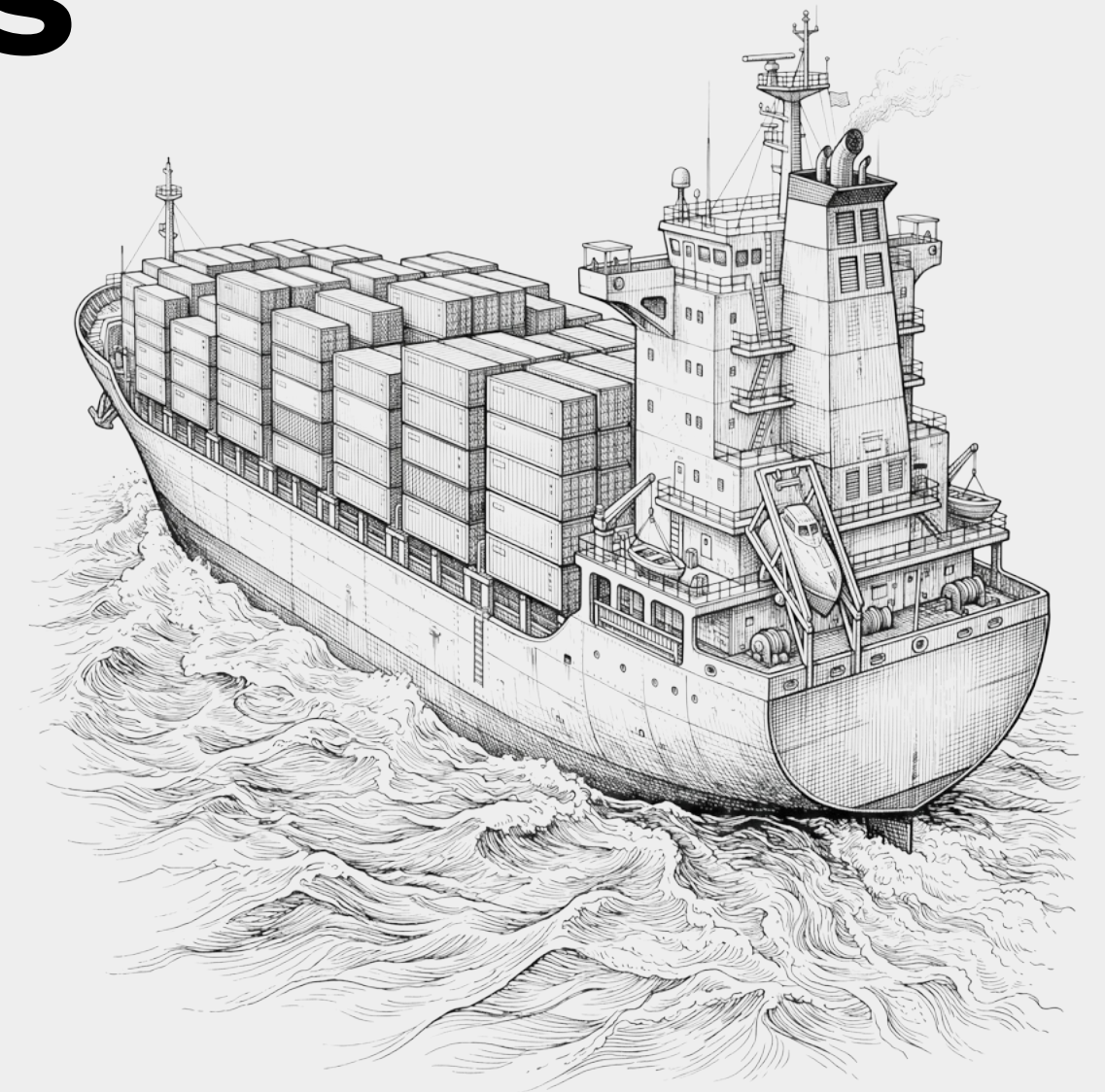


LIVE WEBINAR

SA Macro vs Global Risks

Positioning portfolios for an
unstable equilibrium

15 October 2026



Speakers



Rob Spanjaard

Chief Investment Officer



Simon Sylvester

CEO, Portfolio Manager

Event Logistics

-  **Recording:** a link will be emailed to registrants after the webinar
-  **CPD points:** allocated to those who registered with their ID number
-  **Q&A:** submit questions anytime via the Questions tab; we'll answer live or on the board
-  **Slides:** we'll share the PDF after the session (where permitted)
-  **Ballot:** please note the ballot as we propose moving to the Prescient ManCo



Mind Map

How is the 2026 year playing out?

- What's working well within the Rezco Funds
- Narratives, Share Prices and Risk
- Opportunities when short term narrative drives price

South Africa - is the Fuel Price the only factor?

Global - All about AI

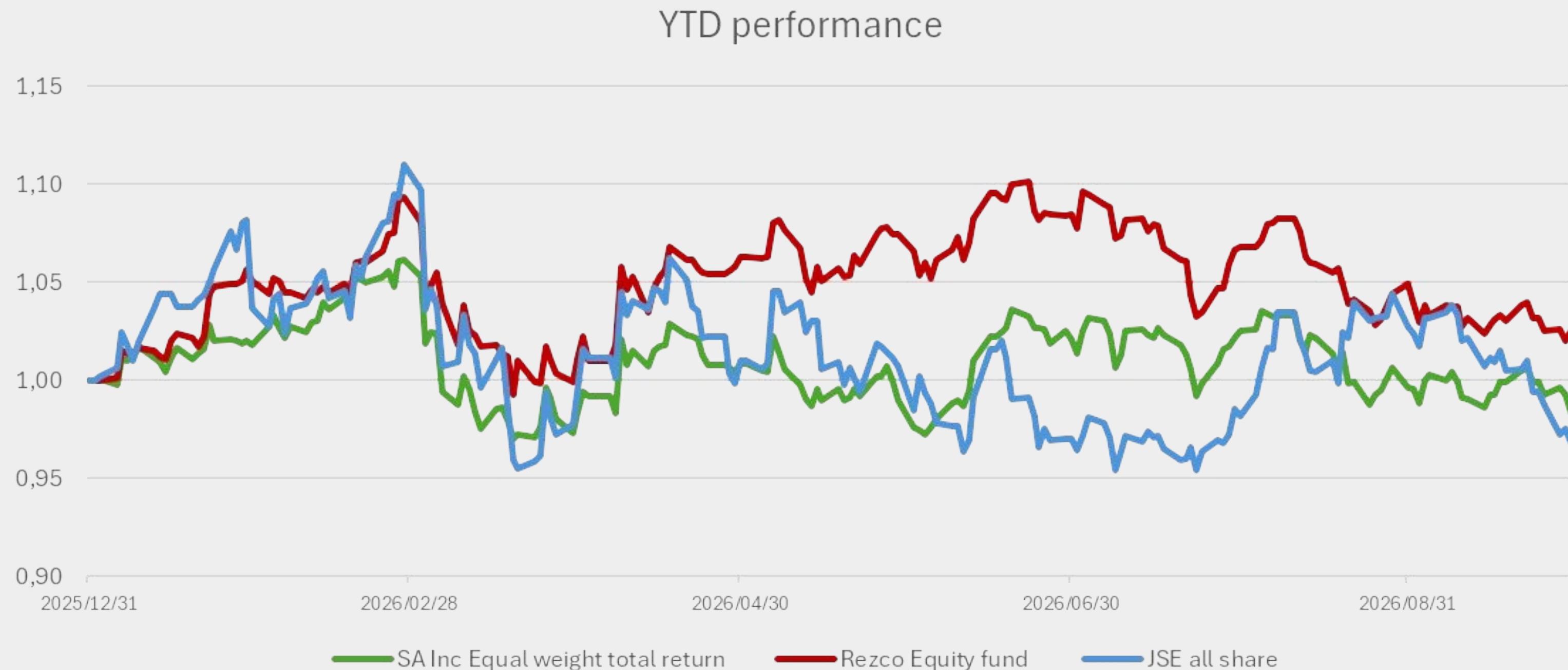
But...

- > Competition for funding
- > Commoditisation of AI
- > Who are the long term winners?

2025 Lesson: Just Buy the Index!

2026 YTD: How Have Markets Responded?

SA Inc vs global



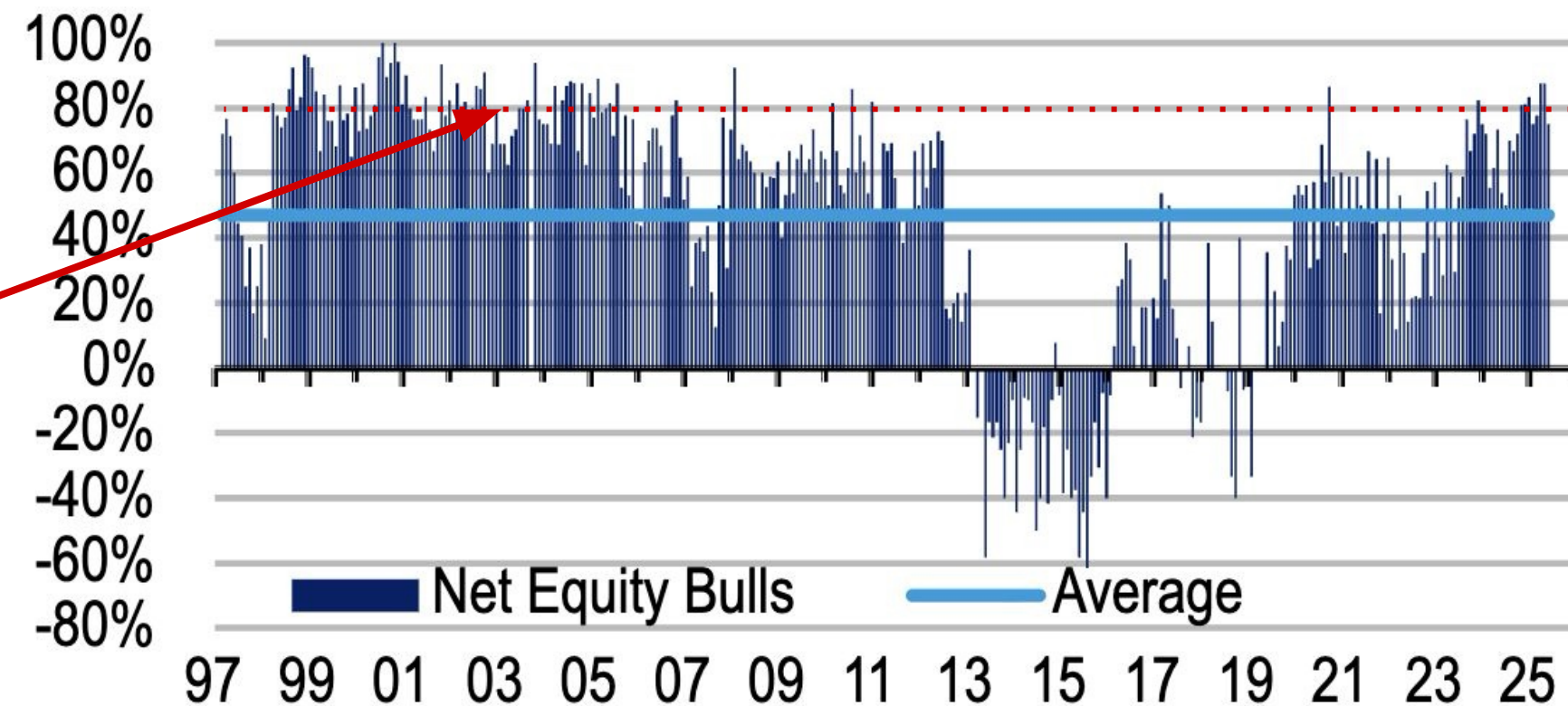
Pre Iran War - SA Consensus Bullish

Strategists, economists and other portfolio managers were saying best macro in a decade!

Feb 2026 BOFA Survey:
SA Managers as bullish as
the period of positive
growth, reform, lower
inflation, and supportive
commodity markets
leading into the GFC

Exhibit 11: Bullish

Are you bullish or bearish S. Africa equities +12Ms?

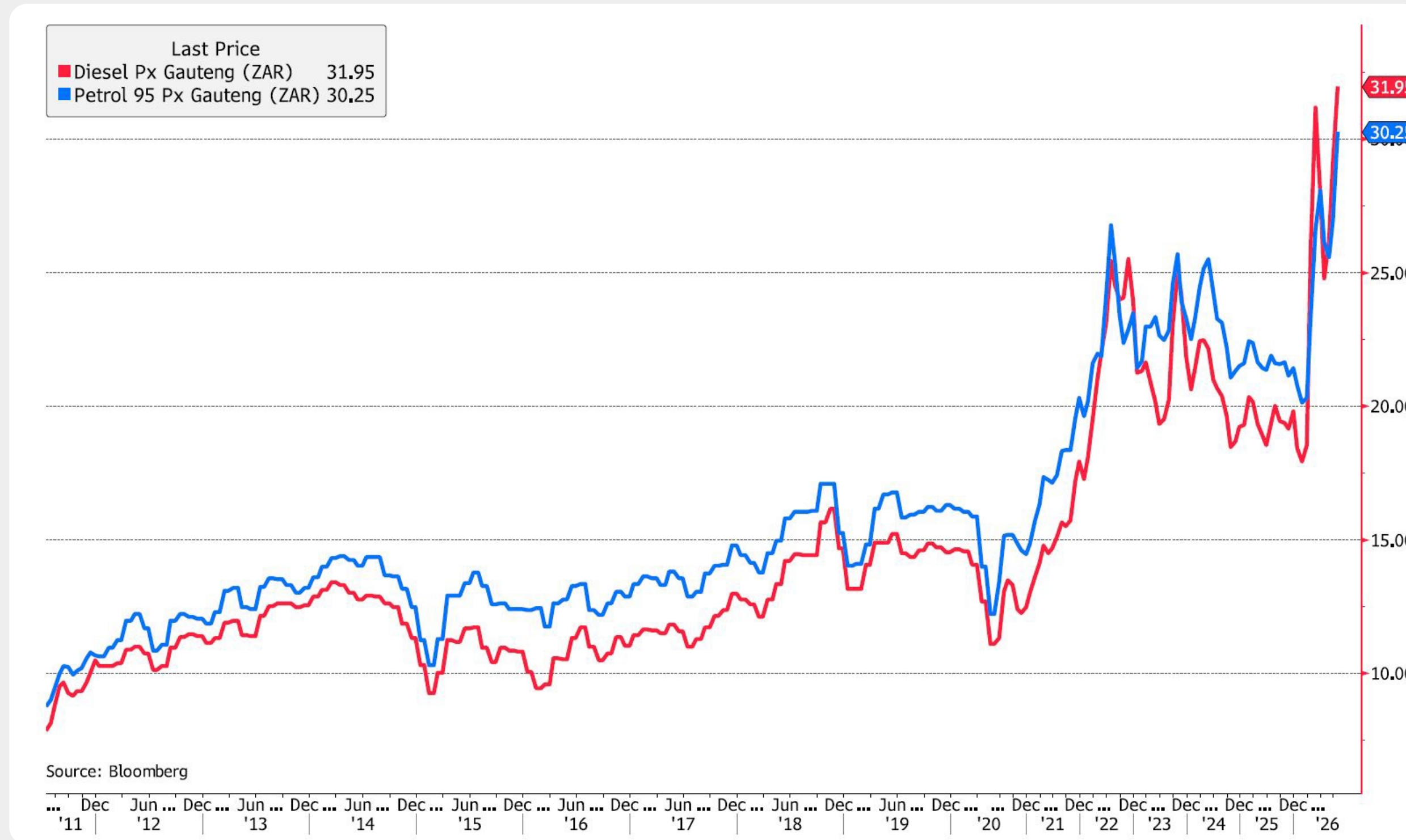


Source: BofA Global Research, South Africa Fund Manager Survey

BofA GLOBAL RESEARCH

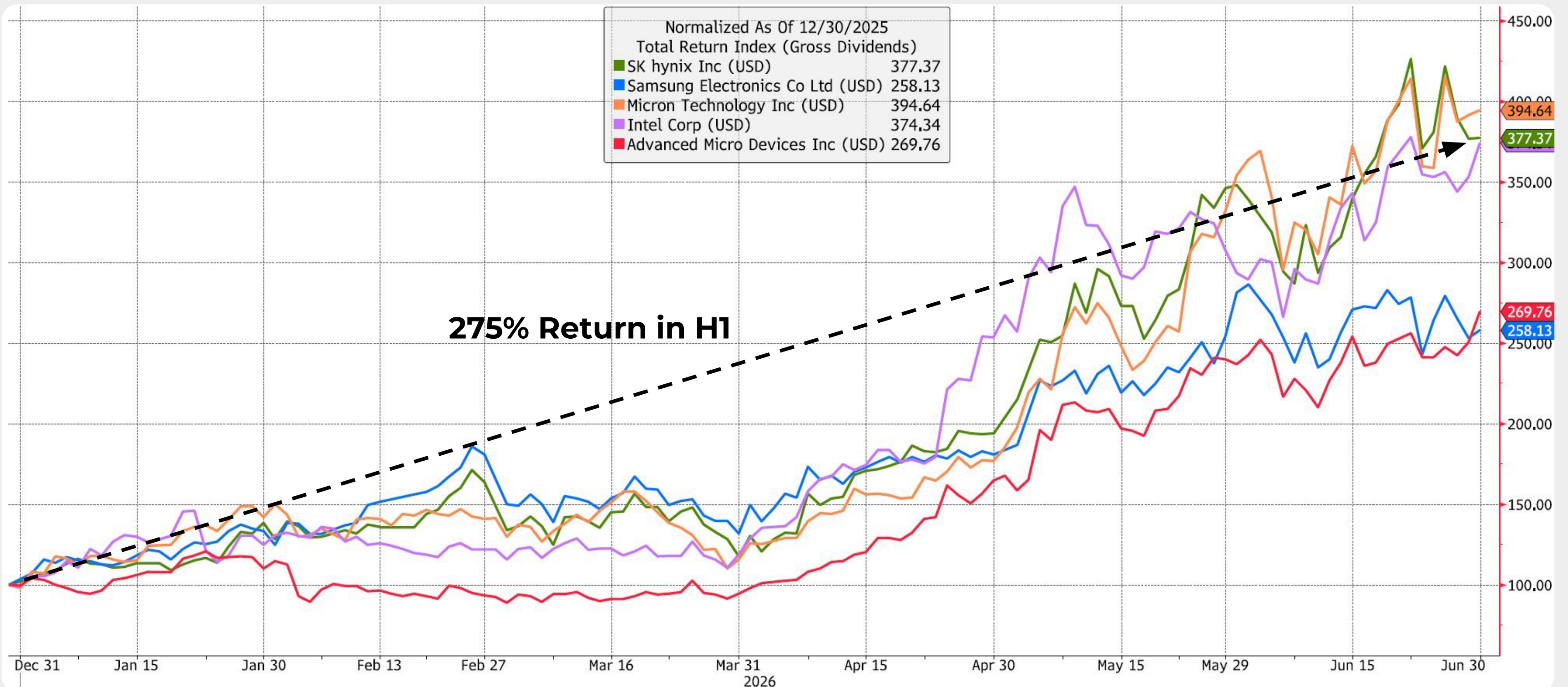
What Happened?

Is the fuel price cyclical or structural? Not structural! Opportunity going forward...



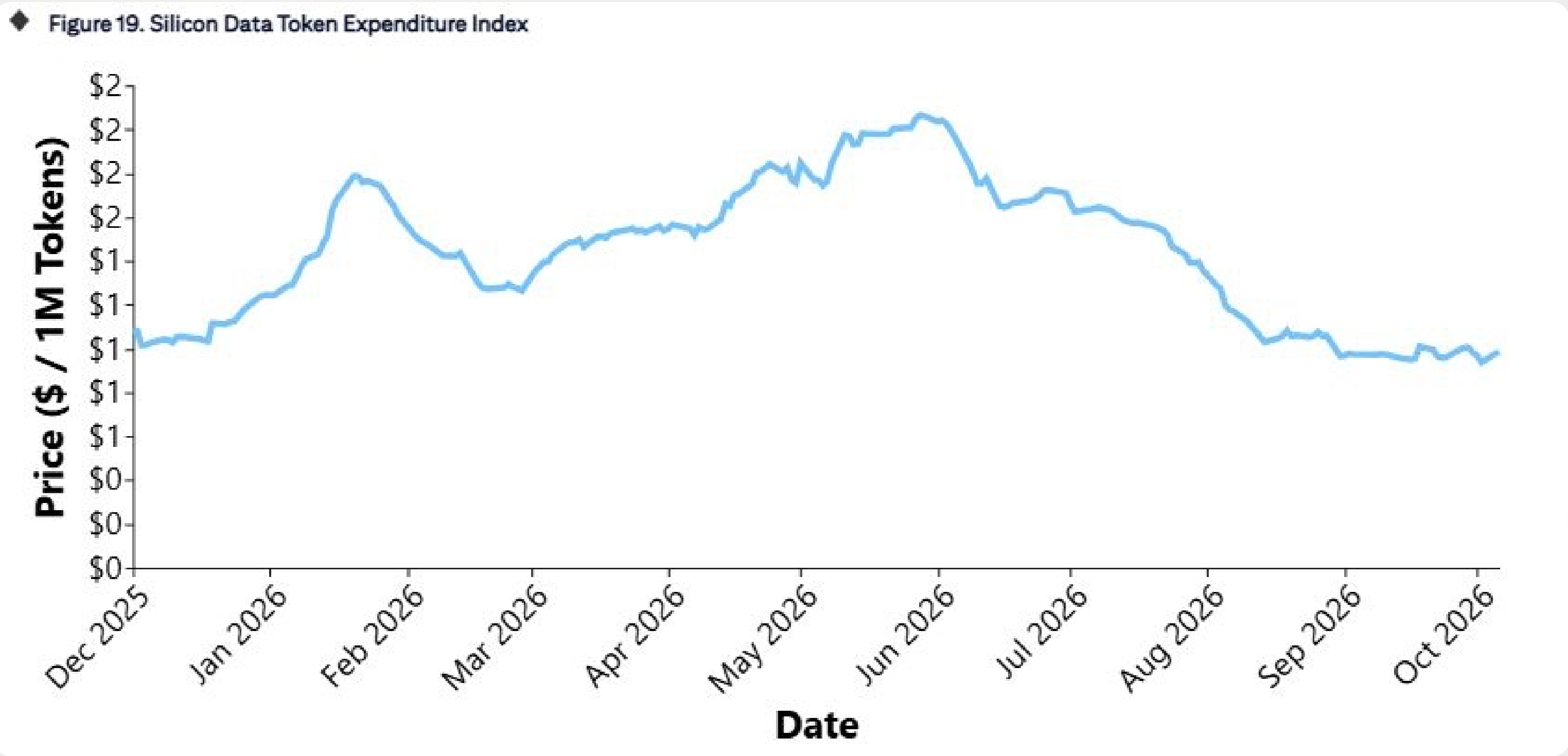
AI - Early 2026 Brought Infinite Possibilities

Move from 'nice models' to agentic work flows and industrial transformation



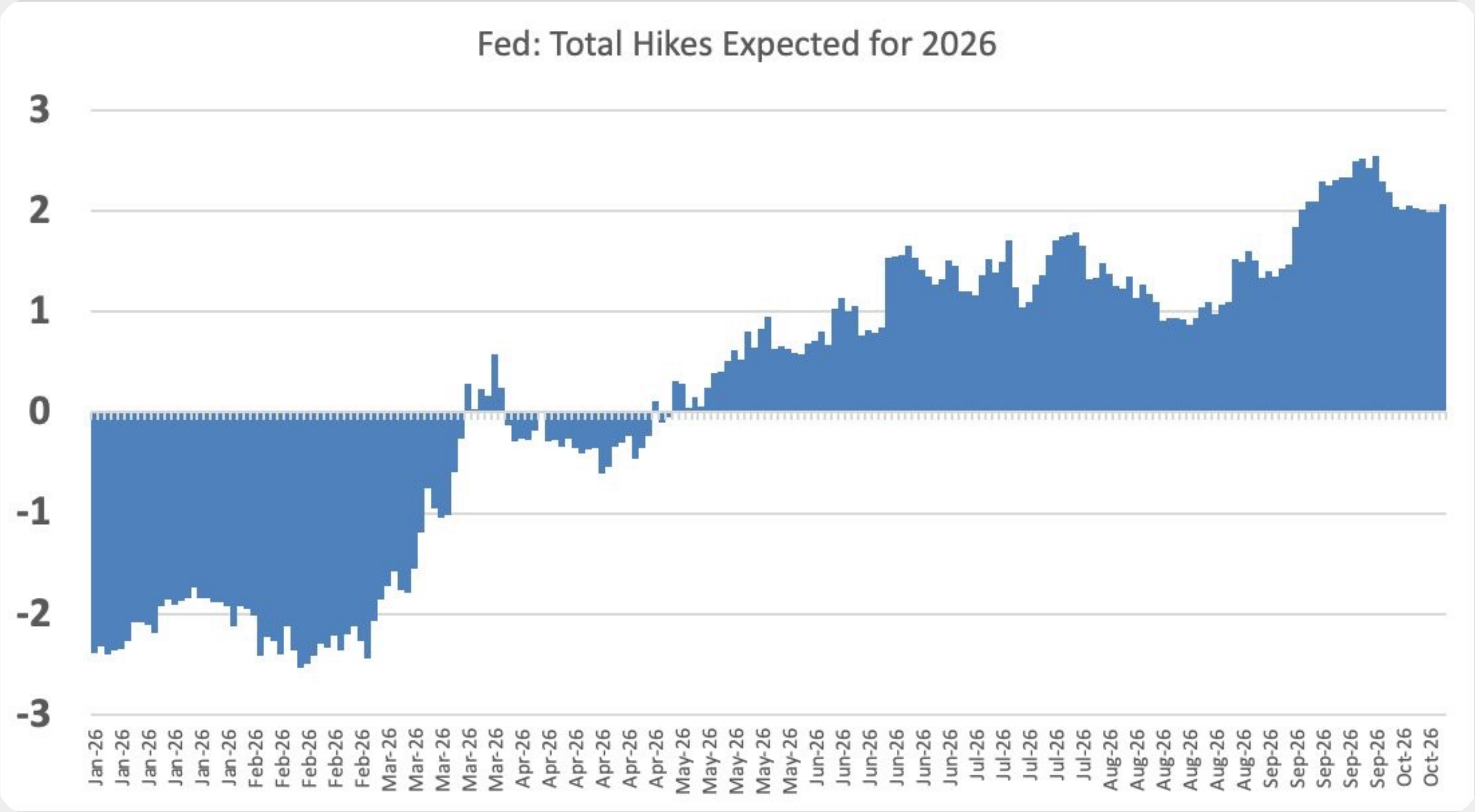
How Is This Trend Maturing?

Questions of commoditisation



Early 2026: Fed's Path Uncertain

Now: we know hawkish



So What Have We Done at Rezco?

We Invest in Compounding Earnings Streams

{good value with positive earnings trends + quality}

Manage Portfolio Reward/Risk not Tracking Error

{manage total risk not the risk relative to the peers/benchmark; try avoid negative tail risks}

Discipline & Patience

*{discipline to stay away from what we **don't** want to do, patience to **stick to the fundamentals** of investing}*

Macro matters

{it drives earnings expectations and valuations, and impacts portfolio risk decisions}

Understanding the market system

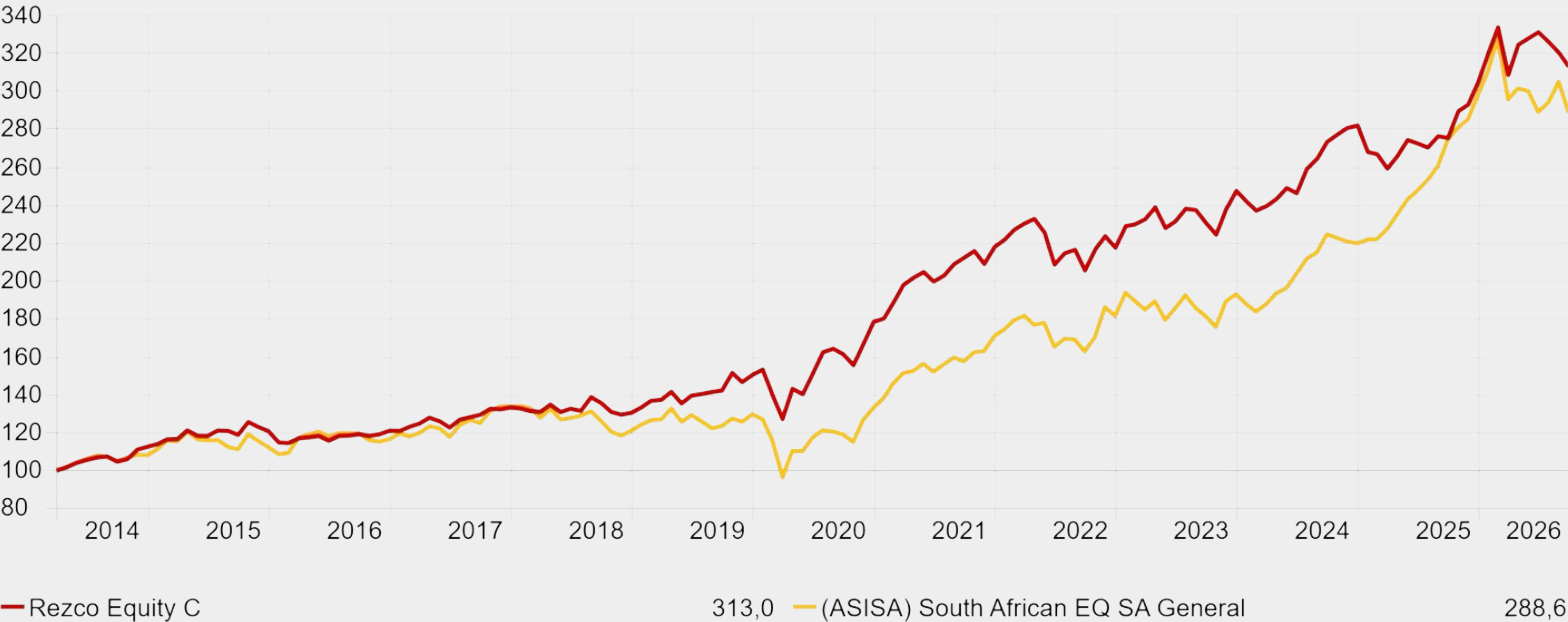
{important to frame opportunity and risk as well as manage emotion}

Rezco Equity Fund - Since Inception

CUMULATIVE RETURNS - Since Inception

Time Period: Since Common Inception (2014/04/01) to 2026/09/30

Currency: Rand Source Data: Total Return



— Rezco Equity C

313,0 — (ASISA) South African EQ SA General

288,6

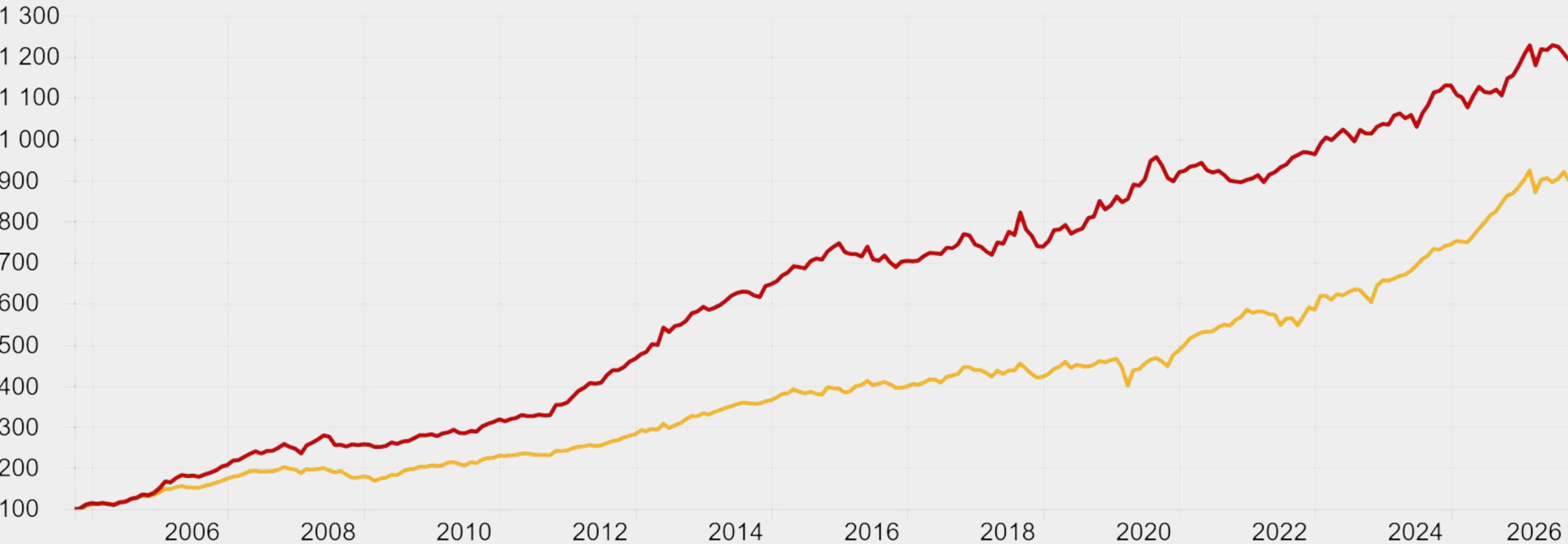
Source: Morningstar Direct

Rezco Value Trend Fund - Since Inception

CUMULATIVE RETURNS - Since Inception

Time Period: Since Common Inception (2004/10/01) to 2026/09/30

Currency: Rand Source Data: Total Return



— Rezco Value Trend A

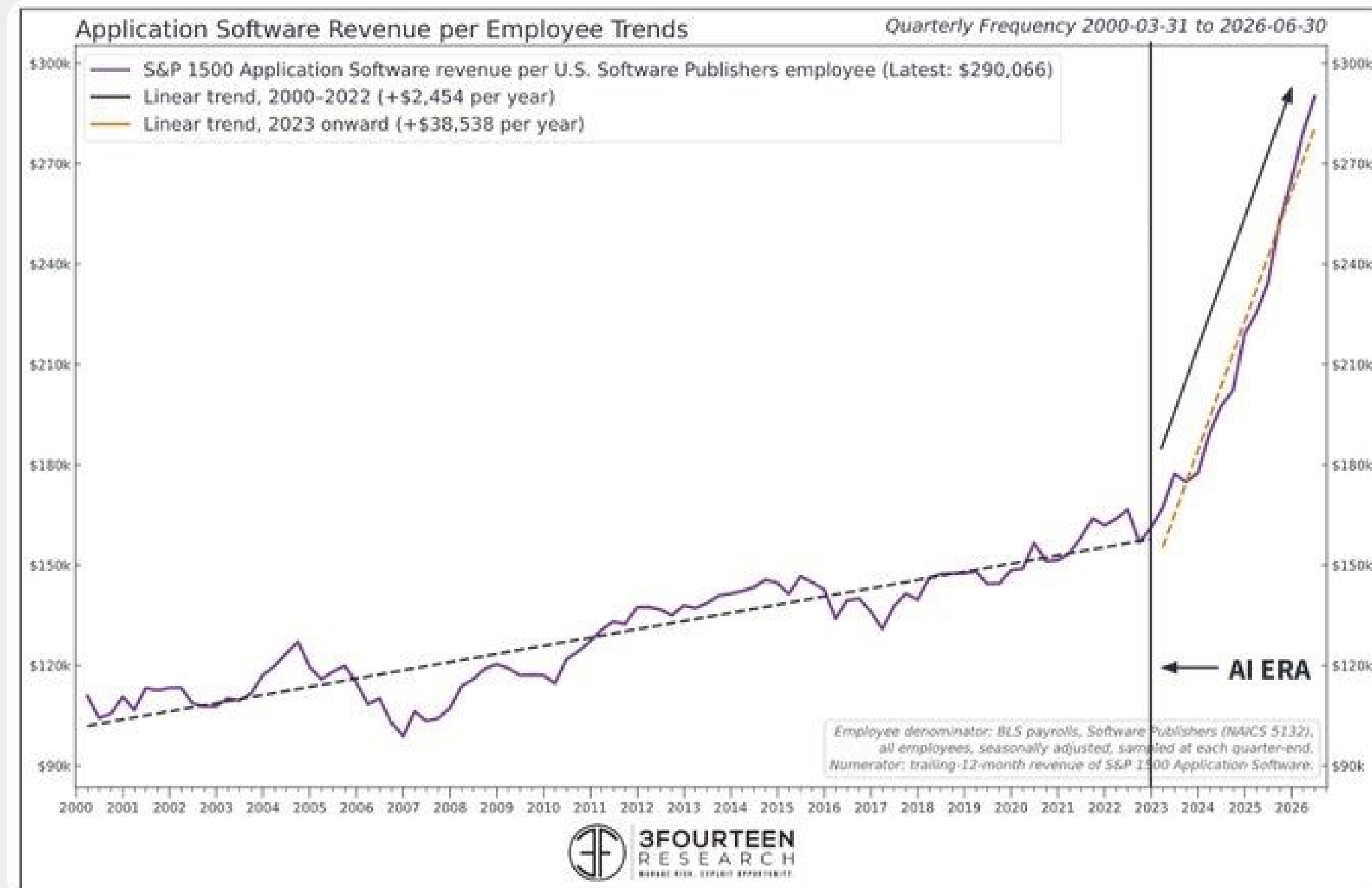
1 191,3 — (ASISA) South African MA High Equity

898,8

Source: Morningstar Direct

AI Is Powerfully Transforming Industry and Process

AI massively enhances capacity of key performers - same in asset management

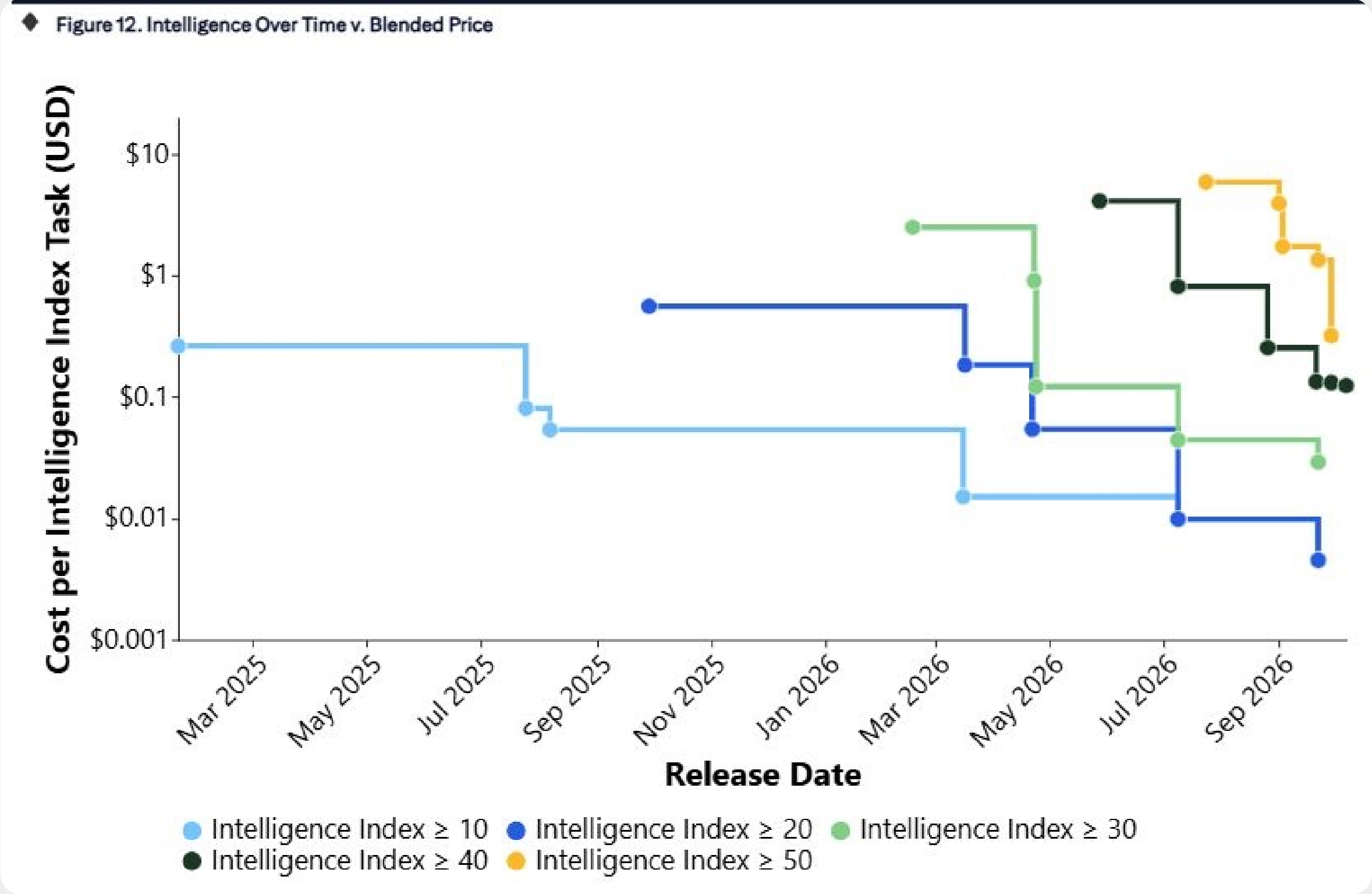


AI - Hype, Risk and Opportunity



Commoditisation of AI Is First a Market Risk

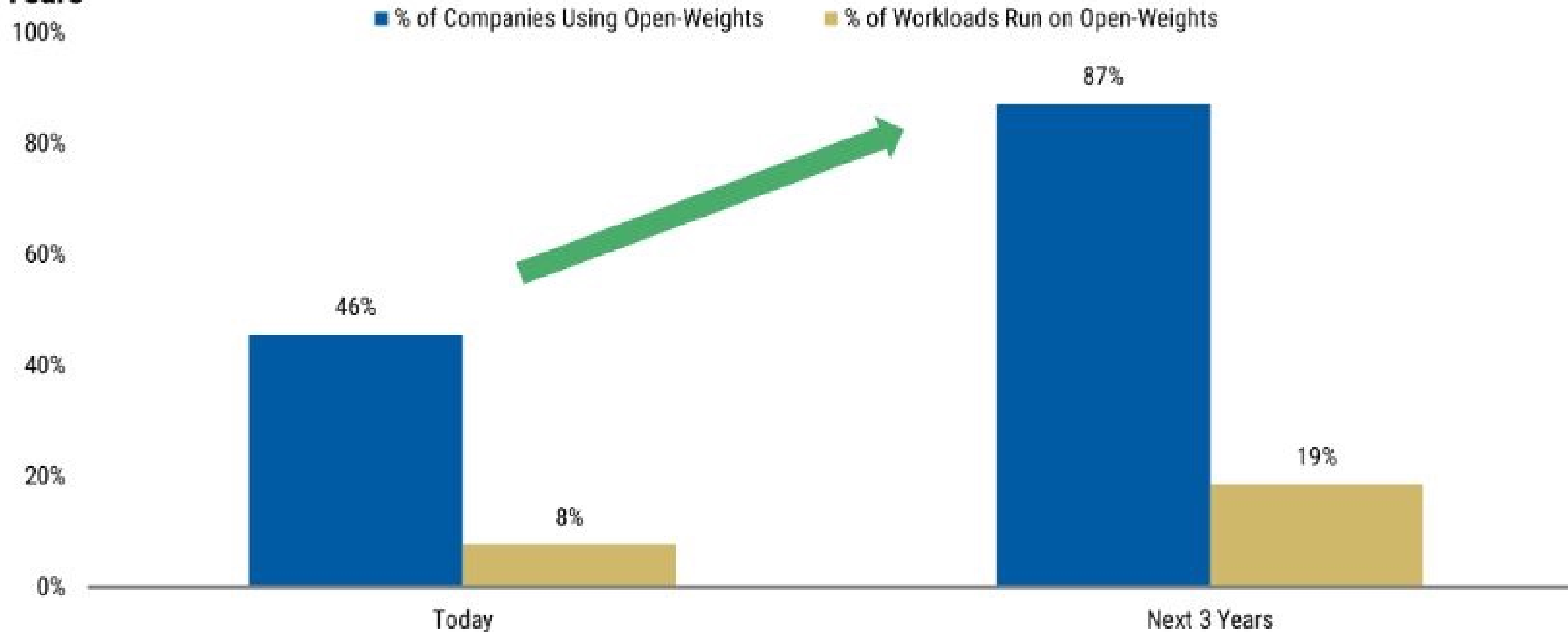
But later an opportunity



The Technology Is Powerful

But the pieces are still being moved around

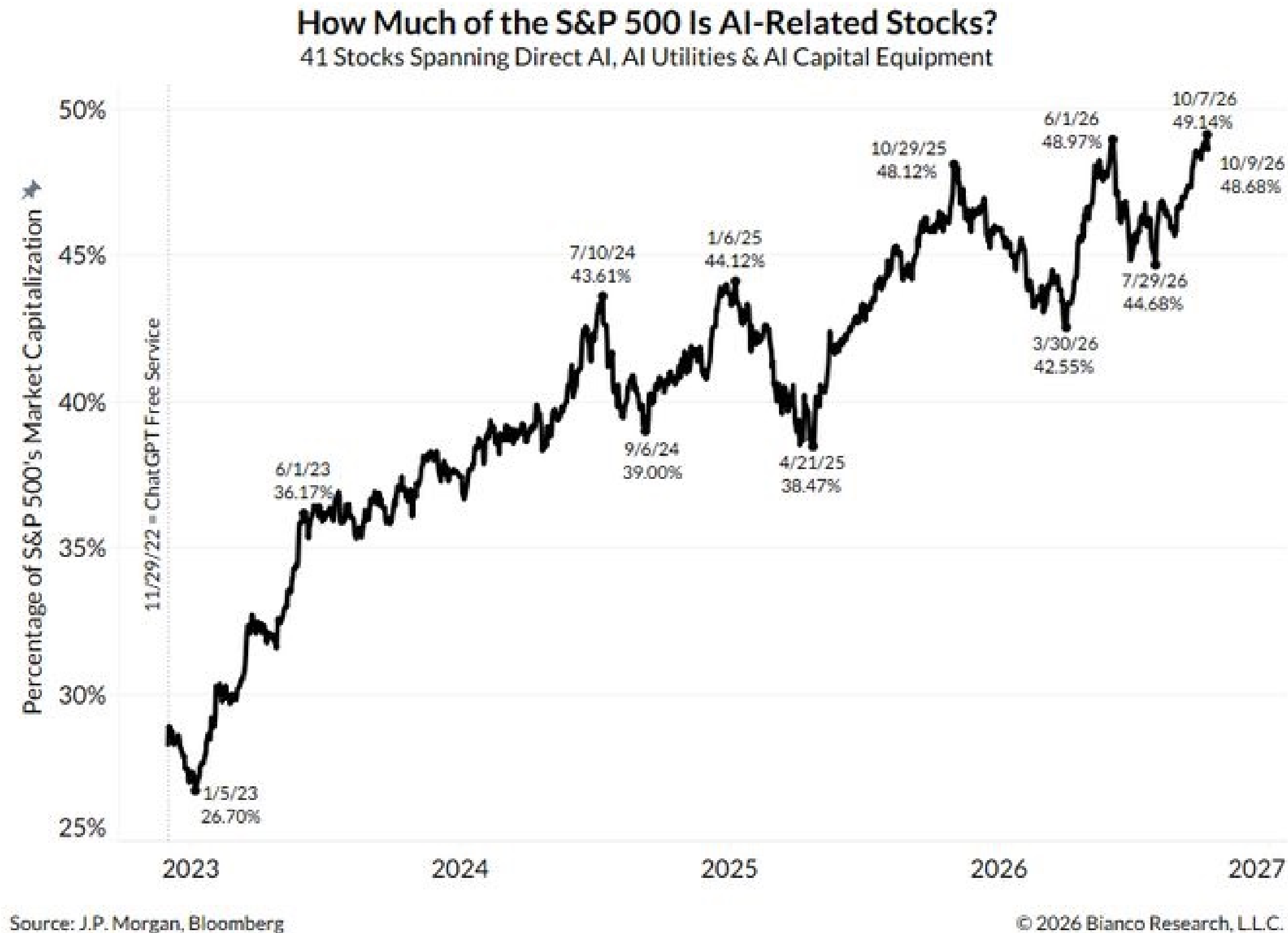
Average % Usage and Share of AI Workloads on Open-Weight Models: Today vs. Next 3 Years



*Excludes don't know / not sure

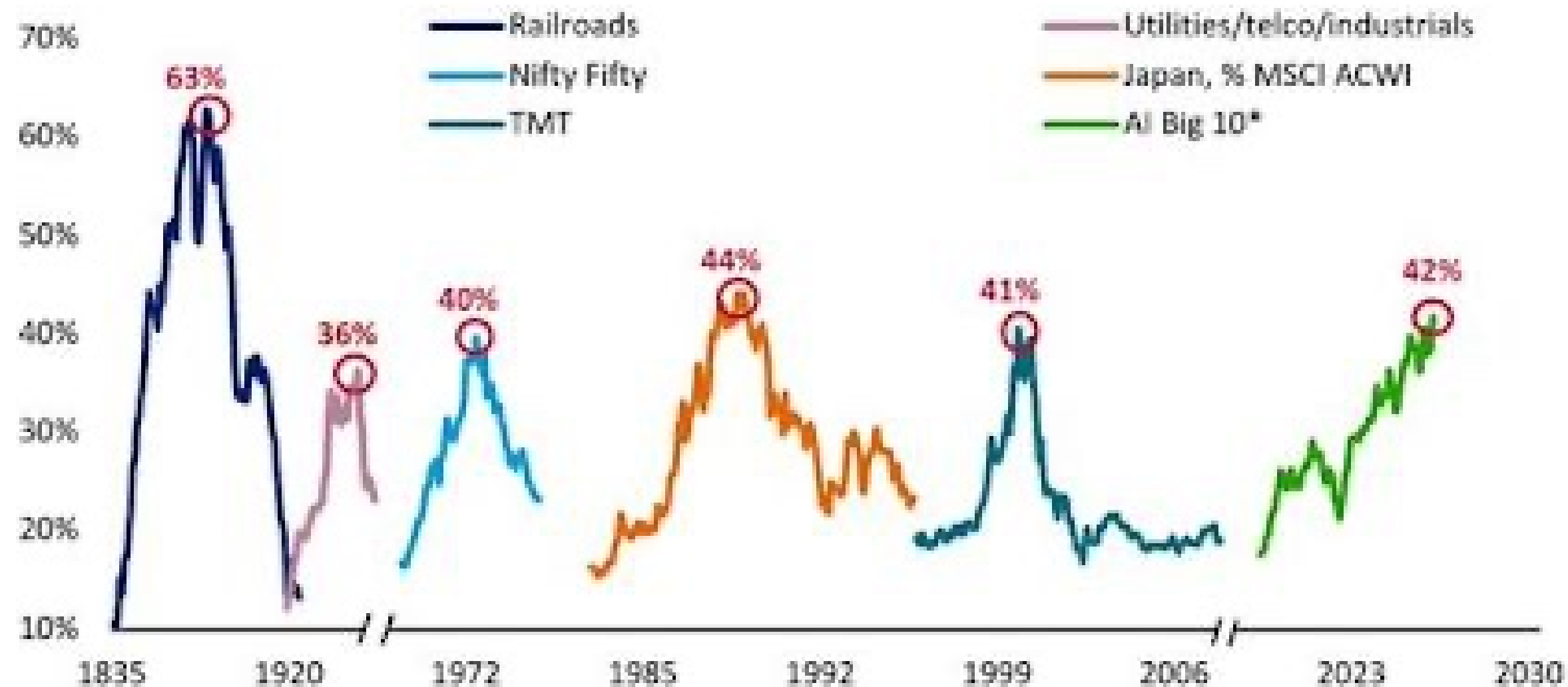
Source: Alphawise, Morgan Stanley Research. n=92 for today and n=86 in three years.

The Current Risk Is What Is Baked into Expectations



The Risk Is a 'Capex Focused' Earnings Bubble in AI

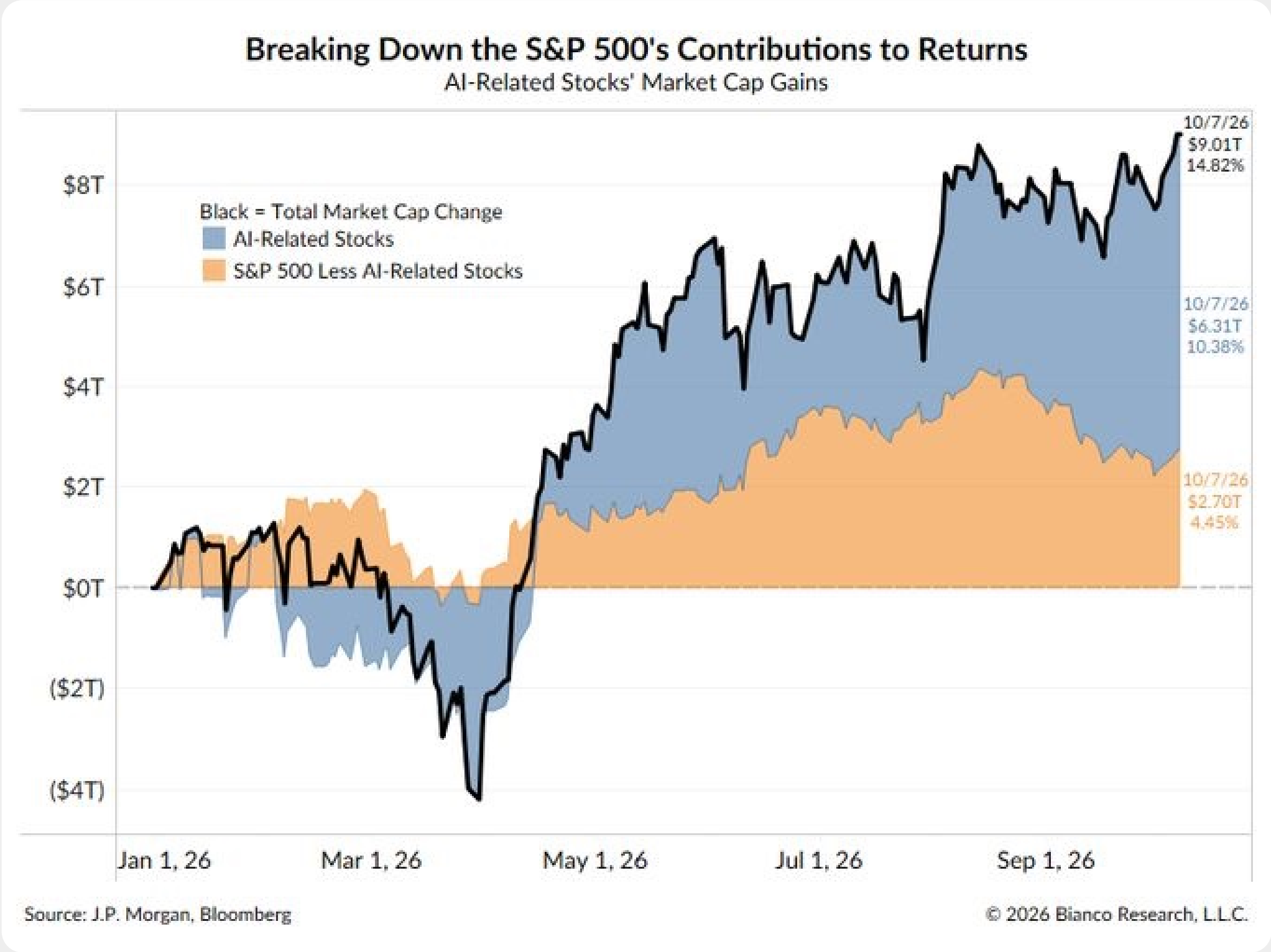
Chart 2: Peak concentration level of major bubbles 40%, except for railroads >60%
Concentration in historic bubbles



Source: BofA Global Investment Strategy, GFD Finaeon, Bloomberg. Note: all US sectors, as % of US market cap, except for Japan (which is as % of MSCI ACWI). *AI Big 10 = Magnificent 7 + Broadcom, AMD, and Micron.

BofA GLOBAL RESEARCH

Global Equity Returns Are All About AI

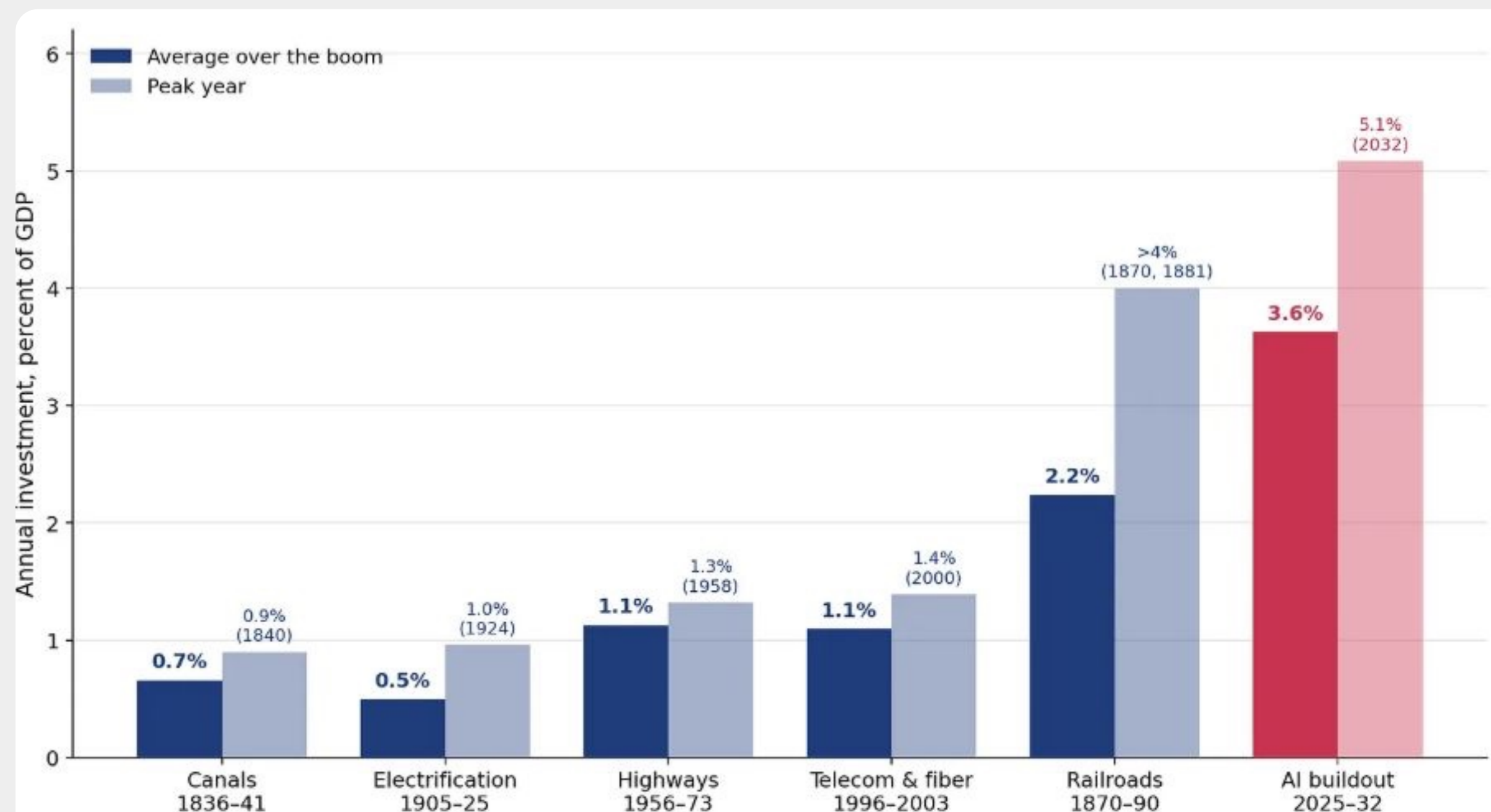


Market Is Priced for Perfection



AI Buildout Is a Macro Event

Markets pricing in too much certainty (past capex build outs were long life assets)



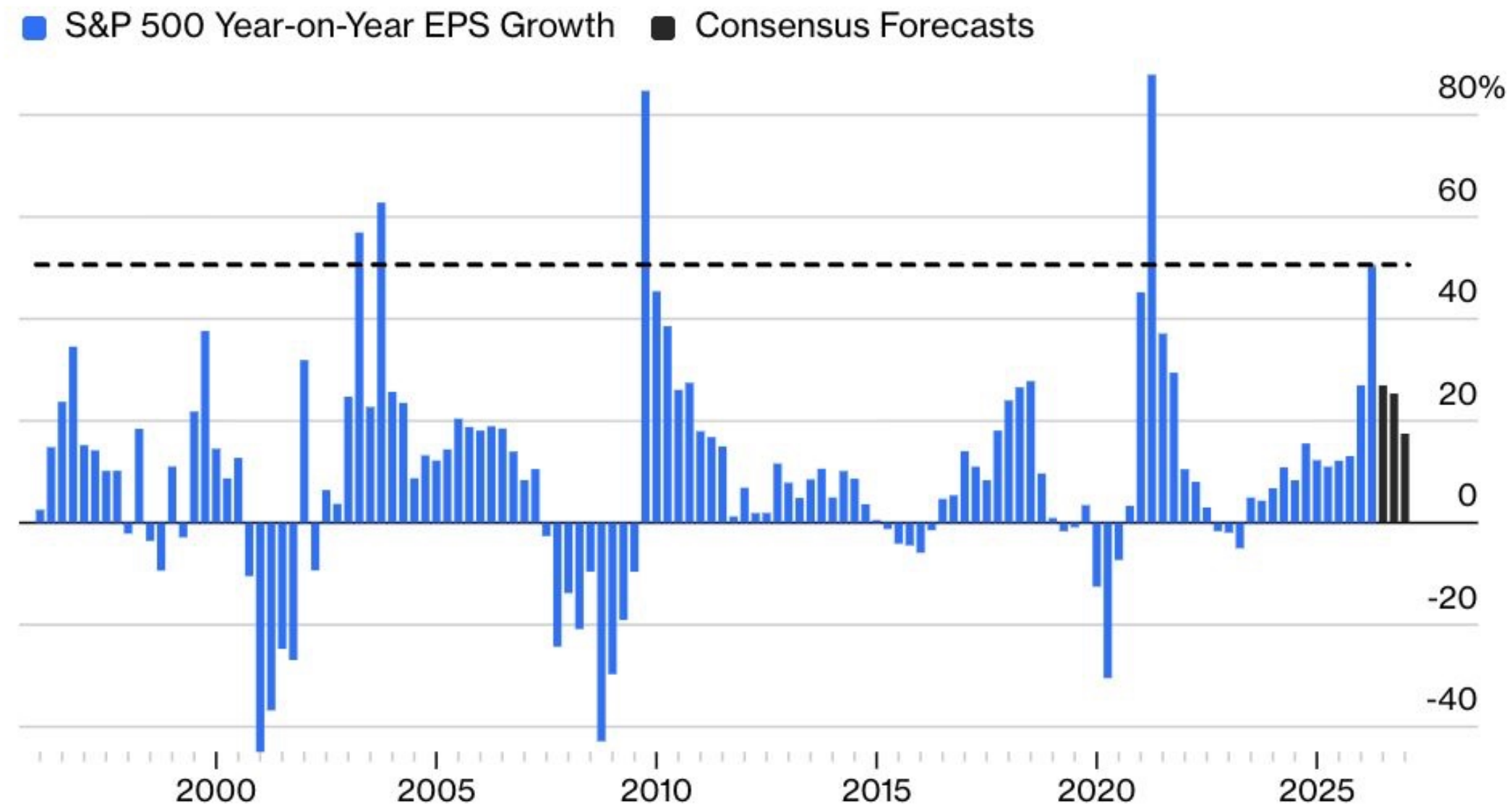
Source: "Financing the AI buildout". The historical series differ in scope and accounting, so they're approximate.

Growth Is Unsustainable - Consensus

Not a base effect as in past spikes - earnings growth bubble

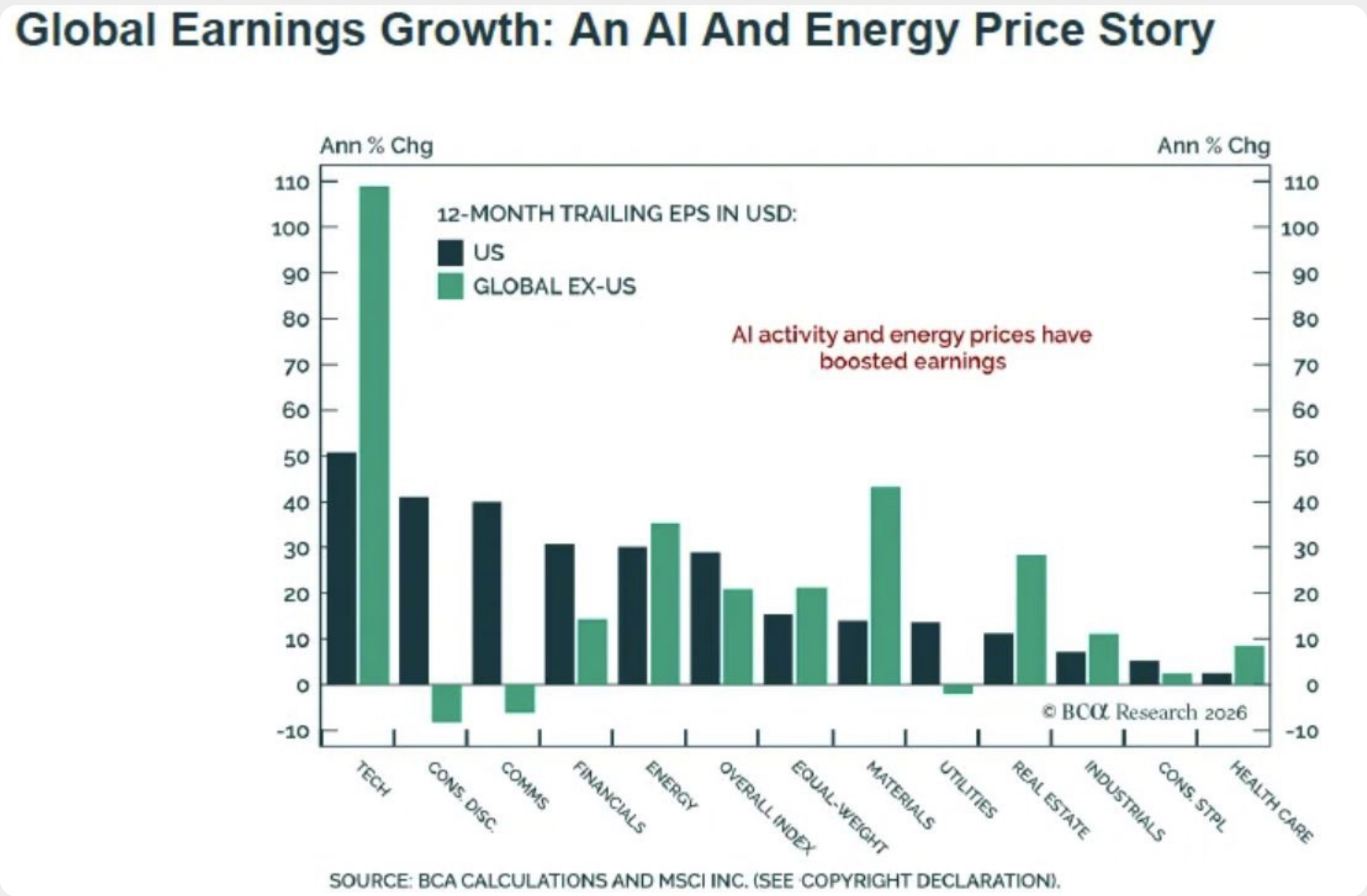
Can This Go On? (Vol. 2)

Growth at these levels normally only happens in rebounds



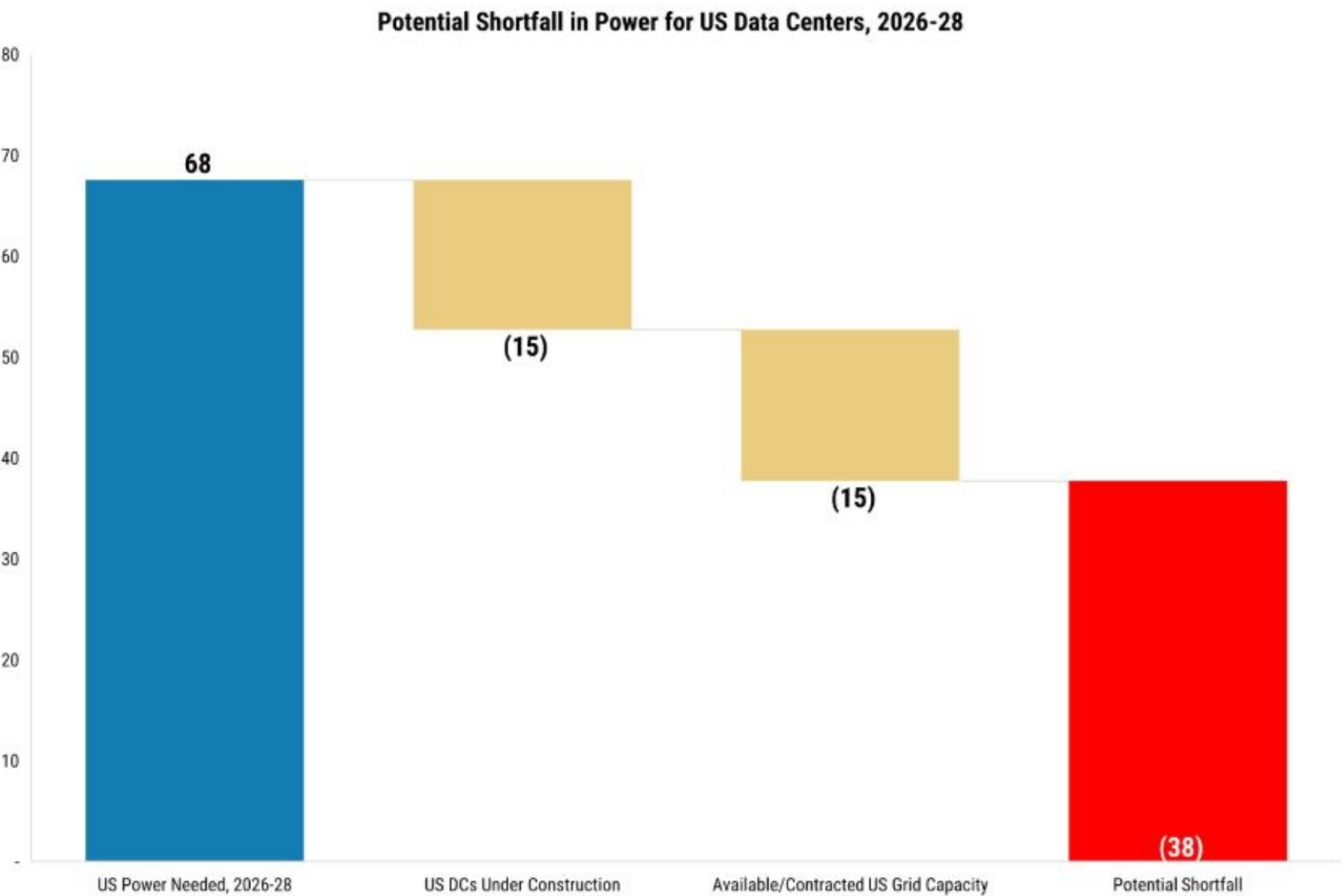
Source: Bloomberg Graph Fundamentals

Growth Is Mostly AI Capex Buildout



US Data Centre Rollout: Energy & Community

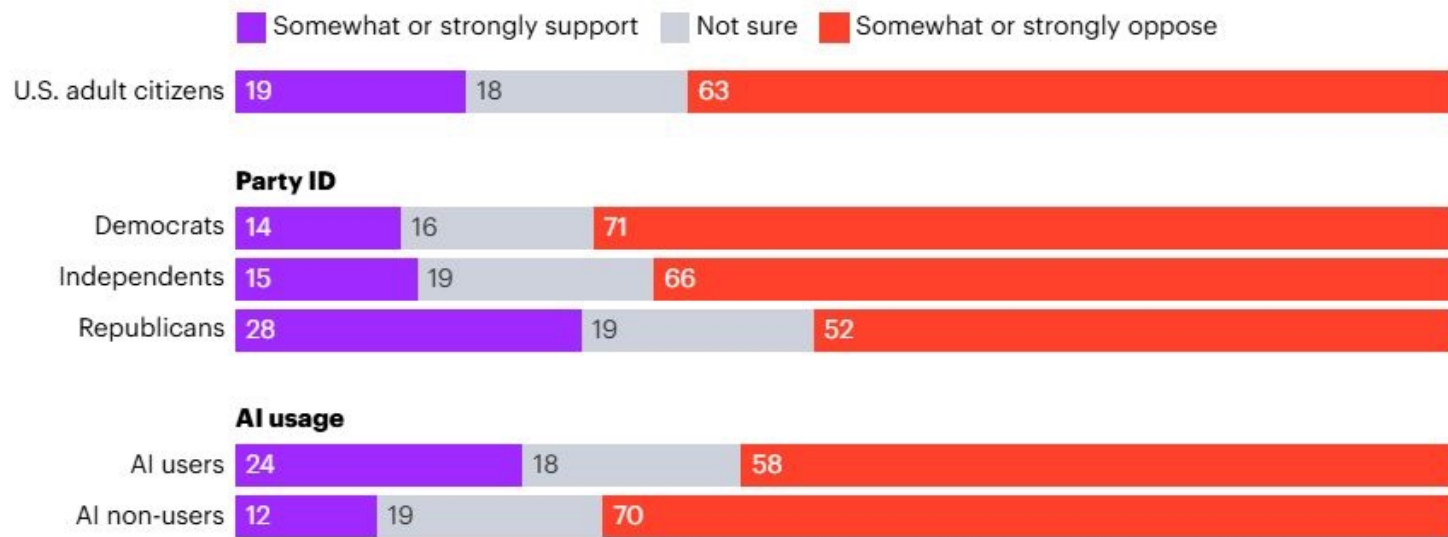
Exhibit 4: We Project a 38GW Power Shortfall in 2026-28.



Source: Morgan Stanley Research

A majority of Americans **oppose** data centers being built in their communities

Would you support or oppose a new data center being built in your community? (%)



Note: AI usage is based on responses to the question, "Do you use any of the following artificial intelligence (AI) agents? Check all that apply." AI users are those who select any listed agent or "other." AI non-users are those who select "none of the above."

YouGov

Chart: Alexander Russell Hayes • The Economist / YouGov | August 28 - 31, 2026 • [Get the data](#)

China (ex Chips) Has a Big Advantage

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The US is fighting over data centers. China is building them fast

UPDATED 23 HR AGO

By  Simone McCarthy



Satellite imagery shows data center buildout in an industrial park in Inner Mongolia in 2022 and 2026. Envision's Galaxy Campus AI data center lies several miles away. (Airbus/Planet Labs/Envision)

Margins Usually Get Competed Away over Time

Hyperscalers chipping away

[Blog home](#) > Deep dive into Azure Maia 300 architecture

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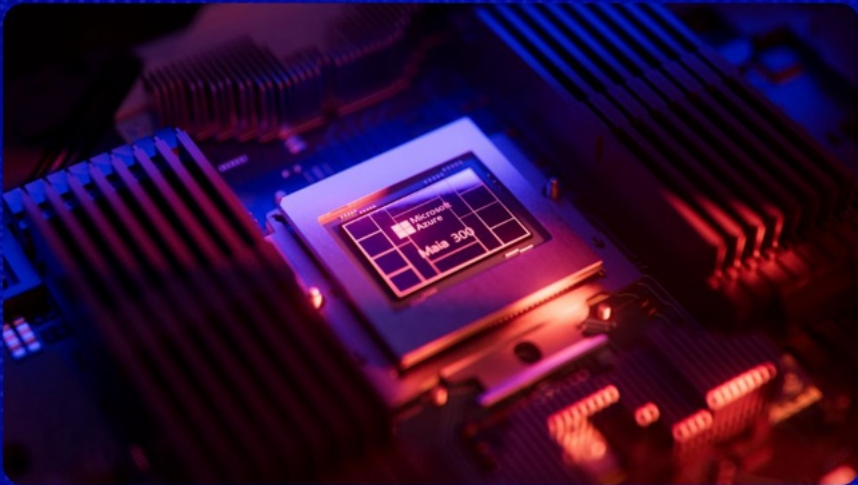
Deep dive into Azure Maia 300 architecture

By [Rani Borkar](#) and [Saurabh Dighe](#)

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Why Inferentia?

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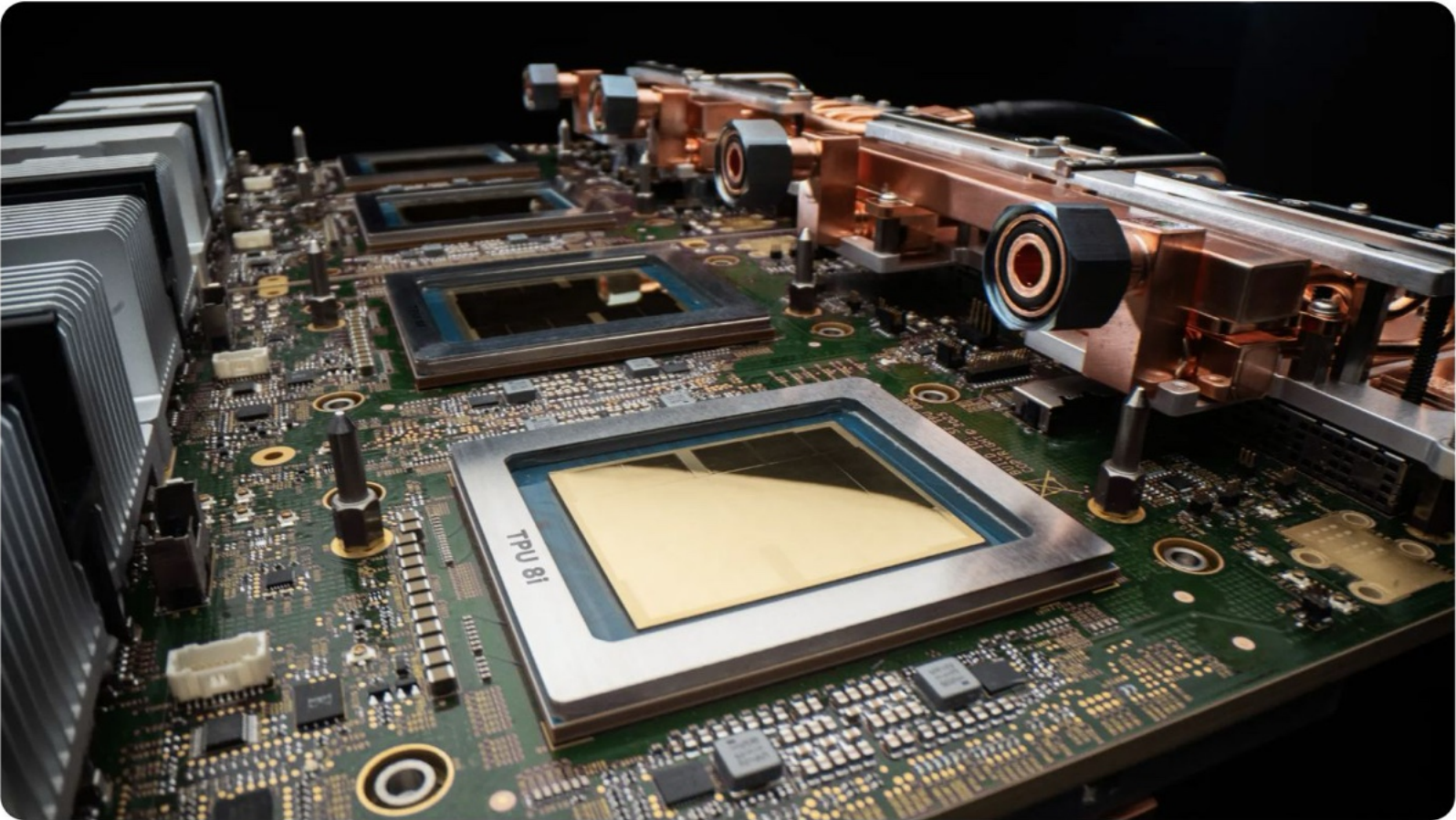
Our eighth generation TPUs: two chips for the agentic era

8 min read

The culmination of a decade of development, TPU 8t and TPU 8i are custom-engineered to power the next generation of supercomputing with efficiency and scale.

Amin Vahdat
SVP and Chief Technologist, AI and Infrastructure

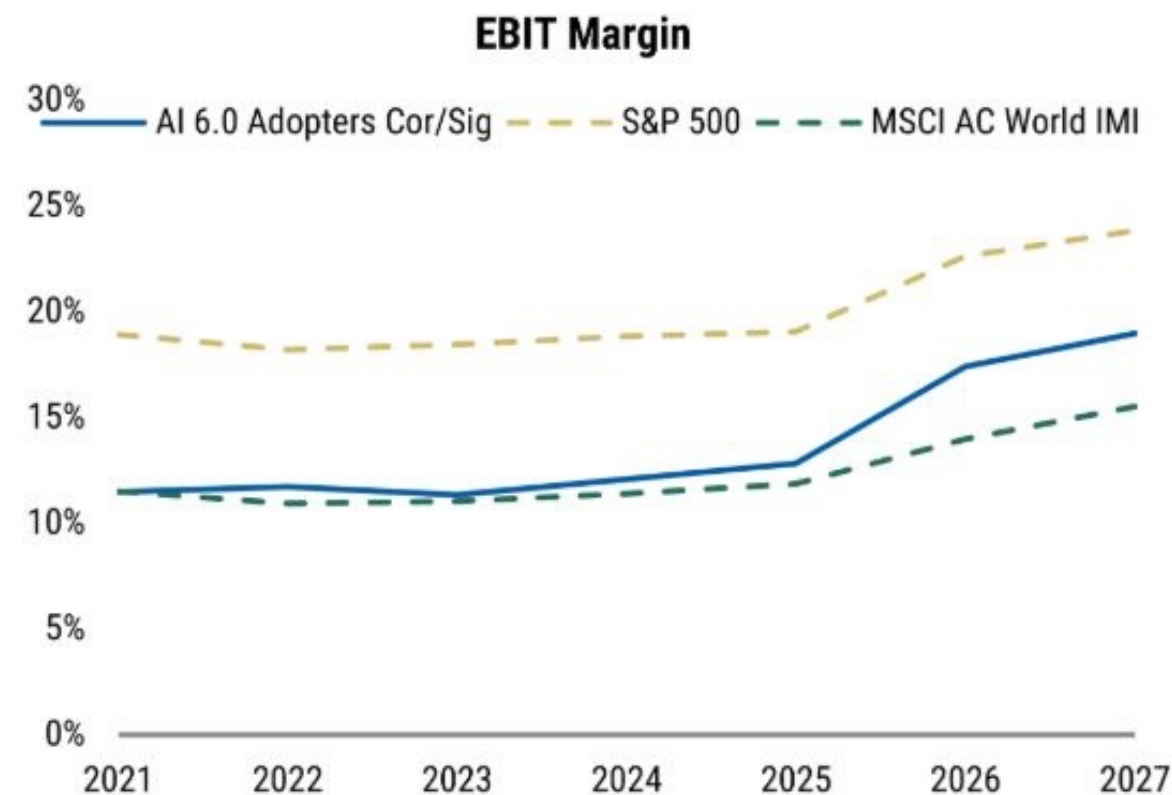
Share



The Opportunity: AI Adopters

Opportunity, but market risk counters in the short term

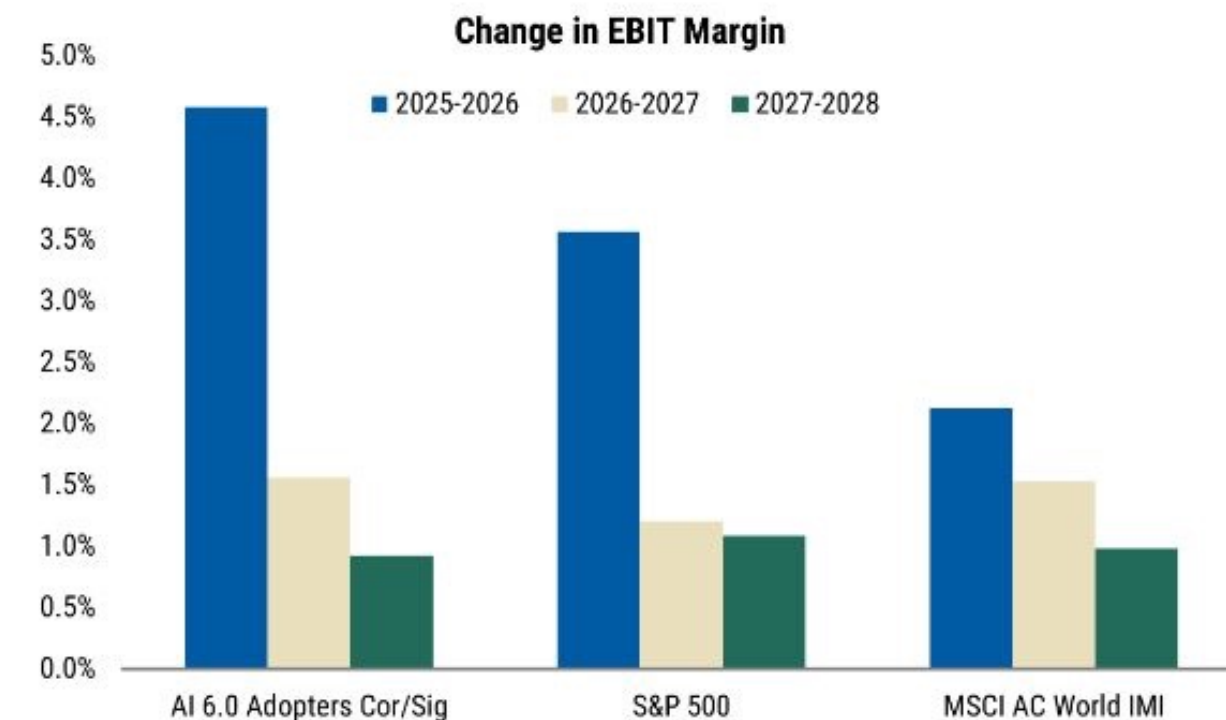
Exhibit 3: AI Adopters Deliver Margin Expansion



Note: Adopters with high materiality (Significant or Core to Thesis). Median.

Source: FactSet, Morgan Stanley Research

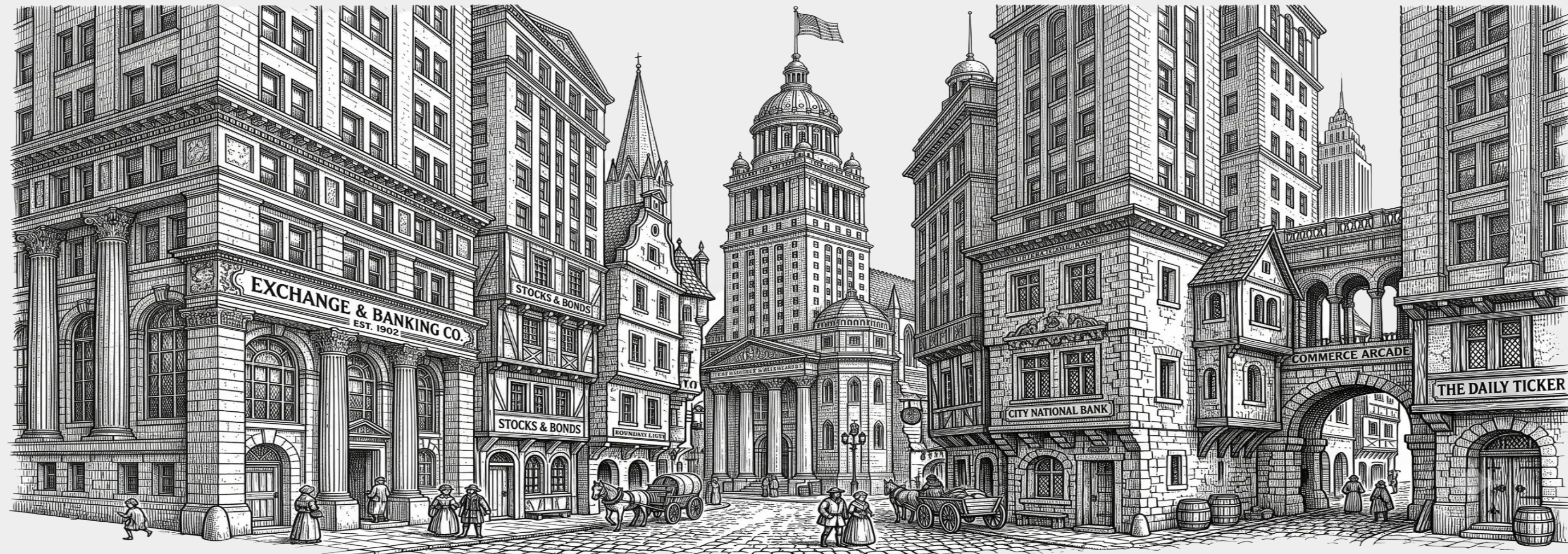
Exhibit 4: Out-Year Margin Estimates Don't Recognize AI Benefits



Source: Note: Adopters and Enablers with high materiality (Significant or Core to Thesis). Median.

Source: FactSet, Morgan Stanley Research

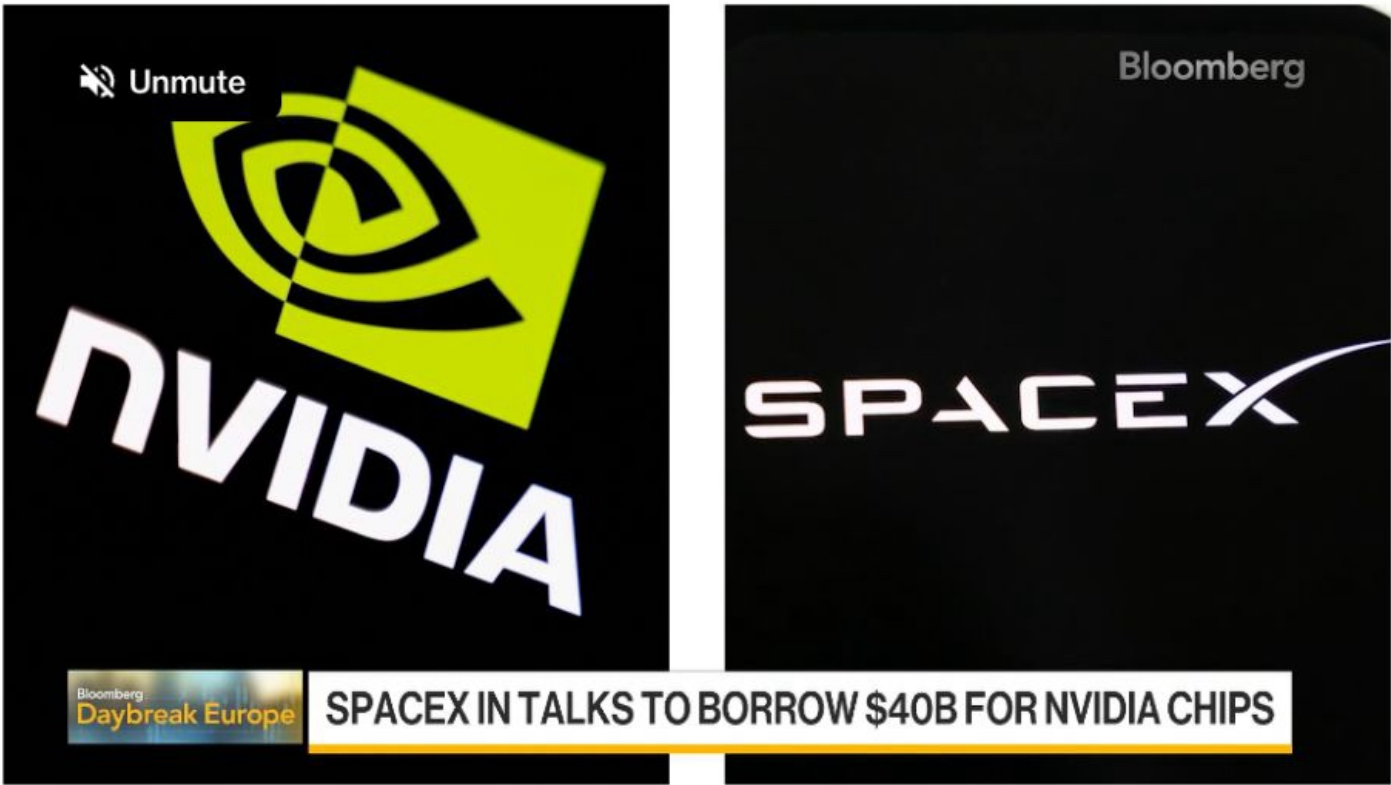
Competition for Capital Yields, Inflation



SpaceX: Jobs at SpaceX | The Road to Mars | Buying Failed Startup Data | Space Telescope Launch | Louisiana Starship Launch Site | Chaos at SpaceXAI

Technology
AI

SpaceX in Talks to Borrow \$40 Billion to Buy Nvidia Chips



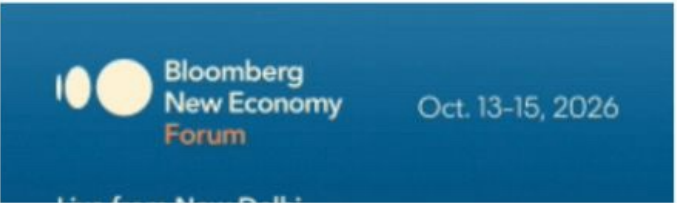
WATCH: SpaceX is in talks with banks and investors to raise \$40 billion to buy chips from Nvidia, people familiar with the matter said. Anthony Stephens reports. Source: Bloomberg



Gift this article

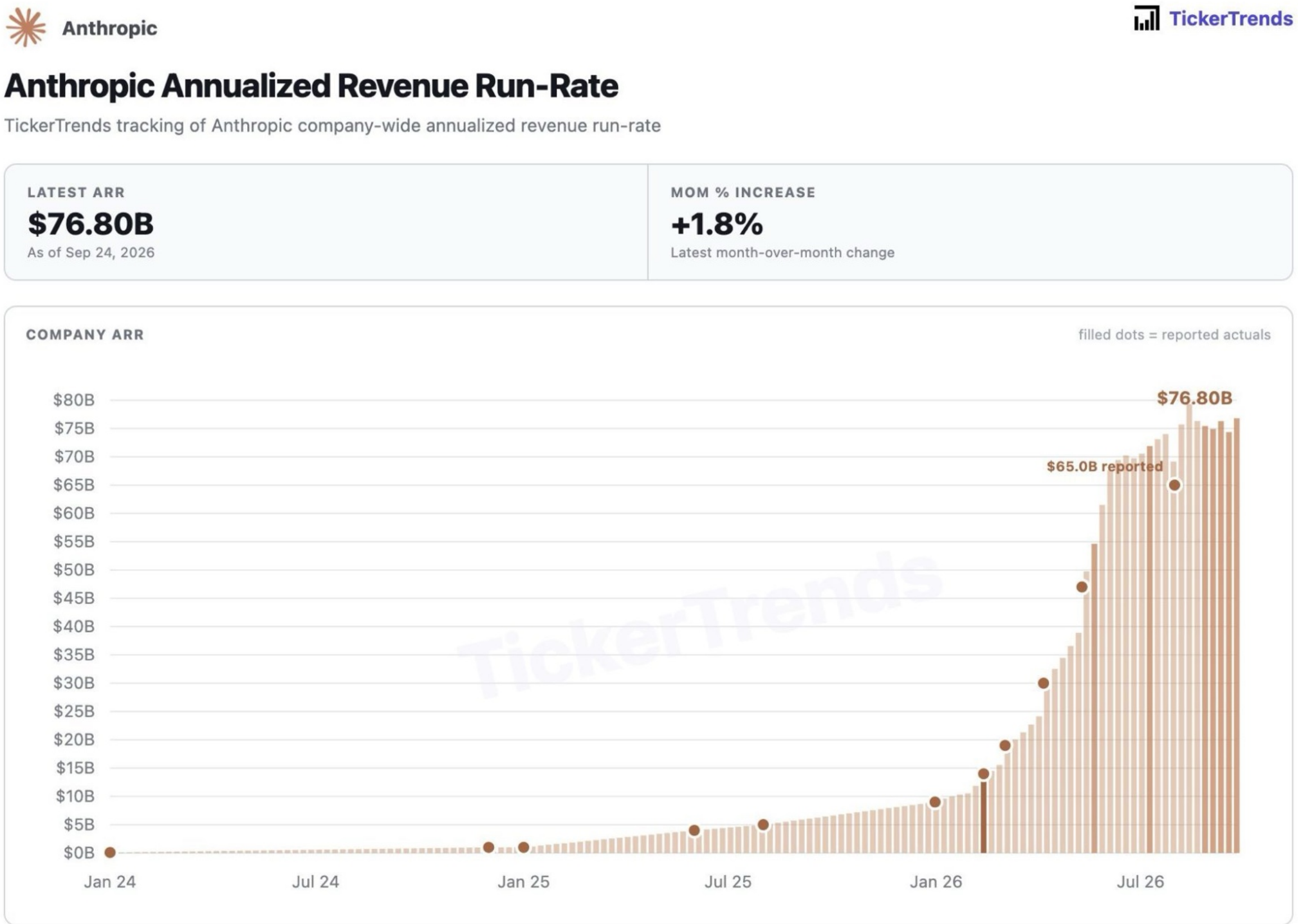
By [Laura Benitez](#) and [Carmen Arroyo](#)

October 7, 2026 at 12:57 AM GMT+2
Updated on October 7, 2026 at 2:08 PM GMT+2



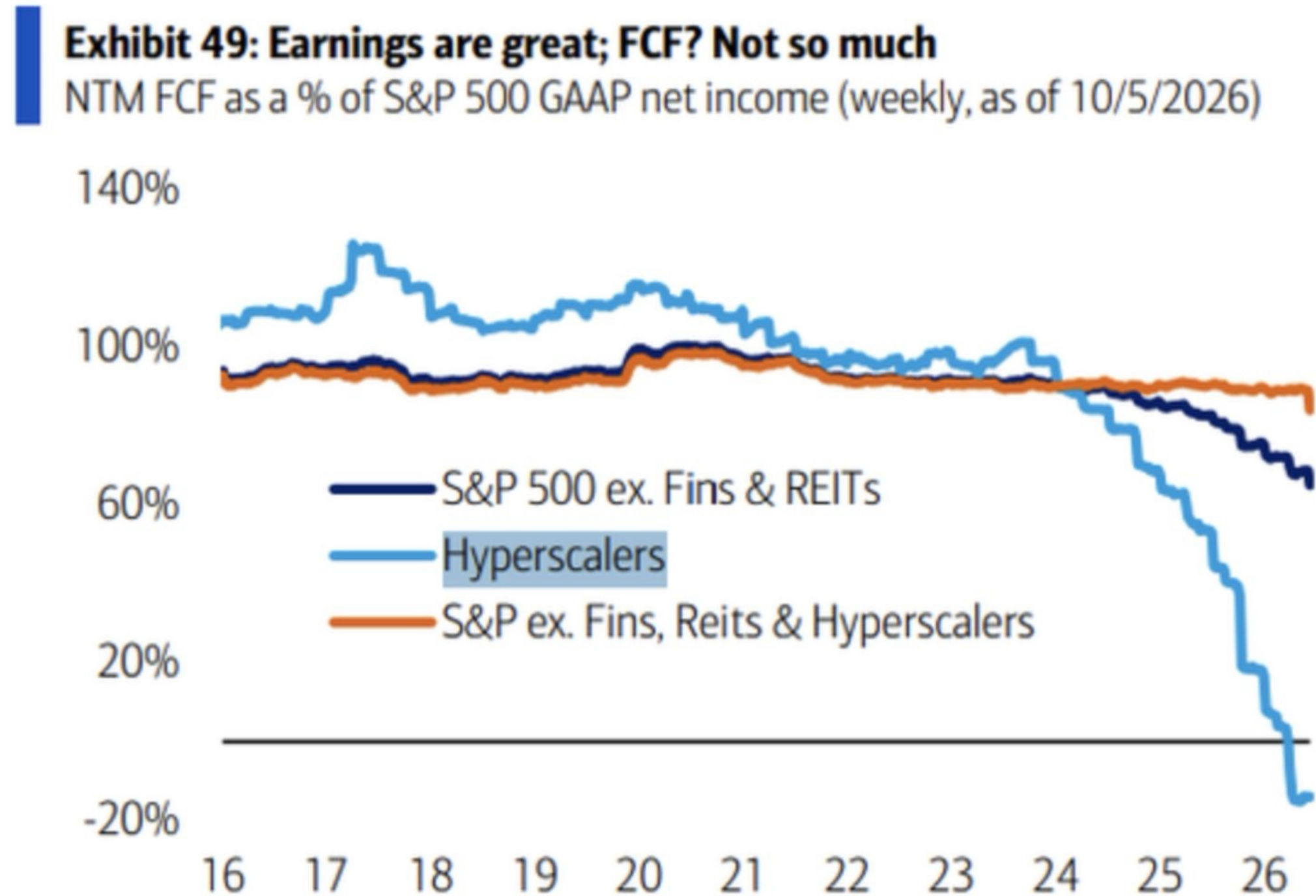
Too early in the cycle to be slowing down

Race to list: USD 2tn Valuation will be hard to lock in



Massive Capex Build Out

Cash generation is deteriorating

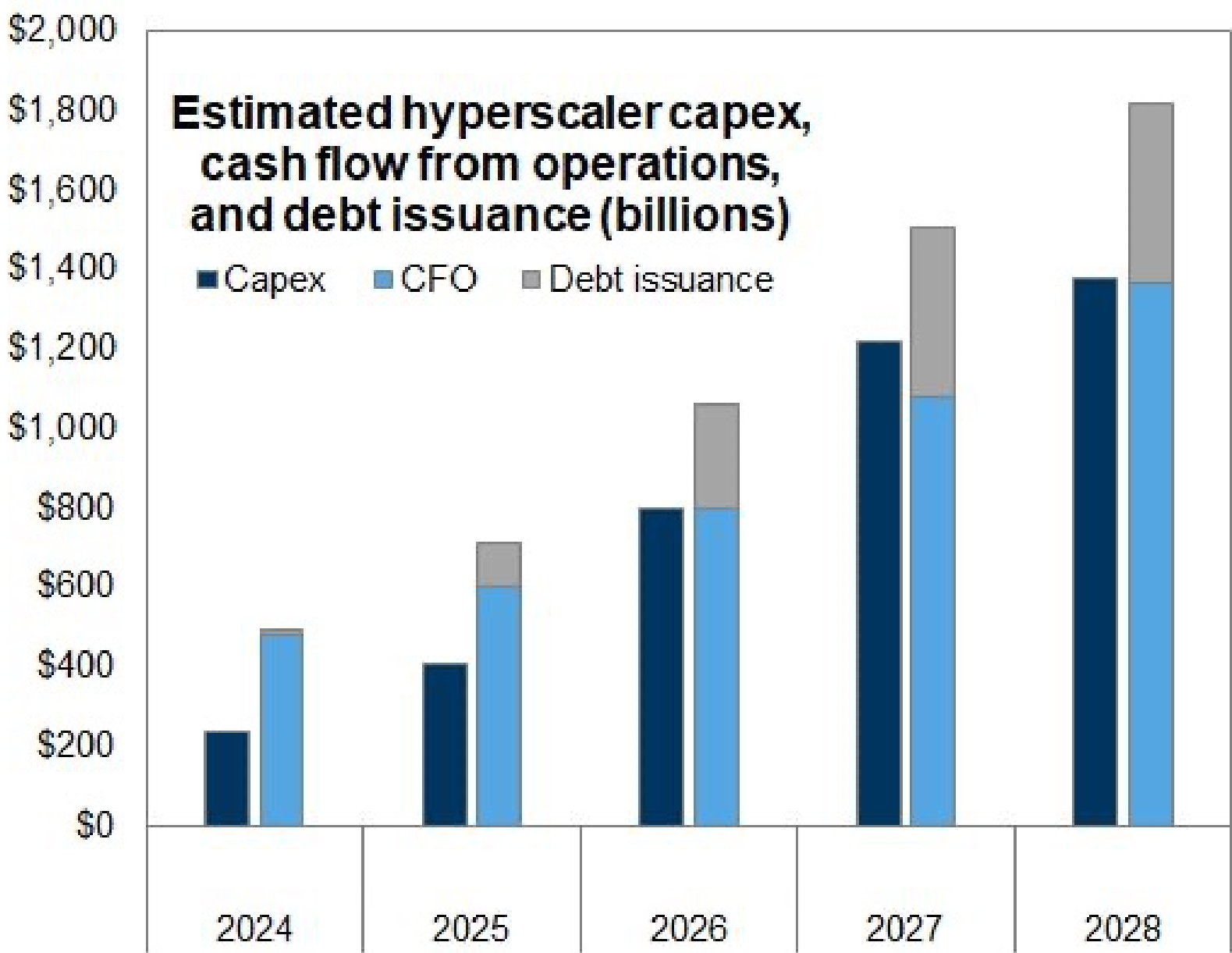


Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Suppliers of Capital to Consumers of Capital

Exhibit 11: Hyperscaler cash flow from operations and debt issuance exceed capex in 2027 and 2028



Based on GS equity analyst estimates for AMZN, GOOGL, META, MSFT, and ORCL cash flows and GS credit strategists' estimate for hyperscaler debt issuance.

Source: Goldman Sachs Global Investment Research

Equities Risk Rolling over When Paper Assets Get Liquidated

US deals greater than \$25 million in value

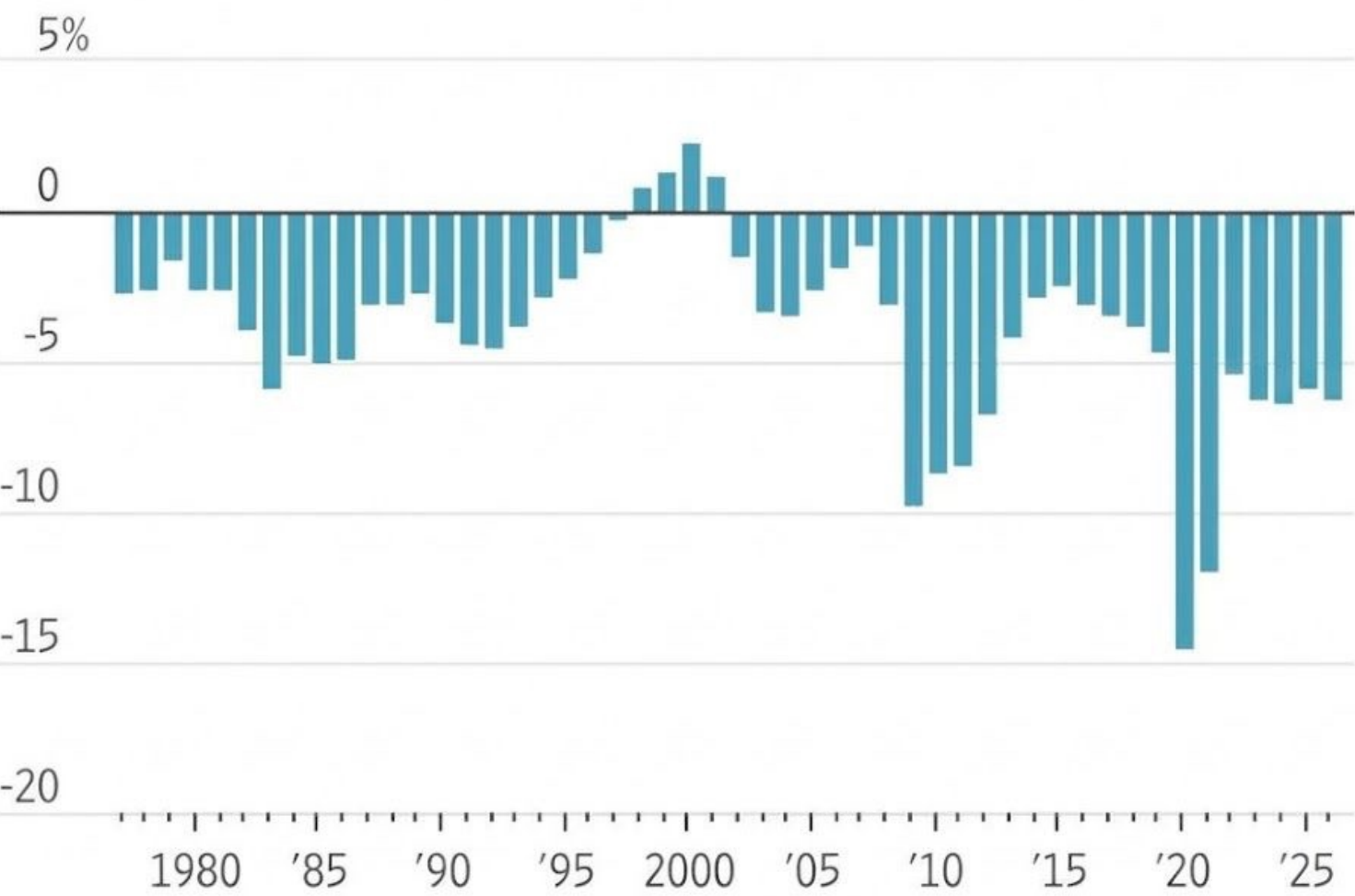


Source: FactSet, Goldman Sachs Global Investment Research

USA Budget Deficit Needs Funding

Federal Red Ink

U.S. budget deficit as a percentage of gross domestic product



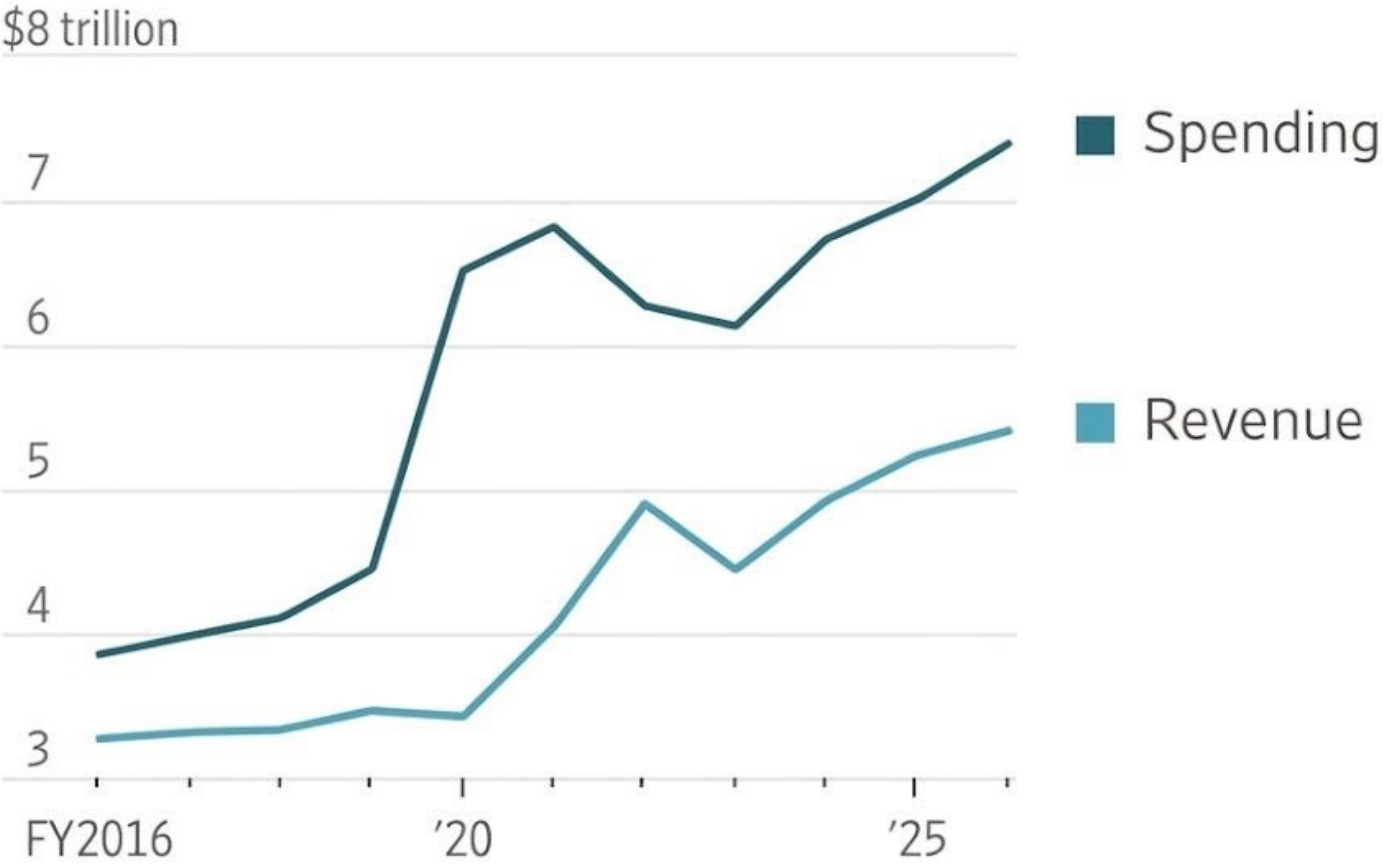
Note: GDP for FY26 is a Wall Street Journal estimate before final data release.

Source: Office of Management and Budget (1977-2025);
Congressional Budget Office (2026)

Rising Red Ink

Federal budget deficits widened during the pandemic and stayed above historical levels.

U.S. Budget Deficits

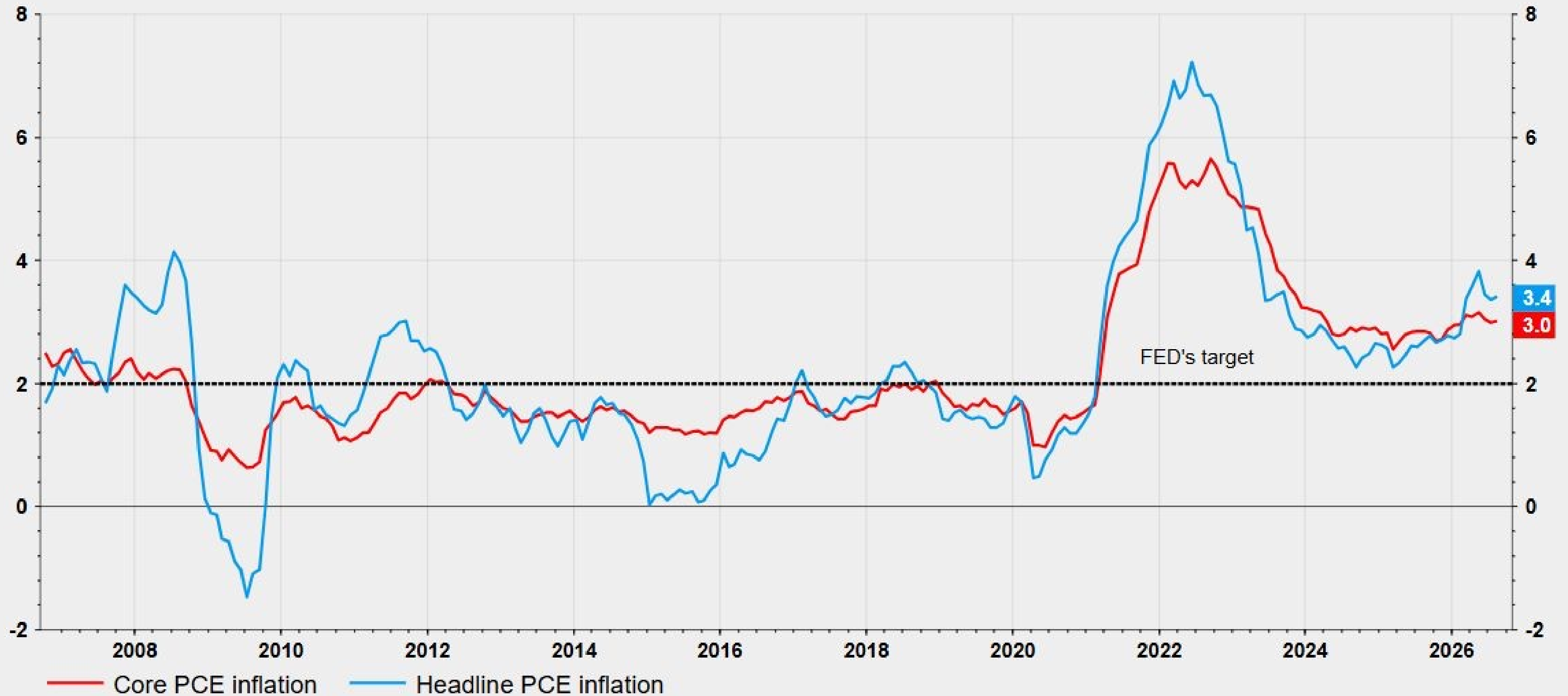


Note: Nominal dollars.

Source: Office of Management and Budget (2016-25);
Congressional Budget Office (2026)

Inflation Remains Sticky and Above Target

No QE bailout available



Source: LSEG Datastream / Rezco

Watch the Bond Markets: 30 Year Yields

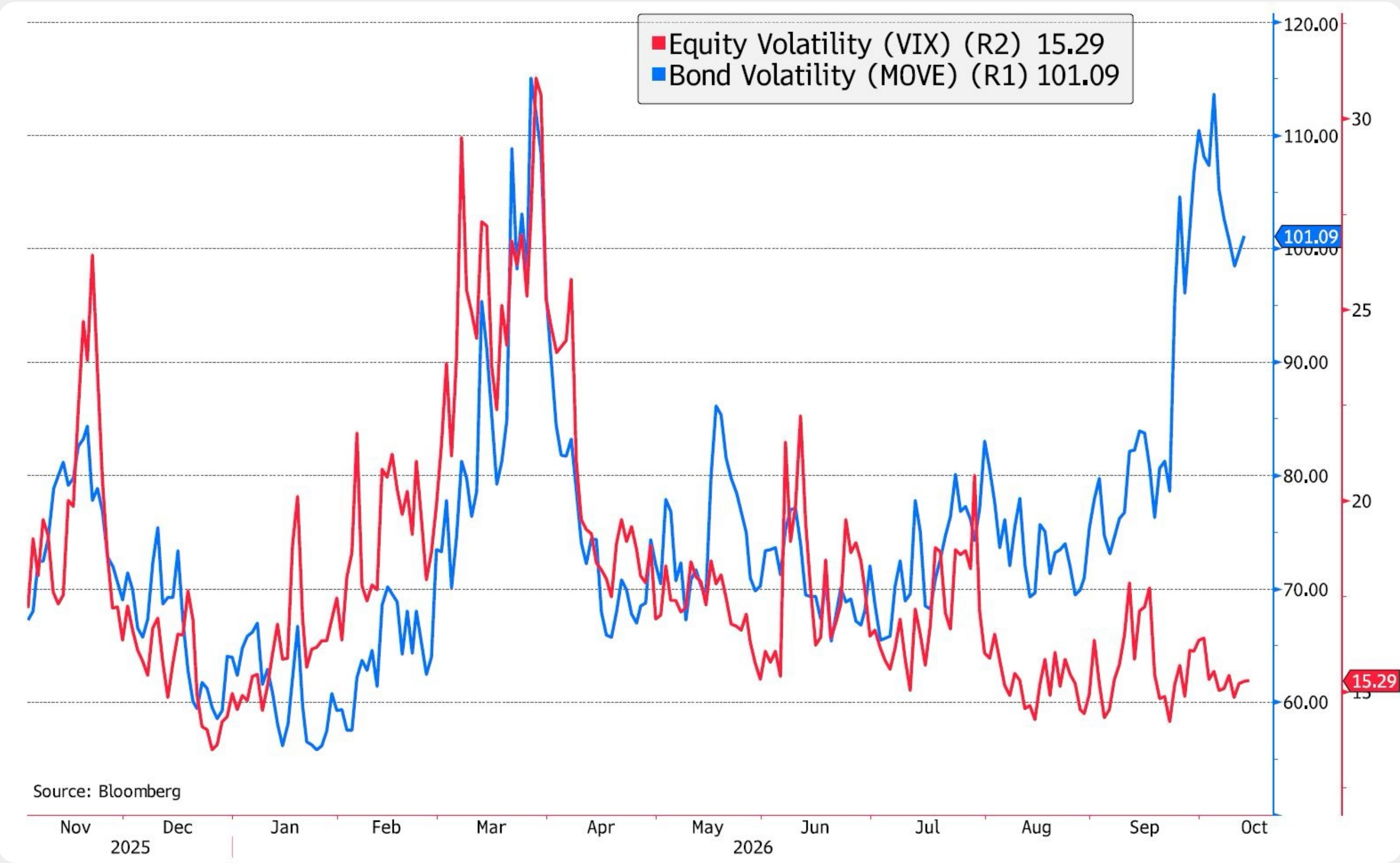
Bond markets likely dampen growth and ability to fund investment and government deficits

30 year government bond yields



Source: LSEG Datastream / Rezco

Market Are Treating This as Only a Bond Problem



Risk to the AI Trade Might Be the Real Economy

- Cost of Capital
- Supply of Capital
- Speed of build out (strongly linked to ROI given short life assets)
- Return on Capital Invested
- Diminishing Marginal Utility of AI
- Price and Volume
- Global Competition
- Opportunity cost to further AI investment - capital is not unlimited

*NONE OF THE ABOVE NEGATES THE VALUE OF AI, AND SOME ARGUE
THE OVERSPEND ON CAPEX IS A NECESSARY COST*

But equities are over-pricing in a capex driven profit cycle, and
commoditisation risks derailing the equity momentum

SA Macro



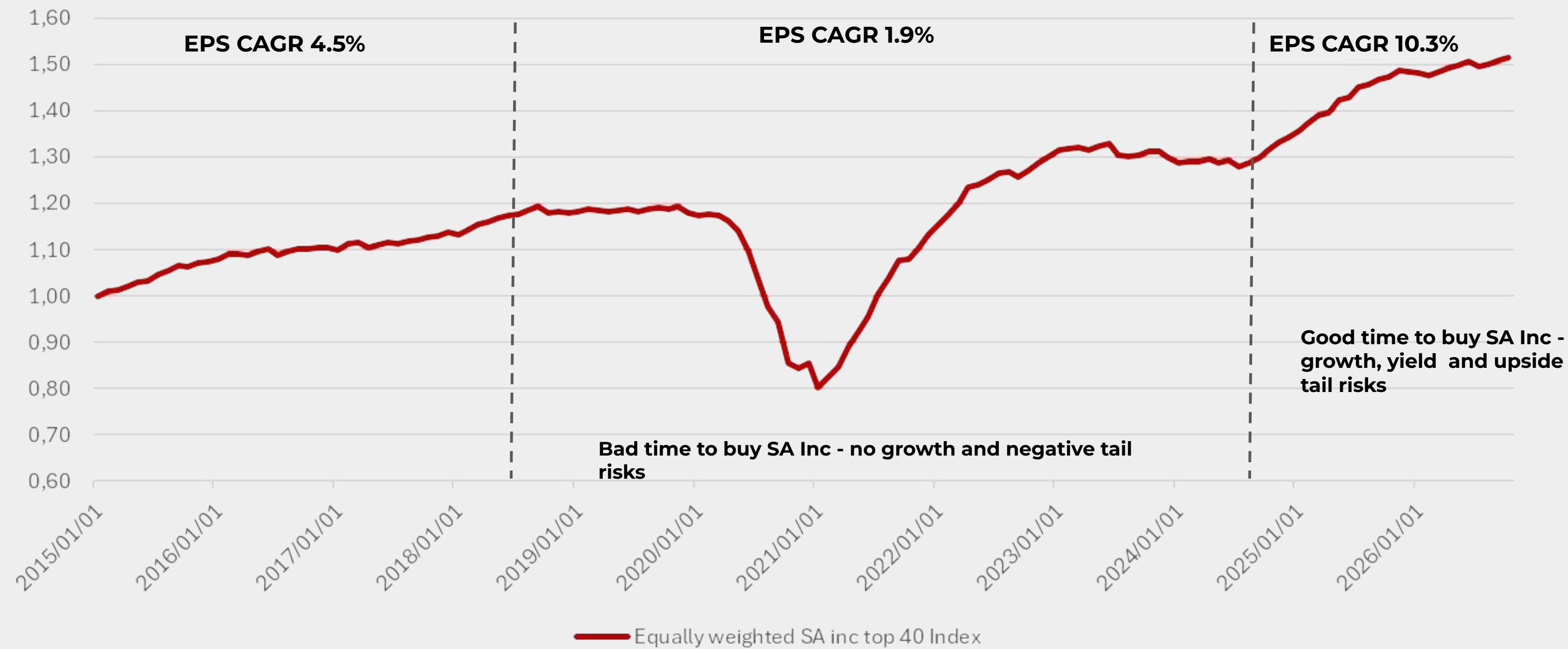
Ingredients for Good Investments:

- Growth
- Risk
- Valuation
- Quality
- Cash (dividends or reinvestment)

Early Part of the Growth Phase

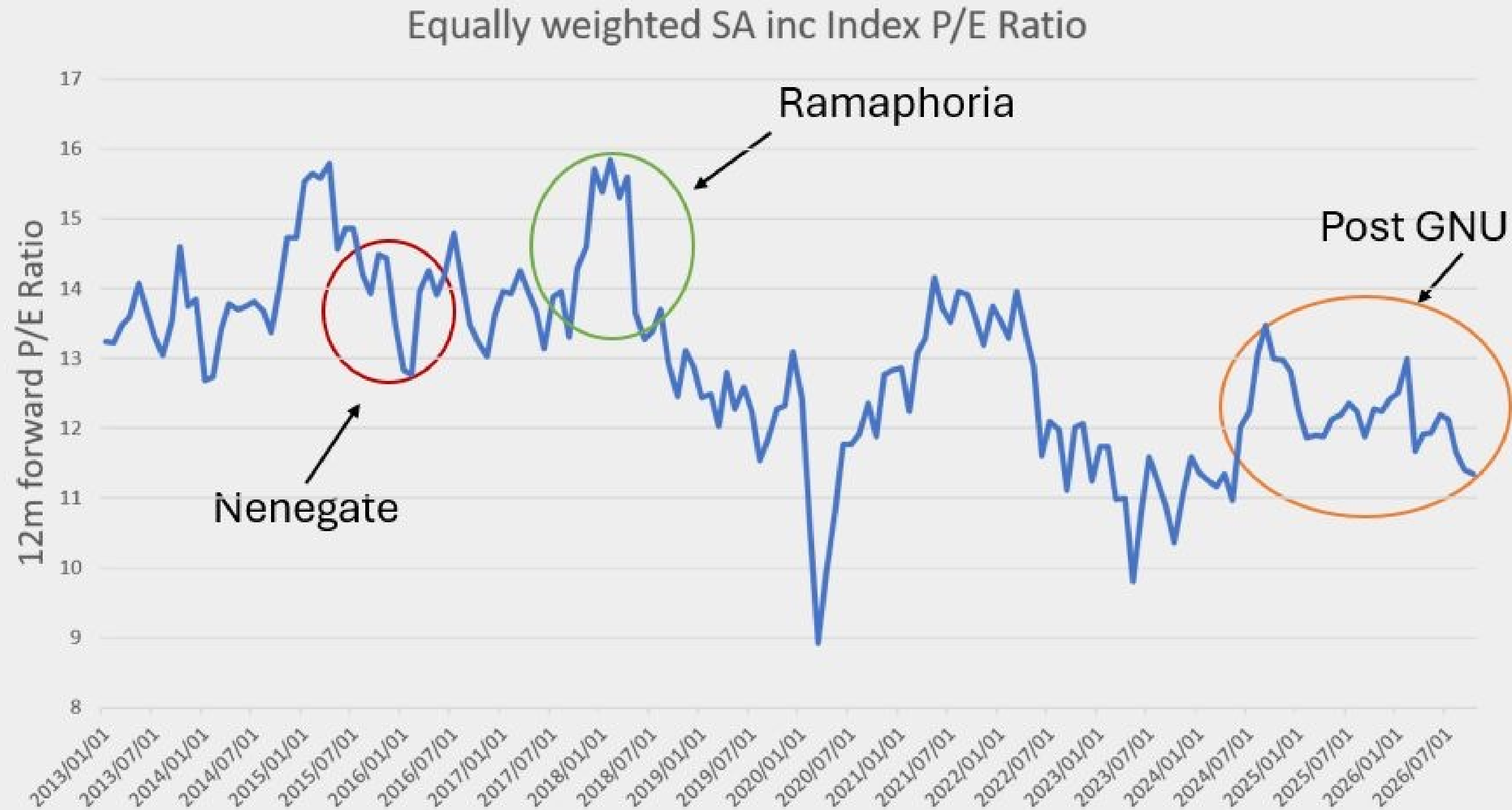
Fuel price a bump in the road

Equally weighted SA inc top 40 Index forward EPS rebased to 2015



SA Inc PE - Massive Undervaluation

Best macro backdrop since mid 2000's (ex rand oil price)



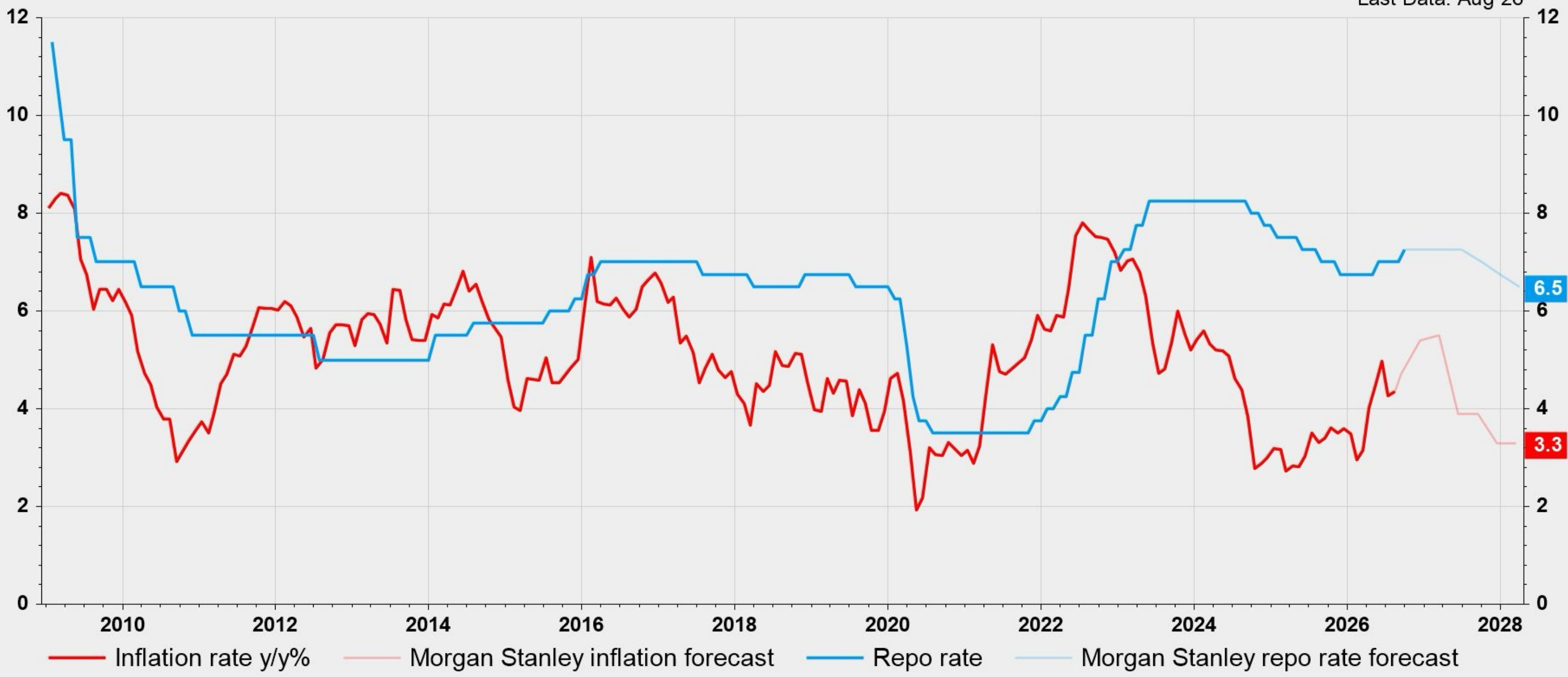
Source: Refinitiv Datastream. Construction: A custom basket of equities, equally weighted consensus forward P/E's of the largest 40 largest JSE stocks each month, excluding miners, oil & paper producers or where a majority of the stocks earnings are derived from outside South Africa.

Interest Rates

Lots of room to cut: long term tailwind (short term hurting the retailers)

SOUTH AFRICA CPI & repo rate + forecast

Updated: Oct 26
Last Data: Aug 26

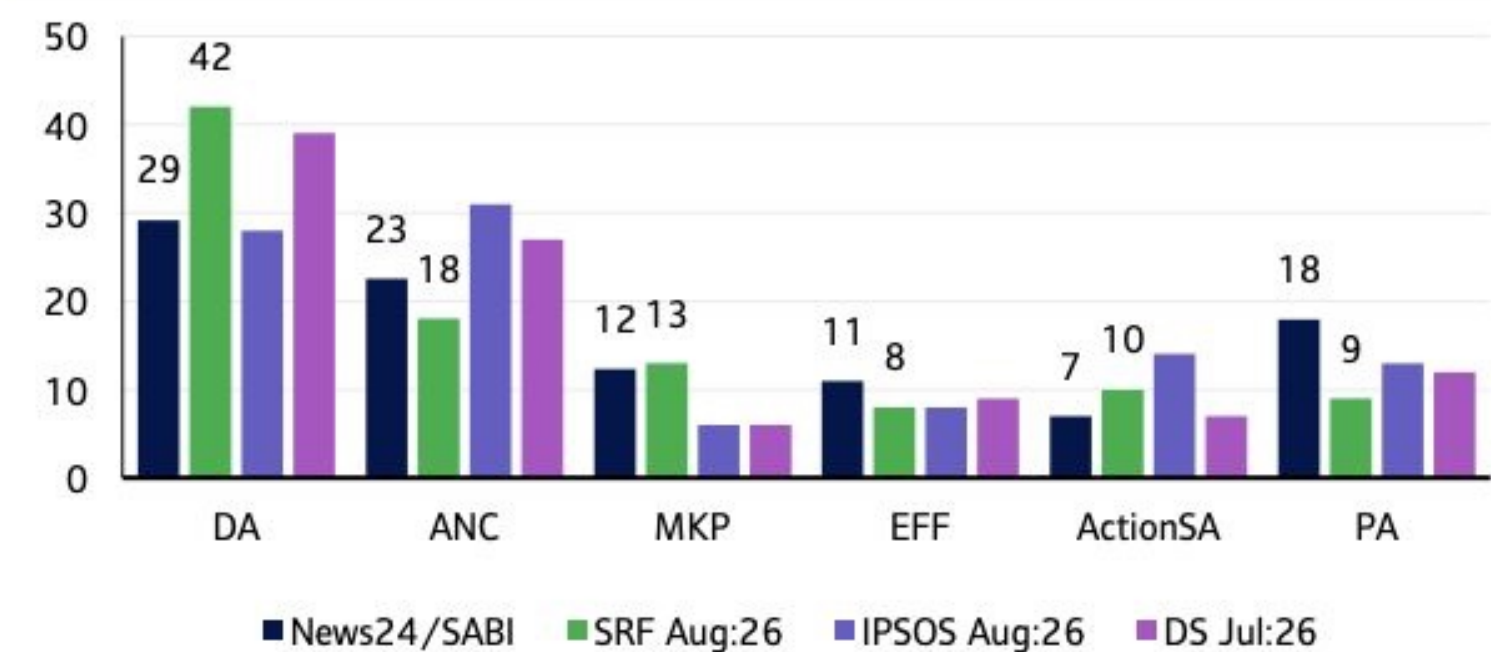


Source: LSEG Datastream / Rezco

Key Metros Are Highly Uncertain

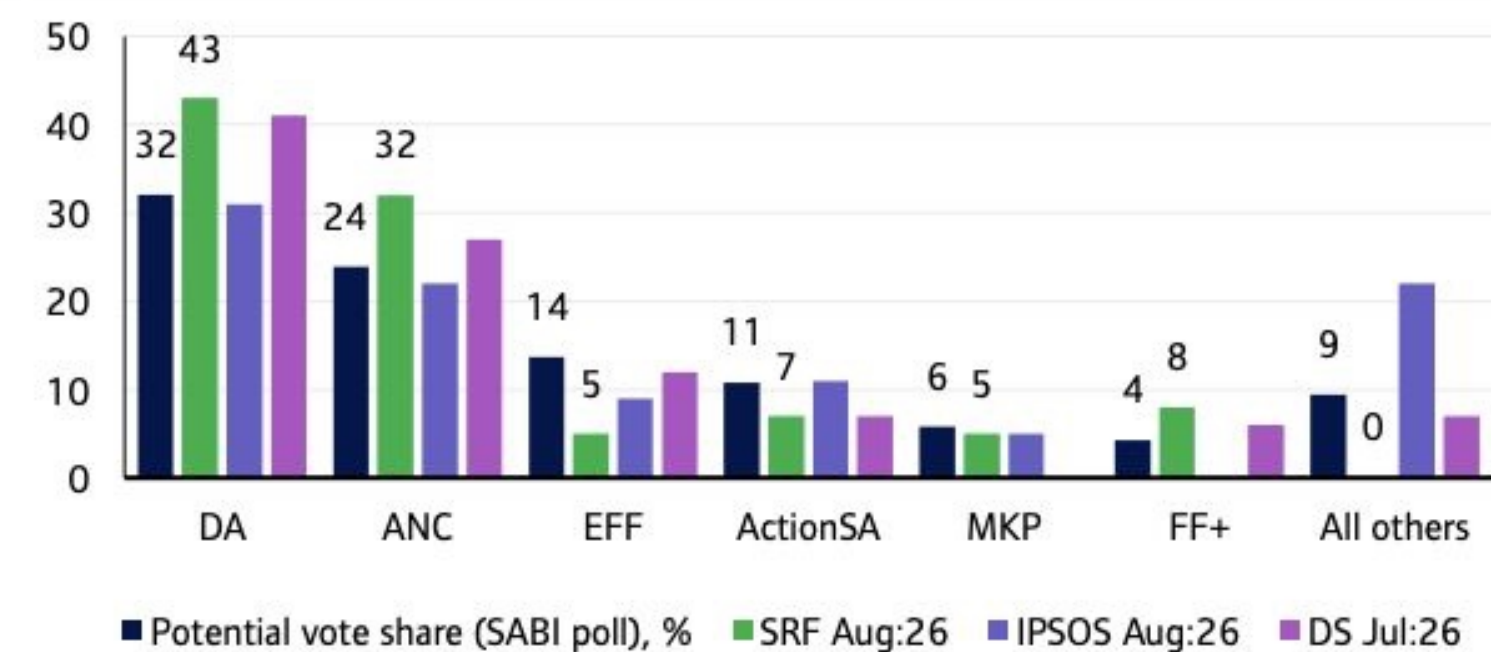
But ANC losses are consensus

Figure 1: JHB differentials



Sources: News24/SABI; Standard Bank Research

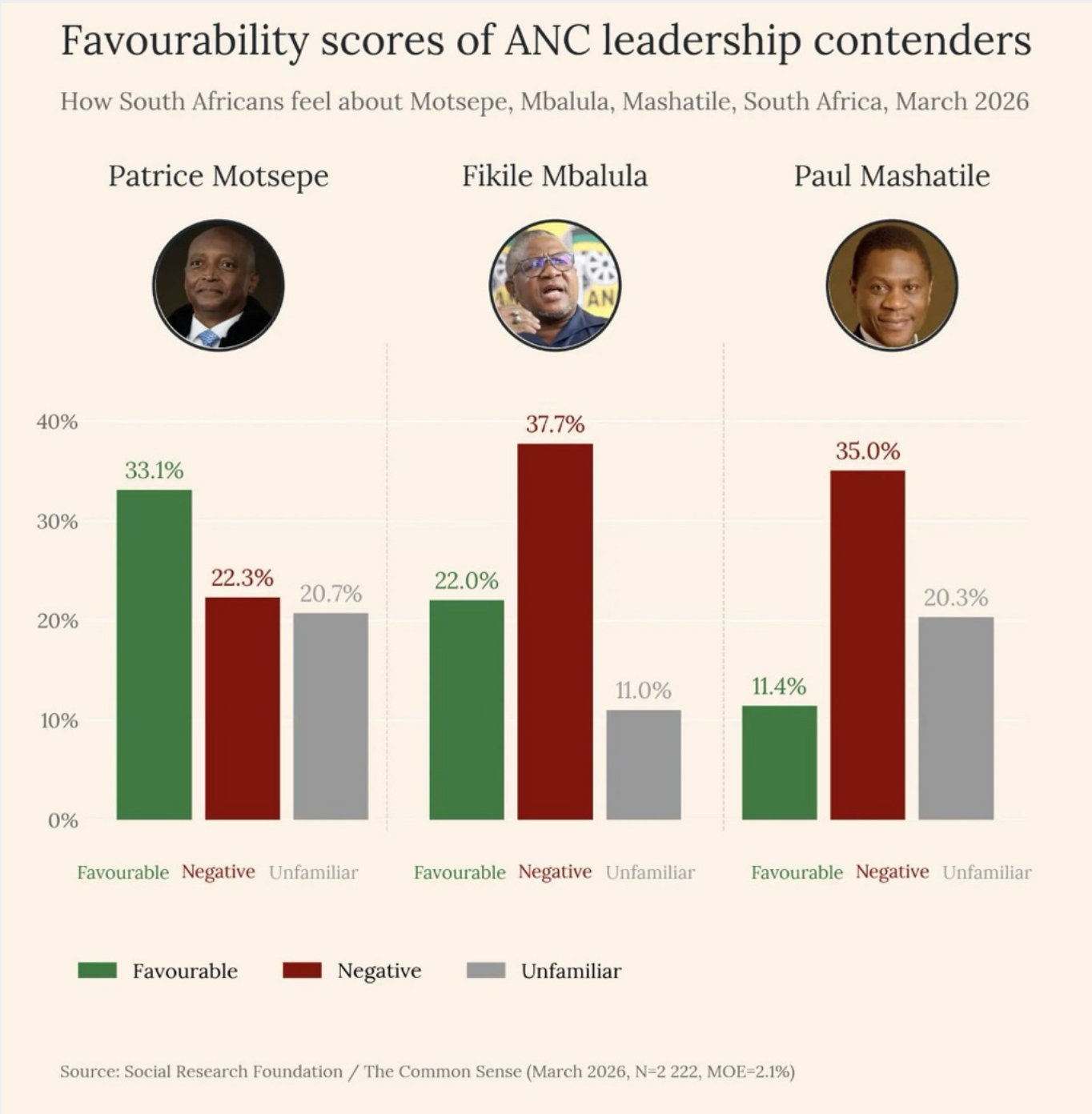
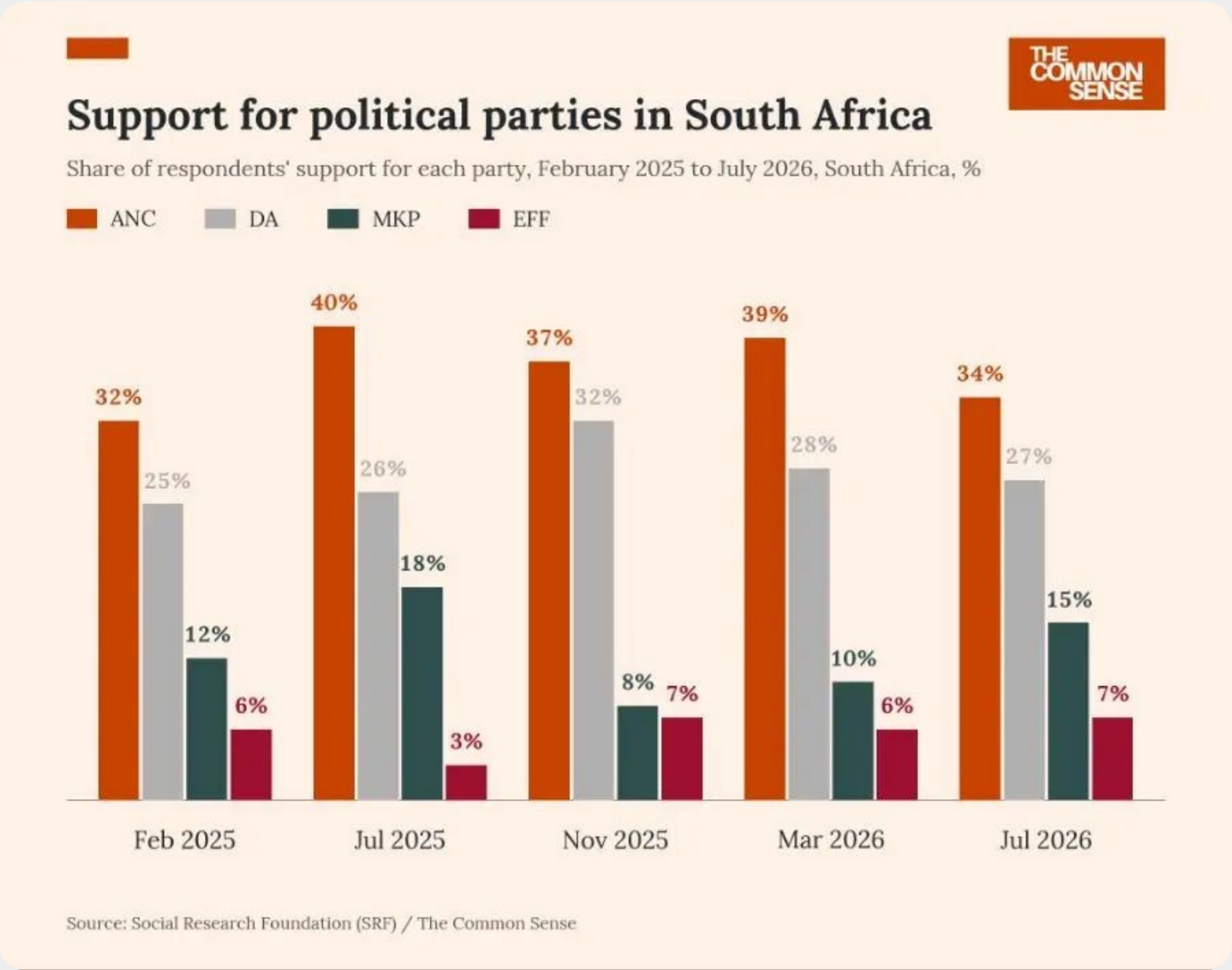
Figure 2: Tshwane differentials



Sources: News24/SABI; Standard Bank Research

Political Risk Scenarios Are Now Two Sided

Pre 2024 election the probabilities had a massive negative tail skew



Macro Moving Slowly in the Right Direction

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Moody's Says South Africa Is On Right Track For Rating Upgrade



Cape Town, South Africa. Photographer: Dwayne Senior/Bloomberg

By Adelaide Changole

October 14, 2026 at 8:20 AM GMT+2

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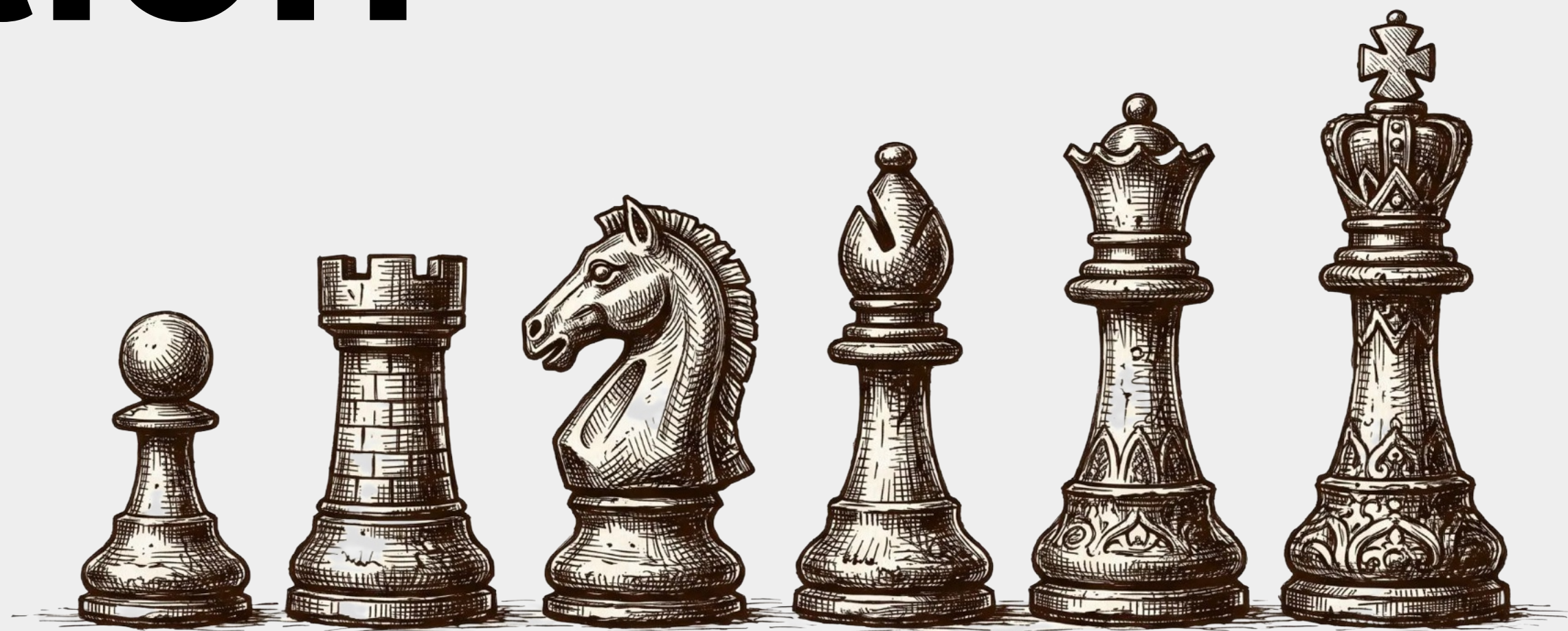
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Bloomberg New Economy Forum

REZCO

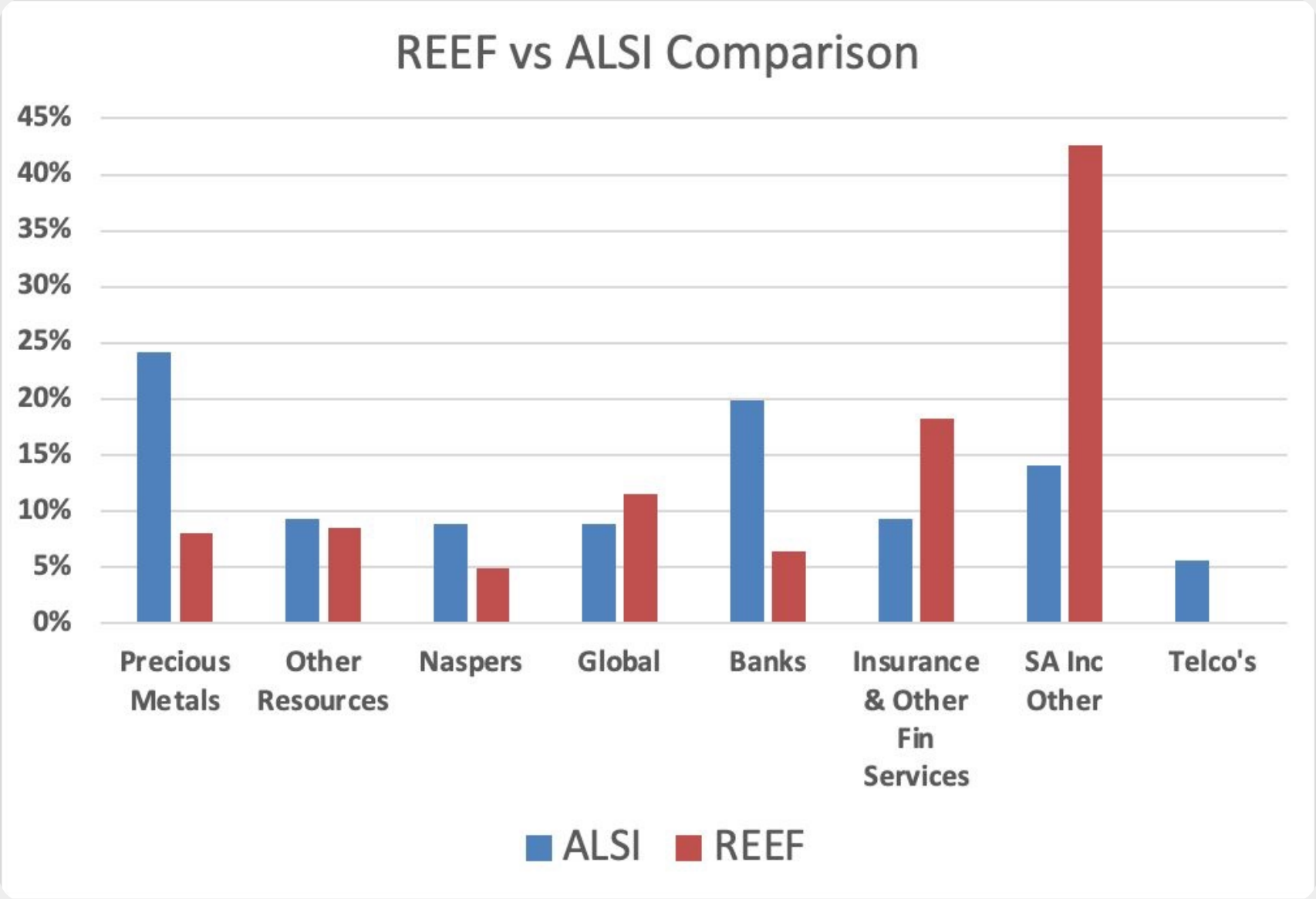
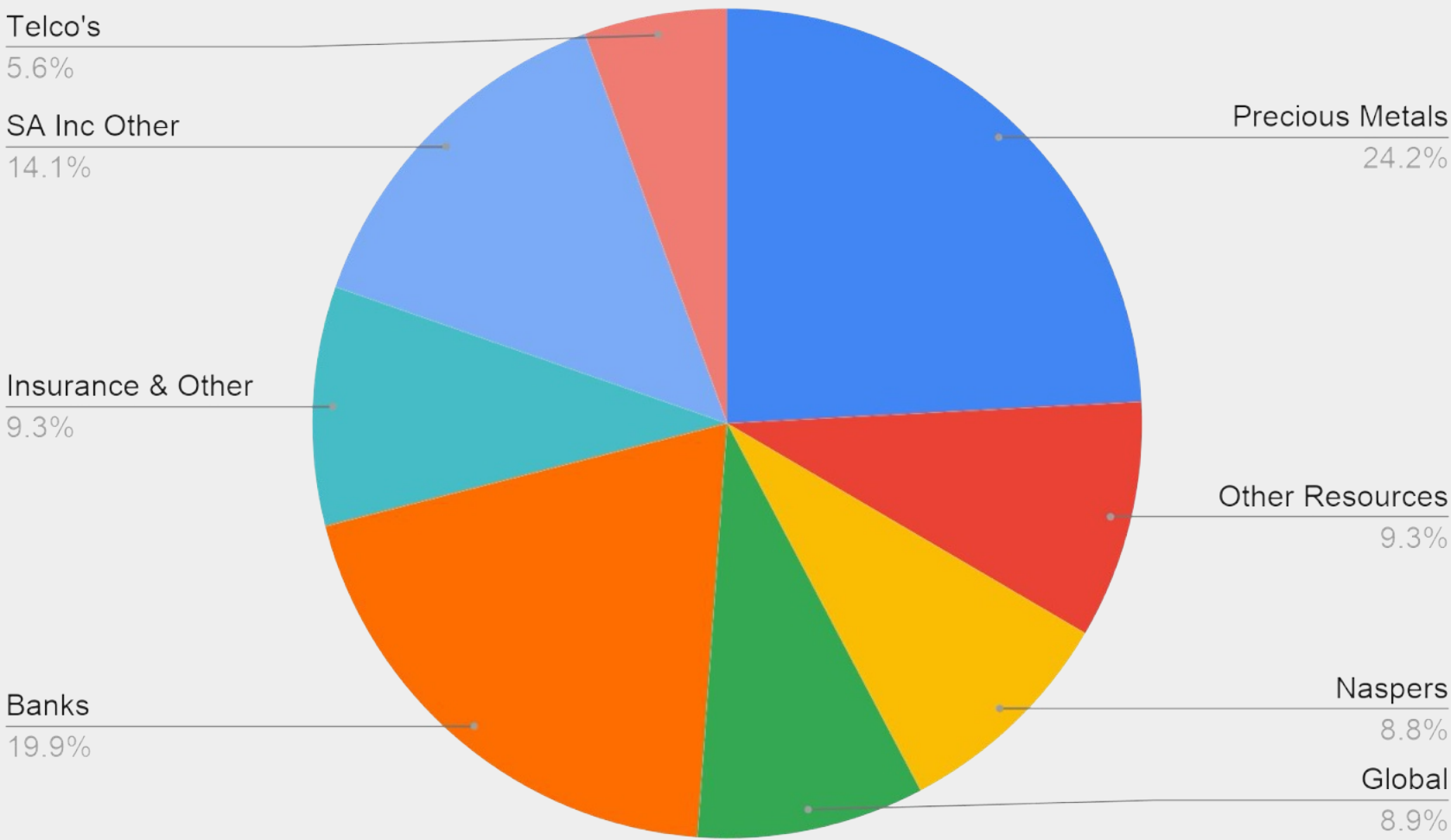
48

SA Equity Selection



Capped ALSI:

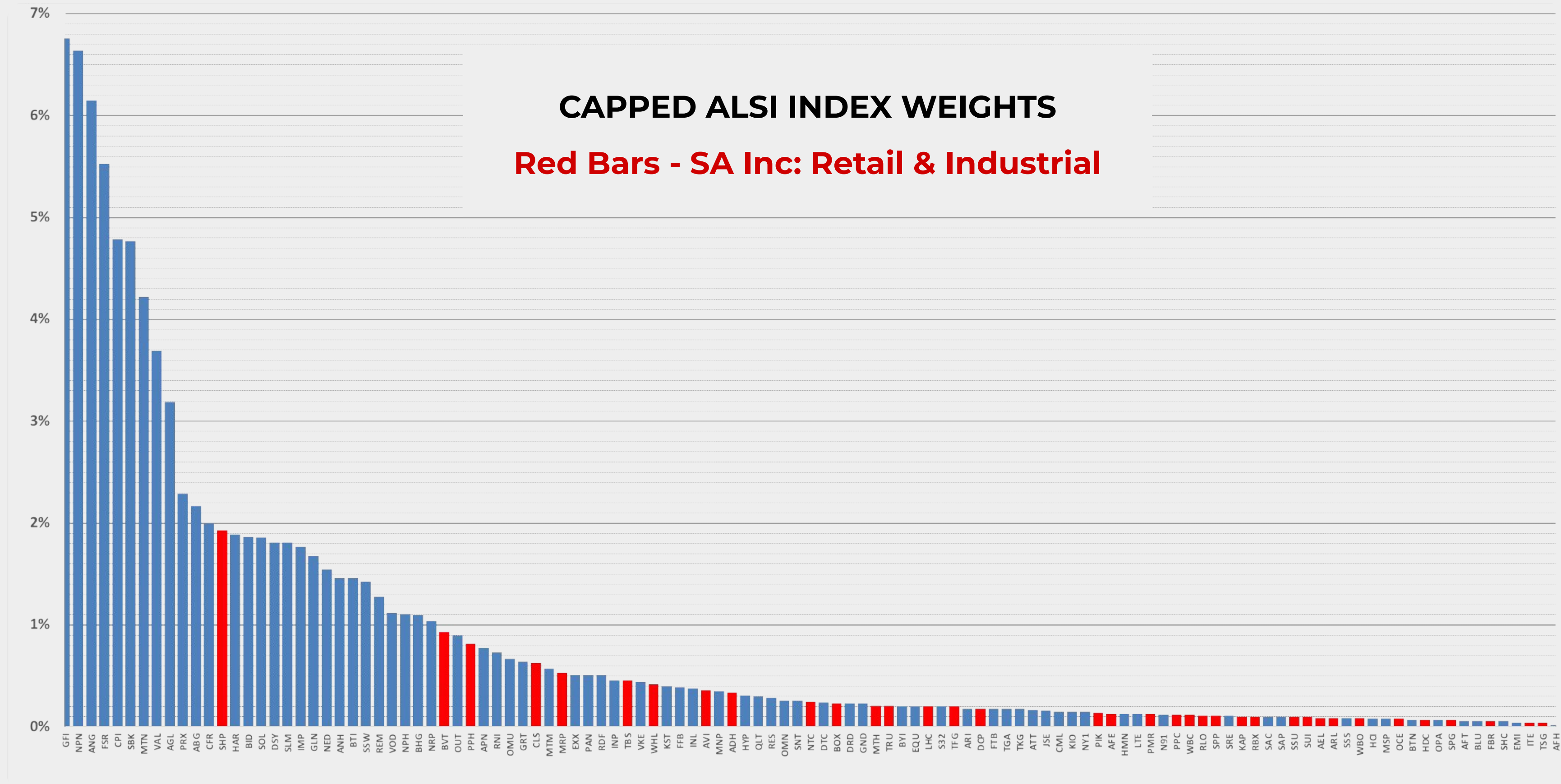
Not a good portfolio to take advantage of the long term opportunities





Rezco Equity Fund Portfolio: Diversified Earnings Streams

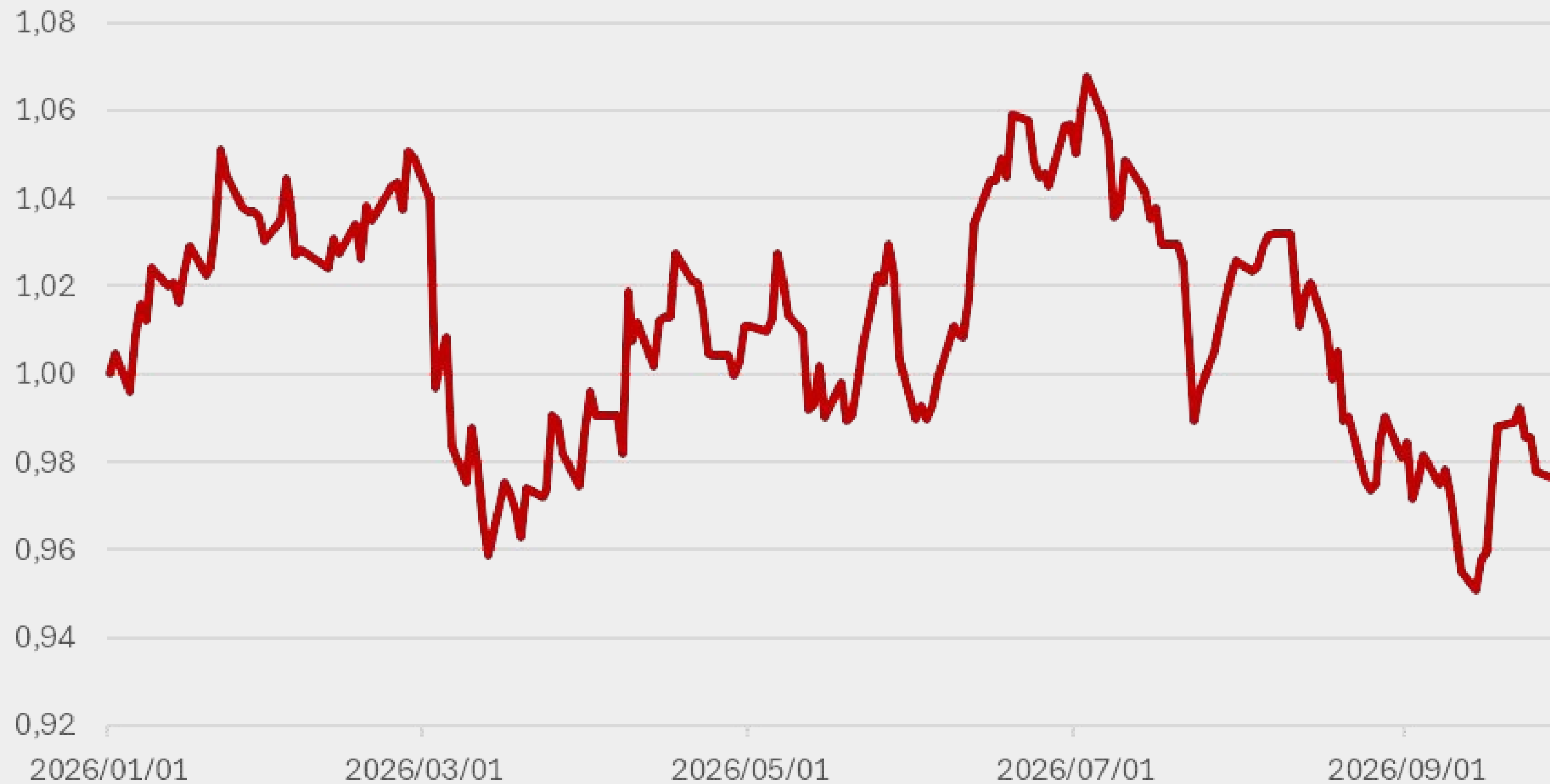
SA Inc - Is It Worth the Effort?



SA Inc Retail & Industrials Performance

Fuel price driven sell-off: some good opportunities in this mix

Sa Inc industrials & retailers YTD performance



Omnia - Value Unlock

Global player has now made a take-out offer

Omnia total return vs trailing P/E



Source: LSEG Datastream / Rezco

ADvTECH - Quality & Growth, but Become Expensive

Reduced exposure as investment case has played out

Advtech total return vs trailing P/E



Source: LSEG Datastream / Rezco

Discovery, Still Compounding at Good Value

Still good upside

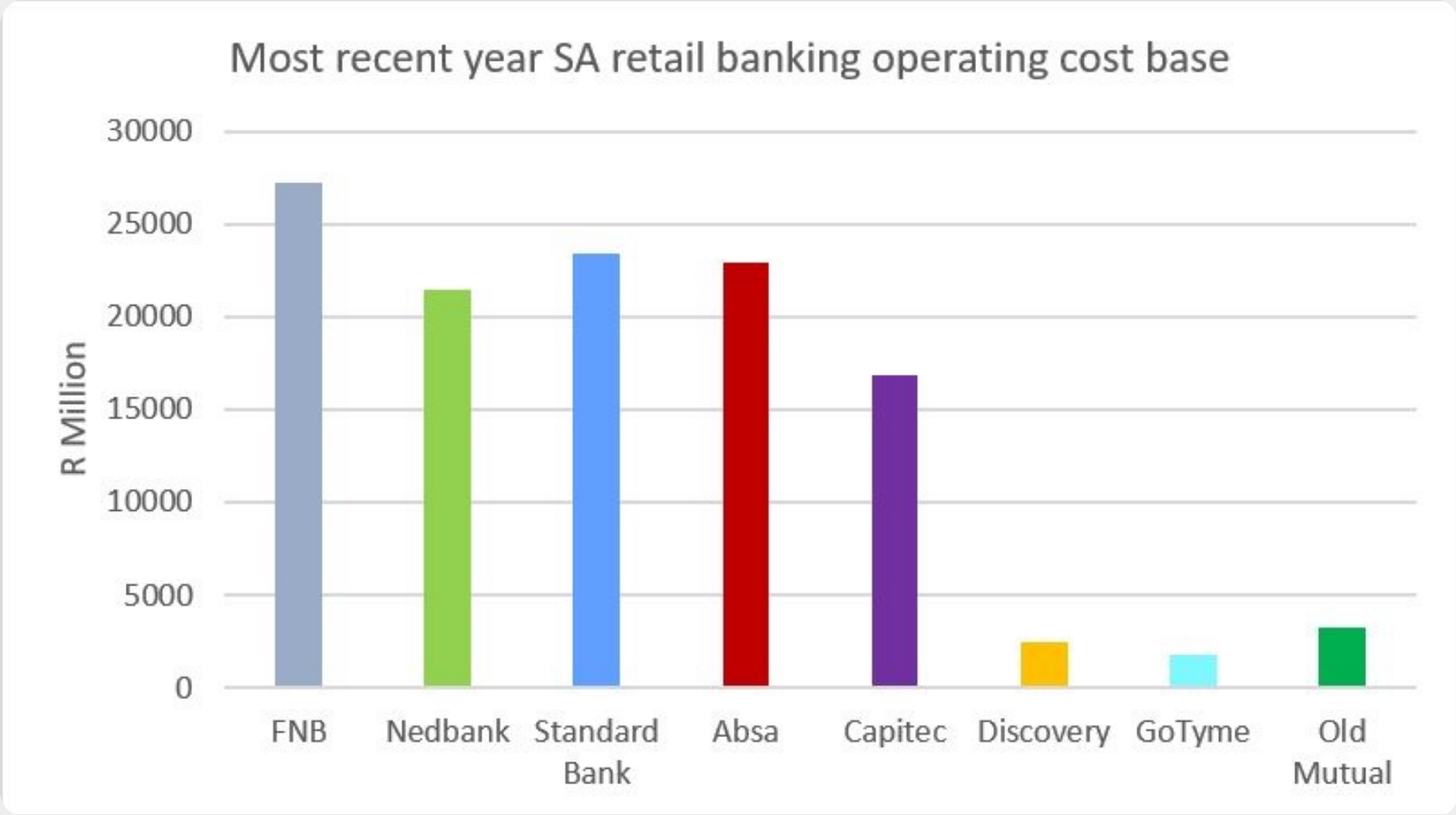
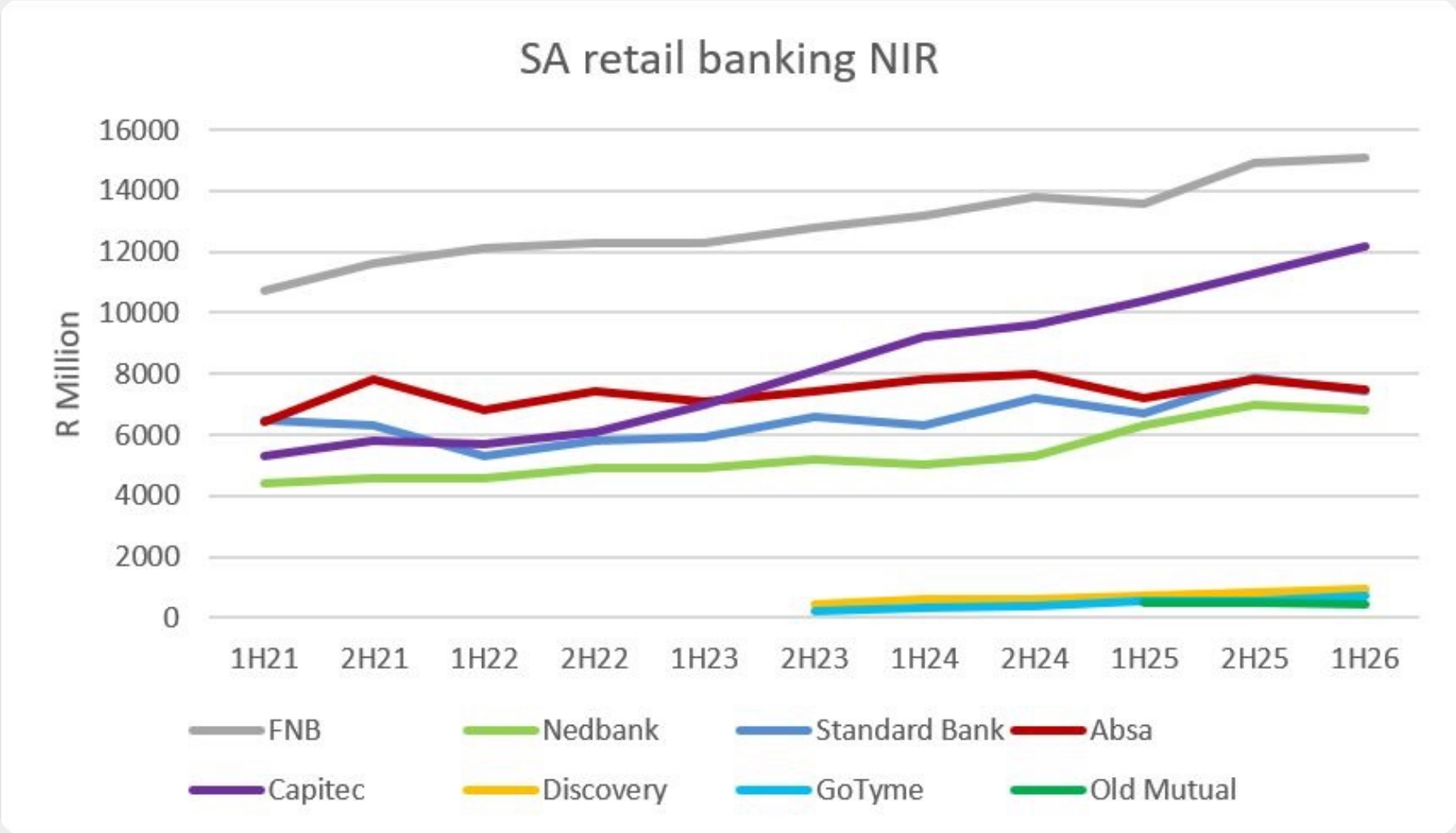
Discovery price vs forward P/E



Source: LSEG Datastream / Rezco

SA Retail Banks at Risk

New competitors have better product at lower cost



Zooming in on Two Shares We Own - Next Leg of Opportunities

What is similar between these two companies?



Share Price YTD	-23%	-31%
Index Weight (Rezco Weight)	0.18%	0.42%
Forward PE (discount to l/t avg)	16.5x (30% discount)	11x (20% discount)
Revenue Growth TTM	9.3%	4.8%
Narrative	IT overspend, excessive discounting, cosy duopoly breaking	Losing market share, clothing risk, weak consumer

What's the Best Moat? Winner Takes All?

Is it harder to build delivery, or cold chain / healthcare / brand?



Narrative Is Compelling

Fresh is more complex within Checkers given multiple customer income profiles - Pick n Pay and Spar more at risk


MENU

 **Moneyweb**

 DATA

JSE ALSI **108,961**
2026-10-14 10:04

USD/ZAR **16.48**
2026-10-14 10:14

85
SHARES

The Market Has Already Decided!

We see more nuance, and opportunity for competition



Checkers Sixty60 is overwhelmingly regarded as the better user experience and the market leader in South Africa's rapid grocery delivery space. While Woolies Dash is praised for its premium fresh produce, its app functionality and delivery logistics frequently frustrate users compared to Sixty60's seamless, highly reliable ecosystem. [Ecommerce Website Desi...](#)

Feature	Checkers Sixty60	Woolworths Dash
App Usability	Intuitive, fast, and highly responsive	Clunky, slower, and prone to glitches
Delivery Speed	Reliable 60-minute delivery	Often runs out of same-day slots early
Store Coverage	Massive nationwide footprint (~694 stores)	Limited mostly to major metros (~80 stores)
Pricing	Highly competitive, cheapest basket overall	Premium pricing, most expensive basket
Produce Quality	Can be hit-or-miss depending on the store	Consistently high-quality and premium

+ Ask Gemini

Pro



Your Alis Build chats aren't used to improve our models. Gemini is AI and can make mistakes. [Your privacy and Gemini](#)

Checkers Is Taking Share from Pick n Pay & Spar

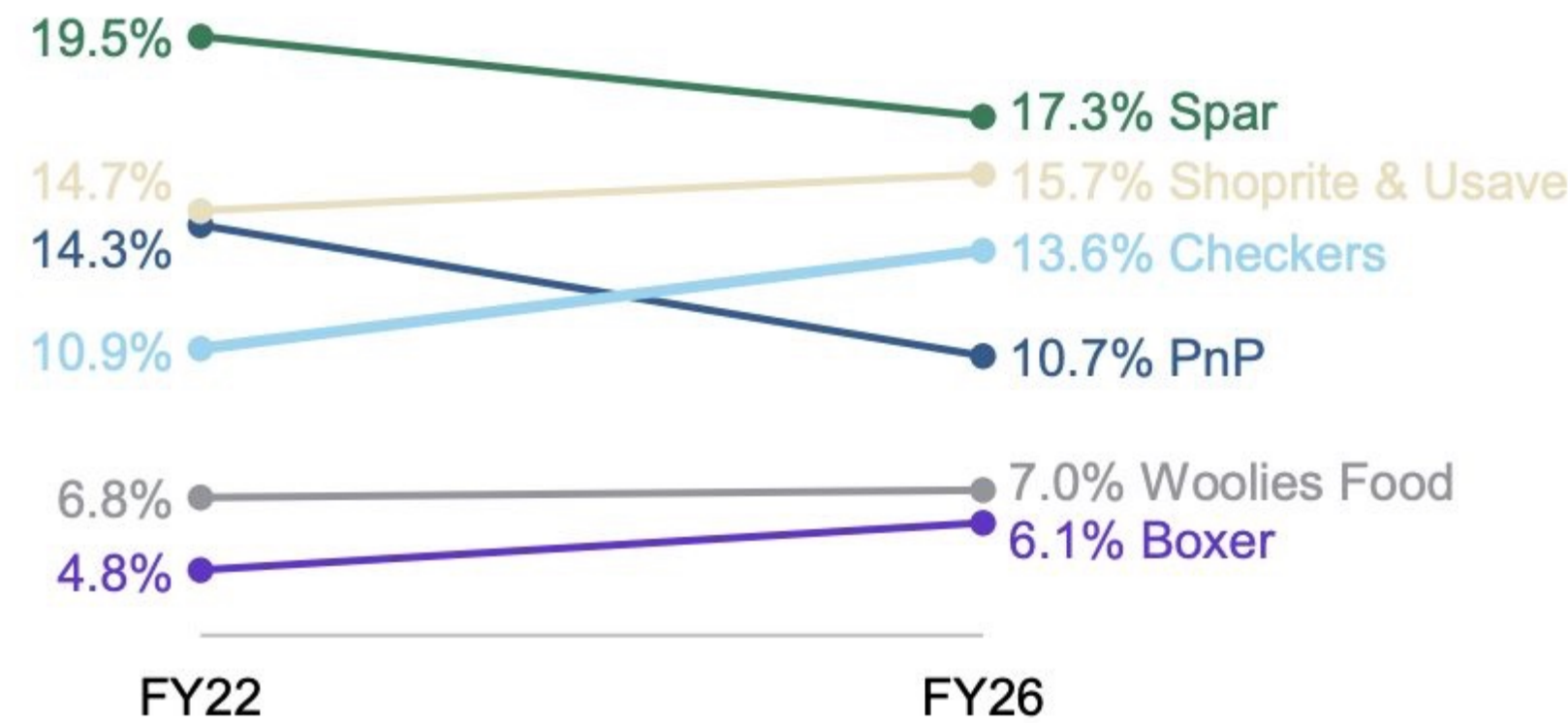
Woolies is aspirational and in demand

Sales growth decomposition, 2HCY22–1HCY26 (avg % y/y)



Source: Company data, RMB Morgan Stanley Research

Share of formal SA food/FMCG retail sales by banner



Source: Stats SA, Company data, RMB Morgan Stanley Research estimates

Strategy over Noise - Dis-Chem vs Clicks Price War

Standard pricing surveys can be statistically very weak and short term

Major Banking Institution: Our pricing survey was conducted on 08 October 2026 and covered 33 branded products across our SA drug retail basket for Clicks and Dis-Chem.

Huge Market impact: **Clicks rallied 8%** on this 'news' of the results of this survey

Narratives dominate short term - strategy, competitive positioning, operations and brand matters longer term

The screenshot shows a Google search for 'Maybelline Fit Me foundation 30ml'. The search bar at the top includes a search icon, a microphone icon, and a close icon. Below the search bar, there are tabs for 'All Mode', 'All', 'South African', 'Images', 'Short videos', 'Videos', 'News', 'More', and 'Tools'. The 'All' tab is selected. Below the tabs, there is a section titled 'Sponsored Products' with a list of six products. Each product is shown with a 'SALE' badge, a product image, the product name, the price, the retailer, and the store rating. The products are: 1. Maybelline Fit Me Foundation, Matte & Poreless, Full... (R 134,37, Amazon.co.za, 4.5/5 rating). 2. Maybelline Fit Me Matte + Poreless Foundation, Medi... (R 191,95, Bash, 4.5/5 rating). 3. Maybelline Fit Me Matte & Poreless Foundation - 30ml... (R 384, Makro, 4.5/5 rating). 4. Maybelline Fit Me Matte + Poreless Foundation 358... (R 134,37, Clicks, 4.5/5 rating). 5. Maybelline Fit Me Foundation, Matte & Poreless, Full... (R 134,37, Amazon.co.za, 4.5/5 rating). 6. Maybelline Fit Me Matte + Poreless Foundation 238 Ri... (R 134,37, Clicks, 4.5/5 rating). To the right of the sponsored products, there is a larger product image of a Maybelline Fit Me Foundation tube (359ml) with a '+B' logo in the top left corner and a 'from R 172.75' price tag in the bottom left corner.

Product	Price	Retailer	Store Rating
Maybelline Fit Me Foundation, Matte & Poreless, Full...	R 134,37	Amazon.co.za	4.5/5
Maybelline Fit Me Matte + Poreless Foundation, Medi...	R 191,95	Bash	4.5/5 (9k+)
Maybelline Fit Me Matte & Poreless Foundation - 30ml...	R 384	Makro	4.5/5 (378)
Maybelline Fit Me Matte + Poreless Foundation 358...	R 134,37	Clicks	4.5/5
Maybelline Fit Me Foundation, Matte & Poreless, Full...	R 134,37	Amazon.co.za	4.5/5
Maybelline Fit Me Matte + Poreless Foundation 238 Ri...	R 134,37	Clicks	4.5/5

from R 172.75 R 191.95
Maybelline Fit Me Foundation

Dis-Chem - The Right Strategy

Currently a bad app / delivery and massive overspend on IT



Investor reports

Strategy Work/Model Leadership Impact Insights



Cross-Functional Squads

We deliver faster with fewer silos and higher ROI.



Scalable Platforms

We build fast, adaptive systems that scale.



Analytical Engine

We unlock value with data from Dis-Chem.



Data-Driven Experimentation

Our decisions are always based on evidence.



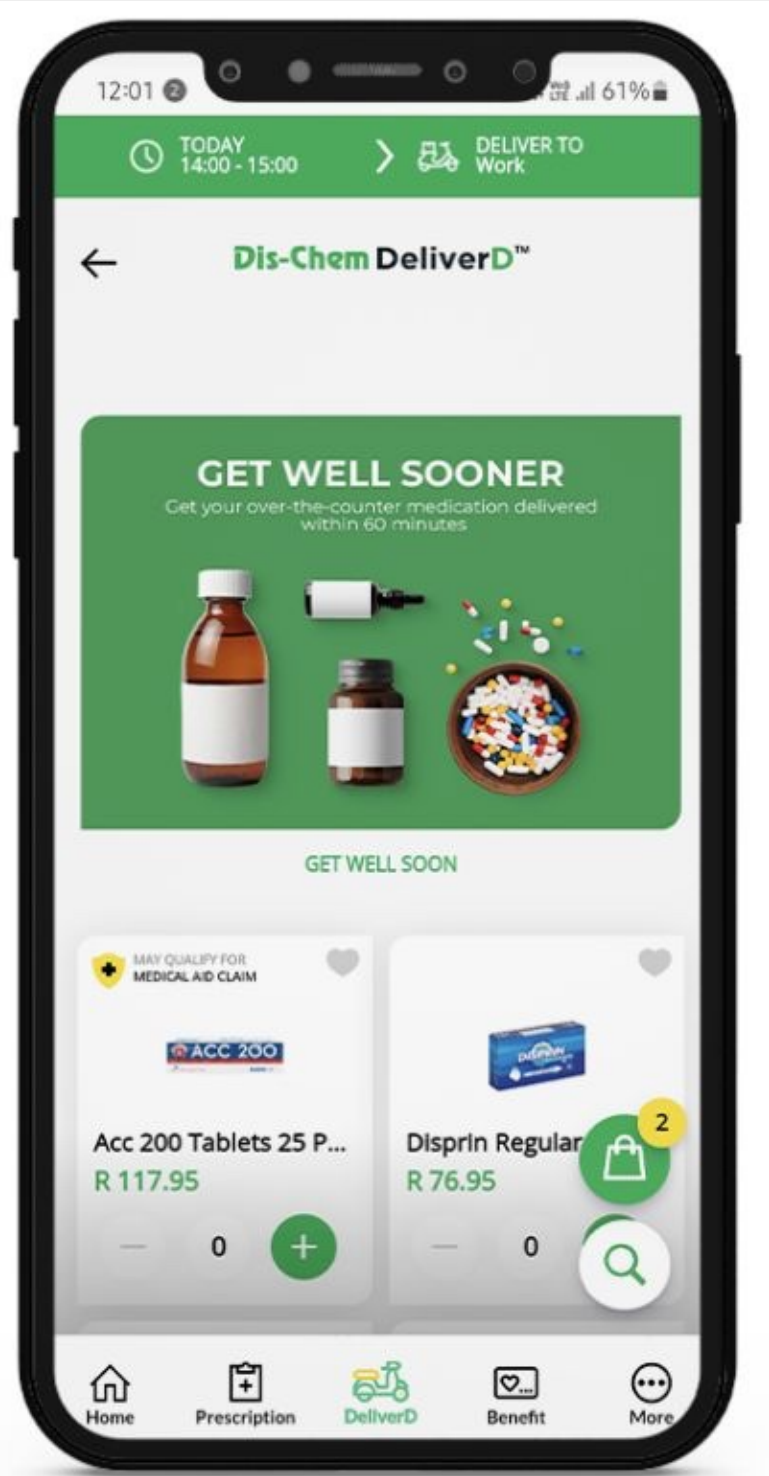
Execution-First Mindset

We turn strategy into measurable outcomes.



Research-Led Design

We shape better health experiences through human insight.



Dis-Chem - The Right Strategy

Healthcare and value focused

Store of the Future | Overview

29



Store of the Future | Service Times – Pharmacy

31

	Dispense 18-day avg	Pick & Pack 18-day avg	Collections 18-day avg	Total journey avg
Minutes	1m 32s	2m 16s	1m 58s	5m 06s
	wait to counter	wait to packing	wait to handover	all 3 stages combined

PE Comparison - The Book's Been Written

Dis-Chem and Woolworths priced to lose

12m forward P/E

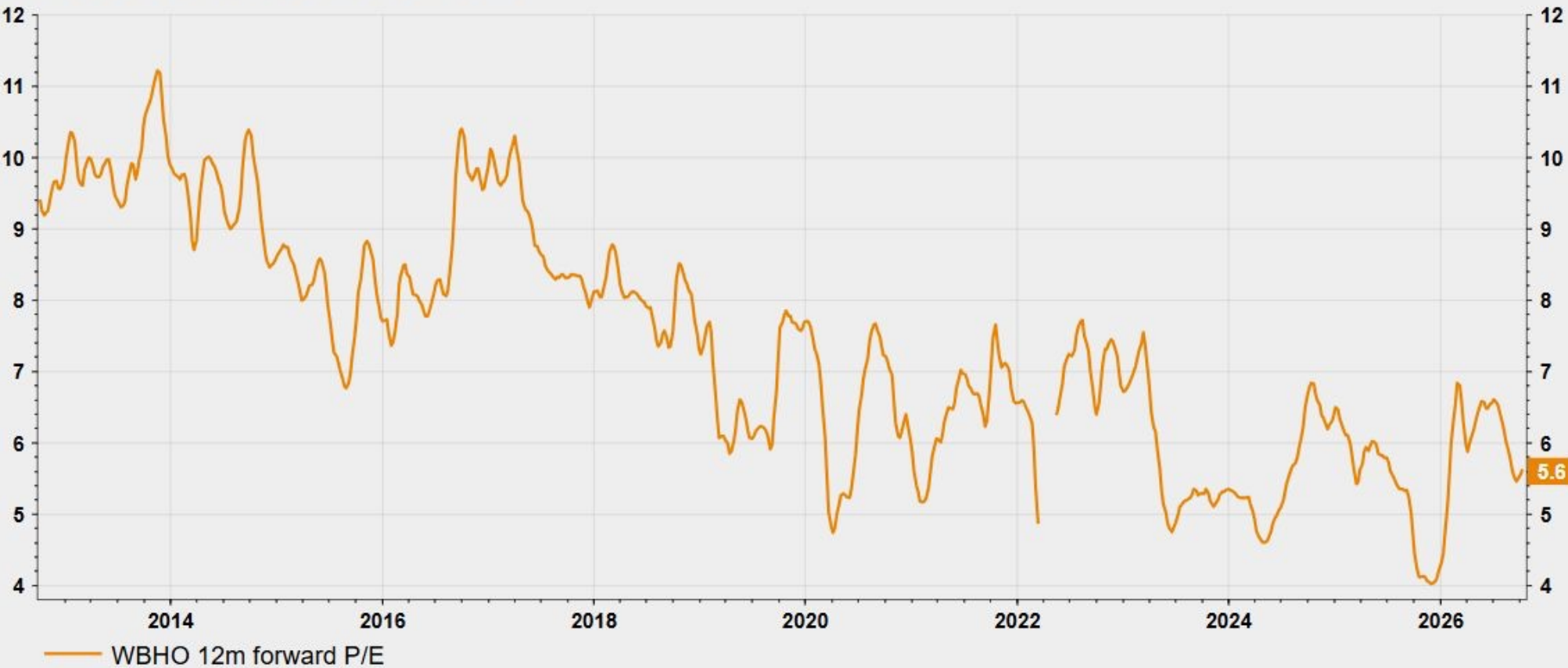


Source: LSEG Datastream / Rezco

How Long Is Your Time Horizon?

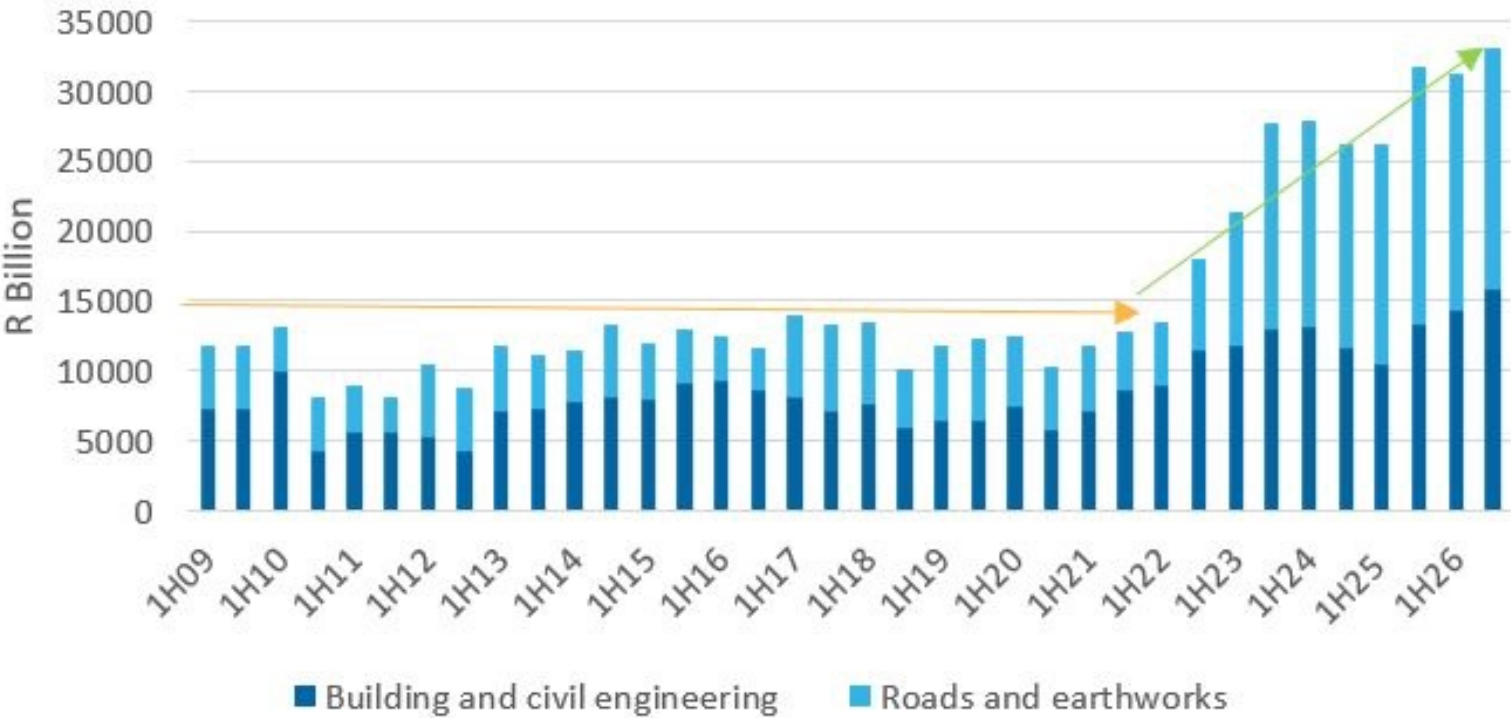
Short termism, beats vs miss, momentum & size effects

WBHO 12m forward P/E



Source: LSEG Datastream / Rezco

WBHO SA & Africa order book



Ingredients for Good Investments:

- Growth: *improving off a low base*
- Risk: *decreased significantly*
- Valuation: *cheaper relative to history*
- Quality: *'survivors' forged into resilient businesses*
- Cash (dividends or reinvestment): *cash generation essential to navigating the tough decade SA has been through*

SA Inc is ticking all the right boxes!

Rezco's Philosophy Since Inception

Buy **quality companies**
with **compounding earnings growth**
at **fair multiples**.



Risk managed and diversified portfolios

Back to Basics: Time to Be Patient

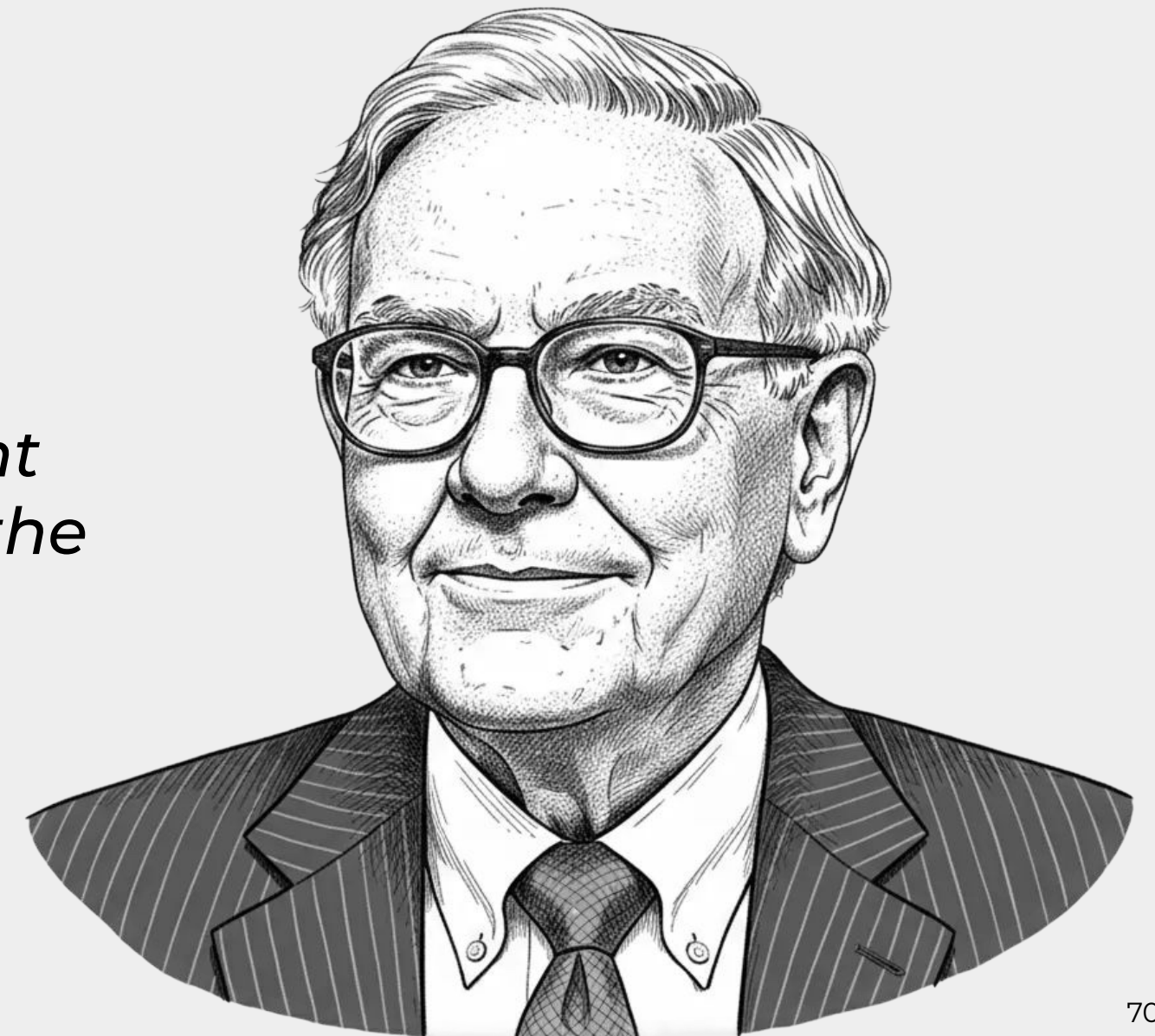
Advice from Warren Buffett:

BE PATIENT

“The stock market is a device for transferring money from the impatient to the patient.”

BE OK WITH BEING DIFFERENT

“The most important quality for an investor is temperament, not intellect. You need a temperament that neither derives great pleasure from being with the crowd or against the crowd.”



Thank You



Disclaimer

Preserving capital* & creating wealth.

*While the portfolio manager will attempt to minimise risk, it is possible that the investor could incur losses, including the loss of principal invested.

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