

WEBINAR 22/23 JUNE

ROB SPANJAARD : CIO, CO-PM

SIMON SYLVESTER : HEAD OF RESEARCH, CO-PM

BRIAN DU PLESSIS : HEAD OF SALES

QUARTILE RANKING

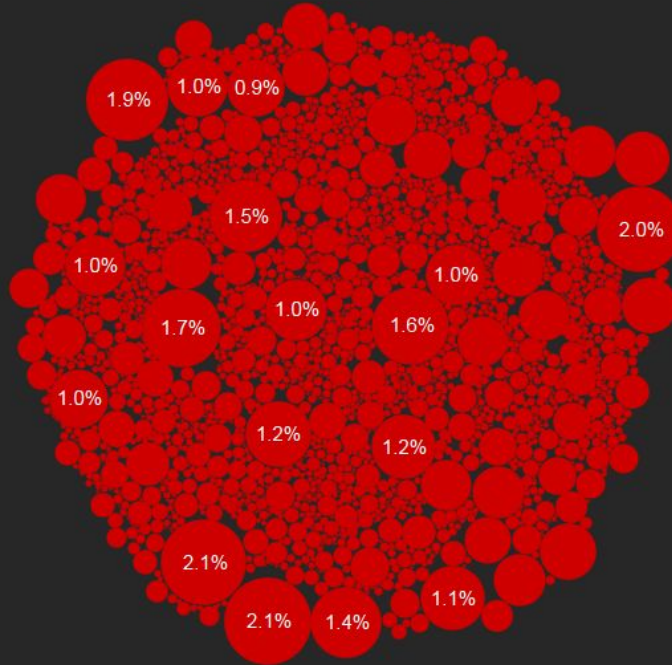
FUND	1 YEAR (Ann.)	3 YEAR (Ann.)	5 YEAR (Ann.)	10 YEAR (Ann.)	15 YEAR (Ann.)
STABLE	1	1	1		
VALUE TREND	1	1	1	1	1
MANAGED PLUS	1	1	1		
EQUITY	1	1	1		
GLOBAL FLEXIBLE FEEDER	1				

SOURCE: MORNINGSTAR

INVESTMENT PLATFORMS



CLIENT GROWTH AND SPREAD



3,756 Key Decision Makers

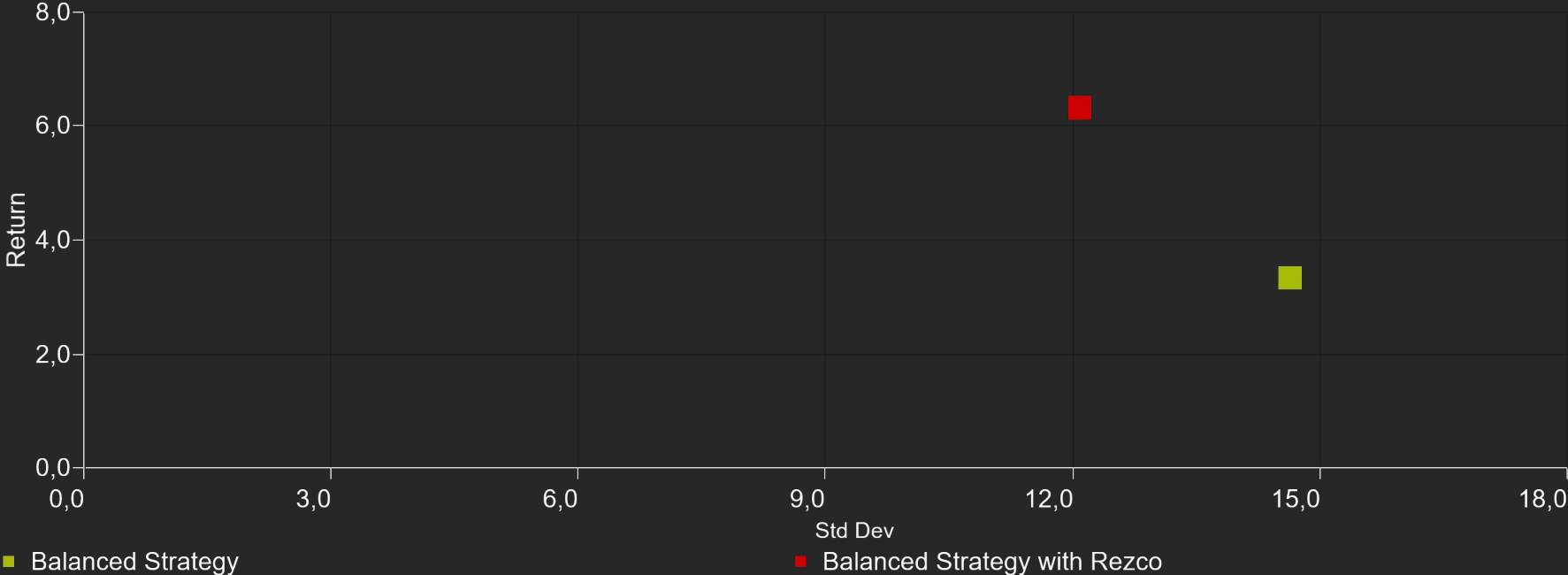
BLEND FUNDS WITH A LOW CORRELATION

Investment	Rezco Value Trend C	Fund 1	Fund 2	Fund 3	FTSE/JSE All Share TR ZAR	ASISA South African MA High Equity
Rezco Value Trend C		0.54	0.64	0.50	0.54	0.55
Fund 1	0.54		0.95	0.98	0.94	0.99
Fund 2	0.64	0.95		0.94	0.95	0.96
Fund 3	0.50	0.98	0.94		0.94	0.99
FTSE/JSE All Share TR ZAR	0.54	0.94	0.95	0.94		0.96
ASISA South African MA High Equity	0.55	0.99	0.96	0.99	0.96	

RISK-ADJUSTED RETURNS

Time Period: 2019/06/01 to 2020/05/31

Currency: South African Rand Source Data: Total, Monthly Return



Source: Morningstar Direct



REZCO FUND PERFORMANCE

THE GREAT BALANCING ACT



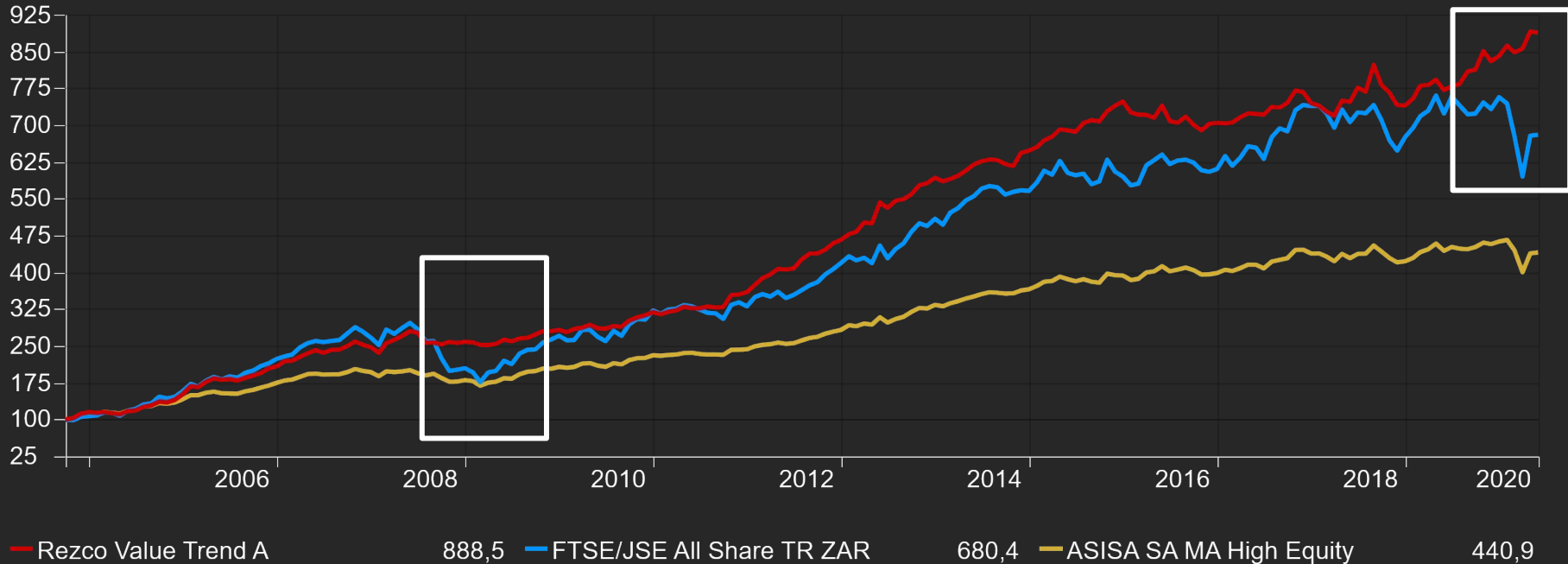
RISK

RETURN

LONG TERM: MANAGING RISK

Time Period: Since Common Inception (2004/10/01) to 2020/05/31

Currency: South African Rand Source Data: Total Return

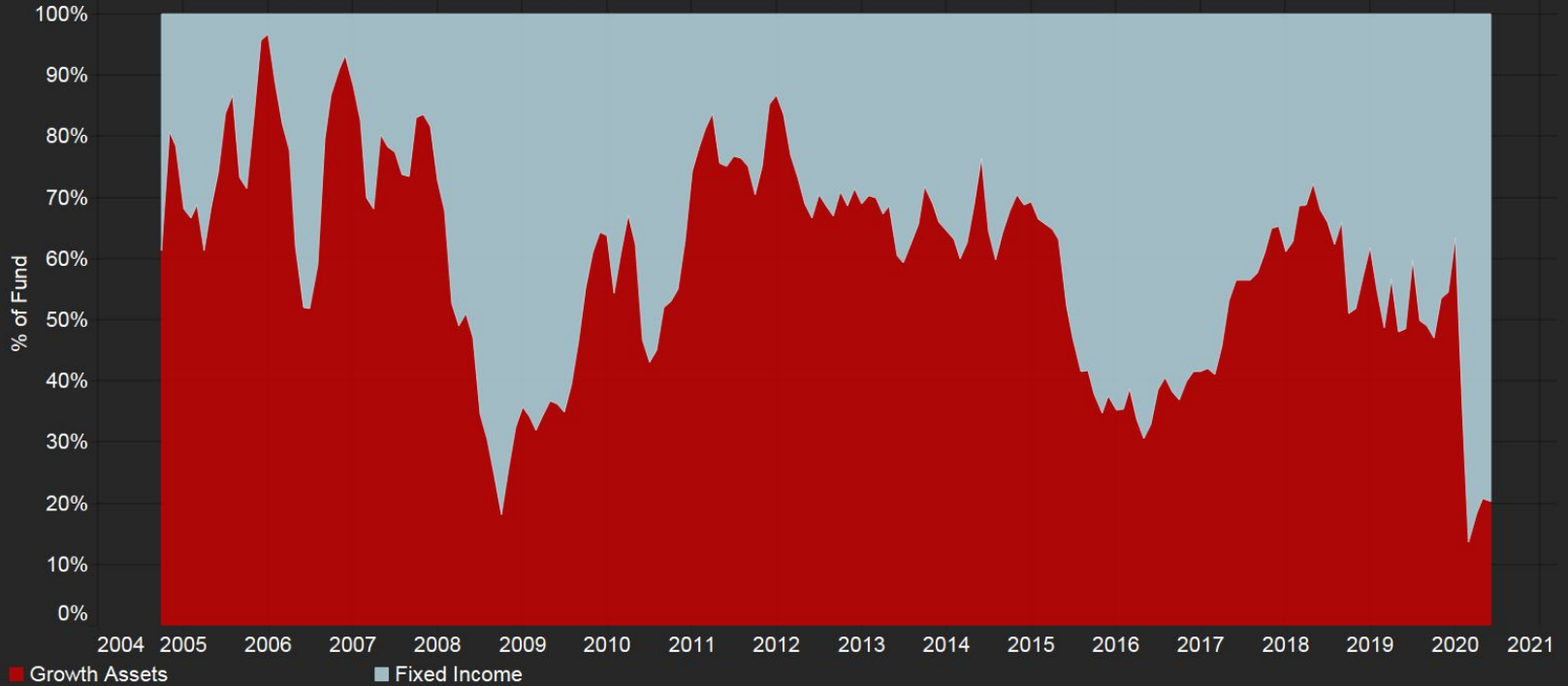


REZCO VALUE TREND

HISTORICAL ASSET ALLOCATION

Portfolio: RVTU

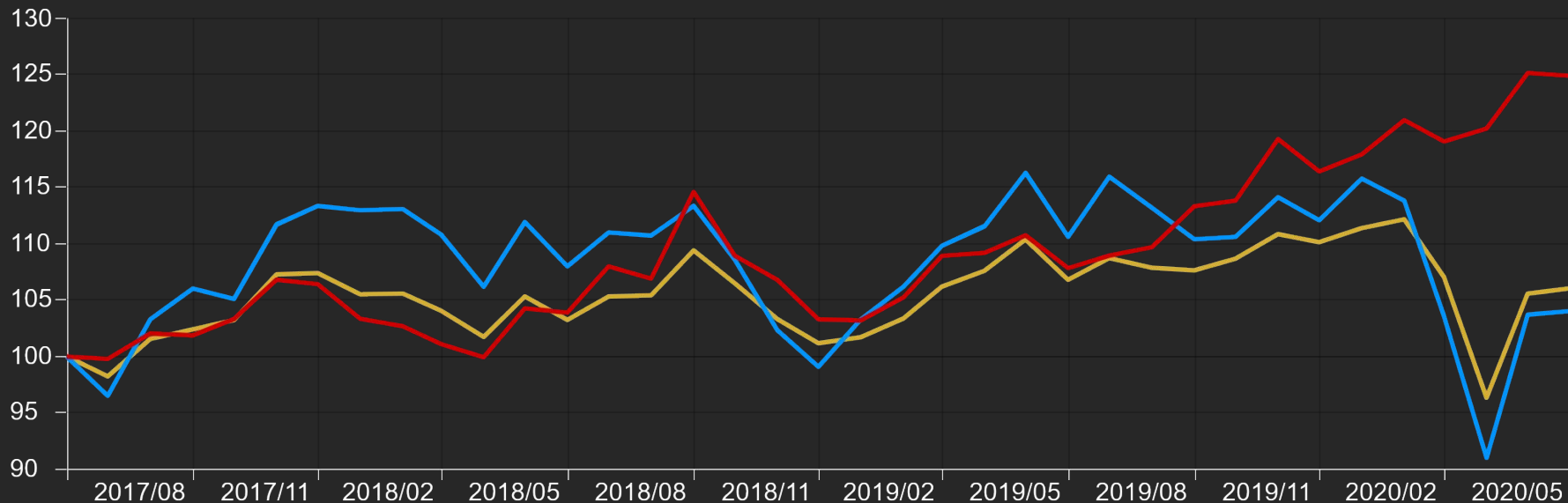
Growth Assets = Equity, Listed Property & Commodities



REZCO VALUE TREND

Time Period: 2017/06/01 to 2020/05/31

Currency: South African Rand Source Data: Total Return



Rezco Value Trend C

124,9

FTSE/JSE All Share TR ZAR

104,0

ASISA SA MA High Equity

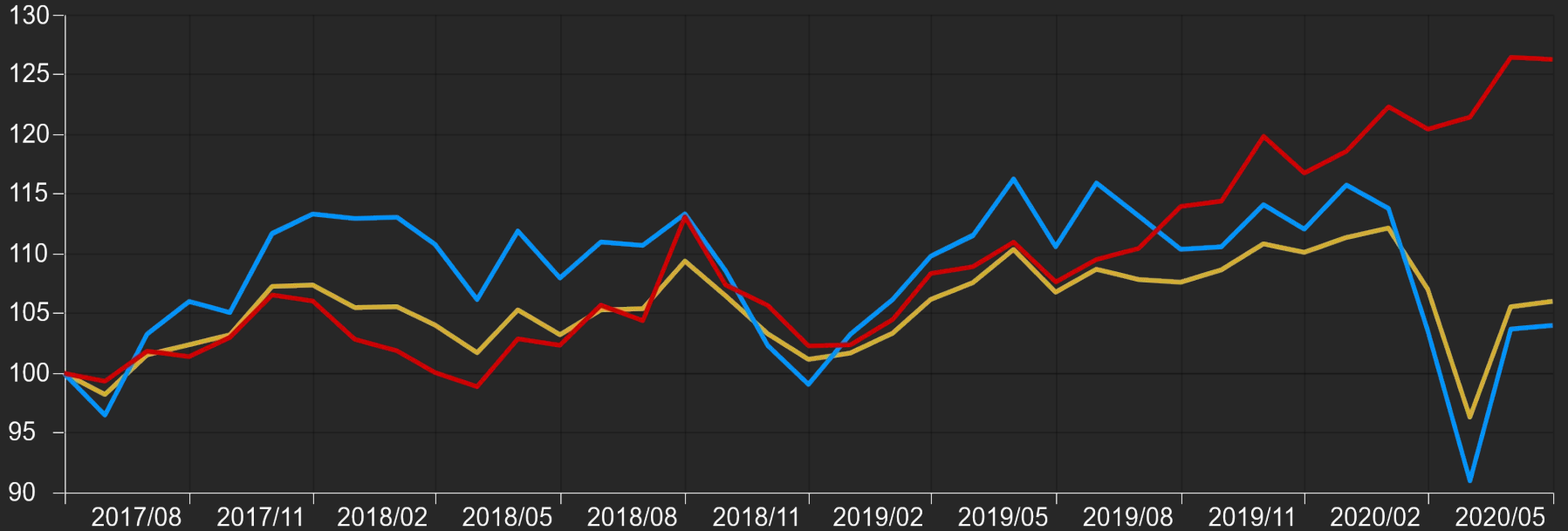
106,0

Source: Morningstar Direct

REZCO MANAGED PLUS

Time Period: 2017/06/01 to 2020/05/31

Currency: South African Rand Source Data: Total Return



Rezco Managed Plus C

126,3

FTSE/JSE All Share TR ZAR

104,0

ASISA SA MA High Equity

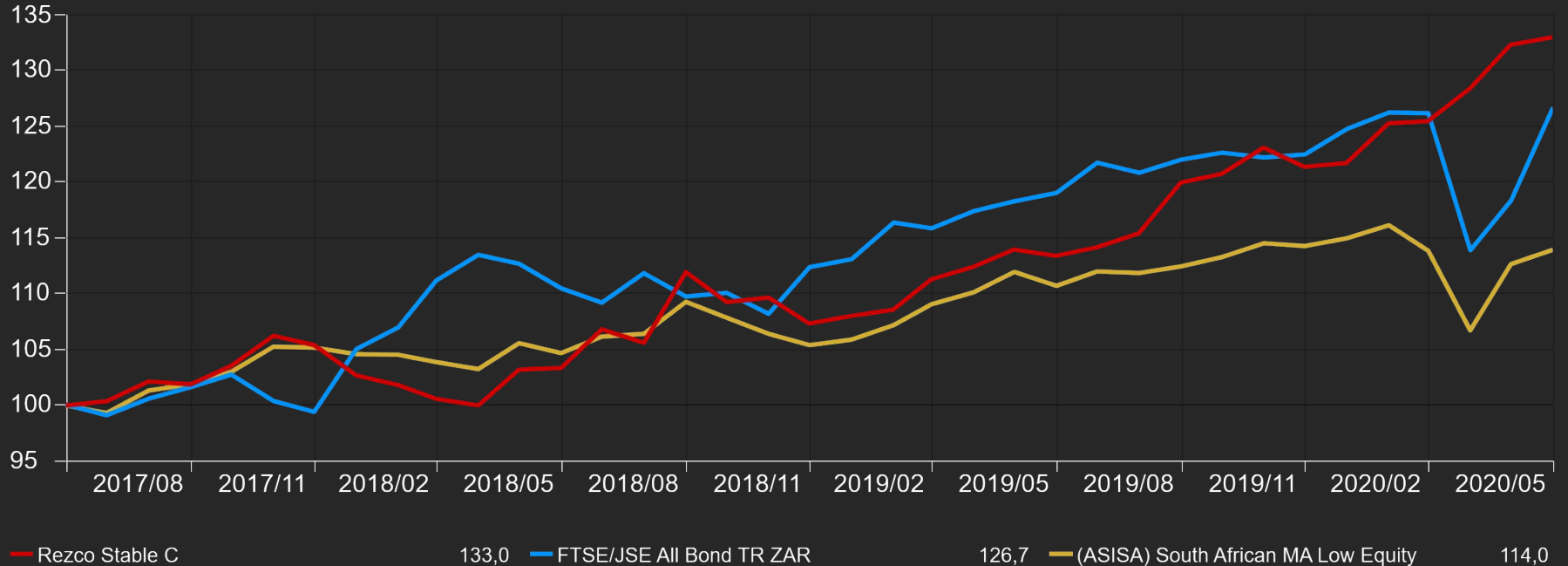
106,0

Source: Morningstar Direct

REZCO STABLE FUND

Time Period: 2017/06/01 to 2020/05/31

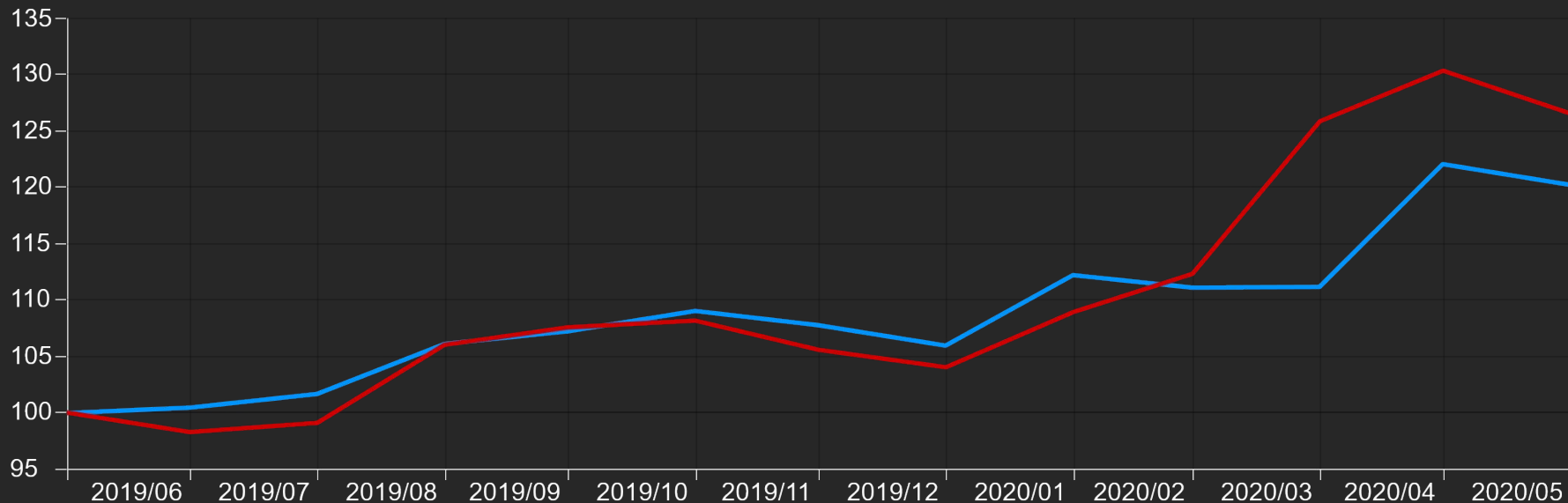
Currency: South African Rand Source Data: Total Return



REZCO GLOBAL FLEXIBLE FEEDER

Time Period: 2019/06/01 to 2020/05/31

Currency: South African Rand Source Data: Total Return



— Rezco Global Flexible FF A

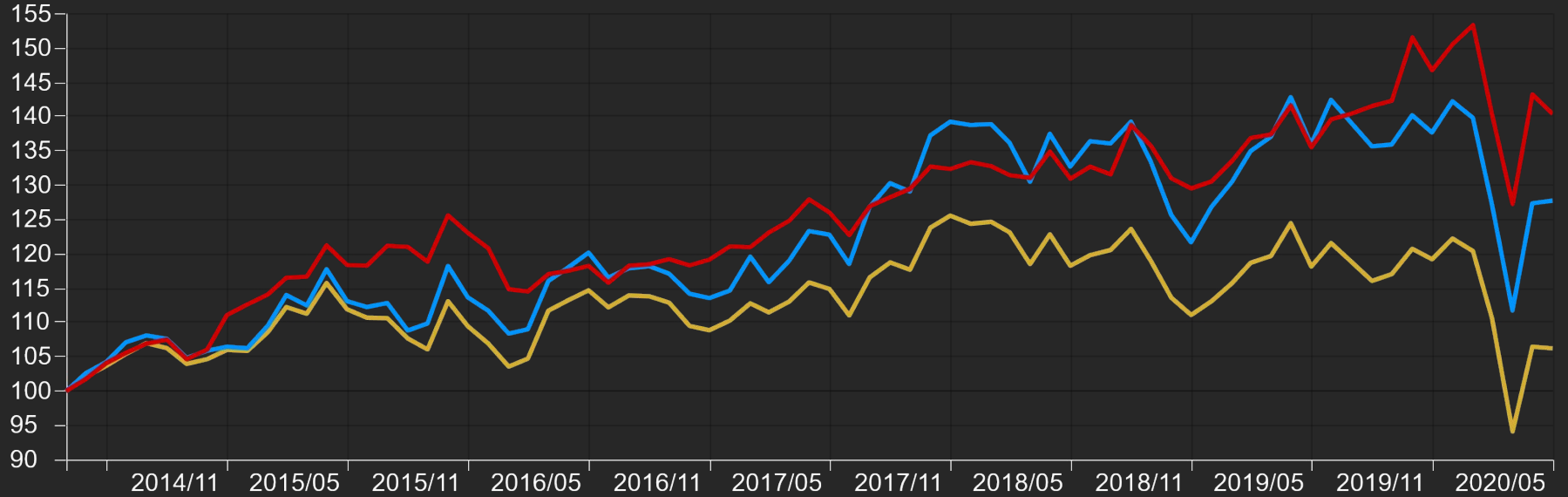
126,5 — (ASISA) Global MA Flexible

120,2

REZCO EQUITY FUND

Time Period: Since Common Inception (2014/04/01) to 2020/05/31

Currency: South African Rand Source Data: Total Return



Rezco Equity C

140,3

FTSE/JSE All Share TR

127,8

(ASISA) South African EQ General

106,3

Source: Morningstar Direct



THE ROAD MAP

WHAT WE SAW IN MAY

BEAR MARKETS WITH RECESSIONS: USA

S&P 500 PRICE LEVEL OVER DIFFERENT BEAR MARKETS (REBASED TO 100)

Updated: 19/06/2020

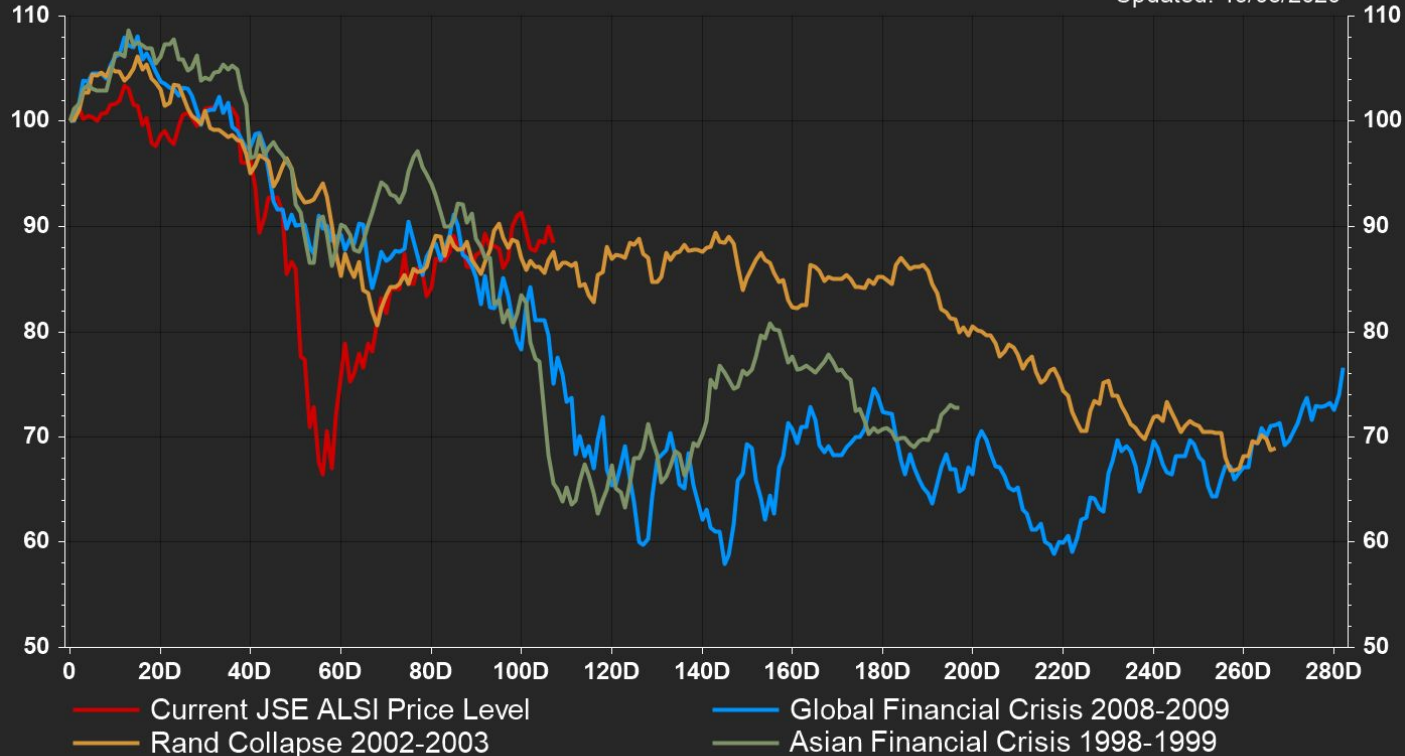


Source: Refinitiv Datastream / Rezco

BEAR MARKETS WITH RECESSIONS: RSA

JSE ALSI PRICE LEVEL OVER DIFFERENT BEAR MARKETS (REBASED TO 100)

Updated: 19/06/2020



Source: Refinitiv Datastream / Rezco



**BEAR MARKET RALLY
OR
NEW BULL MARKET**

USA: FORWARD PE

IT'S HARD FOR A BULL TO START FROM HERE

S&P 500

PRICE CHANGE



Source: Refinitiv Datastream / Rezco



**IS SMART MONEY OR DUMB
MONEY DRIVING THE RALLY?**



MarketWatch  @MarketWatch · Jun 12



Warren Buffett is 'an idiot,' says investor who claims daytrading is 'the easiest game I've ever played'



Barstool Sports founder believes he's a better investor than Warren B...

DAVEY DAY TRADER A.K.A. DAVE PORTNOY



Dave Portnoy
@stoolpresidente



Song choice = momentum. Momentum = money. You writing this down Warren? #DDTG



DAVIE DAY TRADER'S 2 RULES OF INVESTING:

RULE 1: STOCKS ALWAYS GO UP

RULE 2: READ RULE #1

United States | NYQ | Passenger Transportation, Ground & Sea

▲ 1.730000 c USD -0.070000 -3.8889 % Vol 34,491,295 CAM 1 CCR 1 Short Sell

- Overview
- News & Research
- Price & Charts
- Estimates
- Financials
- ESG
- Event
- Ownership
- Debt & Credit
- ...

My Templates



HTZ C 1.810000

30 Minutes

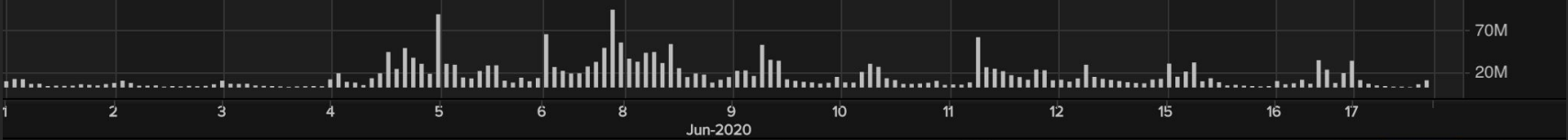


Price USD



Volume 8.56M

120M
70M
20M



2019 2020

- 1D
- 5D
- 1M
- 3M
- 6M
- YTD
- 1Y
- 2Y
- 5Y
- 10Y
- 20Y
- Max

Jun 1, 2020 Jun 18, 2020

USA MIDCAPS: HARD FOR A BULL TO START FROM HERE

Russell 2000 Index

PRICE CHANGE

Currency: USD
Updated: 19/06/2020



Source: Refinitiv Datastream / Rezco



**THE WORST RECESSION SINCE
THE GREAT DEPRESSION**

GDP scenarios World– indexed vs GFC

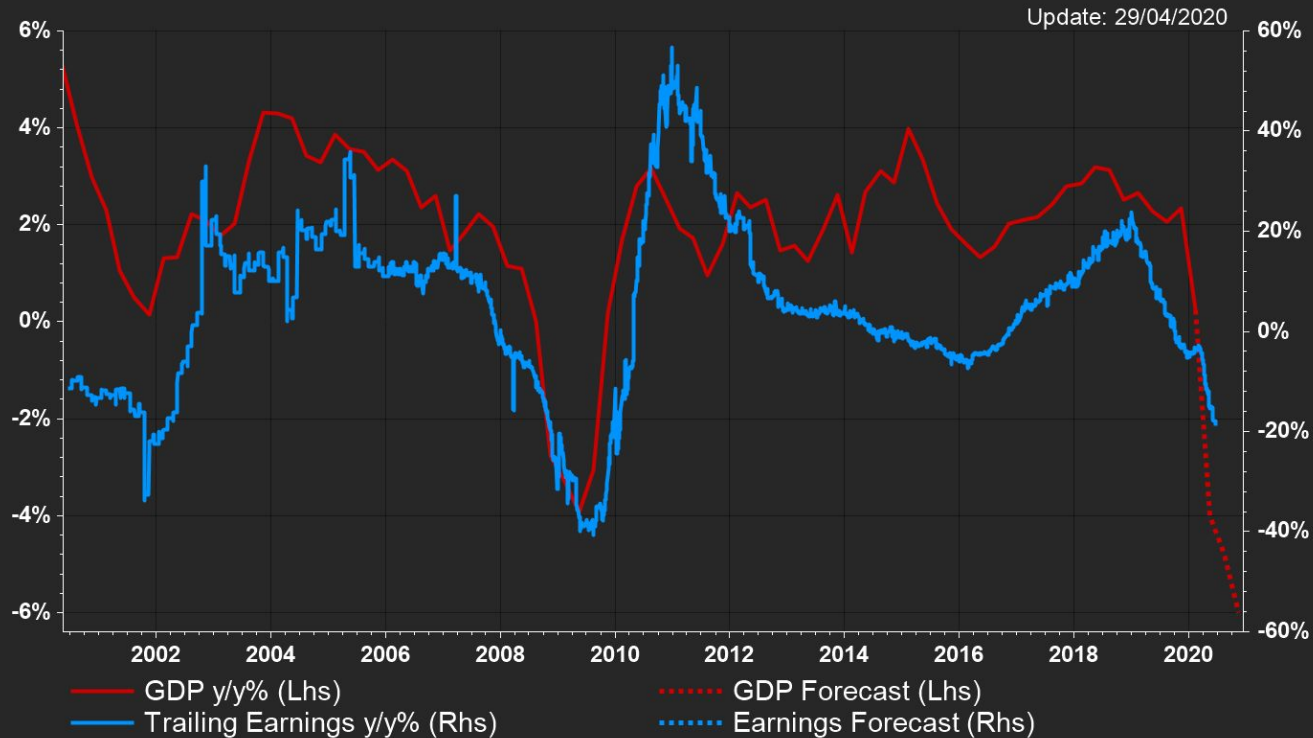




**RECESSION IMPACTS CORPORATE
PROFITS, WHICH IMPACT EQUITY
PRICES**

GDP AND CORPORATE PROFIT: USA

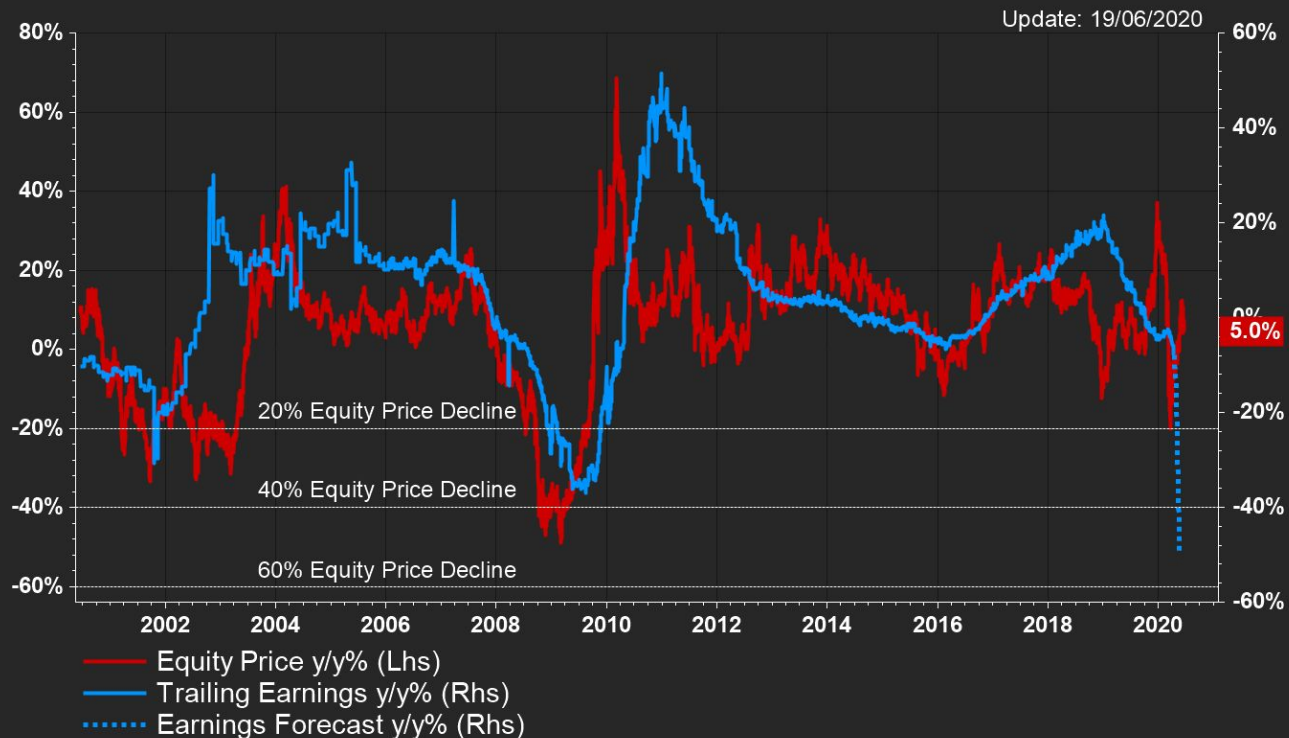
US GDP AND EARNINGS



Source: Refinitiv Datastream / Rezco

CORPORATE PROFIT AND EQUITY PRICES: USA

US EQUITY PRICES AND EARNINGS

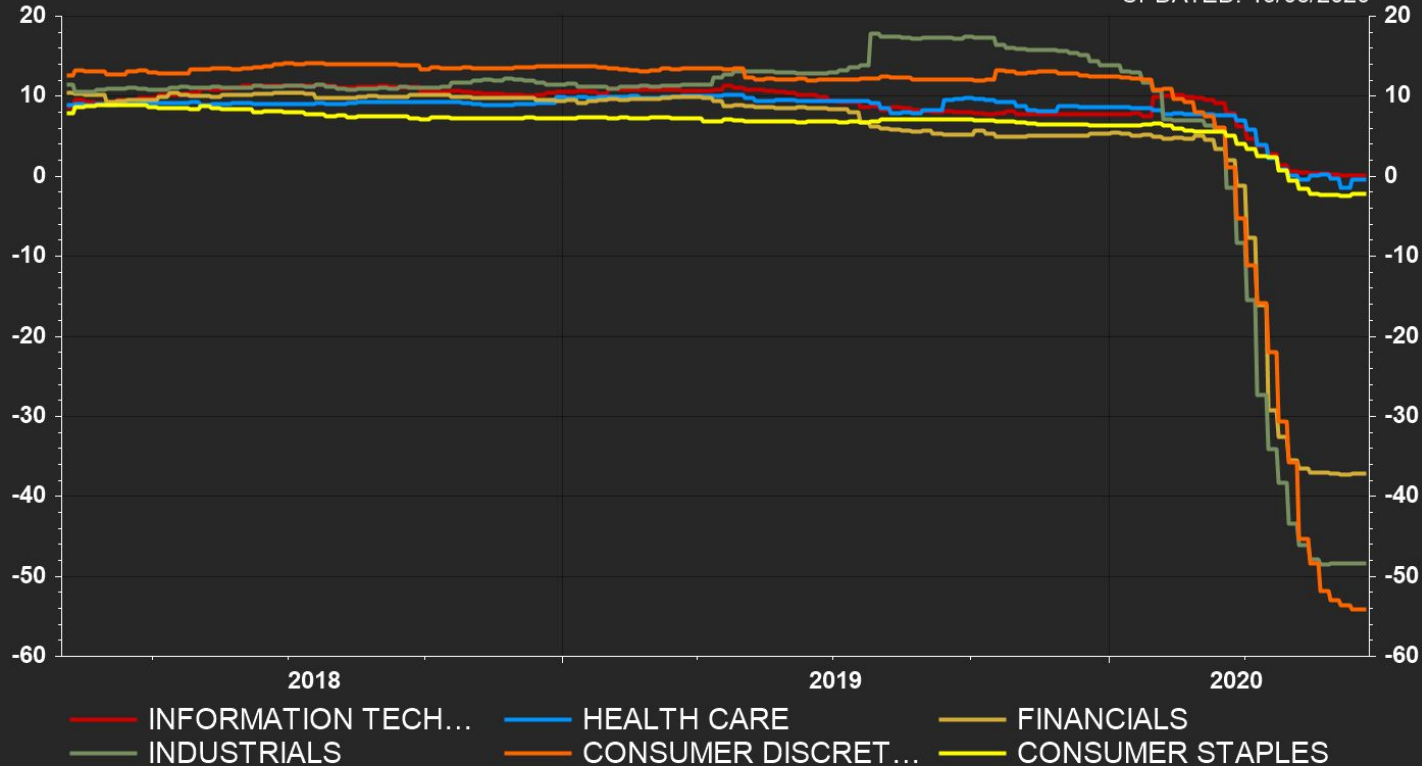


Source: Refinitiv Datastream / Rezco

ECONOMIES ARE INTERLINKED NOT THEMATIC

US INDICES GROWTH FORECAST - 2020/2019

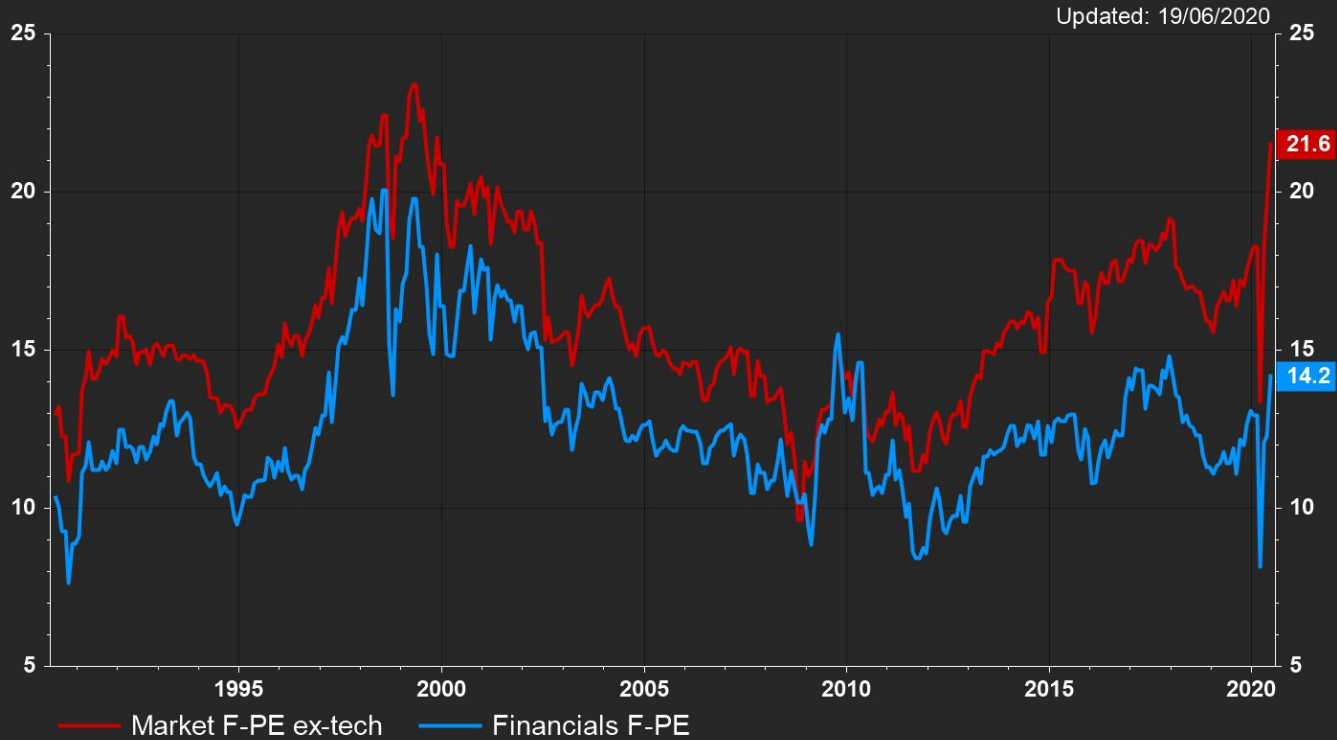
UPDATED: 19/06/2020



Source: Refinitiv Datastream / Rezco

IT'S NOT ONLY TECH THAT IS EXPENSIVE

US MARKET FORWARD PE



Source: Refinitiv Datastream / Rezco

IN SUMMARY: PAYING THE SAME FOR A LOT LESS

S&P 500 vs EARNINGS GROWTH EXPECTATIONS

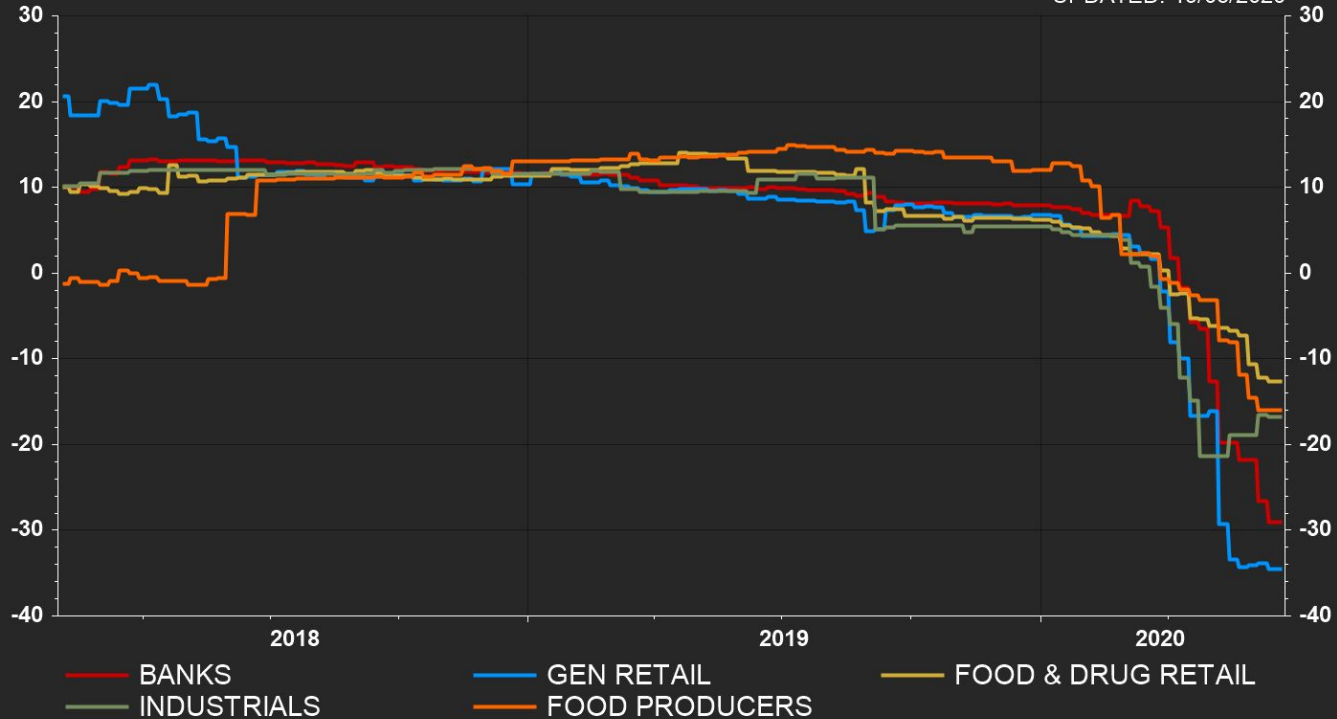


Source: Refinitiv Datastream / Rezco

RSA: NOWHERE TO HIDE LOCALLY

SA EARNINGS GROWTH FORECAST - 2020/2019

UPDATED: 19/06/2020



Source: Refinitiv Datastream / Rezco

RSA INC

SHARES ARE NOT CHEAP (e.g. BANKS)

SA BANKS INDEX

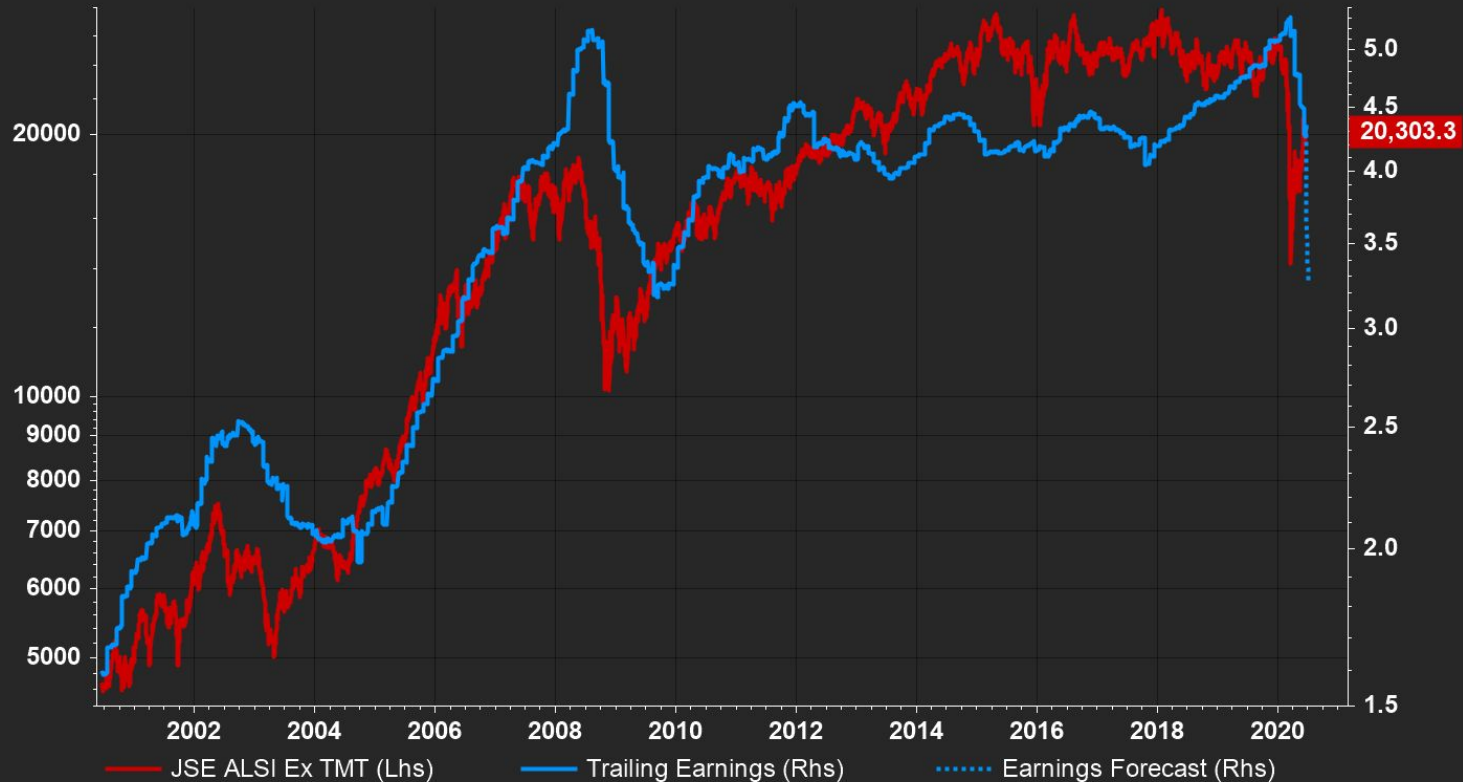


Source: Refinitiv Datastream / Rezco


CORPORATE PROFIT AND EQUITY PRICES: RSA

SA EQUITY PRICES AND EARNINGS EX TMT

Updated; 19/06/2020



Source: Refinitiv Datastream / Rezco



**GLOBAL ECONOMY:
RECOVERY
OR
DEAD CAT BOUNCE?**

THINKING ABOUT THE DATA- TWO CASE STUDIES

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U.S. Retail Sales Rose Record 18% in May

Sales rose following record declines during coronavirus lockdowns

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Stocks Close Sharply Higher on Surprisingly Upbeat Jobs Report

The Dow industrials climbed 3.2%, while the Nasdaq Composite fell just shy of its all-time closing peak

USA: RETAIL SALES

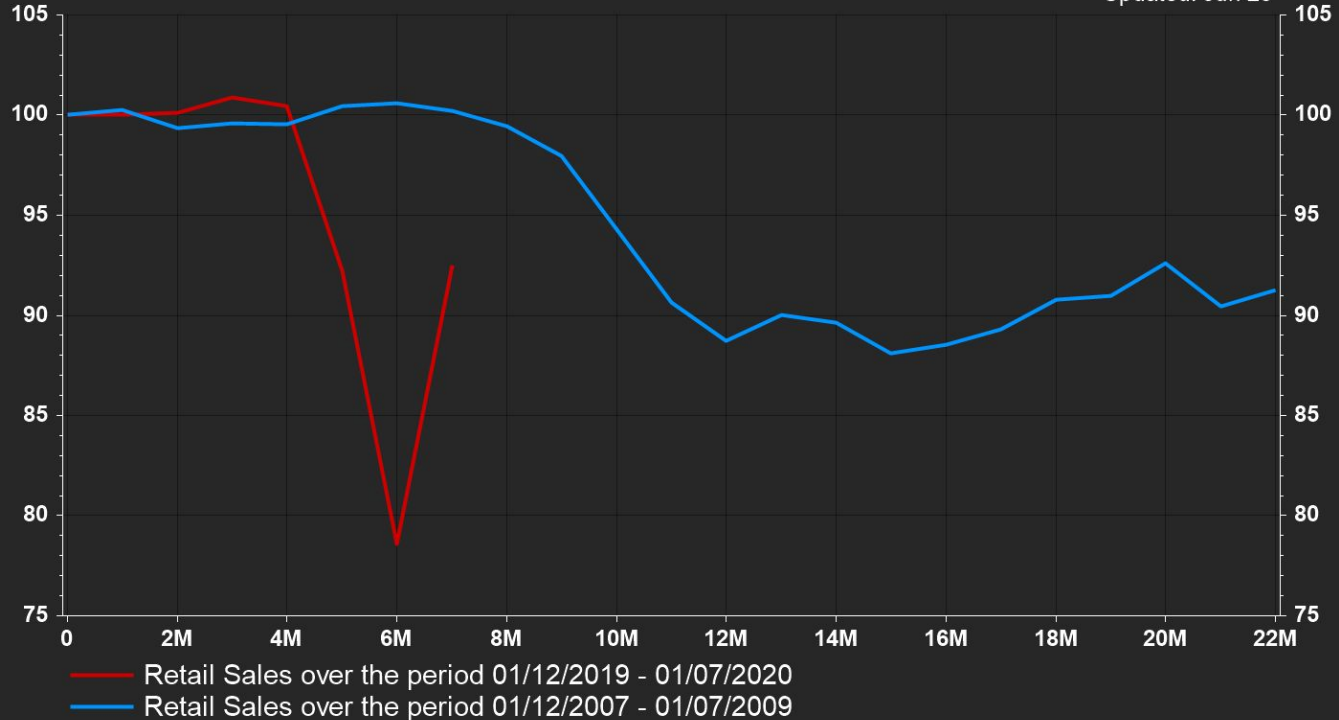
US RETAIL SALES Y/Y



Source: Refinitiv Datastream / Rezco

US RETAIL SALES REBASED TO 100

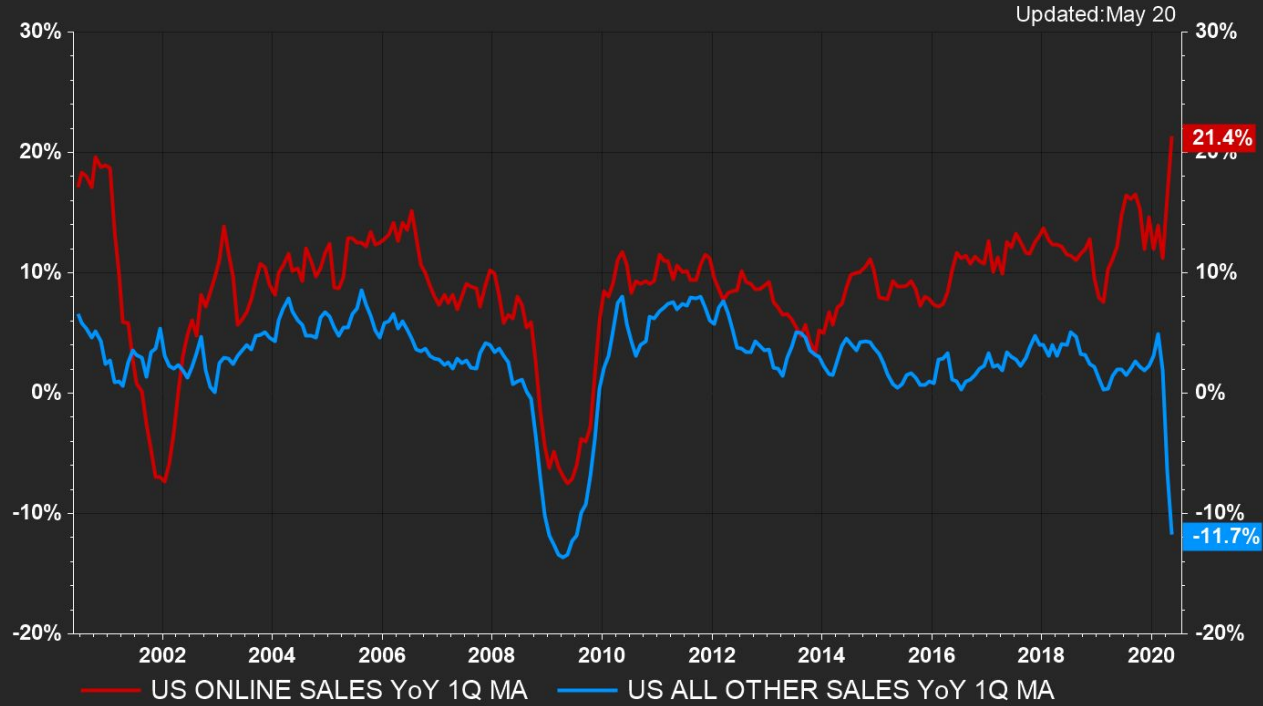
Updated: Jun 20



Source: Refinitiv Datastream / Rezco

USA RETAIL SALES: NOT ALL SALES ARE EQUAL

USA SALES THROUGH GFC AND COVID



Source: Refinitiv Datastream / Rezco

USA RETAIL: THE DETAIL IS IMPORTANT

US: Retail sales recovery isn't complete



May 20, 2020

Shopping Shifts Squeeze Target Profit in Q1

The retailer's sales jumped 11.3% but margins were pressured as consumers switched to e-commerce amid the coronavirus crisis.



TARGET CORPORATION

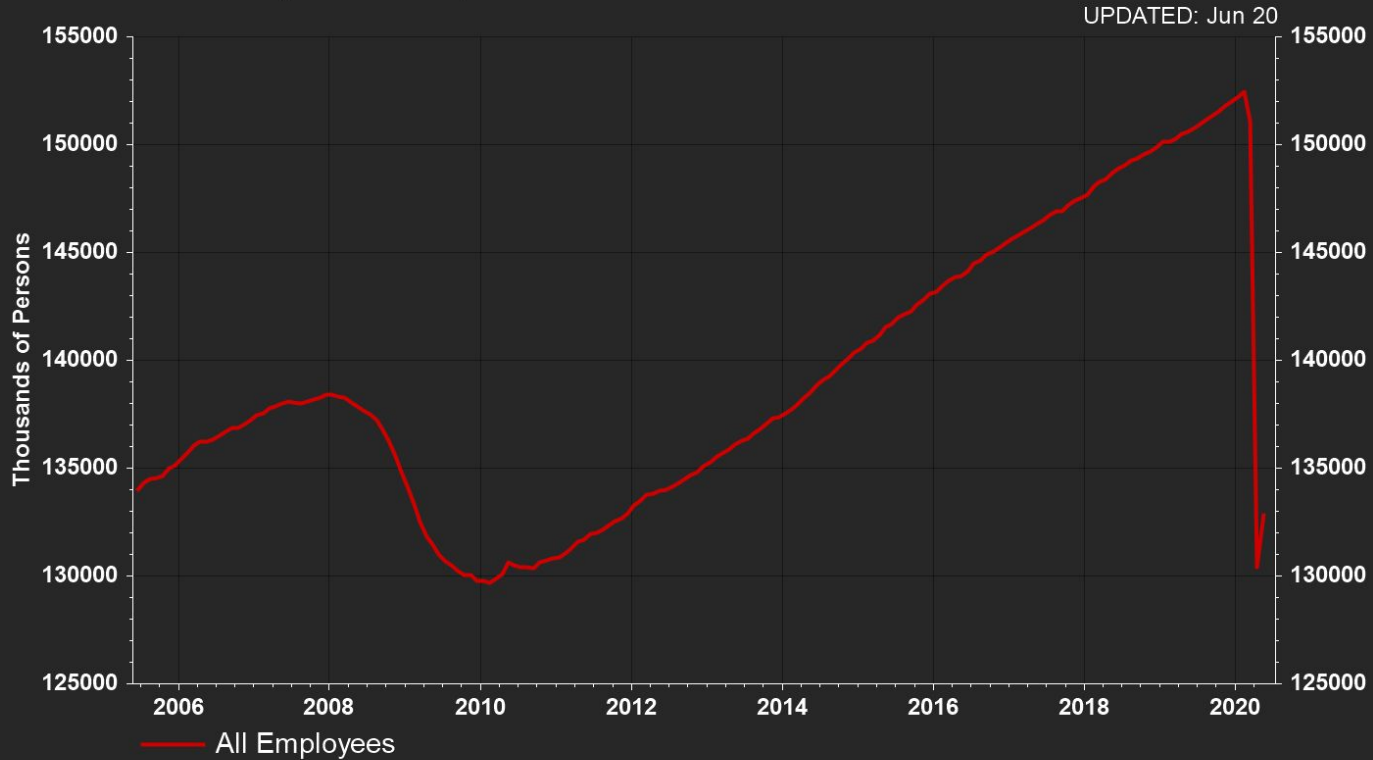
Consolidated Statements of Operations

(millions, except per share data) (unaudited)	Three Months Ended		
	May 2, 2020	May 4, 2019	Change
Sales	\$ 19,371	\$ 17,401	11.3%
Other revenue	244	226	7.7
Total revenue	19,615	17,627	11.3
Cost of sales	14,510	12,248	18.5
Selling, general and administrative expenses	4,060	3,663	10.9
Depreciation and amortization (exclusive of depreciation included in cost of sales)	577	581	(0.8)
Operating income	468	1,135	(58.7)
Net interest expense	117	126	(6.8)
Net other (income) / expense	22	(12)	(283.8)
Earnings from continuing operations before income taxes	329	1,021	(67.8)
Provision for income taxes	45	229	(80.0)
Net earnings from continuing operations	284	792	(64.2)
Discontinued operations, net of tax	—	3	
Net earnings	\$ 284	\$ 795	(64.3)%



US EMPLOYMENT

ALL EMPLOYEES (NON-FARM)

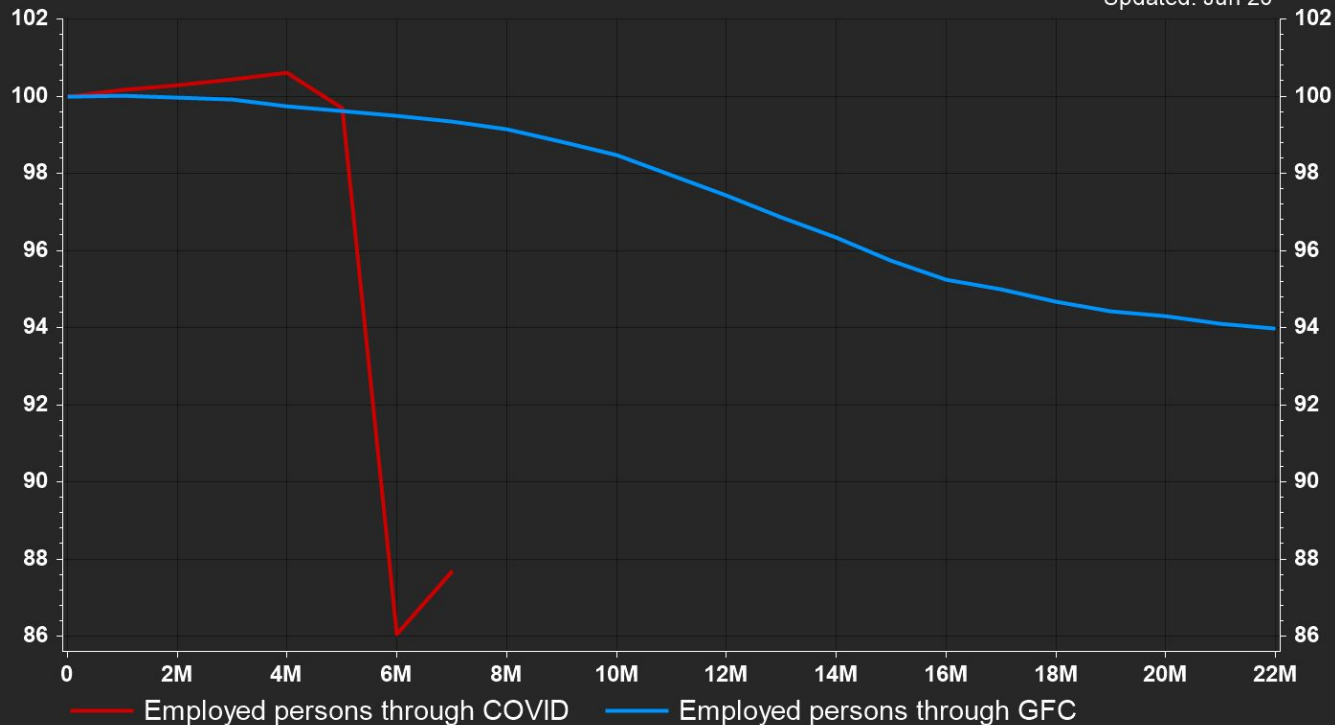


Source: Refinitiv Datastream / Rezco

DON'T GET TOO EXCITED ABOUT THE STRONG US JOBS NUMBER LAST MONTH

US EMPLOYED PERSONS REBASED TO 100

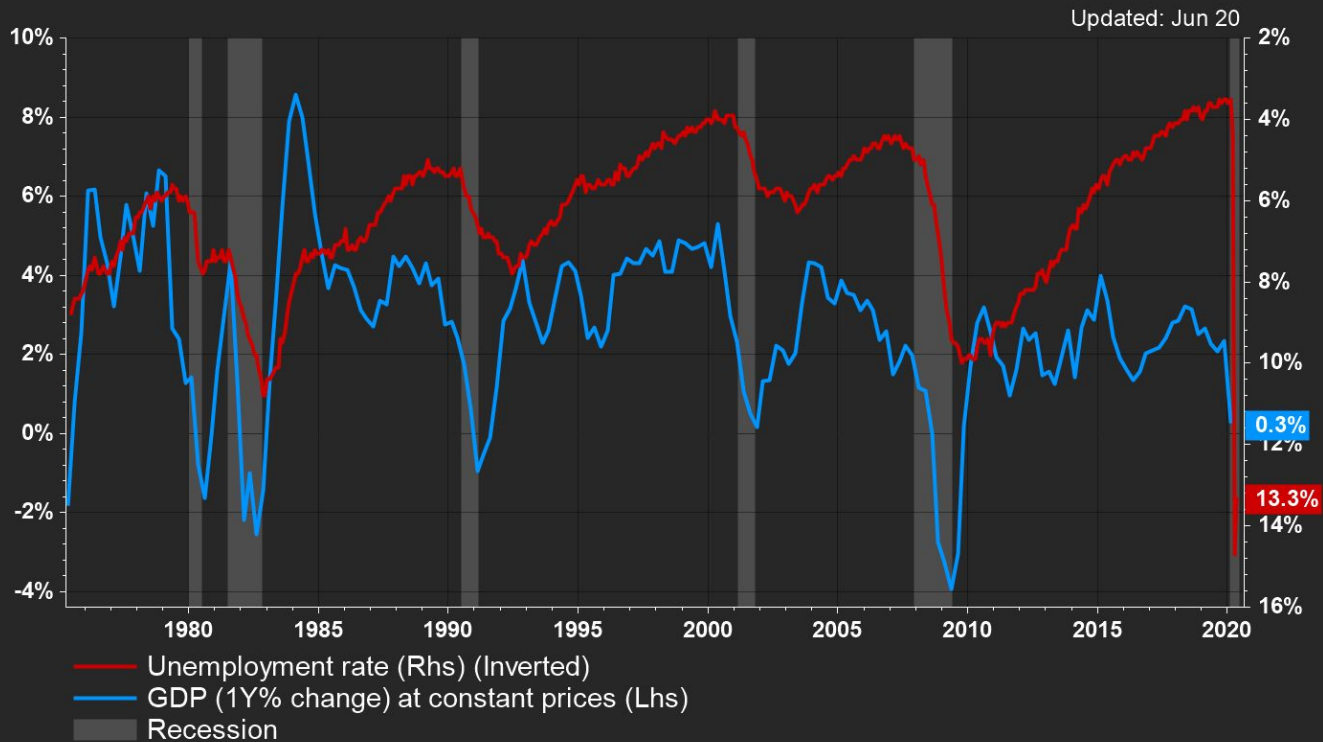
Updated: Jun 20



Source: Refinitiv Datastream / Rezco

IT'S IMPORTANT TO ZOOM OUT

USA GDP & UNEMPLOYMENT



Source: Refinitiv Datastream / Rezco

SOPHISTICATED MODELS WON'T WORK, BUT WHAT ARE OTHER OPTIONS?

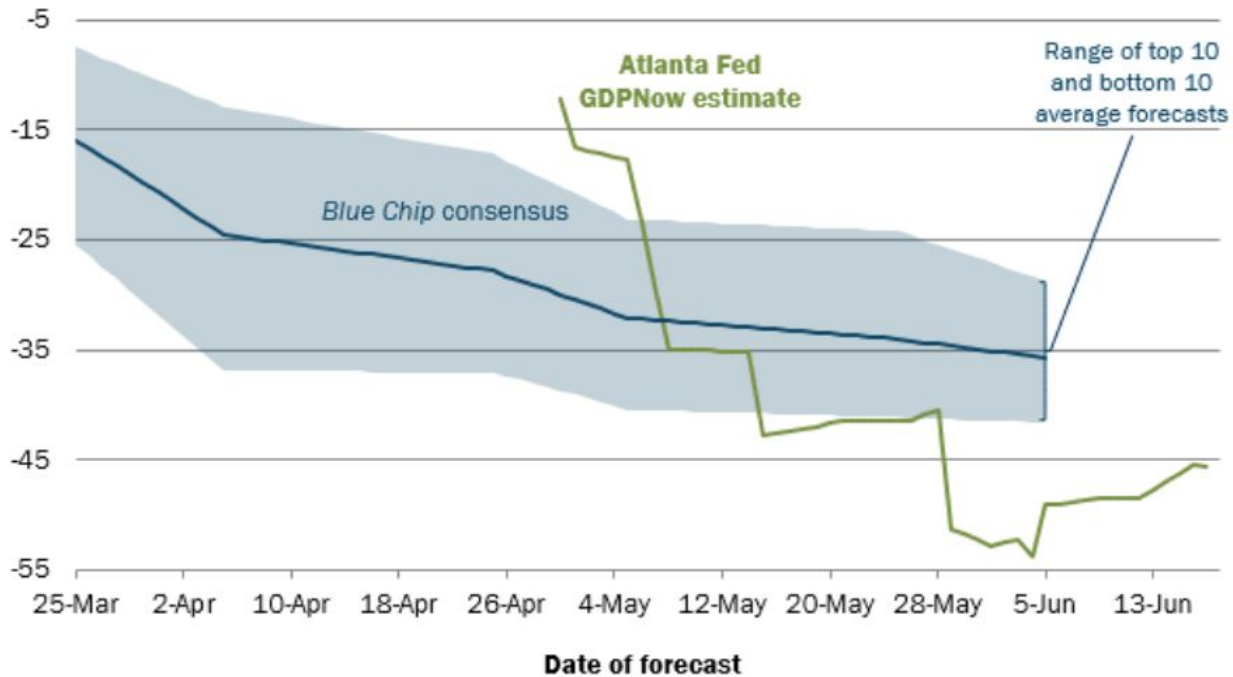
Table 1: Summary of real GDP forecast changes

	% qoq saar		% qoq (not annualized)		% yoy	
	New	Old	New	Old	New	Old
1Q20	-5.0	-5.0	-1.3	-1.3	0.3	0.3
2Q20F	-35.0	-40.0	-10.2	-12.0	-10.4	-12.2
3Q20F	20.0	7.0	4.7	1.7	-6.7	-11.1
4Q20F	6.0	12.0	1.5	2.9	-5.9	-9.1
1Q21F	5.0	11.0	1.2	2.6	-3.5	-5.4
2Q21F	5.0	6.0	1.2	1.5	8.8	9.0
3Q21F	3.0	3.0	0.7	0.7	4.7	8.0
4Q21F	3.0	3.0	0.7	0.7	4.0	5.7
2019					2.3	2.3
2020F					-5.7	-8.1
2021F					3.4	4.0

ATLANTA FED: GDPNow Estimate

Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q2

Quarterly percent change (SAAR)

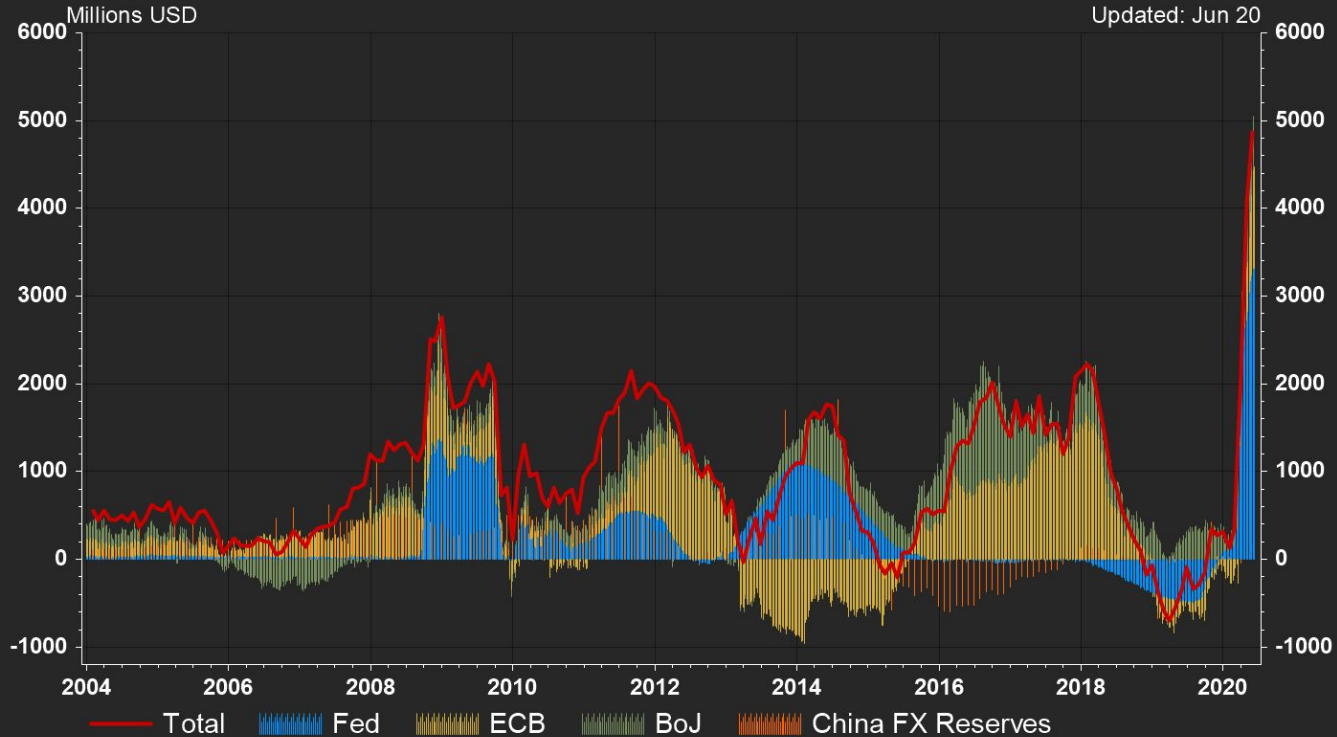




RISKS ON THE HORIZON

MARKET EXPECTS QE TO FIX EVERYTHING

ACTUAL Y/Y CHANGE IN CENTRAL BANK ASSETS

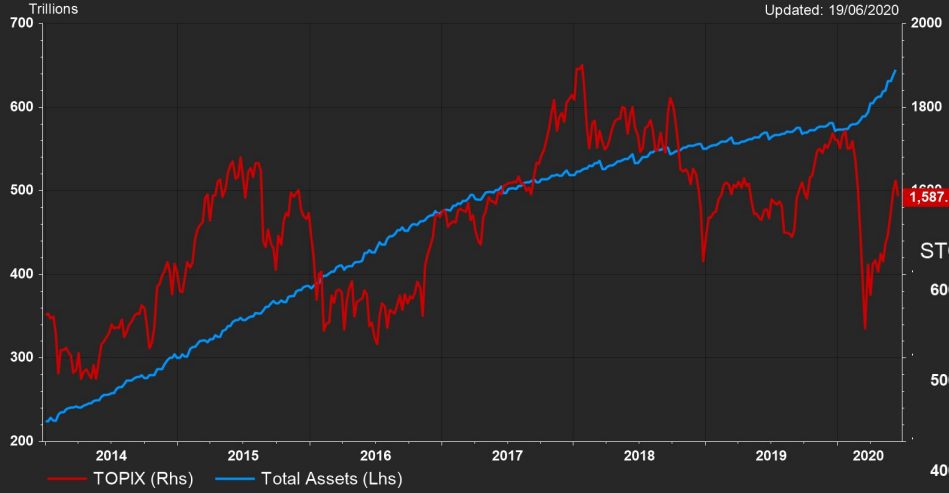


Source: Refinitiv Datastream / Rezco

EUROPE & JAPAN

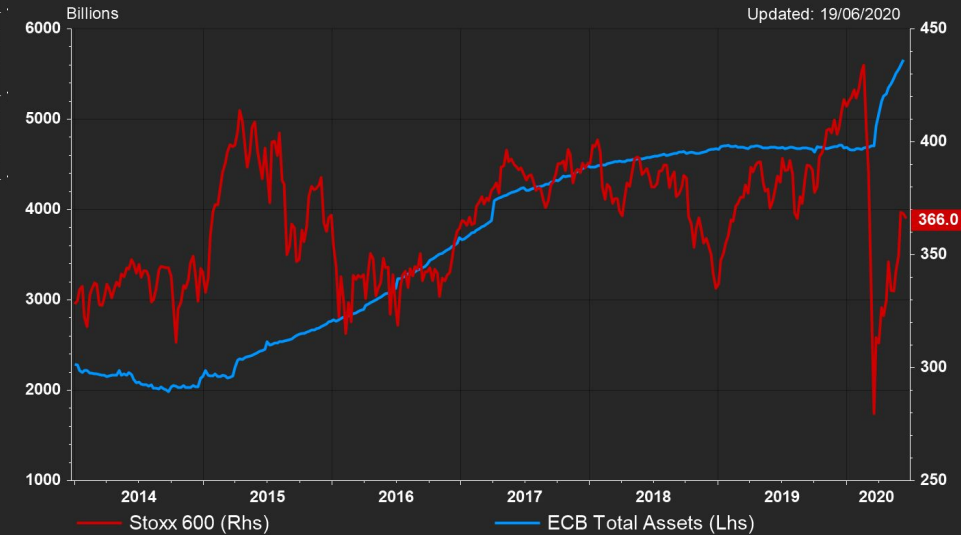
Q.E. CAN'T FIX SHARE PRICES

TOPIX AND JAPAN CENTRAL BANK ASSETS



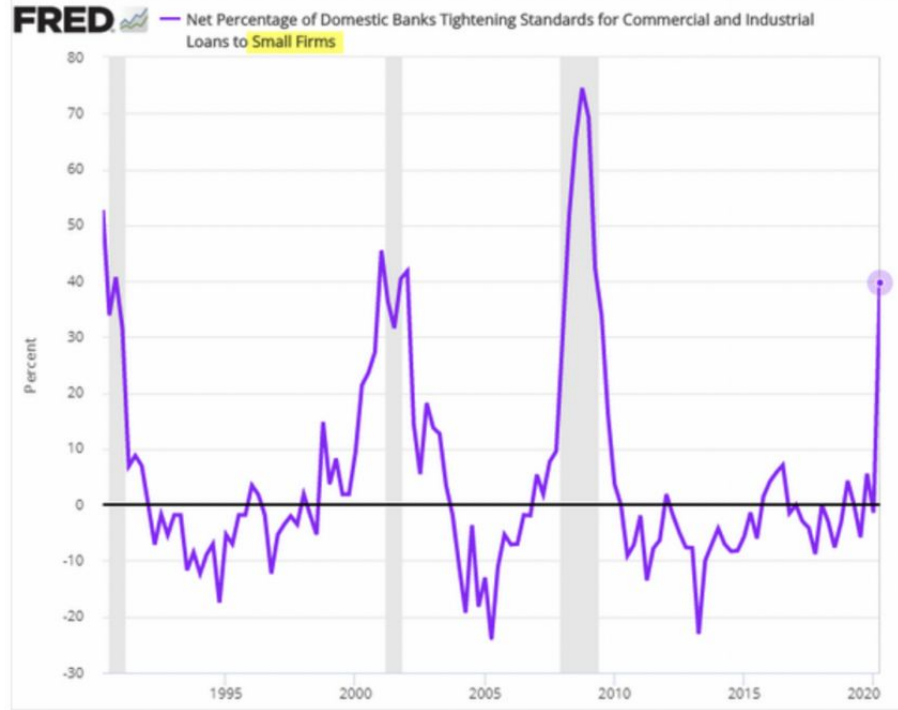
Source: Refinitiv Datastream / Rezco

STOXX 600 AND ECB ASSETS

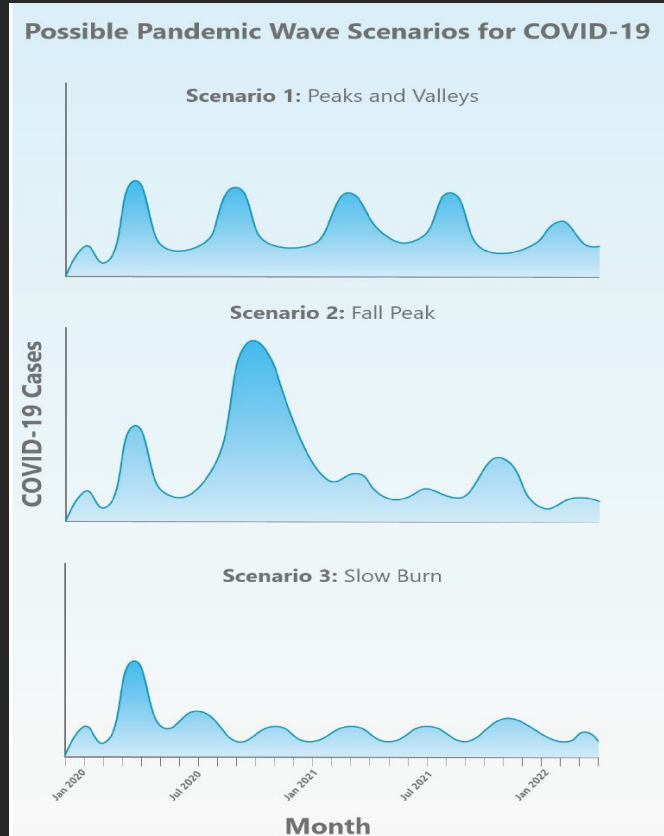


Source: Refinitiv Datastream / Rezco

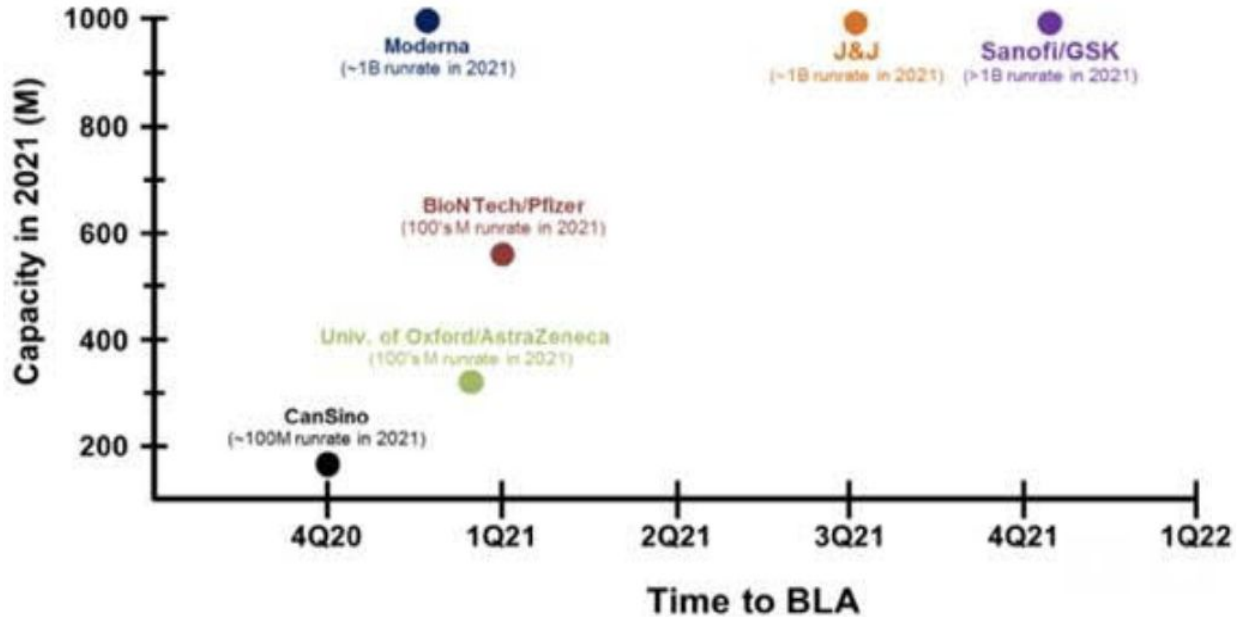
THE FED MAY BE LENDING BUT BANKS AREN'T



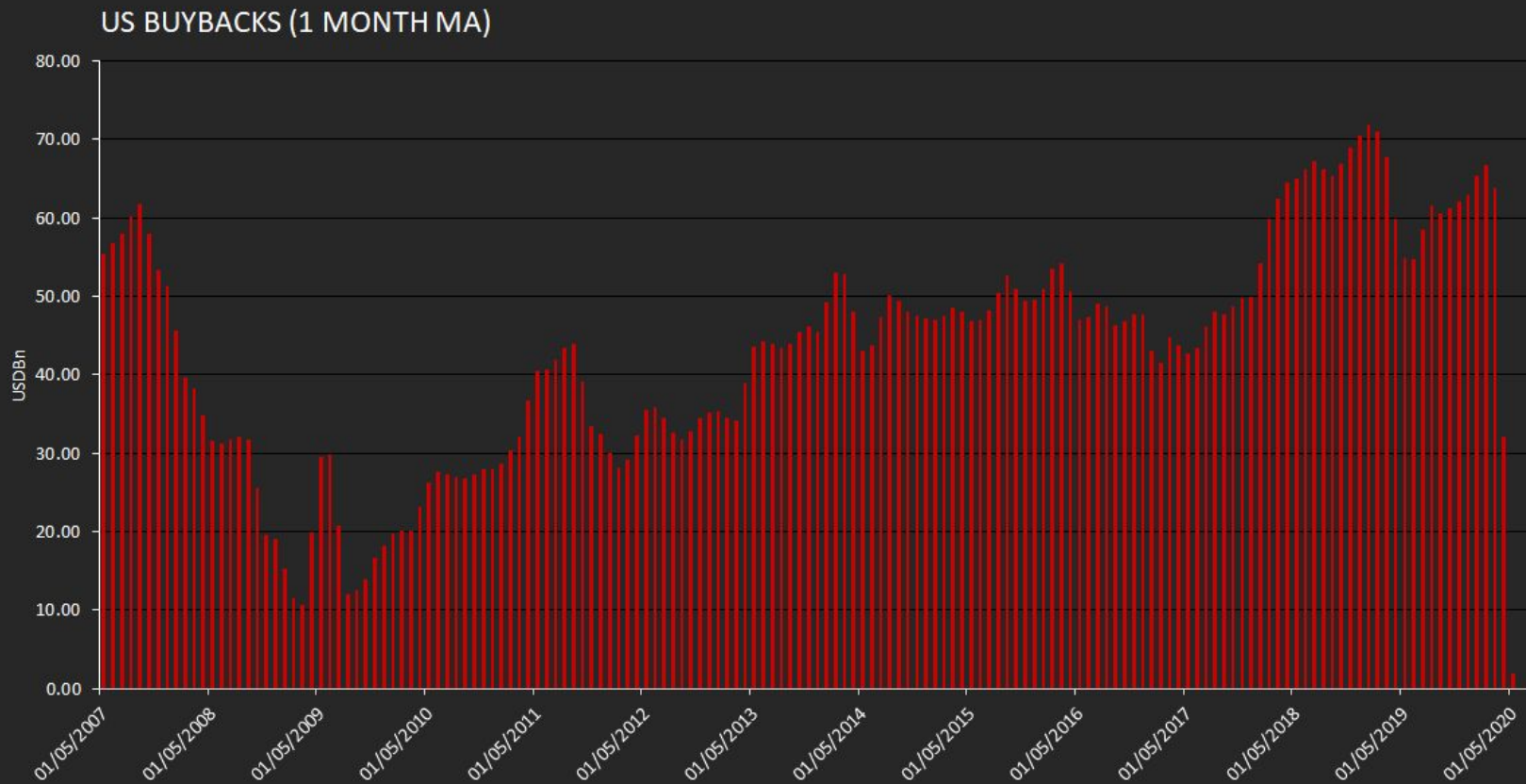
SCENARIOS FOR COVID-19



VACCINE TIMING: TOO SOON TO GET EXCITED



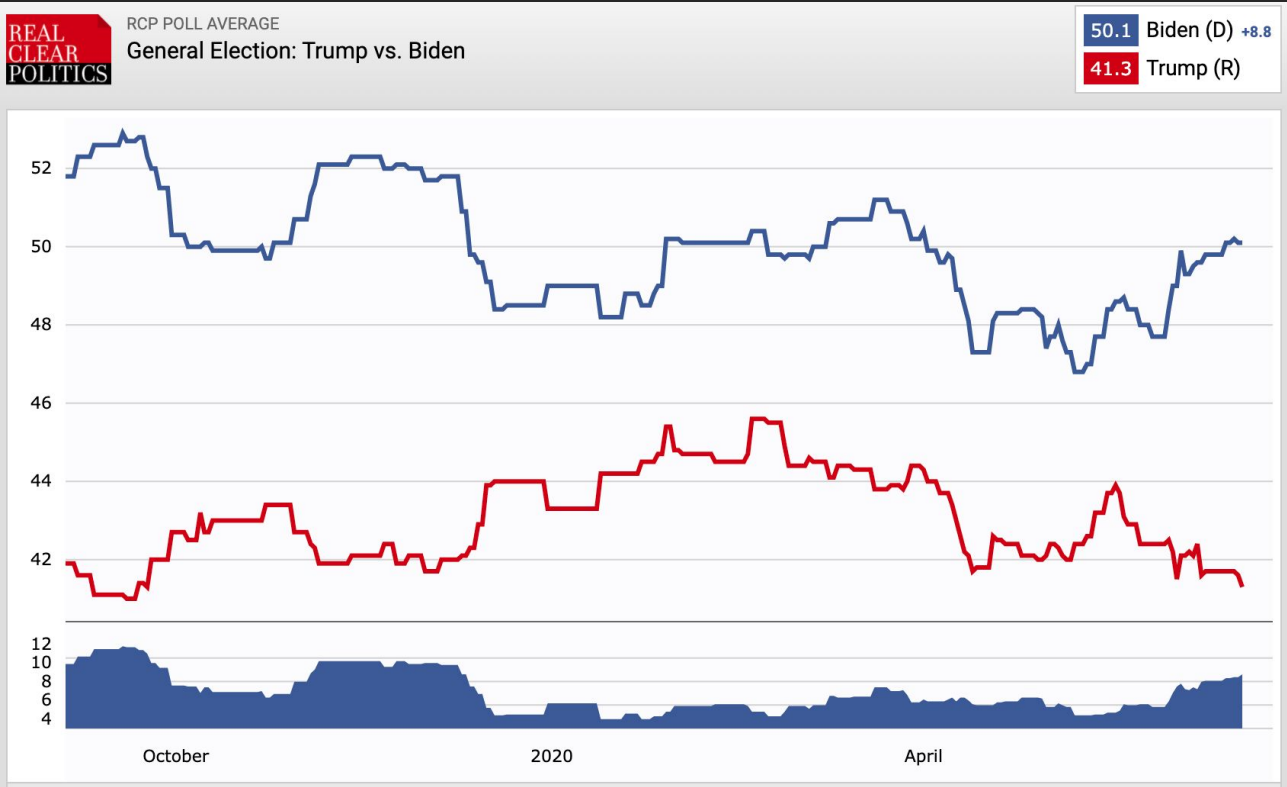
USA: SHARE BUYBACKS MIA



TRUMPS RE-ELECTION STRATEGY



WHAT DOES A BIDEN VICTORY MEAN FOR MARKETS?



BIDEN PLANNED ON INCREASING TAX BEFORE COVID BAILOUTS

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Joe Biden Proposes \$1 Trillion in New Corporate Taxes

Democratic candidate would raise minimum rates on companies to pay for health-care, climate, infrastructure and education policies



Former Vice President Joe Biden's proposed tax increases are more modest than those of some of his leading rivals for the Democratic presidential nomination.

PHOTO: ETIENNE LAURENT/EPA/SHUTTERSTOCK

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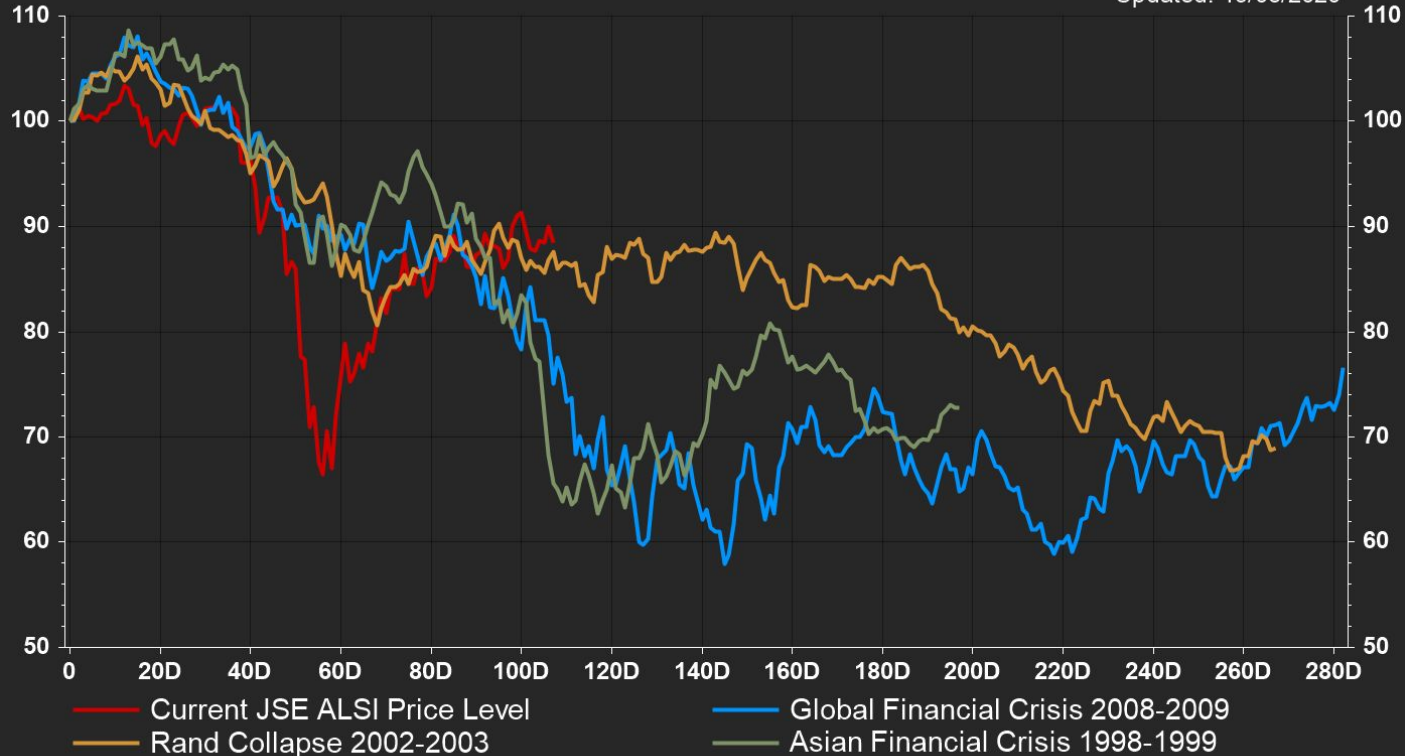
Connect the dots between technology trends and business strategy.

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ANOTHER OPPORTUNITY TO DE-RISK

JSE ALSI PRICE LEVEL OVER DIFFERENT BEAR MARKETS (REBASED TO 100)

Updated: 19/06/2020



Source: Refinitiv Datastream / Rezco



ANOTHER OPPORTUNITY TO DE-RISK PORTFOLIOS

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While the portfolio manager will attempt to minimise risk, the value of investments in discretionary accounts and the income derived from those investments may fluctuate and it is possible that the investor could incur losses, including the loss of principal invested. Past performance is not necessarily indicative as to future performance. An investor whose reference currency differs from that in which the fund or segregated account is denominated may be subject to exchange rate movements, which may cause fluctuations in the value of their investments. In addition, investments involving exposure to a currency other than that in which the segregated account or fund is denominated may also cause values to fluctuate.

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