



# ANNUAL INVESTOR COMMUNICATION

## FINANCIAL YEAR END

### AUGUST 2020

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 managing risk, creating wealth 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 risk must be effectively managed. 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 year ended August 2020 was characterised by extreme volatility and uncertainty. While Covid 19 dominated the market in 2020, 2019 also had significant risks, most notably the US / China trade tension and geopolitical risks. The funds were cautiously positioned in the earlier part of 2019 due to the geopolitical risks, while holding a high conviction position in PGM miners supported returns through late 2019 and into early 2020.

The 2020 year started off with a short and sharp rally in equity markets as low interest rates prevailed while global economies were strong; US and China entered into a trade deal, and Brexit was becoming clearer under Boris Johnson. Markets hit record highs and the Rezco funds, being close to fully invested, were performing very well.

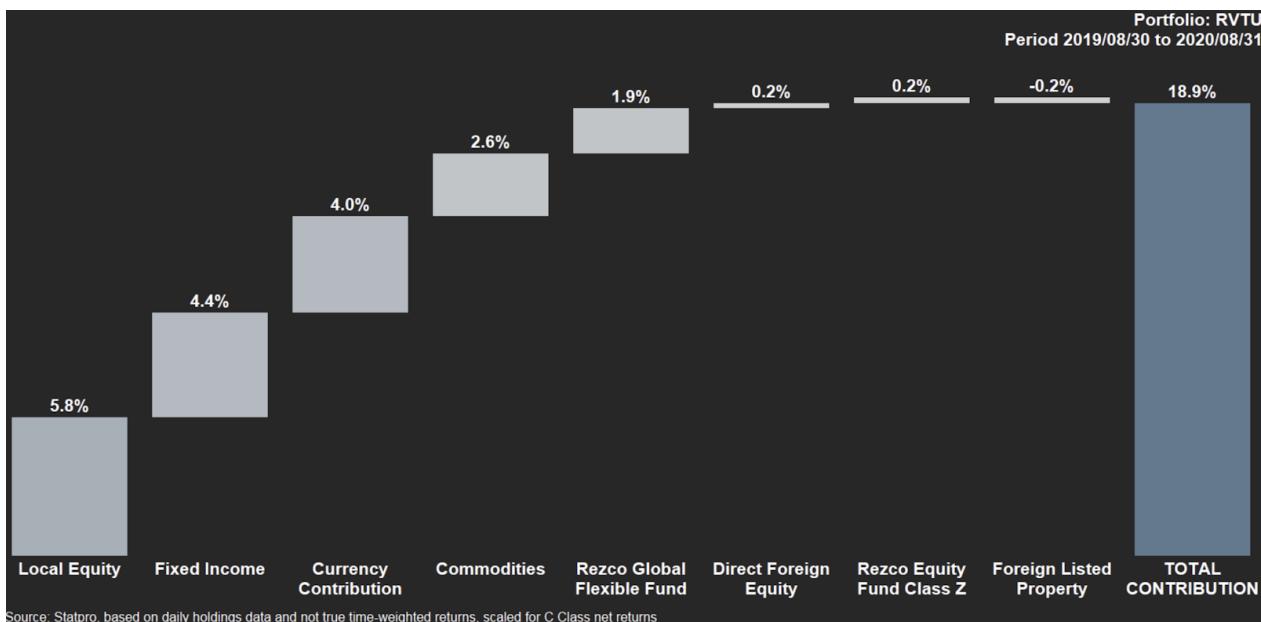
Risks then changed dramatically through the end of January, and on early signs of the potential downside from a spread of novel coronavirus outside Hubei province and into China and the rest of the world, we pivoted quickly to a very cautious asset allocation. The multi-asset funds sold early and aggressively to reduce risk, with the funds moving into USD Gov bonds with moderate duration, SA Gov Bonds with low duration, and gold. The fall in markets played out over a short and sharp sell-off, and it is worth noting that uncertainty remained high even after the markets started recovering.

Post the market lows, unprecedented stimulus packages and QE, job protection schemes, eviction bans and loan repayment holidays resulted in a strong recovery in equity markets.

Better than expected economic data which showed a quicker recovery than we initially expected, and ultimately better than expected corporate earnings continued to drive the market higher. We had been cautious around the recovery as we were concerned around a second Covid wave as well as the economic damage from the lockdowns playing out differently and in a more protracted way than in a normal recession and recovery. Ultimately the fund positioning was incorrect for the market rallying as equity allocation remained very low. It is worth noting however, that the little risk taken in the fund performed well, notably the precious metals exposure.

Given the many moving parts over the year ended 31 August 2020, it was necessary to manage risk actively through the period. The funds performed well, primarily due to PGM and gold exposure and avoiding taking risk through the Covid crash. What is pleasing to note in the below chart is that Rezco Value Trend Fund, as a case, generated returns from multiple asset classes. Core to our philosophy is to manage risk through active asset allocation:





Source: Statpro, based on daily holdings data and not true time-weighted returns, scaled for C Class net returns

The period has been one of heightened risks:

- The funds were cautiously managed through 2019 due to US / China trade war risk
- Due to Covid risks, the funds reduced equity exposure and thus avoided most of the drawdown in Feb - March 2020
- Post the market crash, we remained cautious due to the uncertainty around the recovery and the risk of a second wave

Given the above, the funds' risks were well controlled and show relatively good statistics across the board: Rezco Value Trend Fund had a much lower volatility of 8.1 compared to the market's 23.7 over the period. The sortino ratio was a healthy 2.9 versus the market's 0, indicating the superior risk-adjusted return of the Fund. The Rezco Managed Plus Fund had a max drawdown of only -2.6, in contrast to the market's -21.4 and peer group's -14.1. In the context of risk management, we are thus pleased to also report that returns were strong for the period, with Rezco Value Trend A up 18.3% for the year compared to peers at 4.7% and the ALSI annual return of 3.9%. The funds performed well across the different mandates; Rezco Stable Fund benefitted from avoiding both equity risk and SA government bond risk (with duration) through the crash, and had a return of 12.8% compared to the peer average of 4.8%. The Rezco Equity Fund, being a pure SA equity fund with 95% targeted

exposure, could not avoid the Covid drawdown entirely, but we are pleased to report that stock picking in the Fund resulted in a return of 15.8% compared to peers of -0.6%.

Overall, the year was dominated by risk management, and looking forward we think managing risk will be key. Despite markets that have reached record highs at the time of writing, we remain cautious as we see all the good news being priced in with downside risk should the outcome play out worse than expected.

- Further economic impact of social distancing
  - note how European PMIs are currently rolling over (more of a W shaped recovery than V shape expected across Europe)
- Delayed retrenchments due to the nature of the pandemic and its social impact
- Slower rollout of effective vaccines than expected (not our base case, but the market is pricing in perfection here)
- The unwind of stimulus and QE, rising inflation and normalising interest rates

We are pleased to have generated good risk adjusted returns for our investors during 2020. Thank you for your support, allowing us to remain focused on searching for great investment opportunities, and for investing for the long term with Rezco.

## 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 our local fund portfolios.



## 6 REZCO VALUE TREND FUND

### 6.1 ABRIDGED INCOME STATEMENT

	2020	2019
NET INVESTMENT INCOME	R 111 012 723	R 131 480 476
Income Distributions		
28 February	R 27 338 668	R 56 095 023
31 August	R 83 674 055	R 75 385 453

### 6.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2020	2019
CAPITAL EMPLOYED	R 6 546 731 696	R 4 947 879 585
Capital Value of Portfolio	R 6 546 731 696	R 4 947 879 585
EMPLOYMENT OF CAPITAL	R 6 546 731 696	R 4 947 879 585
Non-Current Assets	R 4 882 463 574	R 3 426 453 112
Net Current Assets	R 1 664 268 122	R 1 521 426 473

### 6.3 GENERAL FACTS

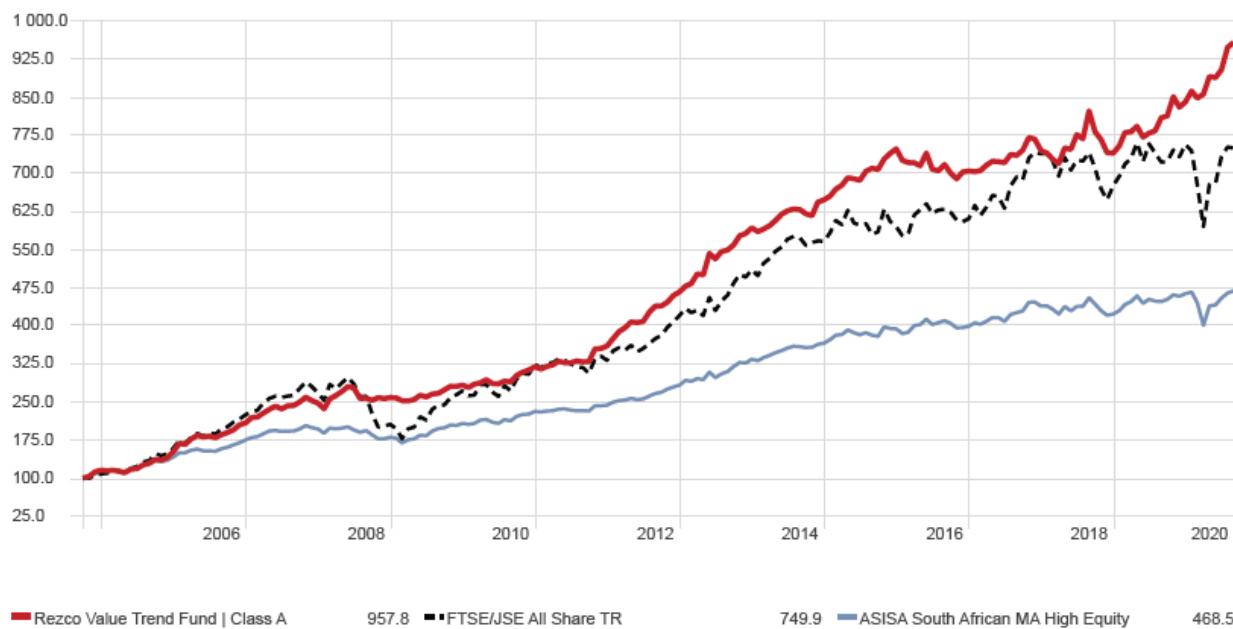
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 6 634 945 130
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	7 074 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 7.5% in the out-performance above the 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 2020/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2020/08/31 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	18.3	9.2	6.2	12.7	15.3
FTSE/JSE All Share TR	3.9	2.6	5.3	10.7	13.5
ASISA South African MA High Equity	4.7	3.2	4.2	8.2	10.2

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2004/10/01) to 2020/08/31 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	9.1	1.5	0.8
FTSE/JSE All Share TR	-40.4	15.4	0.7	0.4
ASISA South African MA High Equity	-16.8	8.2	0.5	0.4

Source: Morningstar

## 6.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio: RVTU  
As at 31/08/2020

	Local Currency	Foreign Currency	Total
Equity	14.2%	2.3%	16.5%
Listed Property	1.7%		1.7%
Bonds	37.1%	5.9%	42.9%
Money Market	17.8%	18.8%	36.7%
Commodities	2.3%		2.3%
Derivatives		0.0%	0.0%
<b>Total</b>	<b>73.0%</b>	<b>27.0%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Commodities	2.3%
Consumer Discretionary	1.6%
Consumer Staples	0.3%
Energy	0.0%
Financials	7.0%
Health Care	0.2%
Industrials	0.2%
Information Technology	0.5%
Materials	8.3%
n/a	79.6%
Telecommunication Services	0.1%
<b>Total</b>	<b>100.0%</b>

### COUNTRY EXPOSURE



### TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
SA Government R2023 7.75% 2023..	n/a	ZAR	South Africa	20.5%
SA Government R208 6.75% 2021-..	n/a	ZAR	South Africa	11.9%
Pan African Resources Plc	Materials	ZAR	South Africa	5.7%
Discovery Ltd	Financials	ZAR	South Africa	4.9%
SA Government R186 10.5% 2026-..	n/a	ZAR	South Africa	4.7%
MSRZ005 Index	n/a	USD	US	3.3%
AfricaRhodium ETF	Commodities	ZAR	South Africa	2.3%
US T-Bill 1.5% 2023-02-28	n/a	USD	US	1.9%
US T-Bill 2.75% 2021-08-15	n/a	USD	US	1.8%
Sibanye Stillwater Limited	Materials	ZAR	South Africa	1.7%

## 7 REZCO MANAGED PLUS FUND

### 7.1 ABRIDGED INCOME STATEMENT

	2020	2019
NET INVESTMENT INCOME	R 9 643 006	R 12 251 227
Income Distributions		
28 February	R 1 302 079	R 3 482 752
31 August	R 8 340 927	R 8 768 475

### 7.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2020	2019
CAPITAL EMPLOYED	R 891 629 999	R 600 260 687
Capital Value of Portfolio	R 891 629 999	R 600 260 687
EMPLOYMENT OF CAPITAL	R 891 629 999	R 600 260 687
Non-Current Assets	R 666 809 853	R 395 936 800
Net Current Assets	R 224 820 146	R 204 323 887

### 7.3 GENERAL FACTS

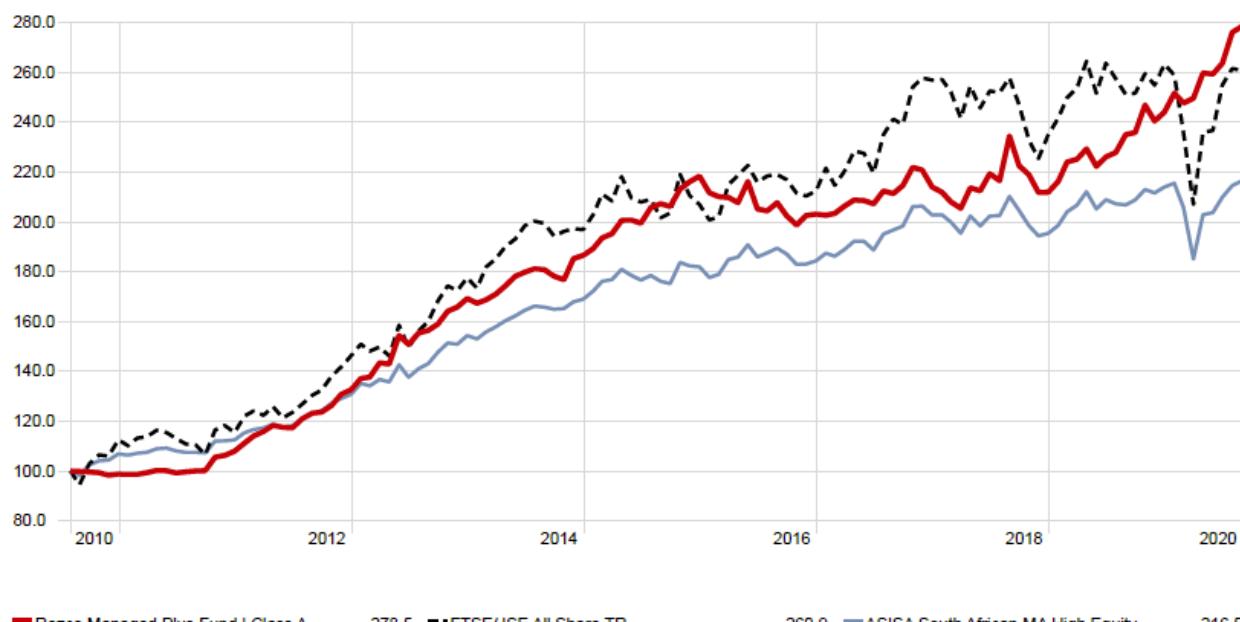
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 901 381 409
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	2 411 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 12.5% in the out-performance above the 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 2020/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2020/08/31 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	18.5	9.0	9.6	6.1	10.8
FTSE/JSE All Share TR	3.9	0.6	2.6	5.3	10.7
ASISA South African MA High Equity	4.7	1.5	3.2	4.2	8.2

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2010/09/01) to 2020/08/31 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	7.7	0.9	0.6
FTSE/JSE All Share TR	-21.7	13.1	0.6	0.4
ASISA South African MA High Equity	-14.1	7.7	0.4	0.3

Source: Morningstar

## 7.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

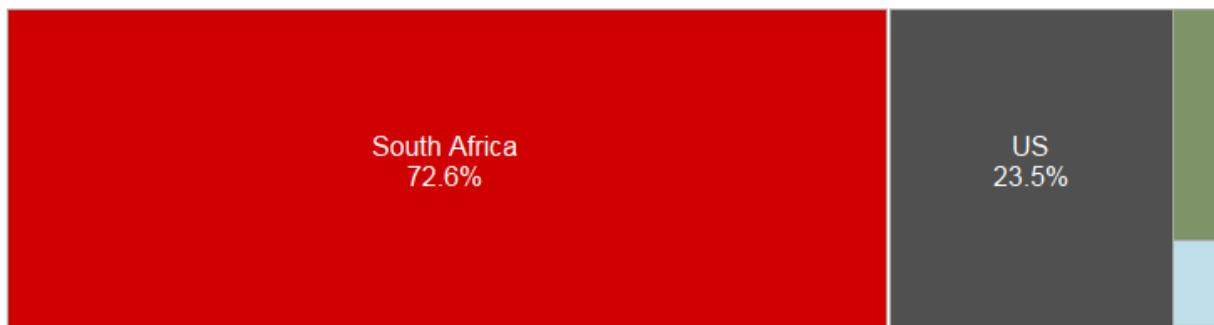
Portfolio:REPF  
As at 31/08/2020

	Local Currency	Foreign Currency	Total
Equity	14.0%	3.1%	17.1%
Listed Property	1.9%		1.9%
Bonds	36.8%	5.9%	42.6%
Money Market	18.0%	18.3%	36.2%
Commodities	2.2%		2.2%
Derivatives		0.0%	0.0%
<b>Total</b>	<b>72.8%</b>	<b>27.2%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Commodities	2.2%
Consumer Discretionary	1.6%
Consumer Staples	0.3%
Energy	0.0%
Financials	7.2%
Health Care	0.1%
Industrials	0.2%
Information Technology	0.5%
Materials	9.0%
n/a	78.9%
Telecommunication Services	0.1%
<b>Total</b>	<b>100.0%</b>

### COUNTRY EXPOSURE



### TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
SA Government R2023 7.75% 2023..	n/a	ZAR	South Africa	19.5%
SA Government R208 6.75% 2021-..	n/a	ZAR	South Africa	12.7%
Pan African Resources Plc	Materials	ZAR	South Africa	5.1%
Discovery Ltd	Financials	ZAR	South Africa	4.9%
SA Government R186 10.5% 2026-..	n/a	ZAR	South Africa	4.7%
MSRZ005 Index	n/a	USD	US	3.3%
Sibanye Stillwater Limited	Materials	ZAR	South Africa	2.3%
AfricaRhodium ETF	Commodities	ZAR	South Africa	2.2%
US T-Bill 1.5% 2023-02-28	n/a	USD	US	1.9%
US T-Bill 2.75% 2021-08-15	n/a	USD	US	1.8%

## 8 REZCO EQUITY FUND

### 8.1 ABRIDGED INCOME STATEMENT

	2020	2019
NET INVESTMENT INCOME	R 10 277 084	R 8 967 466
Income Distributions		
28 February	R 6 844 704	R 2 272 210
31 August	R 3 432 380	R 6 695 256

### 8.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2020	2019
CAPITAL EMPLOYED	R 663 482 728	R 367 435 069
Capital Value of Portfolio	R 663 482 728	R 367 435 069
EMPLOYMENT OF CAPITAL	R 663 482 728	R 367 435 069
Non-Current Assets	R 603 620 590	R 338 464 633
Net Current Assets	R 59 862 138	R 28 970 436

### 8.3 GENERAL FACTS

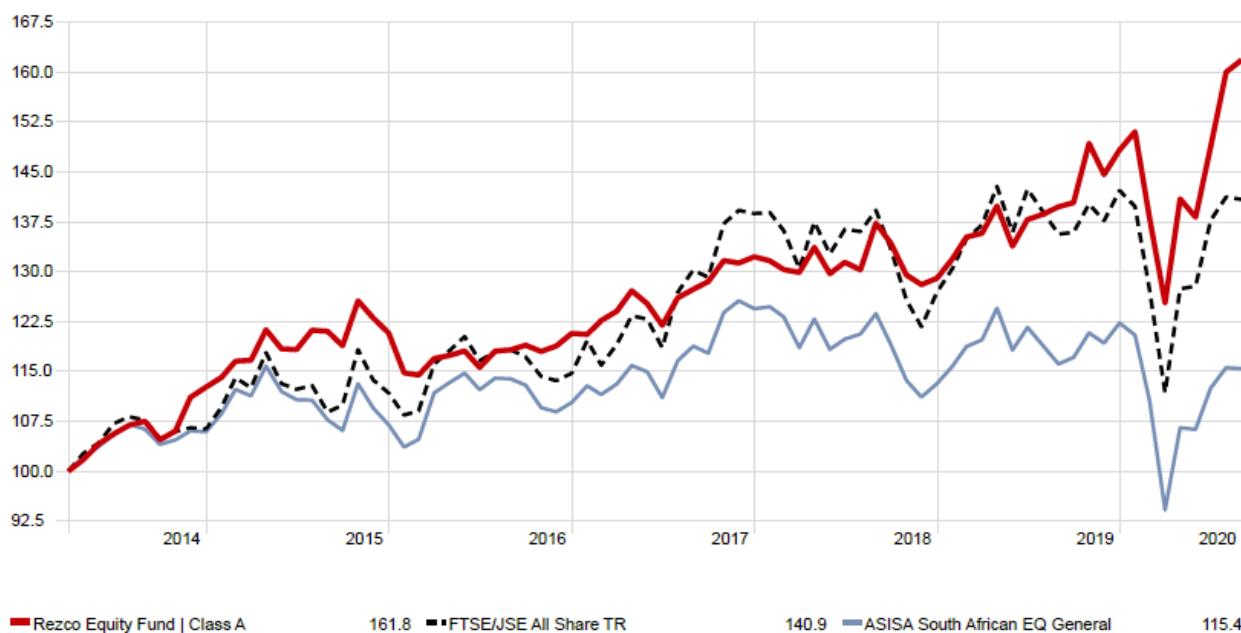
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 666 372 692
FUND CATEGORY	ASISA South African Equity General
YEAR END NAV PRICE	1 388 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	0.65% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (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 2020/08/31

Currency: South African Rand Source Data: Total Return



### RETURNS

As of Date: 2020/08/31 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	17.2	15.8	8.6	8.3	7.8
FTSE/JSE All Share TR	10.7	3.9	0.6	2.6	5.5
ASISA South African EQ General	4.4	-0.6	-3.4	-1.0	2.3

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2014/04/01) to 2020/08/31 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	-17.0	11.1	0.2	0.1
FTSE/JSE All Share TR	-21.7	13.6	0.0	0.0
ASISA South African EQ General	-25.0	12.5	-0.4	-0.3

Source: Morningstar

## 8.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:REEF  
As at 31/08/2020

	Local Currency	Total
Equity	80.1%	80.1%
Listed Property	7.8%	7.8%
Money Market	9.3%	9.3%
Commodities	2.8%	2.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Commodities	2.8%
Consumer Discretionary	10.0%
Consumer Staples	13.0%
Energy	0.9%
Financials	27.5%
Health Care	6.1%
Materials	27.6%
n/a	9.3%
Telecommunication Services	2.8%
<b>Total</b>	<b>100.0%</b>

### TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
Discovery Ltd	Financials	ZAR	South Africa	7.2%
Ninety One Plc	Financials	ZAR	South Africa	6.3%
Sibanye Stillwater Limited	Materials	ZAR	South Africa	6.0%
Naspers Ltd	Consumer Discretionary	ZAR	South Africa	5.6%
Investec Australia Property Fund	Financials	ZAR	South Africa	5.2%
African Rainbow Minerals Ltd	Materials	ZAR	South Africa	5.2%
Pan African Resources Plc	Materials	ZAR	South Africa	5.1%
BHP Group PLC	Materials	ZAR	South Africa	4.9%
SPAR Group Ltd	Consumer Staples	ZAR	South Africa	4.1%
Peregrine Holdings Ltd	Financials	ZAR	South Africa	4.0%

## 9 REZCO STABLE FUND

### 9.1 ABRIDGED INCOME STATEMENT

	2020	2019
NET INVESTMENT INCOME	R 7 062 995	R 4 656 927
Income Distributions		
28 February	R 2 535 352	R 2 294 730
31 August	R 4 527 643	R 2 362 197

### 9.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2020	2019
CAPITAL EMPLOYED	R 458 466 522	R 107 791 920
Capital Value of Portfolio	R 458 466 522	R 107 791 920
EMPLOYMENT OF CAPITAL	R 458 466 522	R 107 791 920
Non-Current Assets	R 253 605 905	R 48 176 645
Net Current Assets	R 204 860 617	R 59 615 275

### 9.3 GENERAL FACTS

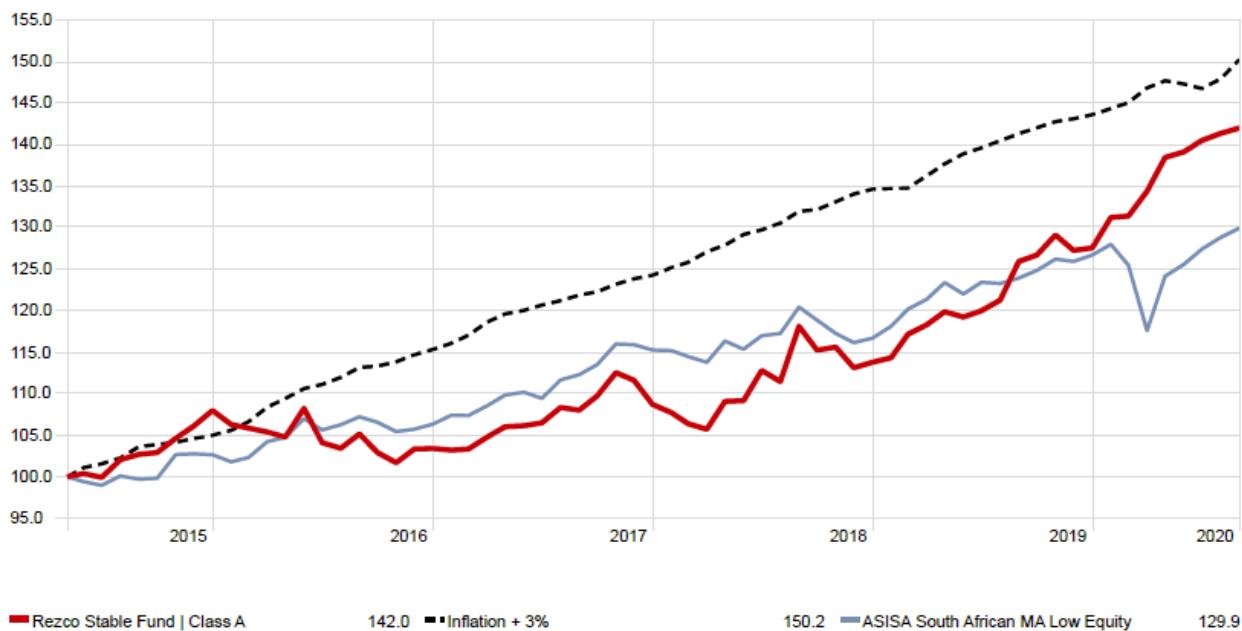
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 462 251 930
FUND CATEGORY	ASISA South African Multi-Asset Low Equity
YEAR END NAV PRICE	1 174 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.00% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (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 2020/08/31

Currency: South African Rand Source Data: Total Return



### RETURNS

As of Date: 2020/08/31 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	2.1	8.1	12.8	9.6	6.8
Inflation + 3%	2.0	3.5	6.3	6.7	7.8
ASISA South African MA Low Equity	3.5	3.6	4.8	3.9	5.2

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2015/06/01 to 2020/08/31 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	6.0	0.0	0.0
FTSE/JSE All Share TR ZAR	-21.7	14.5	-0.2	-0.1
ASISA South African MA Low Equity	-8.1	5.2	-0.4	-0.3

Source: Morningstar

## 9.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio: REST  
As at 31/08/2020

	Local Currency	Foreign Currency	Total
Equity	3.8%	0.9%	4.7%
Listed Property	0.6%		0.6%
Bonds	38.3%	4.0%	42.3%
Money Market	36.3%	15.4%	51.7%
Commodities	0.7%		0.7%
Derivatives		0.0%	0.0%
<b>Total</b>	<b>79.7%</b>	<b>20.3%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Commodities	0.7%
Consumer Discretionary	0.3%
Financials	2.4%
Health Care	0.2%
Industrials	0.1%
Information Technology	0.3%
Materials	2.1%
n/a	94.0%
<b>Total</b>	<b>100.0%</b>

### COUNTRY EXPOSURE



### TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
SA Government R208 6.75% 2021-..	n/a	ZAR	South Africa	18.7%
SA Government R2023 7.75% 2023-..	n/a	ZAR	South Africa	12.1%
SA Government R186 10.5% 2026-..	n/a	ZAR	South Africa	7.5%
MSRZ005 Index	n/a	USD	US	2.3%
Discovery Ltd	Financials	ZAR	South Africa	1.7%
Pan African Resources Plc	Materials	ZAR	South Africa	1.3%
US T-Bill 1.5% 2023-02-28	n/a	USD	US	1.3%
US T-Bill 2.75% 2021-08-15	n/a	USD	US	1.3%
MSREZ001 Index	n/a	USD	US	1.1%
US T-Bill 8.125% 2021-08-15	n/a	USD	US	0.7%

## 10 REZCO GLOBAL FLEXIBLE FEEDER FUND

### 10.1 ABRIDGED INCOME STATEMENT

	2020	2019
NET INVESTMENT INCOME	R 35 224	R 0
Income Distributions		
28 February	R 0	R 0
31 August	R 35 224	R 0

### 10.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2020	2019
CAPITAL EMPLOYED	R 61 410 318	R 1 137 231
Capital Value of Portfolio	R 61 410 318	R 1 137 231
EMPLOYMENT OF CAPITAL	R 61 410 318	R 1 137 231
Non-Current Assets	R 57 271 132	R 1 125 129
Net Current Assets	R 4 139 186	R 12 102

### 10.3 GENERAL FACTS

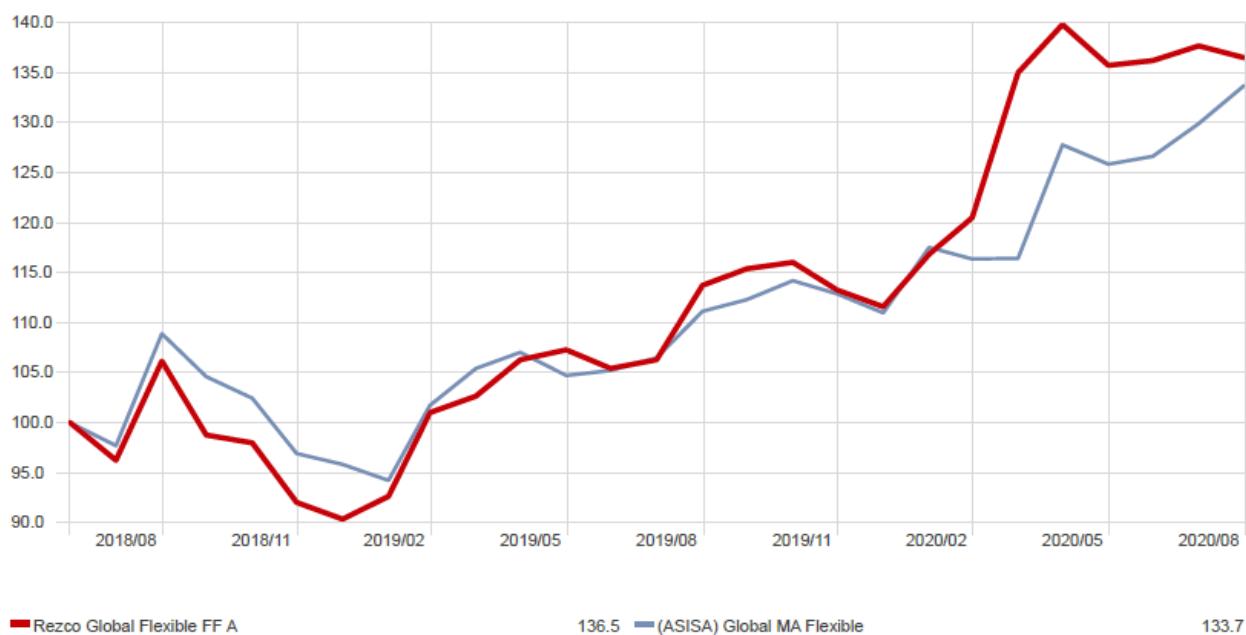
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 61 467 269
FUND CATEGORY	ASISA Global Multi-Asset Flexible
YEAR END NAV PRICE	1 365 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	No management fee is charged at feeder fund level.
PERFORMANCE FEE	No performance fee is charged at feeder fund level.

## 10.4 PERFORMANCE FIGURES

### CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2018/06/30) to 2020/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2020/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Global Flexible FF A	20.0				15.4
(ASISA) Global MA Flexible	20.3	12.9	10.1	13.9	14.4

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2018/07/01) to 2020/08/31 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	16.0	1.0	0.6
(ASISA) Global MA Flexible	-13.5	14.1	1.1	0.5

Source: Morningstar

## 10.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

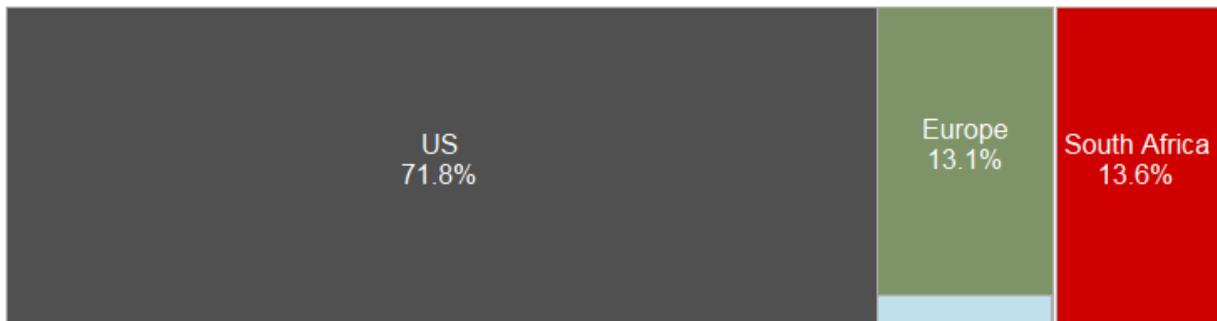
Portfolio: REGFF  
As at 31/08/2020

	Local Currency	Foreign Currency	Total
Equity	5.3%	6.6%	11.9%
Bonds		28.7%	28.7%
Money Market	7.1%	50.9%	58.0%
Commodities	1.2%		1.2%
Derivatives		0.1%	0.1%
<b>Total</b>	<b>13.6%</b>	<b>86.4%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Commodities	1.2%
Consumer Discretionary	1.9%
Financials	3.4%
Industrials	0.9%
Information Technology	2.3%
Materials	3.4%
n/a	86.8%
<b>Total</b>	<b>100.0%</b>

### COUNTRY EXPOSURE



### TOP 10 HOLDINGS

Display Name	Gics Sector	Currency	Country	
MSRZ005 Index	n/a	USD	US	16.2%
US T-Bill 1.5% 2023-02-28	n/a	USD	US	9.2%
US T-Bill 2.75% 2021-08-15	n/a	USD	US	9.0%
MSREZ001 Index	n/a	USD	US	8.0%
US T-Bill 8.125% 2021-08-15	n/a	USD	US	4.9%
US T-Bill 1.375% 2023-02-15	n/a	USD	US	4.9%
Discovery Ltd	Financials	ZAR	South Africa	3.0%
Pan African Resources Plc	Materials	ZAR	South Africa	2.3%
VMware Inc	Information Technology	USD	US	1.9%
AfricaRhodium ETF	Commodities	ZAR	South Africa	1.2%

# 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 (the company) set out on pages 10 to 39, which comprise the statement of financial position as at 31 August 2020, 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 2020, 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 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 2020", which includes 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 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  
30 November 2020

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

## 12 TRUSTEE'S REPORT

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



27 November 2020

The Directors  
Rezco Collective Investments Ltd  
146 Main Road  
Walmer  
Port Elizabeth  
60001

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 2019 to 31 August 2020 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.

Nelia de Beer  
Head Trustee Services  
Rand Merchant Bank  
A division of FirstRand Bank Limited

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

## 13 TEAM

### 13.1 PORTFOLIO MANAGERS

	<b>ROB SPANJAARD</b> CEO & CIO B.COM. CTA	<ul style="list-style-type: none"><li>✓ Financial Mail reader stock picking competition winner</li><li>✓ Portfolio manager at Momentum Life. Top performing Unit Trust</li><li>✓ CEO and founder of JSE listed industrial company</li><li>✓ 21 years Portfolio Manager at Rezco</li></ul>
	<b>SIMON SYLVESTER</b> HEAD OF RESEARCH & CO-PORTFOLIO MANAGER B.BUS SCIENCE (HONS), CFA, CIPM	<ul style="list-style-type: none"><li>✓ Simon joined Rezco in 2015, with previous experience at Deutsche Bank in London, Cogito Capital and Discovery Invest</li><li>✓ He graduated from UKZN</li><li>✓ He has been working in the financial markets for 12 years, and has a keen interest in stock picking, especially focusing on business strategy and how industries evolve through changing environments</li></ul>

## 13.2 NON-EXECUTIVE DIRECTORS

	<p><b>WALLY GRAY</b> EXECUTIVE CHAIRMAN &amp; CO- PORTFOLIO MANAGER B.SC. MBL (CUM LAUDE)</p>	<ul style="list-style-type: none"><li>✓ Managed private client portfolios and pension funds</li><li>✓ Executive Director of investments at Sage Holdings, SA pioneer unit trust</li><li>✓ Executive Director of Union and London, JSE listed. Portfolio and Private Equity</li><li>✓ Founder of Rezco</li></ul>
	<p><b>BERNIE NACKAN</b> NON-EXECUTIVE DIRECTOR BA (ECON) WITS, SEP STANFORD</p>	<ul style="list-style-type: none"><li>✓ Past Executive Director of the Sage Group and Managing Director of Sage Unit Trusts</li><li>✓ Past Chairman of Association of Unit Trusts, now ASISA</li><li>✓ FSCA relationship: Served on CIS Advisory Committee appointed by Minister of Finance</li><li>✓ Non-Executive Director of Redefine SA and UK</li></ul>
	<p><b>LEON KAPLAN</b> NON-EXECUTIVE DIRECTOR B.COM (HONS), CA(SA)</p>	<ul style="list-style-type: none"><li>✓ Past Financial Director of the Sage Group</li><li>✓ Project Director of SAICA's Special Projects with the Department of Higher Education and Department of Health</li><li>✓ Trustee of the MTN Group Share Trust</li><li>✓ Past Chairman and Member of the Audit Committee as well as Risk Management Committee of the Department of Science and Technology</li><li>✓ Member of SAICA and the Institute of Directors in Southern Africa</li></ul>

## 14 SERVICE PROVIDERS

- ＼ Custodian and Trustee – Rand Merchant Bank [www.rmb.co.za](http://www.rmb.co.za)
- ＼ Auditors – BDO [www.bdo.co.za](http://www.bdo.co.za)
- ＼ External Compliance Officer – Independent Compliance Services [www.complianceservices.co.za](http://www.complianceservices.co.za)
- ＼ External Pricing and Administration – JTC Group <https://www.itcgroup.com/>
- ＼ Insurances – Professional Indemnity R150m | Key-man R25m
- ＼ Third party pricing verification – Opacity Oversight Services [www.opacityoversight.co.za/](http://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: <b>PORT ELIZABETH</b>	146 Main Road Walmer Port Elizabeth 6001  Tel: +27 41 581 1525
HEAD OFFICE: <b>JOHANNESBURG</b>	Unit 33, 4 <sup>th</sup> 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](http://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).