



ANNUAL INVESTOR COMMUNICATION

FINANCIAL YEAR END

AUGUST 2019

T \ +27 41 581 1525

E \ INFO@REZCO.CO.ZA

A \ 146 MAIN ROAD, WALMER, PORT ELIZABETH, 6001

W \ WWW.REZCO.CO.ZA



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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 CHIEF INVESTMENT OFFICER: ROB SPANJAARD

The financial year ended August 2019 has been characterised by a profound tension between globally synchronised, stimulative and market supporting monetary policy, and heightened geopolitical risks, notably US/China. These two opposing forces combined poorly with a market, which, due to being late-cycle and flows-driven (passive, quants etc.), was very sensitive to changes in sentiment and newsflow. Risks are high as correlations rise in a market sell-off, and given South Africa is an emerging market, foreign selling of bonds correlates with the falling equity market. The reverse happens on short-term good news. This resulted in a sideways and volatile market.

Given the risks, Rezco’s funds were positioned cautiously, generally lagging on the upswing but outperforming when markets fell. We are pleased that for the year ended August 2019, the funds outperformed peers and their benchmarks, but in the low return environment, returns were lower than the long-term targets of inflation beating returns. The Rezco Equity Fund’s return for the year was 1.8% compared to peers at -6.1% and the market index at -2.6%. The Rezco Stable Fund also had a good year with performance of 6.6% beating peers at 2.9%, but slightly lower than inflation plus returns needed over the longer term. The performance of the balanced funds, the Rezco Value Trend Fund at -1.6% and the Rezco Managed Plus Fund at 0.2% compares with peers at -1.6% and the All Share Index at -2.6%.

A key part of our defensive strategy has been around trading in a sideways market. This is about

cautiously taking small, incremental risks where the returns add up over time – internally we call it by a cricket analogy of “hitting singles”. We are not trying to take high risks by trading; on the contrary, we are trying to reduce risk by selling out of shares when they hit peaks. The moves are small and incremental, but they add up. We have discussed this in detail in our quarterly newsletters.

Being benchmark agnostic means there is a high hurdle for a company to be included in the portfolio – this fundamental research



has helped us avoid some of the “landmines” on the JSE and added to the risk-adjusted returns of the funds. The funds held a high weight in platinum miners; this core theme (based on higher standards globally on emission controls) has performed exceptionally and is a core contributor to the significant outperformance of the Rezco Equity Fund over peers.

Looking forward, we cannot claim to have a perfect view of the world and the outcomes of the major risks (macro-economic, geopolitical and unknowns); the probabilities are uncertain and changing. What we are confident in, however, is that we have the right team, process, philosophy and tools to operate in what is a very difficult market for active managers. As markets are changing, the challenge of staying ahead means



an agile approach, use of the best tech available (including machine learning), having a core set of skills based on a philosophy that works, and not getting caught up in the noise. We are near the beginning of what we hope will be a good period of outperformance, and we are confident that our outperformance is not a function of chance but rather skill, use of better tech and process – our long-term track record supports this.

The core of our business is to deliver risk-adjusted returns to our investors. It is what drives us as a business and is what we are personally passionate about. We thus take this opportunity to once again thank you for your continued support of Rezco. We hope that over time we will deliver returns that support your personal wealth creation, whether for a comfortable retirement or to meet personal savings objectives.

5 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.



6 REZCO VALUE TREND FUND

6.1 ABRIDGED INCOME STATEMENT

	2019	2018
NET INVESTMENT INCOME	R 131 480 476	R 144 851 401
Income Distributions		
28 February	R 56 095 023	R 51 195 466
31 August	R 75 385 453	R 93 655 935

6.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2019	2018
CAPITAL EMPLOYED	R 4 947 879 585	R 5 817 570 322
Capital Value of Portfolio	R 4 947 879 585	R 5 817 570 322
EMPLOYMENT OF CAPITAL	R 4 947 879 585	R 5 817 570 322
Non-Current Assets	R 3 426 453 112	R 4 309 267 571
Net Current Assets	R 1 521 426 473	R 1 508 302 751

6.3 GENERAL FACTS

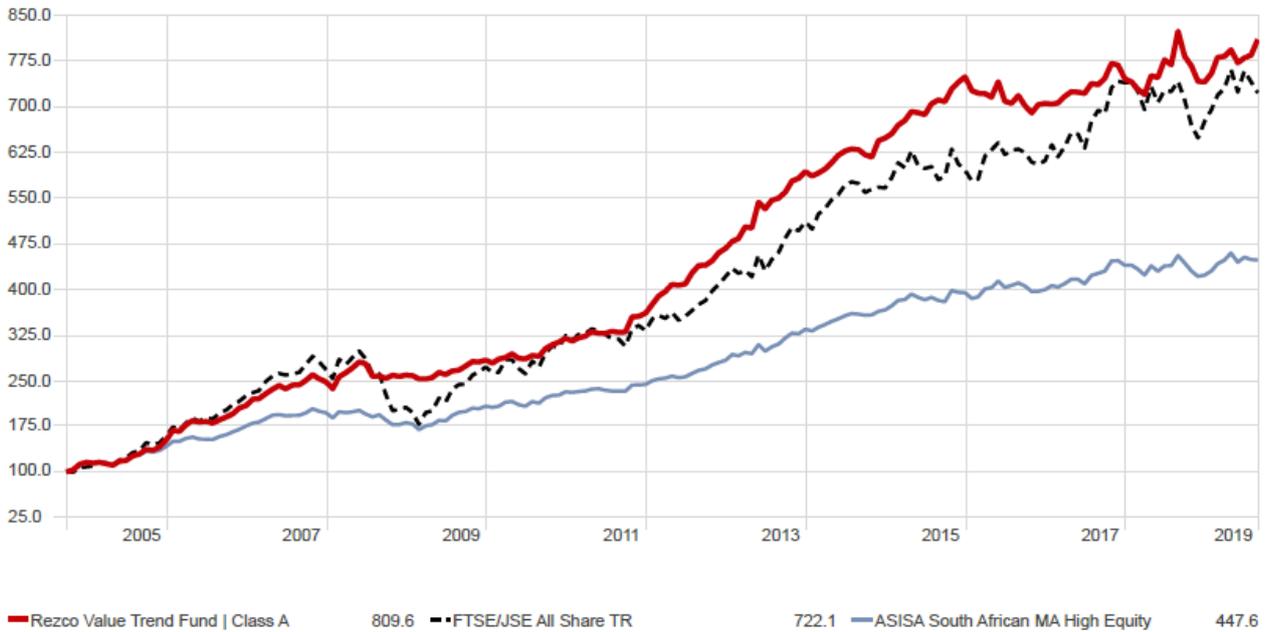
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 5 034 493 649
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	6076.53 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 7.5% in the out-performance above 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.

6.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2004/10/01) to 2019/08/31

Currency: South African Rand Source Data: Total Return



ANNUALISED RETURNS

As of Date: 2019/08/31 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	-1.6	4.1	5.2	11.7	15.1
FTSE/JSE All Share TR	-2.6	4.7	4.7	11.5	14.2
ASISA South African MA High Equity	-1.6	3.0	4.5	8.5	10.6

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2004/10/01) to 2019/08/31 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	9.2	1.5	0.8
FTSE/JSE All Share TR	-40.4	14.7	0.8	0.5
ASISA South African MA High Equity	-16.8	7.4	0.7	0.4

Source: Morningstar

6.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

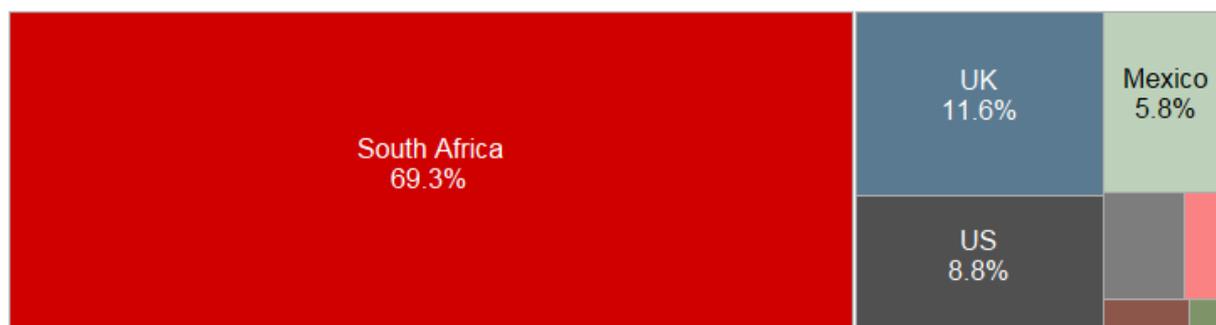
Portfolio:RVTU
As at 30/08/2019

	Local Currency	Foreign Currency	Total
Equity	26.8%	7.5%	34.3%
Listed Property	4.5%		4.5%
Bonds		9.1%	9.1%
Money Market	27.7%	10.4%	38.1%
Commodities	12.7%	1.2%	14.0%
Total	71.7%	28.3%	100.0%

GICS SECTOR ALLOCATION

Commodities	14.0%
Consumer Discretionary	3.0%
Consumer Staples	0.1%
Financials	9.4%
Health Care	0.0%
Industrials	4.5%
Information Technology	0.7%
Materials	21.0%
n/a	47.2%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
NewGold ETF	Commodities	ZAR	South Africa	6.8%
Northam Platinum Ltd	Materials	ZAR	South Africa	6.3%
New Gold Platinum ETF	Commodities	ZAR	South Africa	5.9%
Mexico Government Mbono 8.5%	n/a	MXN	Mexico	5.8%
Sibanye Gold Ltd	Materials	ZAR	South Africa	5.4%
Discovery Ltd	Financials	ZAR	South Africa	4.1%
African Rainbow Minerals Ltd	Materials	ZAR	South Africa	3.8%
Sappi Ltd	Materials	ZAR	South Africa	3.0%
RDI REIT P.L.C.	Financials	ZAR	UK	2.4%
US T-Bill 1.25% 2020-02-29	n/a	USD	US	2.3%

7 REZCO MANAGED PLUS FUND

7.1 ABRIDGED INCOME STATEMENT

	2019	2018
NET INVESTMENT INCOME	R 12 251 227	R 14 445 070
Income Distributions		
28 February	R 3 482 752	R 8 014 580
31 August	R 8 768 475	R 6 430 490

7.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2019	2018
CAPITAL EMPLOYED	R 600 260 687	R 571 055 960
Capital Value of Portfolio	R 600 260 687	R 571 055 960
EMPLOYMENT OF CAPITAL	R 600 260 687	R 571 055 960
Non-Current Assets	R 395 936 800	R 482 655 524
Net Current Assets	R 204 323 887	R 88 400 436

7.3 GENERAL FACTS

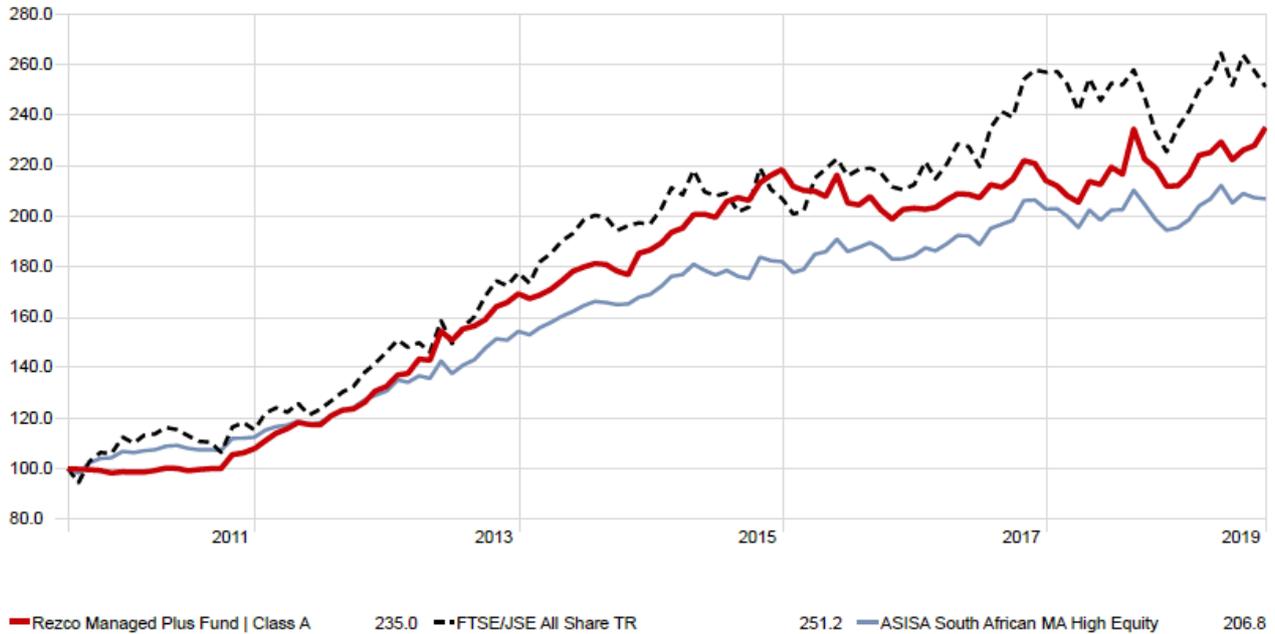
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 609 641 302
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	2060.46 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 12.5% in the out-performance above the 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.

7.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2010/08/03) to 2019/08/31

Currency: South African Rand Source Data: Total Return



ANNUALISED RETURNS

As of Date: 2019/08/31 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	0.2	5.4	4.2	5.4	10.0
FTSE/JSE All Share TR	-2.6	2.0	4.7	4.7	11.5
ASISA South African MA High Equity	-1.6	2.5	3.0	4.5	8.6

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2010/08/01) to 2019/08/31 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	-9.7	7.6	0.8	0.5
FTSE/JSE All Share TR	-12.6	11.5	0.7	0.5
ASISA South African MA High Equity	-7.5	6.2	0.5	0.4

Source: Morningstar

7.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio:REPF
As at 30/08/2019

	Local Currency	Foreign Currency	Total
Equity	27.9%	6.3%	34.2%
Listed Property	4.3%		4.3%
Bonds	0.3%	8.4%	8.7%
Money Market	29.1%	11.0%	40.1%
Commodities	11.6%	1.0%	12.6%
Total	73.3%	26.7%	100.0%

GICS SECTOR ALLOCATION

Commodities	12.6%
Consumer Discretionary	2.5%
Financials	9.0%
Industrials	3.9%
Information Technology	0.6%
Materials	22.6%
n/a	48.8%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
NewGold ETF	Commodities	ZAR	South Africa	6.5%
Mexico Government Mbono 8.5%	n/a	MXN	Mexico	5.6%
Northam Platinum Ltd	Materials	ZAR	South Africa	5.0%
New Gold Platinum ETF	Commodities	ZAR	South Africa	5.0%
Sibanye Gold Ltd	Materials	ZAR	South Africa	4.8%
Discovery Ltd	Financials	ZAR	South Africa	4.0%
African Rainbow Minerals Ltd	Materials	ZAR	South Africa	3.5%
Zambezi Plat RF Ltd	Materials	ZAR	South Africa	2.6%
Royal Bafokeng Platinum Ltd	Materials	ZAR	South Africa	2.6%
Sappi Ltd	Materials	ZAR	South Africa	2.4%

8 REZCO EQUITY FUND

8.1 ABRIDGED INCOME STATEMENT

	2019	2018
NET INVESTMENT INCOME	R 8 967 466	R 8 552 742
Income Distributions		
28 February	R 2 272 210	R 3 307 889
31 August	R 6 695 256	R 5 244 853

8.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2019	2018
CAPITAL EMPLOYED	R 367 435 069	R 267 259 272
Capital Value of Portfolio	R 367 435 069	R 267 259 272
EMPLOYMENT OF CAPITAL	R 367 435 069	R 267 259 272
Non-Current Assets	R 338 464 633	R 216 685 439
Net Current Assets	R 28 970 436	R 50 573 833

8.3 GENERAL FACTS

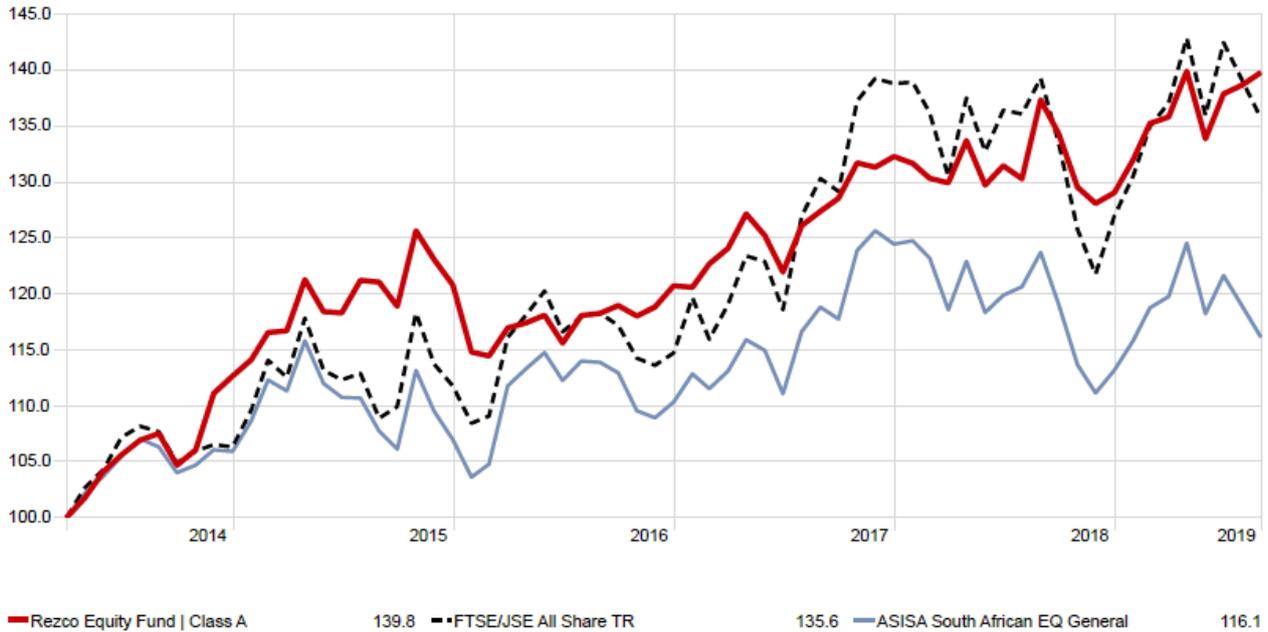
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 375 591 052
FUND CATEGORY	ASISA South African Equity General
YEAR END NAV PRICE	1225.59 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	0.65% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (J203) up to max of 1%, calculated on a rolling 1-year basis and only paid when rolling 1-year returns are positive.

8.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2014/04/01) to 2019/08/31

Currency: South African Rand Source Data: Total Return



RETURNS

As of Date: 2019/08/31 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	3.4	1.8	4.8	5.7	6.4
FTSE/JSE All Share TR	0.5	-2.6	2.0	4.7	5.8
ASISA South African EQ General	-2.2	-6.1	-1.1	0.7	2.8

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2014/04/01) to 2019/08/31 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	7.6	-0.1	0.0
FTSE/JSE All Share TR	-12.6	11.1	-0.1	-0.1
ASISA South African EQ General	-11.5	9.3	-0.5	-0.4

Source: Morningstar

8.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio: REEF
As at 30/08/2019

	Local Currency	Total
Equity	76.3%	76.3%
Listed Property	3.1%	3.1%
Money Market	9.4%	9.4%
Commodities	11.2%	11.2%
Total	100.0%	100.0%

GICS SECTOR ALLOCATION

Commodities	11.2%
Consumer Staples	12.7%
Financials	22.1%
Health Care	1.5%
Industrials	2.3%
Information Technology	2.2%
Materials	38.5%
n/a	9.4%
Total	100.0%

TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
New Gold Platinum ETF	Commodities	ZAR	South Africa	5.8%
Pan African Resources Plc	Materials	ZAR	South Africa	5.7%
NewGold ETF	Commodities	ZAR	South Africa	5.4%
BID Corporation Ltd	Consumer Staples	ZAR	South Africa	5.1%
Sibanye Gold Ltd	Materials	ZAR	South Africa	4.6%
Transaction Capital Ltd	Financials	ZAR	South Africa	4.5%
Royal Bafokeng Platinum Ltd	Materials	ZAR	South Africa	4.5%
Northam Platinum Ltd	Materials	ZAR	South Africa	4.3%
Alexander Forbes Group Ltd	Financials	ZAR	South Africa	3.8%
Discovery Ltd	Financials	ZAR	South Africa	3.8%

9 REZCO STABLE FUND

9.1 ABRIDGED INCOME STATEMENT

	2019	2018
NET INVESTMENT INCOME	R 4 656 927	R 6 151 559
Income Distributions		
28 February	R 2 294 730	R 3 886 805
31 August	R 2 362 197	R 2 264 754

9.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2019	2018
CAPITAL EMPLOYED	R 107 791 920	R 111 835 557
Capital Value of Portfolio	R 107 791 920	R 111 835 557
EMPLOYMENT OF CAPITAL	R 107 791 920	R 111 835 557
Non-Current Assets	R 48 176 645	R 61 851 937
Net Current Assets	R 59 615 275	R 49 983 620

9.3 GENERAL FACTS

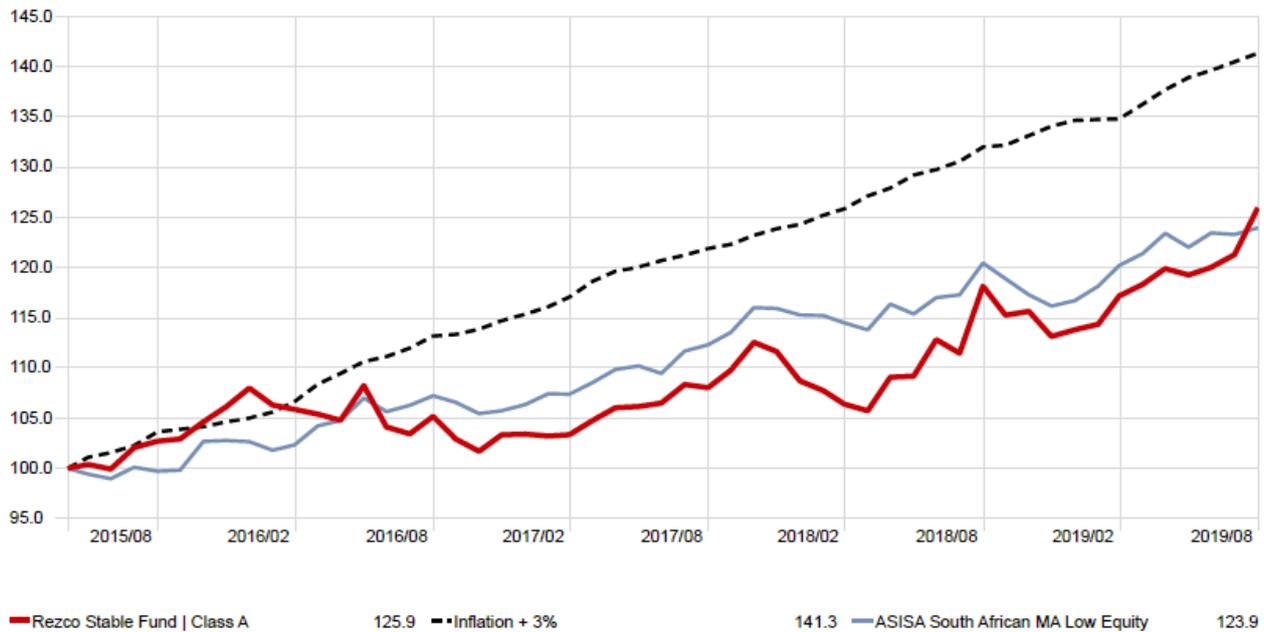
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 110 238 181
FUND CATEGORY	ASISA South African Multi-Asset Low Equity
YEAR END NAV PRICE	1079.87 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.00% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the 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.

9.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2015/05/05) to 2019/08/31

Currency: South African Rand Source Data: Total Return



RETURNS

As of Date: 2019/08/31 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	5.6	7.5	6.6	8.0	5.5
Inflation + 3%	1.7	4.8	7.1	7.7	8.2
ASISA South African MA Low Equity	1.6	3.1	2.9	5.1	5.3

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2015/06/01 to 2019/08/31 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	-6.1	6.3	-0.3	-0.2
FTSE/JSE All Share TR ZAR	-12.6	11.7	-0.3	-0.2
ASISA South African MA Low Equity	-3.6	3.8	-0.6	-0.5

Source: Morningstar

9.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

Portfolio: REST
As at 30/08/2019

	Local Currency	Foreign Currency	Total
Equity	14.2%	4.6%	18.8%
Listed Property	3.7%		3.7%
Bonds	3.0%	5.6%	8.6%
Money Market	46.4%	13.5%	59.9%
Commodities	8.3%	0.8%	9.0%
Total	75.6%	24.4%	100.0%

GICS SECTOR ALLOCATION

Commodities	9.0%
Consumer Discretionary	1.8%
Consumer Staples	0.4%
Financials	4.9%
Industrials	2.0%
Information Technology	0.4%
Materials	12.9%
n/a	68.5%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
NewGold ETF	Commodities	ZAR	South Africa	5.9%
Zambezi Plat RF Ltd	Materials	ZAR	South Africa	5.0%
Mexico Government Mbono 8.5%	n/a	MXN	Mexico	3.5%
Sibanye Gold Ltd	Materials	ZAR	South Africa	3.2%
Investec Australia Property Fund	Financials	ZAR	South Africa	2.5%
New Gold Platinum ETF	Commodities	ZAR	South Africa	2.4%
Standard Bank SBS41 9.98%	n/a	ZAR	South Africa	2.0%
Northam Platinum Ltd	Materials	ZAR	South Africa	1.8%
Pan African Resources Plc	Materials	ZAR	South Africa	1.7%
US T-Bill 1.25% 2020-02-29	n/a	USD	US	1.4%

10 REZCO GLOBAL FLEXIBLE FEEDER FUND

10.1 ABRIDGED INCOME STATEMENT

	2019	
NET INVESTMENT INCOME	R 0	
Income Distributions		
28 February	R 0	
31 August	R 0	

10.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2019	
CAPITAL EMPLOYED	R 1 137 231	
Capital Value of Portfolio	R 1 137 231	
EMPLOYMENT OF CAPITAL	R 1 137 231	
Non-Current Assets	R 1 125 129	
Net Current Assets	R 12 102	

10.3 GENERAL FACTS

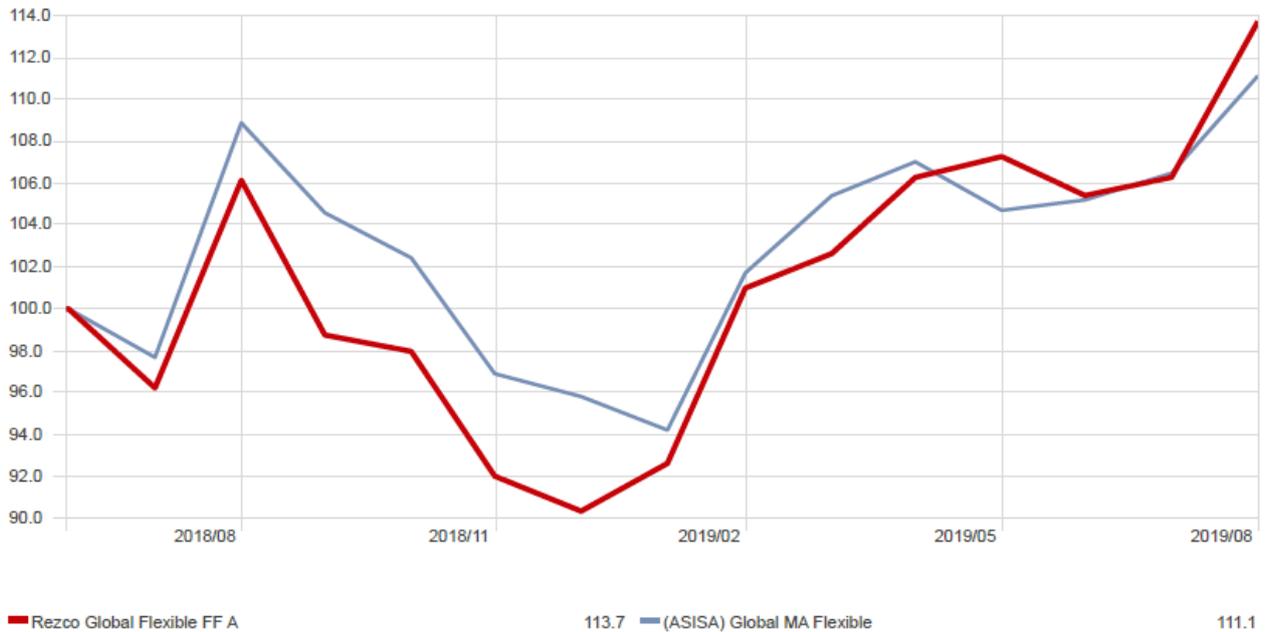
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 1 151 730
FUND CATEGORY	ASISA Global Multi-Asset Flexible
YEAR END NAV PRICE	1137.23 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	No management fee is charged at feeder fund level.
PERFORMANCE FEE	No performance fee is charged at feeder fund level.

10.4 PERFORMANCE FIGURES

CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2018/06/30) to 2019/08/31

Currency: South African Rand Source Data: Total Return



ANNUALISED RETURNS

As of Date: 2019/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Global Flexible FF A	7.1				11.7
(ASISA) Global MA Flexible	2.1	5.6	9.1	11.3	9.5

DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2018/07/01) to 2019/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: MSCI ACWI GR USD

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio
Rezco Global Flexible FF A	-14.9	18.0	0.5	0.3
(ASISA) Global MA Flexible	-13.5	16.2	0.4	0.2

Source: Morningstar

10.5 PORTFOLIO ALLOCATIONS

ASSET ALLOCATION

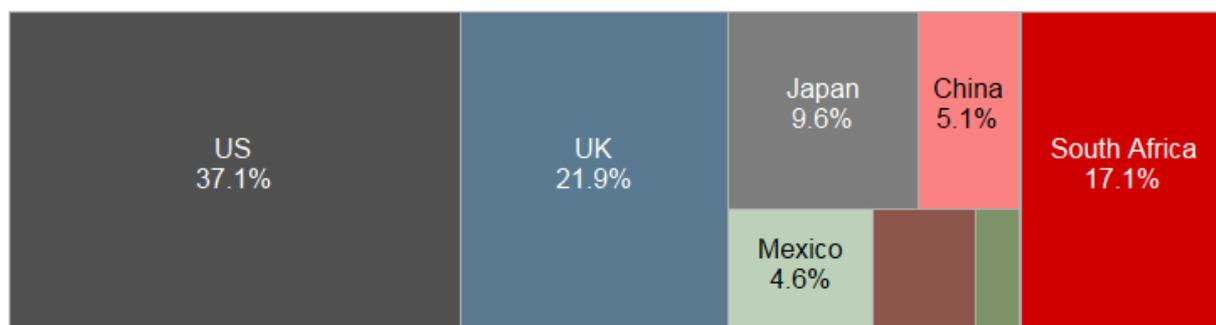
Portfolio:REGFF
As at 30/08/2019

	Local Currency	Foreign Currency	Total
Equity	11.4%	32.0%	43.4%
Bonds		19.0%	19.0%
Money Market	1.1%	26.5%	27.6%
Commodities	4.7%	5.3%	10.0%
Total	17.1%	82.9%	100.0%

GICS SECTOR ALLOCATION

Commodities	10.0%
Consumer Discretionary	13.0%
Financials	2.0%
Industrials	14.1%
Information Technology	2.8%
Materials	11.4%
n/a	46.6%
Total	100.0%

COUNTRY EXPOSURE



TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
US T-Bill 1.25% 2020-02-29	n/a	USD	US	9.8%
Aberdeen Standard Platinum	Commodities	USD	US	5.3%
Brilliance China Automotive	Consumer Discretionary	HKD	China	5.1%
Raytheon Co	Industrials	USD	US	4.9%
Sony Corp ADR	Consumer Discretionary	USD	Japan	4.9%
Northam Platinum Ltd	Materials	ZAR	South Africa	4.7%
NewGold ETF	Commodities	ZAR	South Africa	4.7%
US T-Bill 1.375% 2019-09-30	n/a	USD	US	4.6%
Mexico Government Mbono 8.5%	n/a	MXN	Mexico	4.6%
Sibanye Gold Ltd	Materials	ZAR	South Africa	3.8%



11 INDEPENDENT AUDITOR'S REPORT

“TO THE SHAREHOLDER OF REZCO COLLECTIVE INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Rezco Collective Investments Limited, as set out on pages 10 to 43 which comprise the statement of financial position as at 31 August 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2019, 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 are 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together with the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. 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 information included in the document titled “Rezco Collective Investments Limited Annual Financial Statements for the year ended 31 August 2019”, which includes the Director's Report and the Detailed Income Statement 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.



BDO SOUTH AFRICA INCORPORATED
REGISTERED AUDITORS

CRAIG KILIAN
Partner
Registered Auditor
29 November 2019

106 PARK DRIVE ST GEORGES PARK
PORT ELIZABETH, 6001
TEL: +27 41 374 3222 / +27 41 374 3232
WEBSITE: www.bdo.co.za

12 TRUSTEE'S REPORT

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



05 December 2019

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 2018 to 31 August 2019 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 Portfolios in the year.

Yours faithfully



Ruan van Dyk
Quality Assurance Managers Trustee Services
Rand Merchant Bank
A division of FirstRand Bank Limited



Marian Rutters
Operations Manager Trustee Services
Rand Merchant Bank
A division of FirstRand Bank Limited

13 TEAM

13.1 PORTFOLIO MANAGERS

	<p>ROB SPANJAARD CEO & CIO B.COM. CTA</p>	<ul style="list-style-type: none">Financial Mail reader stock picking competition winnerPortfolio manager at Momentum Life. Top performing Unit TrustCEO and founder of JSE listed industrial company20 years Portfolio Manager at Rezco
	<p>SIMON SYLVESTER HEAD OF RESEARCH & CO-PORTFOLIO MANAGER B.BUS SCIENCE (HONS), CFA, CIPM</p>	<ul style="list-style-type: none">Simon joined Rezco in 2015, with previous experience at Deutsche Bank in London, Cogito Capital and Discovery InvestHe graduated from UKZNHe has been working in the financial markets for 11 years, and has a keen interest in stock picking, especially focusing on business strategy and how industries evolve through changing environments

13.2 NON-EXECUTIVE DIRECTORS

	<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>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 \\ FSCA 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 Director of SAICA's Special Projects with the Department of Higher Education and Department of Health \\ Trustee of the MTN Group Share Trust \\ Past Chairman and Member of the Audit Committee as well as Risk Management Committee of the Department of Science and Technology \\ Member of SAICA and the Institute of Directors in Southern Africa

14 SERVICE PROVIDERS

- \ Custodian and Trustee – Rand Merchant Bank www.rmb.co.za
- \ Auditors – BDO www.bdo.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/

15 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.

16 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 33, 4 th Floor, Katherine & West Building 114 West Street Sandton 2196 South Africa



17 DISCLAIMER

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).