



# ANNUAL INVESTOR COMMUNICATION

FINANCIAL YEAR END

AUGUST 2022

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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

REZCO EQUITY FUND		
2021	Morningstar	Best South Africa Equity Fund

## 4 CHIEF INVESTMENT OFFICER: ROB SPANJAARD

The year ended Aug 2022 saw improved performance compared to the prior year as our view around inflation globally materialised and resulted in equity and bond prices falling together, along with Rand weakness. Markets rallied into the 2021 calendar year end, but when the Fed's board minutes were released early Jan 2022 the market started pricing in inflation risks, and from this point the funds generally outperformed substantially. While global markets turned at the start of the year, South African equities peaked later and have generally outperformed global equities substantially – some of this is due to a positive relative view on the SA economy due to managed inflation, higher tax collections and super profits from the mining sector.

Looking at specific fund performance, both the Rezco Value Trend and Managed Plus Funds were up 4.6% for the year compared to peers at 2.7%. The Rezco Stable Fund was up 4.2% vs peers at 3.2%. The local multi-asset funds benefited from a weaker Rand and by avoiding holding risk assets (duration and equities). The Global Flexible Feeder Fund had larger outperformance with 19.5% return for the year vs peers at -1.7%. This return is in Rands, and thus the weaker Rand and high USD Cash holding of the fund allowed it to show a large positive ZAR return.

Given the price correction of bonds, the funds have added exposure to SA Government and US Treasury bonds with longer duration given we now see inflation



rolling over due to tight monetary policy. On a risk return basis we see government bonds as offering good value. The funds remain cautiously positioned by hedging equity and maintaining a low net equity exposure. The reason to be positive on bonds, expect inflation to roll over, but negative on global equity is we think that the reason inflation rolls over is tight monetary policy and recessionary conditions, markets have not yet fully priced in the hit to corporate earnings and thus we see further downside risk equities. While SA equities look cheap, the drivers supporting the SA economy are fragile, and without structural reform SA is exposed to the global economic trends which are fairly negative.

The local, fully invested Equity Fund, had a return of 3.3% compared to peers of 4.6%. The fund lagged over the period due to the cautious risk view – so while fully invested, the stock picks were more defensive given the global macro risks concerning us, and thus in the rising market the fund lagged. Positioning in this fund remains



defensive, with a low resources and China exposure, a high exposure to SA Inc and global defensives, and a strong bias for quality. Our view is that there are value traps in the resources sector and thus valuation is not the only consideration, we are also looking for defensive earnings going forward.

Globally our views are playing out well, with South Africa being a global outlier in the resilience of the economy and markets. Ultimately we think the global headwinds will catch up with South Africa, but in reviewing the period it is clear that, broadly speaking, the funds have performed exceptionally well in the global space but lagged slightly locally given the cautious positioning.

While we are still cautiously positioned in the funds, we have added more risk over the year as prices have come down, mostly via a higher government bond exposure. We are watching closely on how this cycle plays out, and while we don't think markets have reached a bottom yet, we are also not trying to time the markets. We expect to add to risk assets as opportunities arise, noting that we are trying to manage risk and not time the market. As always we thank our clients for their continued support, your trust in us is especially appreciated given the volatility of markets and uncertainty of the current economic period. We continue to strive to manage risk well through the cycles, being defensive when risks are high and more aggressive when opportunities for growth are good.

## 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

	2022	2021
<b>NET INVESTMENT INCOME</b>	<b>R 161 172 593</b>	<b>R 184 593 167</b>
Income Distributions		
28 February	R 0	R 78 054 725
31 August	R 161 172 593	R 106 538 442

### 6.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CAPITAL EMPLOYED</b>	<b>R 5 829 590 463</b>	<b>R 6 454 913 025</b>
Capital Value of Portfolio	R 5 829 590 463	R 6 454 913 025
<b>EMPLOYMENT OF CAPITAL</b>	<b>R 5 829 590 463</b>	<b>R 6 454 913 025</b>
Non-Current Assets	R 3 260 854 012	R 5 081 644 362
Net Current Assets	R 2 568 736 451	R 1 373 268 663

### 6.3 GENERAL FACTS

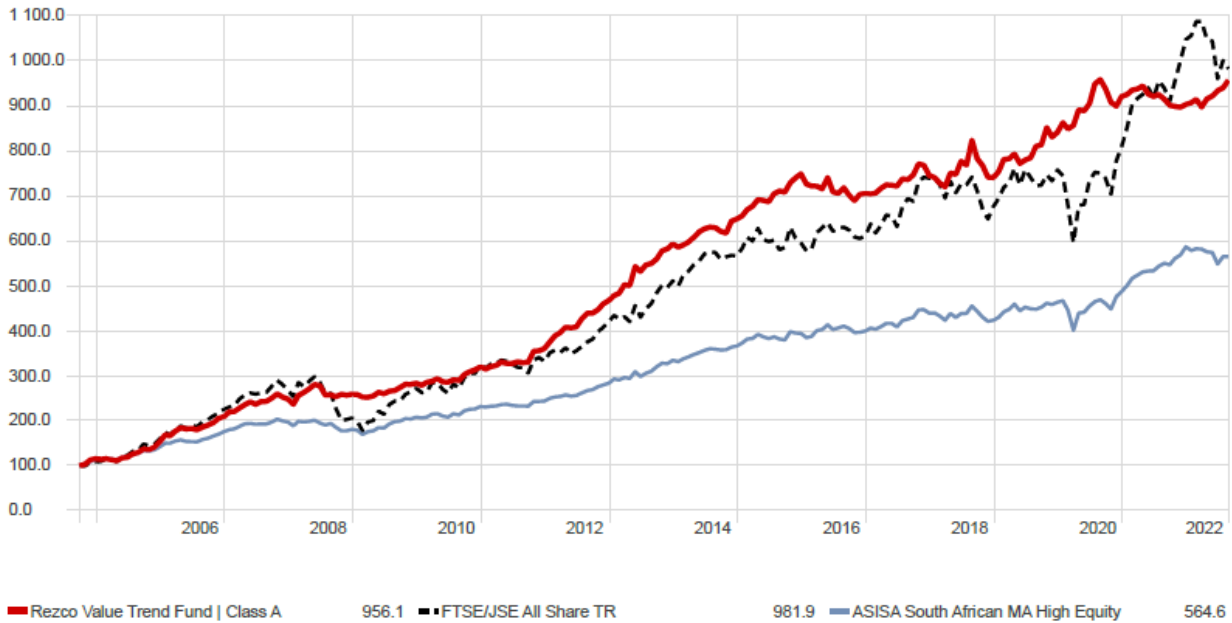
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 5 994 486 995
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	6 825 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 7.5% in the out-performance above the 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 2022/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2022/08/31 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	4.6	5.7	5.4	8.1	13.4
FTSE/JSE All Share TR	4.6	10.8	7.2	10.1	13.6
ASISA South African MA High Equity	2.7	8.1	5.8	7.8	10.1

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2004/10/01) to 2022/08/31 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	Beta
Rezco Value Trend Fund   Class A	-10.1	8.8	1.3	0.7	0.4
FTSE/JSE All Share TR	-40.4	15.2	0.7	0.5	1.0
ASISA South African MA High Equity	-16.8	8.1	0.6	0.4	0.5

Source: Morningstar



## 6.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:RVTU  
As at 31/08/2022

	Local Currency	Foreign Currency	Total
Equity	1.7%	0.2%	1.8%
Bonds	20.3%	22.4%	42.7%
Money Market	43.1%	11.8%	54.9%
Derivatives		0.7%	0.7%
<b>Total</b>	65.0%	35.0%	100.0%

### GICS SECTOR ALLOCATION

Consumer Discretionary	1.7%
Industrials	0.0%
Information Technology	0.0%
Materials	0.1%
n/a	98.2%
<b>Total</b>	100.0%

### TOP 10 HOLDINGS

Display Name	GICS Sector	Currency	
SAFLGB Float 07/11/27 Corp	n/a	ZAR	7.5%
MSALS005 Index	n/a	USD	5.8%
SA Government R186 10.5% 2026-12-21	n/a	ZAR	5.0%
MSREZ004 Index	n/a	USD	4.5%
US T-BILL 3% 2052-08-15	n/a	USD	3.7%
MSREZ006 Index	n/a	USD	3.4%
MSREZ007 Index	n/a	USD	3.3%
MSREZ002 Index	n/a	USD	2.6%
MSREZ008 Index	n/a	USD	2.3%
US T-BILL 0.125% 2023-01-31	n/a	USD	2.3%

## 7 REZCO MANAGED PLUS FUND

### 7.1 ABRIDGED INCOME STATEMENT

	2022	2021
<b>NET INVESTMENT INCOME</b>	<b>R 20 056 823</b>	<b>R 22 281 648</b>
Income Distributions		
28 February	R 0	R 7 874 684
31 August	R 20 056 823	R 14 406 964

### 7.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CAPITAL EMPLOYED</b>	<b>R 786 942 545</b>	<b>R 880 362 620</b>
Capital Value of Portfolio	R 786 942 545	R 880 362 620
<b>EMPLOYMENT OF CAPITAL</b>	<b>R 786 942 545</b>	<b>R 880 362 620</b>
Non-Current Assets	R 438 432 227	R 751 159 548
Net Current Assets	R 348 510 318	R 129 203 072

### 7.3 GENERAL FACTS

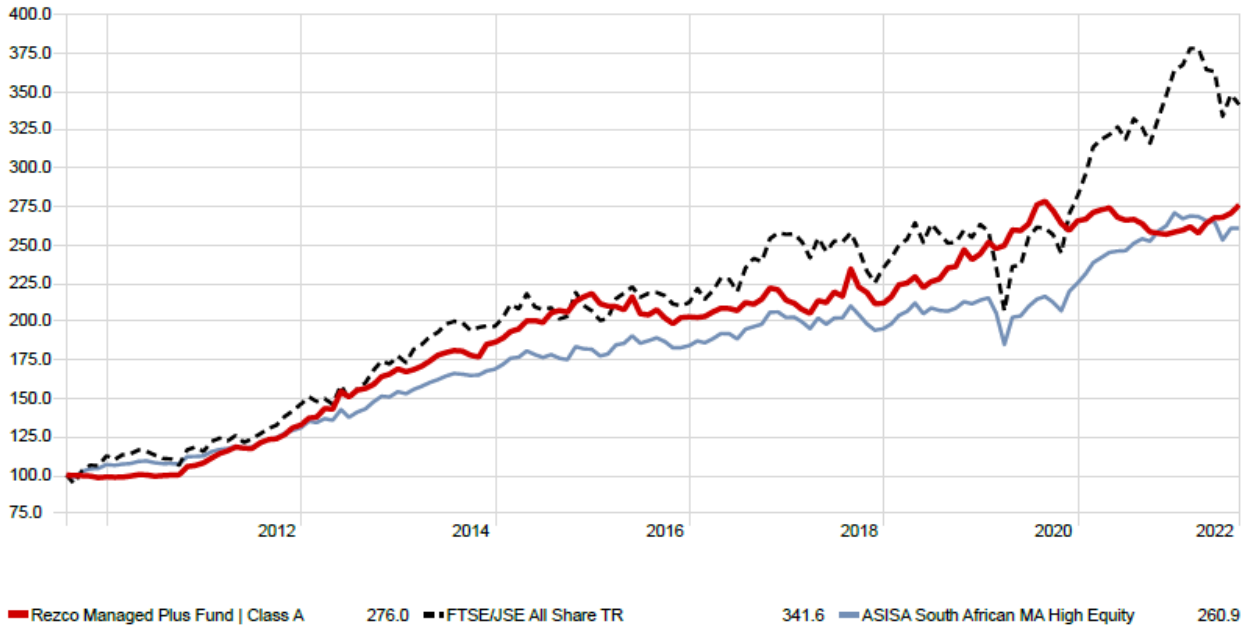
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 807 663 827
FUND CATEGORY	ASISA South African Multi-Asset High Equity
YEAR END NAV PRICE	2 327 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	1.25% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 12.5% in the out-performance above the 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 2022/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2022/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Managed Plus Fund   Class A	4.6	5.5	5.5	8.4	8.8
FTSE/JSE All Share TR	4.6	10.8	7.2	10.1	11.3
ASISA South African MA High Equity	2.7	8.1	5.8	7.8	8.5

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2010/09/01) to 2022/08/31 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	Beta
Rezco Managed Plus Fund   Class A	-9.7	7.4	0.6	0.4	0.3
FTSE/JSE All Share TR	-21.7	13.3	0.7	0.4	1.0
ASISA South African MA High Equity	-14.1	7.6	0.5	0.3	0.5

Source: Morningstar

## 7.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:REPF  
As at 31/08/2022

	Local Currency	Foreign Currency	<b>Total</b>
Equity	5.1%	0.1%	5.3%
Listed Property	0.2%		0.2%
Bonds	16.3%	22.5%	38.8%
Money Market	43.8%	11.2%	55.0%
Derivatives		0.7%	0.7%
<b>Total</b>	<b>65.5%</b>	<b>34.5%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Consumer Staples	1.0%
Financials	4.4%
Industrials	0.0%
Information Technology	0.0%
Materials	0.1%
n/a	94.5%
<b>Total</b>	<b>100.0%</b>

### TOP 10 HOLDINGS

Display Name	GICS Sector	Currency	
MSALS005 Index	n/a	USD	5.8%
SA Government R186 10.5% 2026-12-21	n/a	ZAR	4.9%
MSREZ004 Index	n/a	USD	4.5%
US T-BILL 3% 2052-08-15	n/a	USD	3.7%
MSREZ006 Index	n/a	USD	3.4%
MSREZ007 Index	n/a	USD	3.3%
SA Government R2032 8.25% 2032-03-31	n/a	ZAR	2.9%
SA Government R2030 8% 2030-01-31	n/a	ZAR	2.8%
SA Government R2040 9.00% 2040-01-31	n/a	ZAR	2.8%
SA Government R2037 8.5% 2037-01-31 2	n/a	ZAR	2.8%

## 8 REZCO EQUITY FUND

### 8.1 ABRIDGED INCOME STATEMENT

	2022	2021
<b>NET INVESTMENT INCOME</b>	<b>R 31 141 388</b>	<b>R 27 916 001</b>
Income Distributions		
28 February	R 0	R 6 030 165
31 August	R 31 141 388	R 21 885 836

### 8.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CAPITAL EMPLOYED</b>	<b>R 1 258 427 017</b>	<b>R 1 333 417 813</b>
Capital Value of Portfolio	R 1 258 427 017	R 1 333 417 813
<b>EMPLOYMENT OF CAPITAL</b>	<b>R 1 258 427 017</b>	<b>R 1 333 417 813</b>
Non-Current Assets	R 1 224 814 769	R 1 298 514 130
Net Current Assets	R 33 612 248	R 34 903 683

### 8.3 GENERAL FACTS

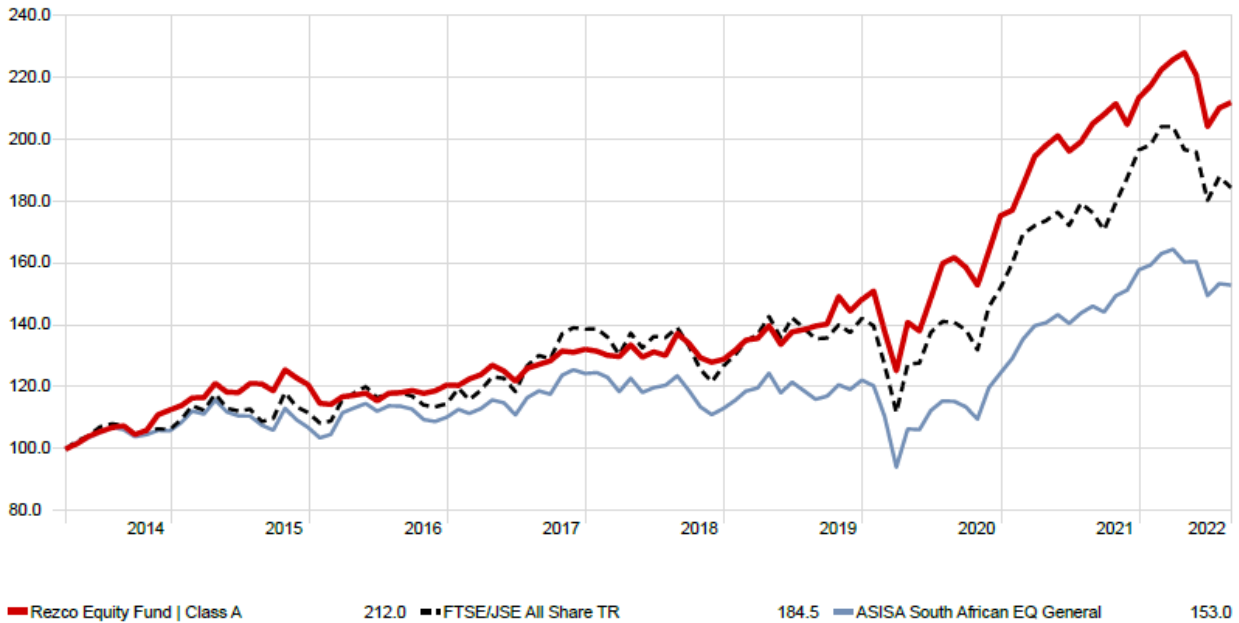
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 1 290 425 252
FUND CATEGORY	ASISA South African Equity General
YEAR END NAV PRICE	1 778 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	0.65% (Excl. VAT)
PERFORMANCE FEE	A participation rate of 10% in the out-performance above the benchmark (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 2022/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2022/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Equity Fund   Class A	3.3	14.9	10.7		9.3
FTSE/JSE All Share TR	4.6	10.8	7.2	10.1	7.5
ASISA South African EQ General	4.6	9.6	5.2	7.6	5.2

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2014/04/01) to 2022/08/31 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	Beta
Rezco Equity Fund   Class A	-17.0	11.3	0.5	0.3	0.7
FTSE/JSE All Share TR	-21.7	13.7	0.2	0.2	1.0
ASISA South African EQ General	-25.0	12.2	0.0	0.0	0.9

Source: Morningstar

## 8.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:REEF  
As at 31/08/2022

	Local Currency	Total
Equity	91.0%	91.0%
Listed Property	4.0%	4.0%
Money Market	4.9%	4.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Consumer Discretionary	6.1%
Consumer Staples	22.3%
Financials	32.0%
Health Care	8.0%
Industrials	4.4%
Materials	12.0%
n/a	4.9%
Telecommunication Services	10.2%
<b>Total</b>	<b>100.0%</b>

Display Name	Gics Sector	
Discovery Ltd	Financials	6.8%
Momentum Metropolitan Holdings Ltd	Financials	6.1%
SPAR Group Ltd	Consumer Staples	6.0%
Anheuser Busch Inbev NV	Consumer Staples	6.0%
BID Corporation Ltd	Consumer Staples	5.0%
Gold Fields Ltd	Materials	4.9%
Standard Bank Group Ltd	Financials	4.8%
MTN Group Ltd	Telecommunication Services	4.3%
Vodacom Group Ltd	Telecommunication Services	4.0%
Naspers Ltd	Consumer Discretionary	4.0%

## 9 REZCO STABLE FUND

### 9.1 ABRIDGED INCOME STATEMENT

	2022	2021
<b>NET INVESTMENT INCOME</b>	<b>R 7 158 434</b>	<b>R 14 547 604</b>
Income Distributions		
28 February	R 0	R 8 333 974
31 August	R 7 158 434	R 6 213 630

### 9.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CAPITAL EMPLOYED</b>	<b>R 213 154 250</b>	<b>R 347 820 689</b>
Capital Value of Portfolio	R 213 154 250	R 347 820 689
<b>EMPLOYMENT OF CAPITAL</b>	<b>R 213 154 250</b>	<b>R 347 820 689</b>
Non-Current Assets	R 113 699 081	R 290 532 124
Net Current Assets	R 99 455 169	R 57 288 565

### 9.3 GENERAL FACTS

INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 220 934 044
FUND CATEGORY	ASISA South African Multi-Asset Low Equity
YEAR END NAV PRICE	1 147 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.

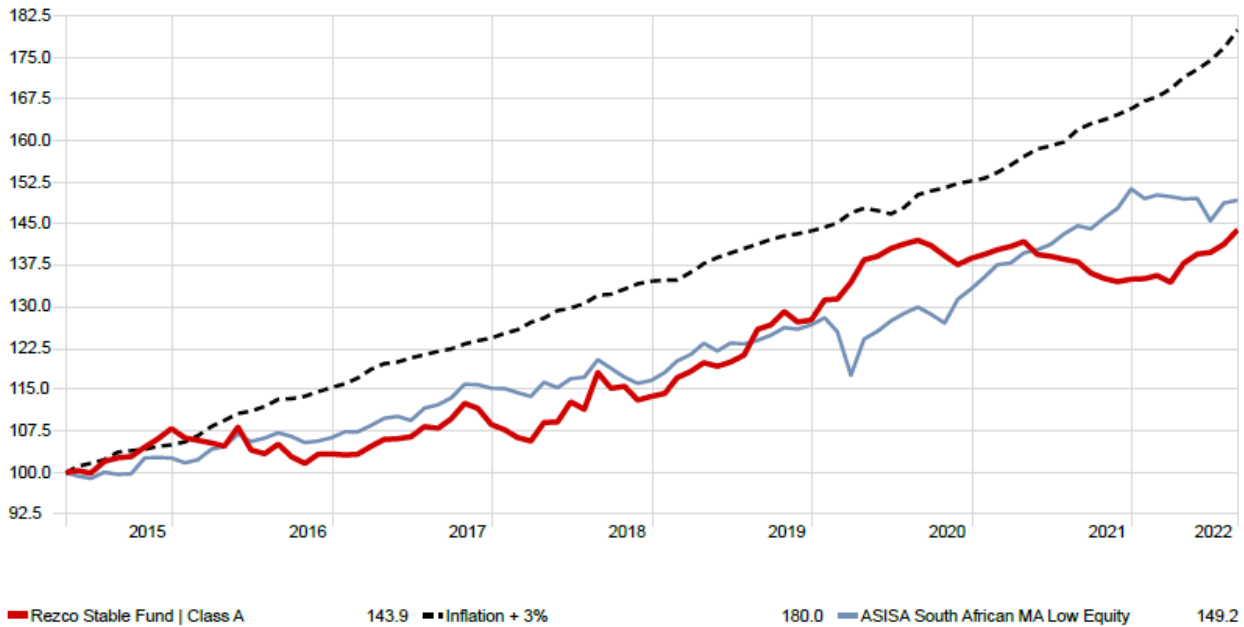


## 9.4 PERFORMANCE FIGURES

### CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2015/05/05) to 2022/08/31

Currency: South African Rand Source Data: Total Return



### ANNUALISED RETURNS

As of Date: 2022/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Stable Fund   Class A	4.2	4.5	5.9		5.1
Inflation + 3%	11.1	8.4	8.1	8.5	8.3
ASISA South African MA Low Equity	3.2	6.4	5.9	7.1	5.8

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: 2015/06/01 to 2022/08/31 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	Beta
Rezco Stable Fund   Class A	-6.1	5.5	-0.3	-0.2	0.1
FTSE/JSE All Share TR ZAR	-21.7	14.4	0.2	0.1	1.0
ASISA South African MA Low Equity	-8.1	5.1	-0.1	-0.1	0.3

Source: Morningstar

## 9.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:REST  
As at 31/08/2022

	Local Currency	Foreign Currency	Total
Equity	0.8%	0.0%	0.8%
Bonds	19.7%	21.5%	41.1%
Money Market	44.0%	13.4%	57.4%
Derivatives		0.6%	0.6%
<b>Total</b>	<b>64.5%</b>	<b>35.5%</b>	<b>100.0%</b>

### GICS SECTOR ALLOCATION

Consumer Discretionary	0.8%
Industrials	0.0%
Information Technology	0.0%
Materials	0.0%
n/a	99.2%
<b>Total</b>	<b>100.0%</b>

### TOP 10 HOLDINGS

Display Name	GICS Sector	Currency	
MSALS005 Index	n/a	USD	7.1%
SAFLGB Float 07/11/27 Corp	n/a	ZAR	6.5%
SA Government R186 10.5% 2026-12-21	n/a	ZAR	5.1%
MSREZ004 Index	n/a	USD	4.0%
US T-BILL 3% 2052-08-15	n/a	USD	3.6%
MSREZ006 Index	n/a	USD	3.0%
MSREZ007 Index	n/a	USD	3.0%
MSREZ002 Index	n/a	USD	2.3%
MSREZ008 Index	n/a	USD	2.1%
US T-BILL 2.875% 2052-05-15	n/a	USD	2.1%

## 10 REZCO GLOBAL FLEXIBLE FEEDER FUND

### 10.1 ABRIDGED INCOME STATEMENT

	2022	2021
<b>NET INVESTMENT INCOME</b>	<b>R 870 360</b>	<b>R 630 347</b>
Income Distributions		
28 February	R 0	R 373 423
31 August	R 870 360	R 256 924

### 10.2 ABRIDGED STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CAPITAL EMPLOYED</b>	<b>R 511 220 778</b>	<b>R 387 858 146</b>
Capital Value of Portfolio	R 511 220 778	R 387 858 146
<b>EMPLOYMENT OF CAPITAL</b>	<b>R 511 220 778</b>	<b>R 387 858 146</b>
Non-Current Assets	R 477 803 333	R 370 594 975
Net Current Assets	R 33 417 445	R 17 263 171

### 10.3 GENERAL FACTS

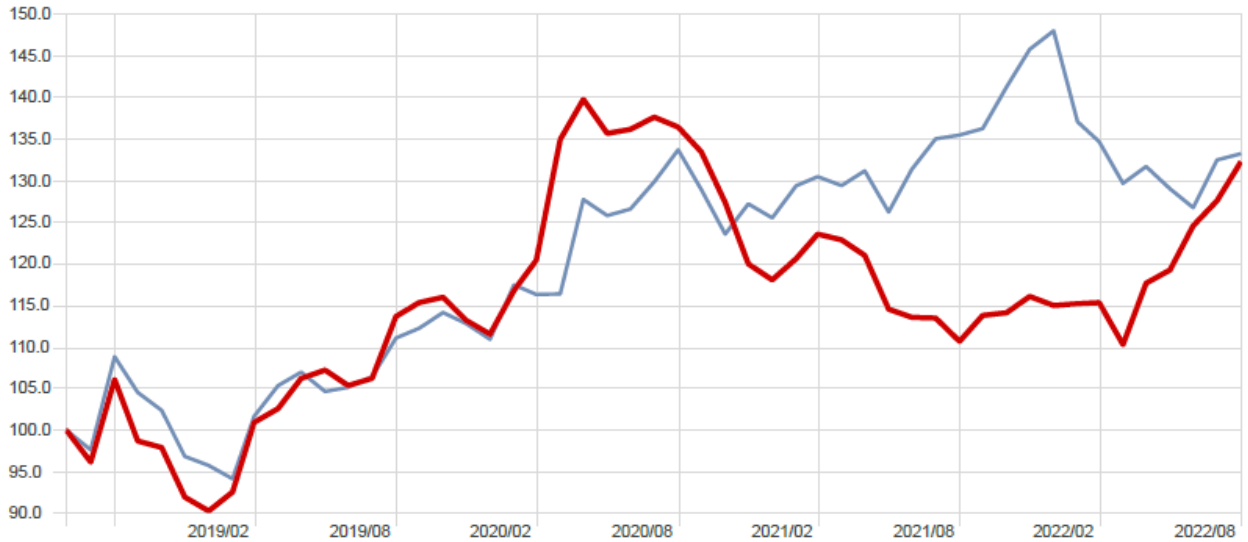
INVESTMENT TEAM	Rob Spanjaard and Simon Sylvester
FUND SIZE	R 512 092 440
FUND CATEGORY	ASISA Global Multi-Asset Flexible
YEAR END NAV PRICE	1 320 Cents per unit
INITIAL FEE	0.00%
MANAGEMENT FEE	No management fee is charged at feeder fund level.
PERFORMANCE FEE	No performance fee is charged.

## 10.4 PERFORMANCE FIGURES

### CUMULATIVE INVESTMENT GROWTH

Time Period: Since Common Inception (2018/06/30) to 2022/08/31

Currency: South African Rand Source Data: Total Return



■ Rezco Global Flexible FF A

132.3 ■ (ASISA) Global MA Flexible

133.3

### ANNUALISED RETURNS

As of Date: 2022/08/31 Currency: South African Rand Source Data: Total, Monthly Return

%	1 Year	3 Years	5 Years	10 Years	Since Inception
Rezco Global Flexible FF A	19.5	5.2			7.0
(ASISA) Global MA Flexible	-1.7	6.2	7.5	11.3	7.1

### DOWNSIDE PROTECTION AND REWARD FOR RISK

Time Period: Since Common Inception (2018/07/01) to 2022/08/31 Currency: South African Rand Source Data: Total, Monthly Return Calculation Benchmark: MSCI ACWI GR USD

	Max Drawdown	Standard Deviation	Sortino Ratio	Sharpe Ratio	Beta
Rezco Global Flexible FF A	-21.1	13.8	0.3	0.2	0.3
(ASISA) Global MA Flexible	-14.3	12.6	0.3	0.2	0.8

Source: Morningstar

## 10.5 PORTFOLIO ALLOCATIONS

### ASSET ALLOCATION

Portfolio:REGFF

As at 31/08/2022

	Local Currency	Foreign Currency	Total
Equity		0.0%	0.0%
Bonds		60.6%	60.6%
Money Market	6.7%	30.6%	37.3%
Derivatives		2.1%	2.1%
<b>Total</b>	6.7%	93.3%	100.0%

### GICS SECTOR ALLOCATION

Industrials	0.0%
Information Technology	0.0%
Materials	0.0%
n/a	100.0%
<b>Total</b>	100.0%

### TOP 10 HOLDINGS

Display Name	GICS Sector	Currency	
MSREZ004 Index	n/a	USD	17.8%
MSREZ006 Index	n/a	USD	13.6%
MSREZ007 Index	n/a	USD	13.3%
MSREZ002 Index	n/a	USD	10.3%
MSREZ008 Index	n/a	USD	9.3%
US T-BILL 0.125% 2023-01-31	n/a	USD	9.3%
US T-BILL 2.750% 2025-05-15	n/a	USD	8.9%
US T-BILL 0% 2022-10-06	n/a	USD	7.6%
US T-BILL 0.25% 2023-04-15	n/a	USD	7.6%
US T-BILL 2.375% 2023-01-31	n/a	USD	7.2%



## 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 9 to 38, which comprise the statement of financial position as at 31 August 2022, 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 2022, 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 2022", 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 of the Management Company 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

HILTON CRAIG KILIAN  
Partner  
Registered Auditor  
24 November 2022

106 PARK DRIVE ST GEORGES PARK  
GQEBERHA, 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



25 November 2022

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

Dear Sir/Madam

### 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 2021 to 31 August 2022 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

	<p><b>ROB SPANJAARD</b> CEO &amp; CIO B.COM. CTA</p>	<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>23 years Portfolio Manager at Rezco</li></ul>
	<p><b>SIMON SYLVESTER</b> HEAD OF RESEARCH &amp; CO-PORTFOLIO MANAGER B.BUS SCIENCE (HONS), CFA, CIPM</p>	<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 13 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.jtcgroup.com/>
- \ Insurances – Professional Indemnity R250m | Key-man R30m
- \ 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).