Investments Ltd
146 Main Road
Walmer
Port Elizabeth
6001

Dear Sirs

TRUSTEE REPORT ON THE REZCO UNIT TRUST SCHEME

As Trustees to the Rezco Unit Trust Scheme (“the Scheme”), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) (“the Act”) to report to unitholders on the administration of the Scheme during each annual accounting period.

We advise for the period 1 September 2016 to 31 August 2017 we reasonably believe that the Manager has administered the Scheme in accordance with:

- (i) the limitations imposed on the investment and borrowing powers of the manager by the Act; and
- (ii) the provisions of the Act and the relevant deeds.

We confirm that according to the records available to us there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolio in the year.

Yours faithfully

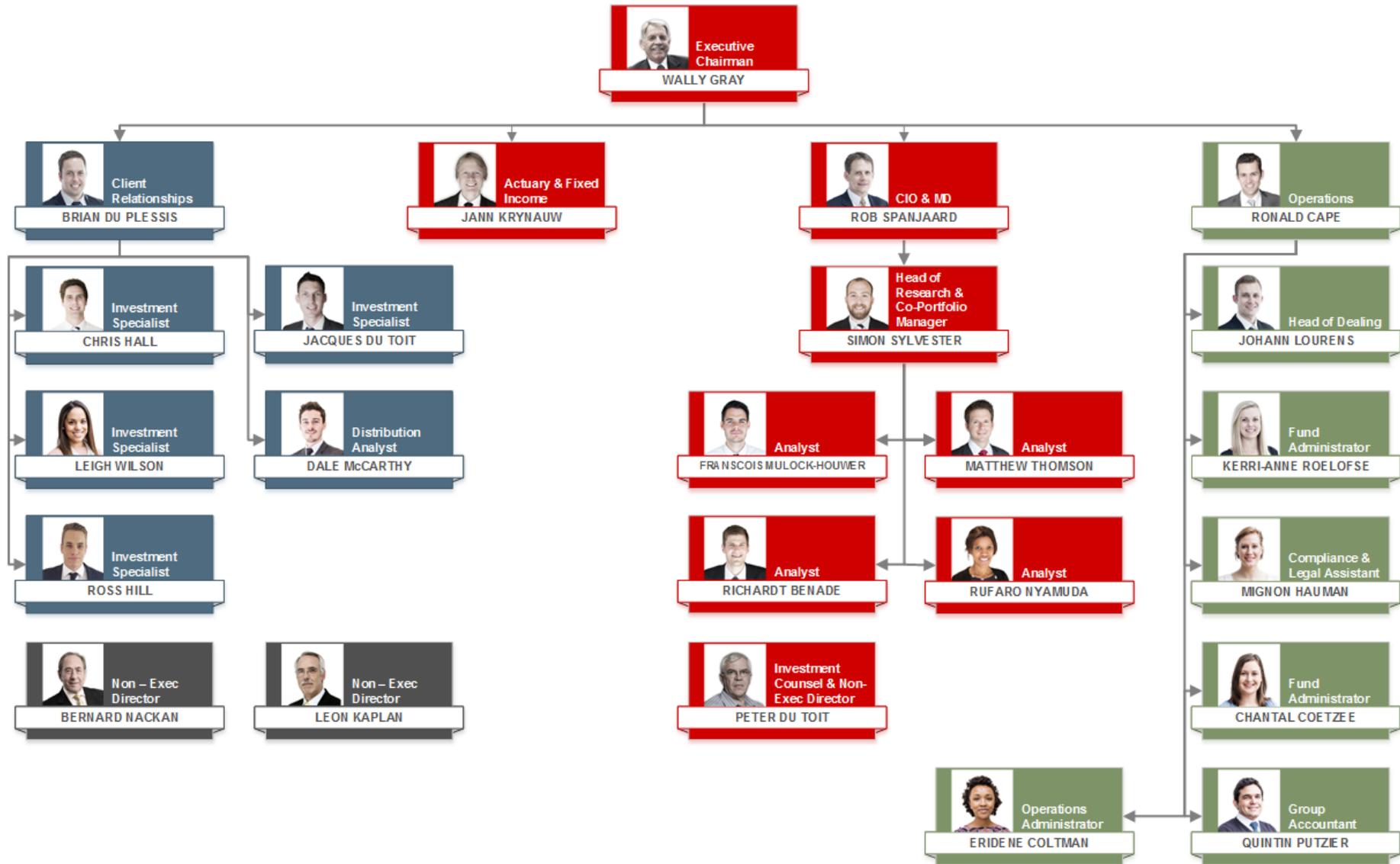
Nelia de Beer

Head Trustee Services

Marian Rutters

Operations Manager Trustee Services

13 TEAM



13.1 INVESTMENT TEAM

	<p>ROB SPANJAARD CHIEF INVESTMENT OFFICER B.COM. CTA</p>	<ul style="list-style-type: none"> \ Financial Mail reader stock picking competition winner \ Portfolio manager at Momentum Life. Top performing Unit Trust \ CEO and founder of JSE listed industrial company \ 18 years Portfolio Manager at Rezco
	<p>WALLY GRAY EXECUTIVE CHAIRMAN & CO-PORTFOLIO MANAGER B.SC. MBL (CUM LAUDE)</p>	<ul style="list-style-type: none"> \ Managed private client portfolios and pension funds \ Executive Director of investments at Sage Holdings, SA pioneer unit trust \ Executive Director of Union and London, JSE listed. Portfolio and Private Equity \ Founder of Rezco
	<p>JANN KRYNAUW FIXED INCOME PORTFOLIO MANAGER B.SC (HONS) ACTUARIAL SCIENCE</p>	<ul style="list-style-type: none"> \ Actuary \ Former senior investment consultant at Old Mutual Actuaries and Consultants \ Qualified Actuary with 13 years industry experience \ Winner Old Mutual Corporate – Innovation Award



13.2 MARKETING & CLIENT RELATIONSHIPS TEAM

	<p>BRIAN DU PLESSIS EXECUTIVE DIRECTOR – MARKETING & CLIENT RELATIONSHIPS B.COM (HONS)</p>		<ul style="list-style-type: none"> \\ Formerly Goldman Sachs London \\ 10 years' industry experience 		
	<p>LEIGH WILSON INVESTMENT SPECIALIST BA MEDIA, COMMUNICATIONS & CULTURE, PDBA</p>		<p>CHRIS HALL INVESTMENT SPECIALIST B.COM FINANCIAL MANAGEMENT</p>		<p>JACQUES DU TOIT INVESTMENT SPECIALIST B.COM (HONS), CFP®</p>
	<p>ROSS HILL INVESTMENT SPECIALIST B.COM (HONS)</p>		<p>DALE McARTHUR DISTRIBUTION ANALYST B.COM RAT (LAW) (CUM LAUDE), PG DIP FIN PLAN (CUM LAUDE), ADVANCED PG DIP FIN PLAN (CUM LAUDE), CFP®</p>		

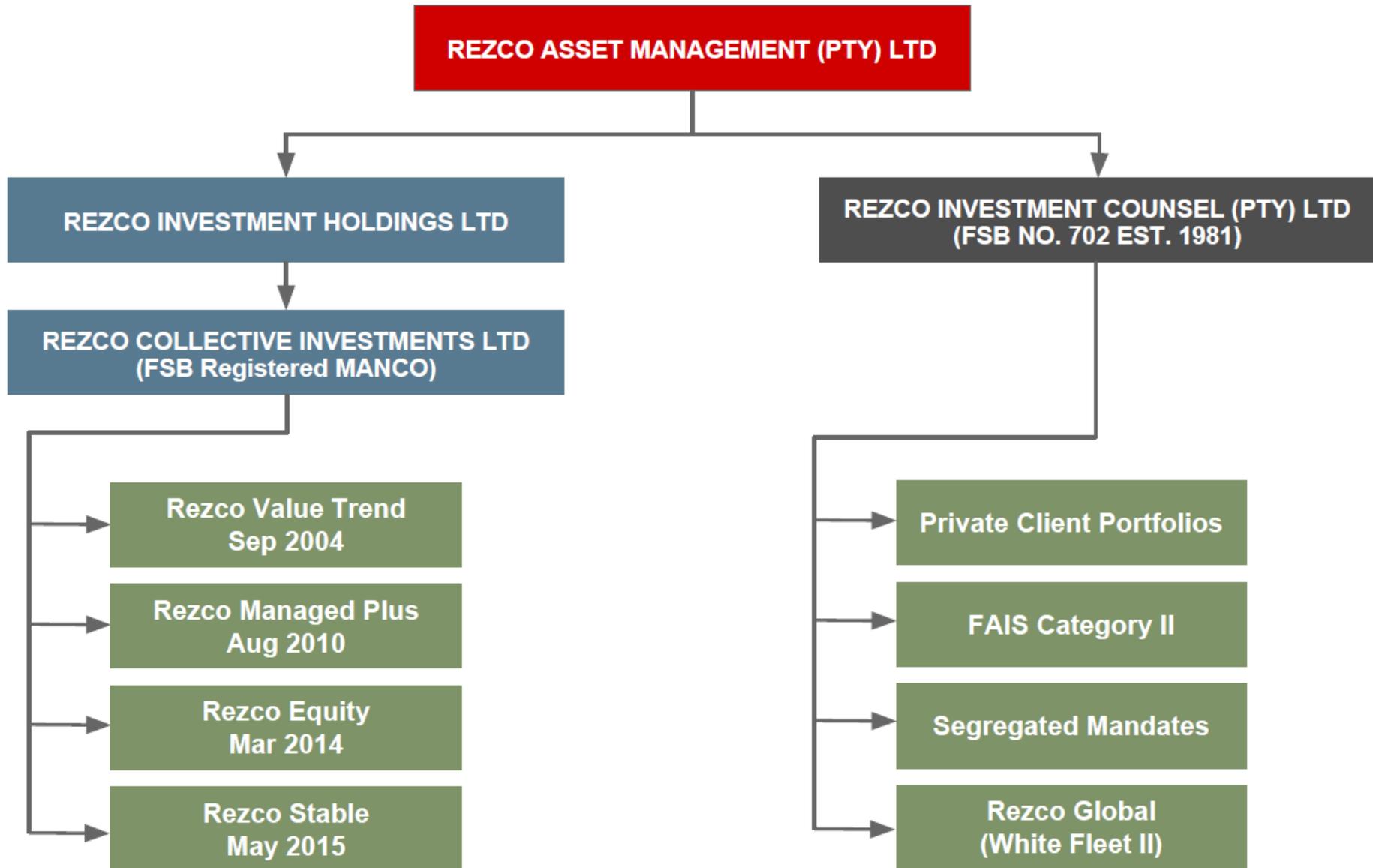
13.3 OPERATIONS TEAM

	<p>RONALD CAPE EXECUTIVE DIRECTOR – OPERATIONS B.COM, MBA</p>		<ul style="list-style-type: none"> \\ Highly experienced in all facets of asset management \\ Pricing and compliance \\ 13 years' industry experience 		
	<p>JOHANN LOURENS HEAD OF DEALING B.SC MATHS</p>		<p>KERRI-ANNE ROELOFSE FUND ADMINISTRATOR B.COM, PDGA</p>		<p>MIGNON HAUMAN COMPLIANCE & LEGAL ASSISTANT LLB, LLM (CUM LAUDE), ADMITTED ATTORNEY</p>
	<p>QUINTIN PUTZIER GROUP ACCOUNTANT B.COM (HONS), CA(SA)</p>		<p>CHANTAL COETZEE FUND ADMINISTRATOR B.COM ACCOUNTING</p>		<p>ERIDENE COLTMAN OPERATIONS ADMINISTRATOR N.DIP ACCOUNTING (In progress)</p>

13.4 NON-EXECUTIVE DIRECTORS

	<p>PETER DU TOIT NON-EXECUTIVE DIRECTOR B.COM (ECON), AEP (CUM LAUDE)</p>	<ul style="list-style-type: none"> \\ Former Chairman and current board member of the Investment Analysts Society \\ MD of Momentum Asset Management Executive Director RMBAM \\ 42 years' investment experience
	<p>BERNIE NACKAN NON-EXECUTIVE DIRECTOR BA (ECON) WITS, SEP STANFORD</p>	<ul style="list-style-type: none"> \\ Past Executive Director of the Sage Group and Managing Director of Sage Unit Trusts \\ Past Chairman of Association of Unit Trusts, now ASISA \\ FSB relationship: Served on CIS Advisory Committee appointed by Minister of Finance \\ Non-Executive Director of Redefine SA and UK
	<p>LEON KAPLAN NON-EXECUTIVE DIRECTOR B.COM (HONS), CA(SA)</p>	<ul style="list-style-type: none"> \\ Past Financial Director of the Sage Group \\ Project Leader of SAICA's Project with the Department of Higher Education \\ Trustee of the MTN Group Share Trust \\ Past Chairman of the Audit Committee of the Department of Science and Technology and is a member of their Risk Management Committee \\ Member of SAICA and the Institute of Directors in Southern Africa

14 COMPANY STRUCTURE





15 SERVICE PROVIDERS

- \ Custodian and Trustee – Rand Merchant Bank www.rmb.co.za
- \ Auditors - Grant Thornton Cape Incorporated www.gt.co.za
- \ External Compliance Officer – Independent Compliance Services www.complianceservices.co.za
- \ External Pricing and Administration – JTC Group <https://www.jtcgroup.com/>
- \ Insurances – Professional Indemnity R150m | Key-man R25m
- \ Third party pricing verification – Opacity Oversight Services www.opacityoversight.co.za/

16 LEGAL NOTICES

Performance data is based on a lump sum investment calculated on a net asset value (NAV) to NAV basis where distributions may be reinvested for certain classes of funds. Collective investment schemes may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be realised to repurchase or cancel participatory interests.

Minimum investment amounts may be raised in the future at the discretion of the asset manager. The decision on asset allocation is made by the asset manager and not by the client.

It is a requirement of CISCA that a management company of the collective investment scheme be rigorously monitored by a trustee. In the case of Rezco Collective Investments Ltd, Rand Merchant Bank has custody of all the unit trusts' assets through their nominee company. Rand Merchant Bank, in their capacity as trustee, monitors and authorises all transactions and oversees compliance of the scheme in accordance with CISCA.

17 COMMUNICATION WITH INVESTORS

Statements are sent to all unit holders on a monthly basis, in addition to confirmation of transactions. General information about the company and its products and services is provided by Rezco Collective Investments Ltd.

COMPANY DETAILS:

OPERATIONS OFFICE: PORT ELIZABETH	146 Main Road Walmer Port Elizabeth 6001 Tel: +27 41 581 1525
HEAD OFFICE: JOHANNESBURG	Unit 33A, 4 th Floor, Katherine & West Building 114 West Street Sandton 2196 South Africa
SATELLITE OFFICE: CAPE TOWN	1 st Floor, The Colosseum Building Century Way Century City 7441 South Africa

18 DISCLAIMER

PRESERVING CAPITAL* & CREATING WEALTH

***While the portfolio manager will attempt to minimise risk, it is possible that the investor could incur losses, including the loss of principal invested.**

Unit trusts are medium to long term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and may engage in borrowing. Unit trusts are not normally taxed as traders but this cannot be guaranteed. General information about the company and its products and services is provided by Rezco Collective Investments Ltd. Actual annual figures are available to the investor on request. No guarantees about the suitability or potential value of any information or particular investment source are given by Rezco Collective Investments Ltd. The information in this document does not constitute any form of advice. A registered financial advisor should be consulted prior to taking any investment decision. A schedule of fees, charges and maximum commissions, as well as annual financial statements is available on request from the Manager. Performance is calculated for the portfolios; however, individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The portfolios are valued each day at 15h00 and the cut-off time for submission of transactions is 14h00. Prices are calculated and published on each business day. In order to obtain additional information, you may visit our website www.rezco.co.za or contact us on 0861 739 468. Nothing contained in the content of our document constitutes a solicitation, recommendation, endorsement or offer by Rezco: it is merely an invitation to do business. Rezco Collective Investments Ltd is a member of the Association for Savings and Investments SA (ASISA).