

REZCO WEBINAR: NOVEMBER 2020

ROB SPANJAARD SIMON SYLVESTER BRIAN DU PLESSIS CIO, CO-PM HEAD OF RESEARCH & CO-PM HEAD OF DISTRIBUTION

MARKETS : NOT OUT THE WOODS YET!



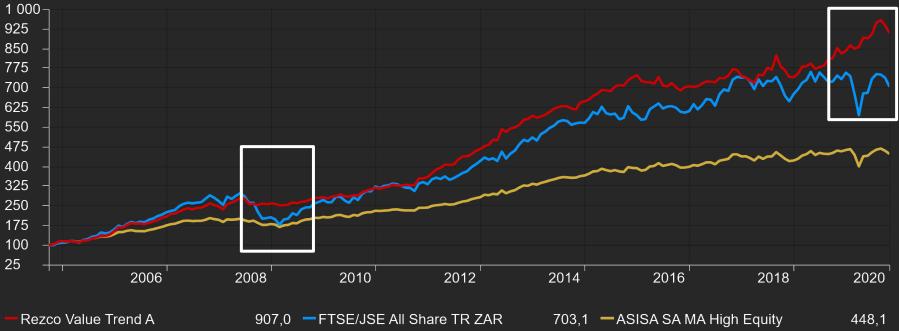
PERFORMANCE

ASSET MANAGEMENT

16 YEARS OF MANAGING RISK & CREATING WEALTH

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

Currency: South African Rand Source Data: Total Return



PERFORMANCE TABLE

FUND	10 YEARS	5 YEARS	3 YEARS	1 YEAR
Stable		7 / 108	3 / 142	2 / 163
Value Trend	1 / 67	14 / 136	7 / 182	11 / 208
Managed Plus	3 / 67	17 / 136	4 / 182	10 / 208
Equity		9 / 121	5 / 156	13 / 180

As at 31 October 2020

OUR INVESTMENT OBJECTIVE



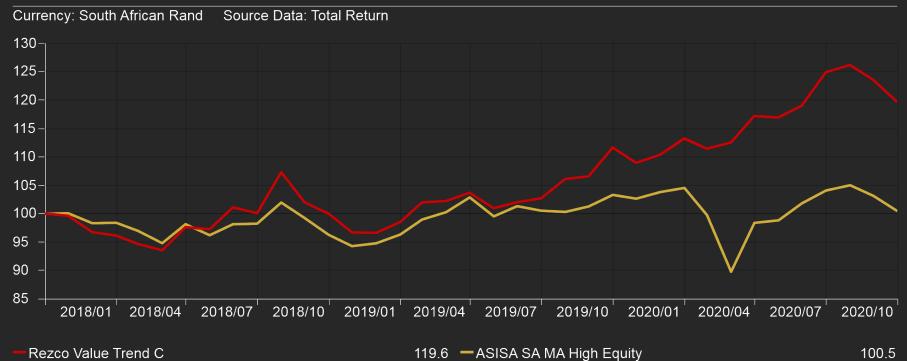
ADJUSTED RETURNS

RISK CONTROL

ALPHA

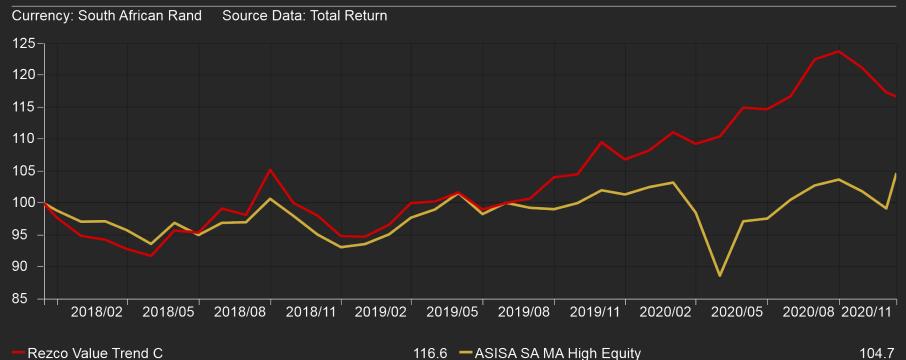
REZCO VALUE TREND

Time Period: 2017/11/01 to 2020/10/31

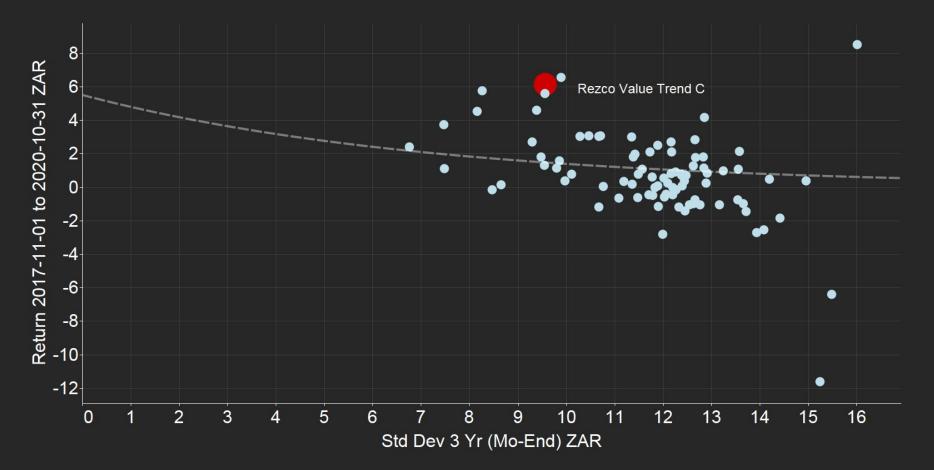


REZCO VALUE TREND

Time Period: 2017/11/14 to 2020/11/13



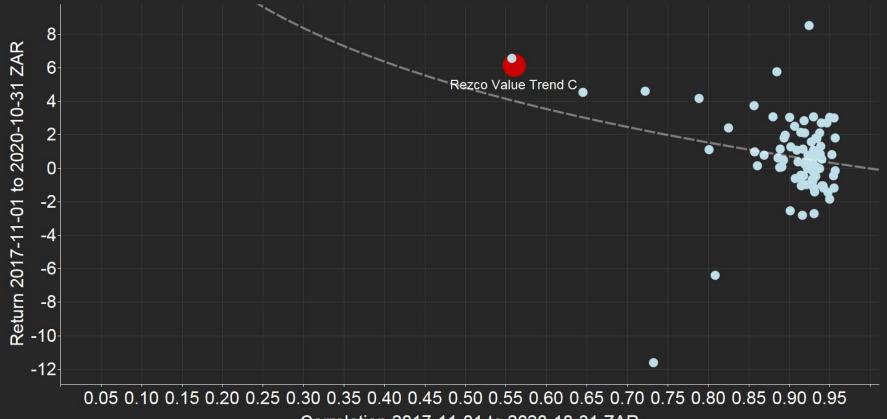
ACTIVE STYLE: HIGH RETURN AND LOW VOLATILITY



ACTIVE STYLE: LOW CORRELATION AND VOLATILITY



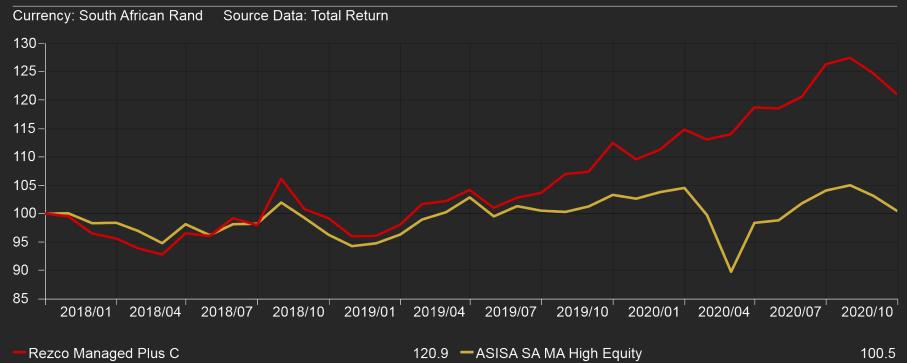
ACTIVE STYLE: RETURNS WITH LOW CORRELATION



Correlation 2017-11-01 to 2020-10-31 ZAR

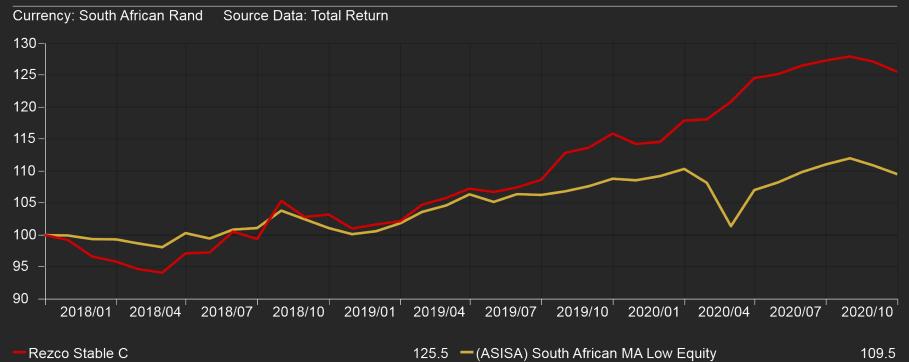
REZCO MANAGED PLUS

Time Period: 2017/11/01 to 2020/10/31



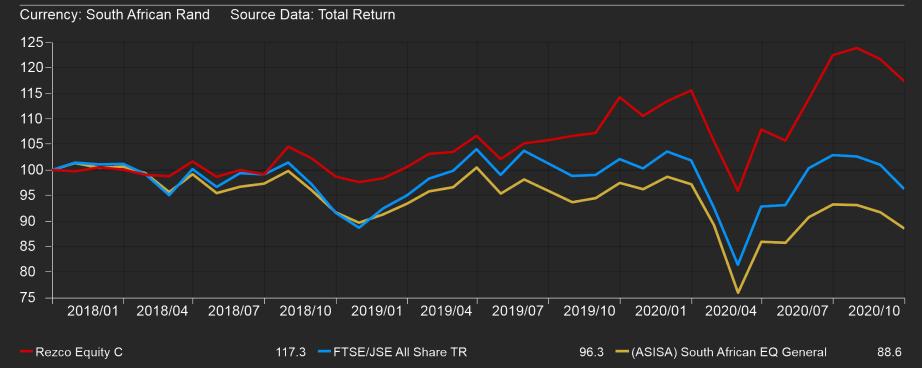
REZCO STABLE FUND

Time Period: 2017/11/01 to 2020/10/31



REZCO EQUITY FUND

Time Period: 2017/11/01 to 2020/10/31

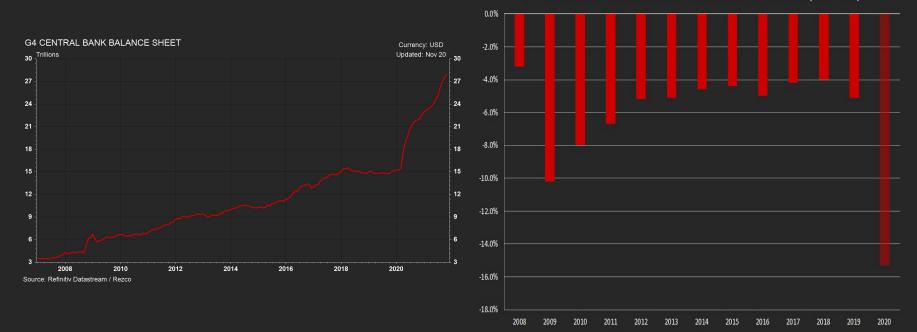


MARKET VIEW AND FUND POSITIONING

THE GREAT BATTLE



ECONOMIC STIMULUS



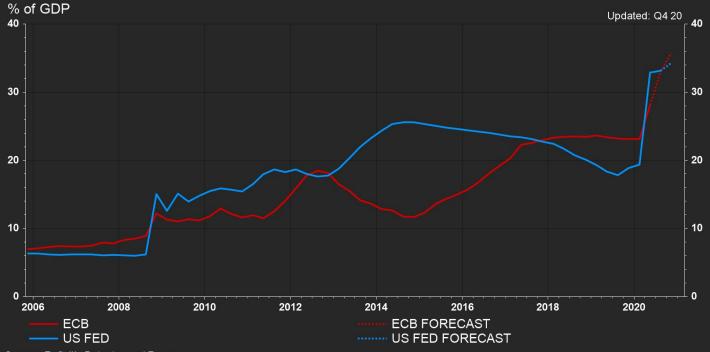
G4+CHINA GENERAL GOVERNMENT HEADLINE FISCAL BALANCE (% OF GDP)

WHAT CAN GO WRONG?

ASSET MANAGEMENT

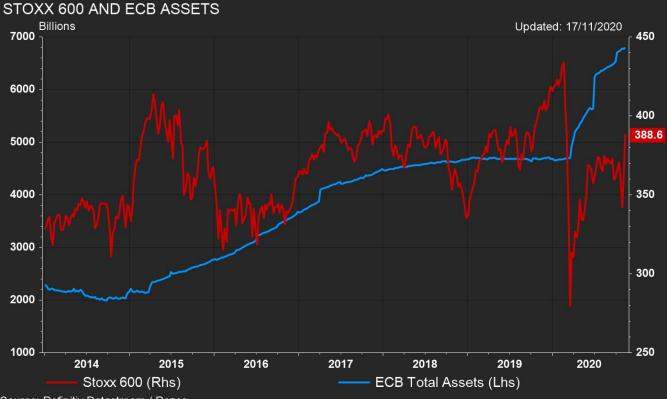


Quantitative easing as share of GDP

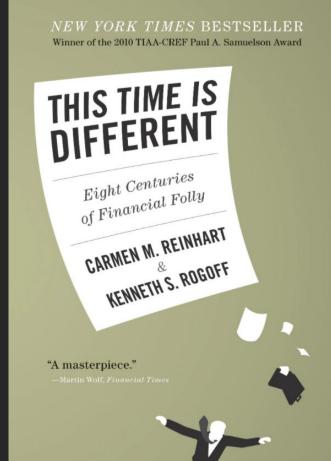


Source: Refinitiv Datastream / Rezco





Source: Refinitiv Datastream / Rezco



USA : MONEY SUPPLY INCREASE : VERY HIGH RISK

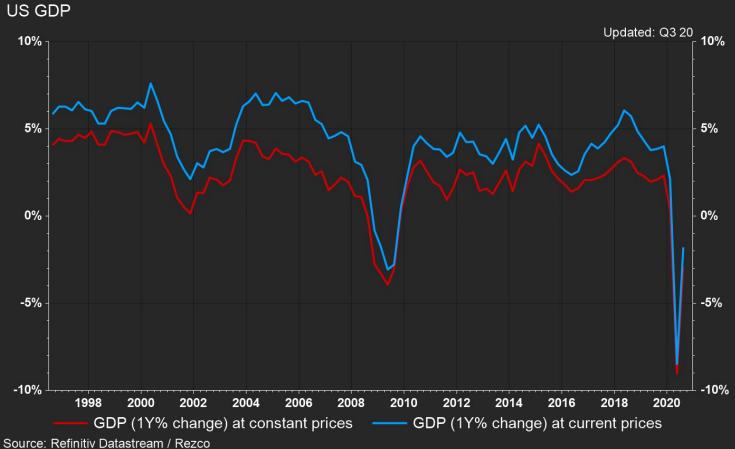
USA REAL M2 MONEY SUPPLY Y/Y %



REAL ECONOMIC DAMAGE

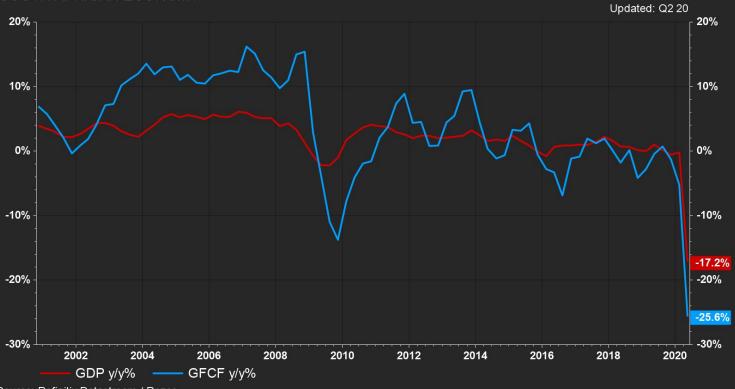
ASSET MANAGEMENT

USA GDP



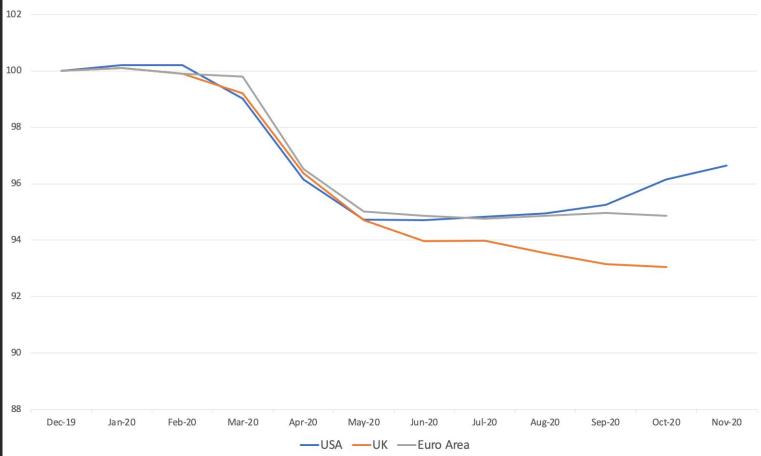
RSA GDP

SOUTH AFRICAN ECONOMY



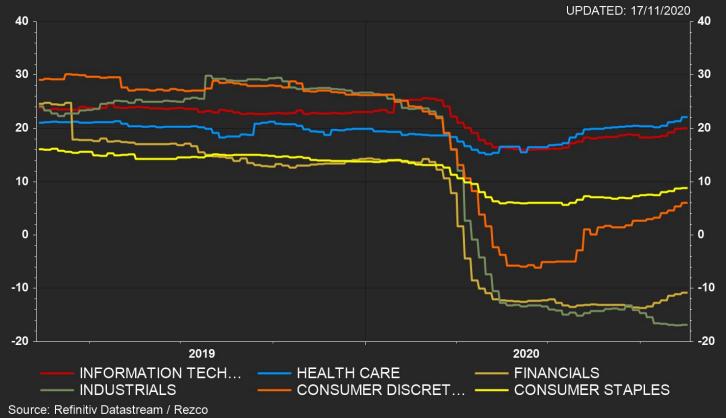
Source: Refinitiv Datastream / Rezco

GDP ENDPOINT 2021 REVISIONS



US CONSENSUS EARNINGS : LOWER 2 YEARS LATER

US INDICES GROWTH FORECAST - 2021/2019



VERY EXPENSIVE MARKETS

MANAGEMENT

PERSPECTIVE : WE ARE 12 YEARS INTO A BULL MARKET

Chart 1 U.S. Secular Equity Bull & Bear Markets Over The Past 150 Years



USA: FORWARD PE HARD FOR A BULL TO START FROM HERE



Source: Refinitiv Datastream / Rezco

EXPENSIVE : EVEN EXCLUDING TECH

S&P 500 EX INFORMATION TECH



Source: Refinitiv Datastream / Rezco



Updated; 17/11/2020 3500 1.8 3000 1.6 2500 1.4 2000 1.2 1500 1.0 1000 0.8 0.6 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 S&P 500 (Lhs) —— Trailing Earnings (Rhs) ----- Earnings Forecast (Rhs)

US EQUITY PRICES AND EARNINGS (LOG SCALE)

Source: Refinitiv Datastream / Rezco

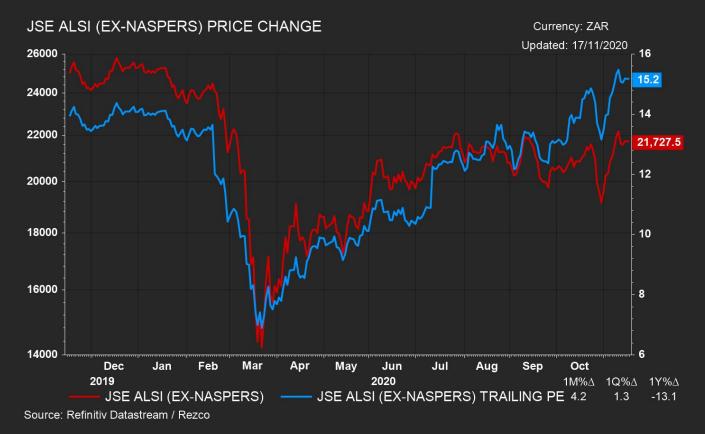
RSA: FORWARD PE HARD FOR A BULL TO START FROM HERE

JSE ALSI PRICE CHANGE

Updated: 17/11/2020

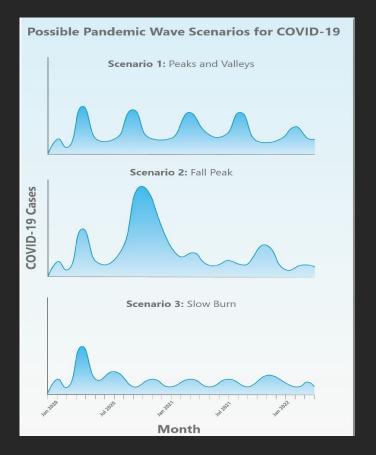


RSA: PE EXPENSIVE EVEN EX-TECH



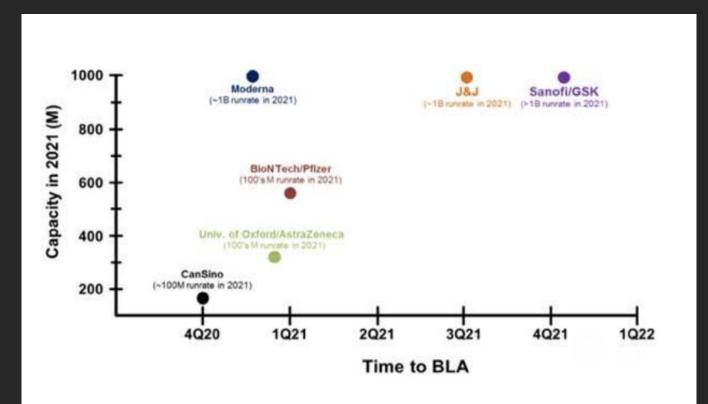
COVID IS DOING WHAT WE EXPECTED IN MAY

SCENARIOS FOR COVID0-19



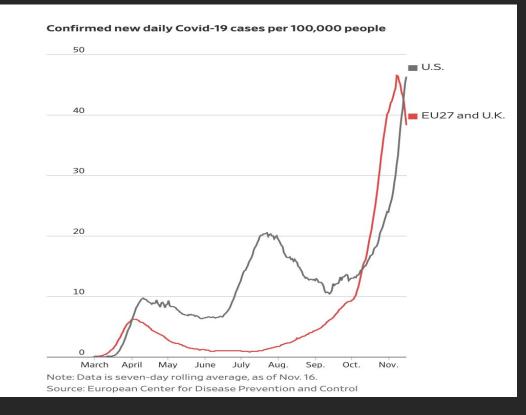
CIDRAP Report 30 APRIL 2020

VACCINE TIMING: FROM MAY 2020 PRESENTATION

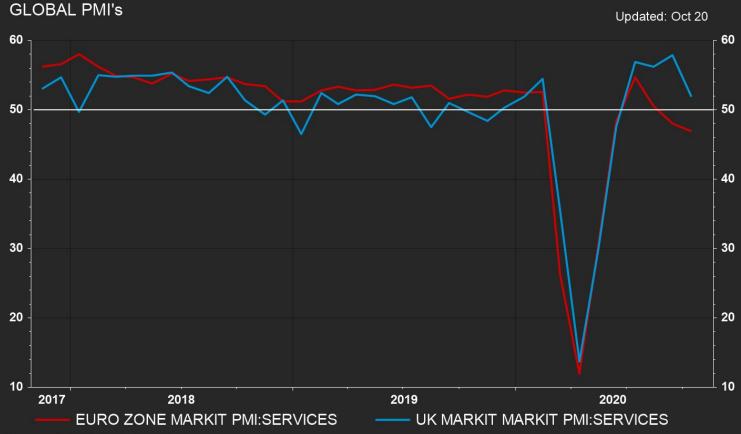


COVID : VACCINE vs 2ND WAVE

MANAGEMENT



EUROPE PMI'S



Source: Refinitiv Datastream / Rezco

FUND POSITIONING

ASSET MANAGEMENT

REZCO VALUE TREND FUND

HISTORICAL ASSET ALLOCATION

Portfolio: RVTU

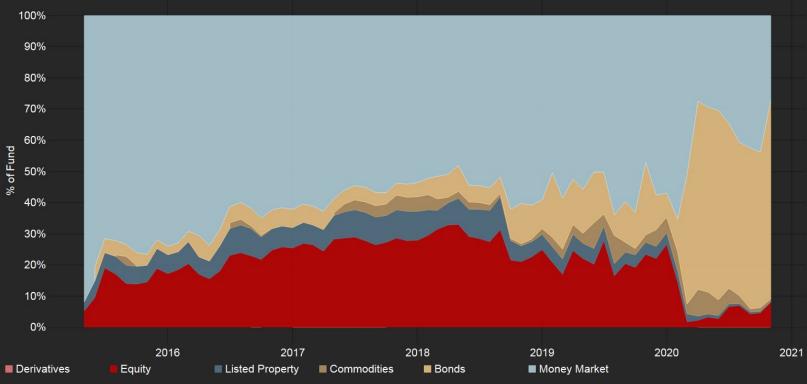
100% 90% 80% 70% 60% % of Fund 50% 40% 30% 20% 10% 0% 2004 2005 2006 2011 2013 2014 2016 2018 2019 2007 2008 2009 2010 2012 2015 2017 2020 2021 Derivatives Commodities Fund Equity Listed Property Bonds Money Market

Source: JTC Group/Rezco

REZCO STABLE FUND

HISTORICAL ASSET ALLOCATION

Portfolio: REST



Source: JTC Group/Rezco

SA BONDS DURATION RELATIVE TO CASH

LARGE PREMIUM TO TAKE RISK



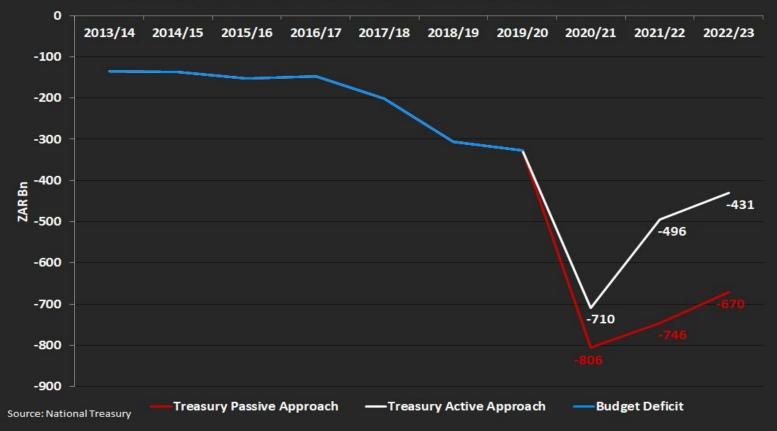
SA BONDS RELATIVE TO EQUITIES

SA BONDS HAVE BEEN BEATING EQUITIES



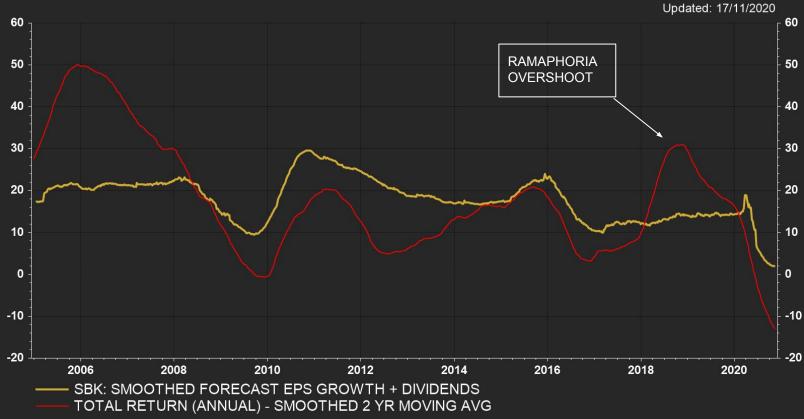
JUST DON'T FORGET THE DEFICIT

South Africa Budget Deficit: Treasury's Active vs Passive Approaches



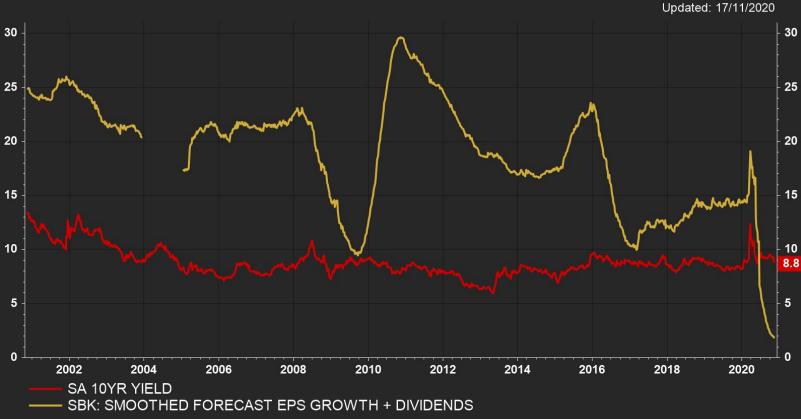
EQUITY RETURN : GROWTH PLUS DIV

SBK CASE STUDY: SA INC



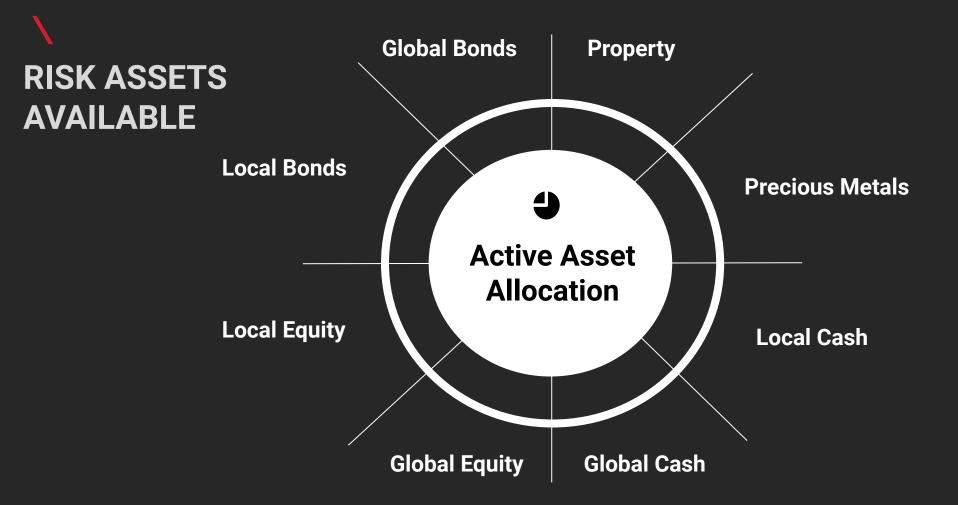
BOND RELATIVE TO RSA INC

SBK CASE STUDY: SA INC

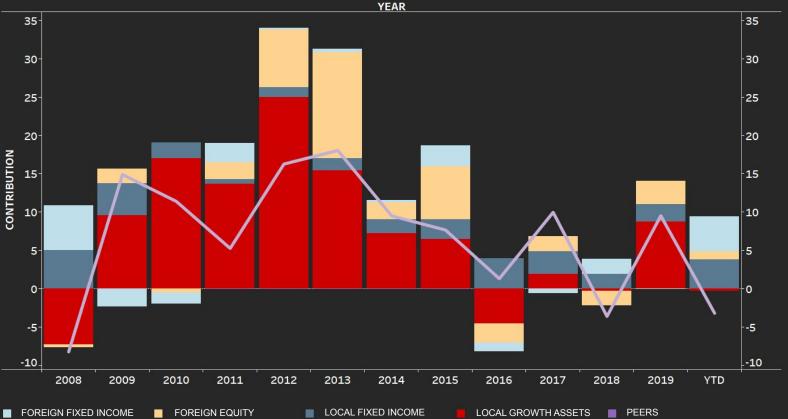




ASSET ALLOCATION: BE FLEXIBLE AND NIMBLE



THE VALUE OF THE ASSET CLASSES REZCO VALUE TREND FUND



THE GREAT BATTLE



REZCO 2021 SCENARIOS

	PROBABILITY	RETURN	4500 S&P 500 SCENARIOS
NEW BULL MARKET	10%	15%	4000
RANGING SIDEWAYS	60%	-5%	3500 3000
NEW BEAR MARKET	20%	-20%	2500 Mar
CRASH	10%	-10%	0007-17 Jan-18 Mar-18 Jul-18 Jul-18 Jul-18 Sep-19 Jul-19 Jan-20 Jan-20 Jan-20 Jan-21 Mar-21 Mar-21 Sep-21 Sep-21 Nov-21

NOT OUT THE WOODS YET!





THANK YOU

INSTITUTIONAL.REZCO.NET