



## REZCO'S VIEW ON INVESTMENT OPPORTUNITIES IN THE CURRENT MARKET TURMOIL

MARCH 2020

When a market takes a 20-30% fall, like the South African and international markets have just done, the sensible thing an investor will always ask themselves is:

“Is this a massive buying opportunity where I should be getting in the market?”

As an investment team at Rezco, we are working hard at understanding and assessing that question. As most clients already know, we are largely out of the market at the moment with very little equity exposure. We have insulated and protected our portfolios well and looked after our clients' capital, which is something we are always attempting to do, but obviously not always a capital guarantee. At the same time that we are preserving capital, there are also opportunities to create wealth.

At our current juncture, I would like to give our clients a bit of an insight into our thinking as we are assessing whether to jump back in. We are holding off at the moment, with good reason: we are plotting a range of scenarios that range from “bottom of the V”, to the more negative “not at the bottom of the V yet”. Unfortunately, markets do not often conform to a tidy letter-scenario.

Right now, we are working hard at assessing and debating, and running stats and data. We are not anticipating doom and gloom, because at this stage there are a range of scenarios and we are still assessing which is the correct one and somewhere here we see tremendous opportunities for our clients to do really well.

Our data-driven research is putting us hard at work trying to understand what the right answer is to bring those opportunities to our clients. Our core value on having the best investment tech has given us cutting edge tools that are analysing the statistics on how this outbreak is moving and what the likely outcomes are. This allows us to focus on making good decisions that insulate and protect our clients' capital and find opportunities that create wealth even in a time of global financial crisis.



While we are looking at where the entry points are, it is relevant to note that we had a 12-year bull market in international equities, which was the longest-running bull market ever. There has been a lot of talk at various points over the last few years about the demise of the bull market, but we think this event seems to have decisively ended the bull market.

There is a scenario where this might be a bear market and bear markets can go down for a year or two with some massive rallies mixed in.

We are not rushing out and buying, assuming a V bottom. We are still trying to assess the various scenarios to find our clients returns over the next period, because in my 30 years of investing experience, there is always an opportunity. Sometimes it is just around the corner – we will continue to attempt to find those for our clients.



**ROB SPANJAARD**  
Chief Investment Officer