REZCO

LIVE WEBINAR

# Removing the Gold Tinted Glasses

## Quality opportunities beyond precious metals

**16 April 2026**

# Speakers

**Rob Spanjaard**

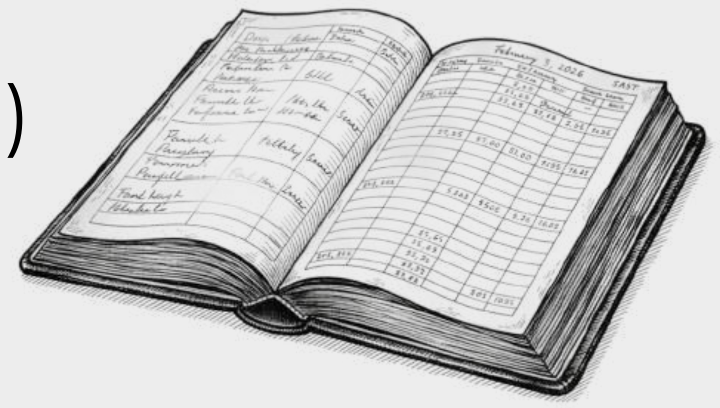
Chief Investment Officer

**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)



# Consistent Message on the SA Opportunity

## Webinars

Live and recorded webinars covering market updates, investment strategy, and portfolio positioning.

**2026 Outlook**
February 4, 2026

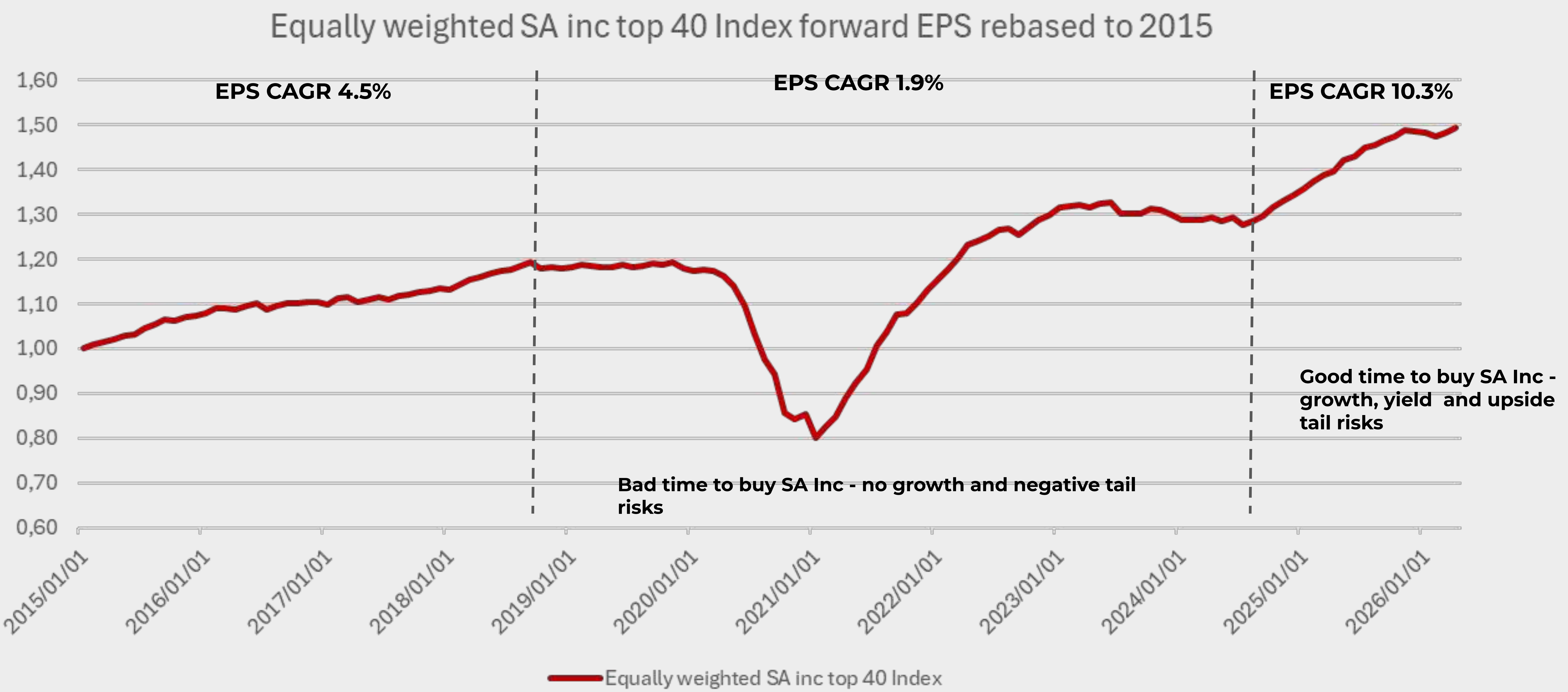
**Wrong or Taking Long?**
October 8, 2025

**SA Equity Portfolios Reconsidered**
June 19, 2025

**SA's Political Shift**
February 11, 2025

# Growth trend is building - patience needed

Nothing changed in our view - conviction increasing on data



# Mind Map

**Today we will take a different angle:**

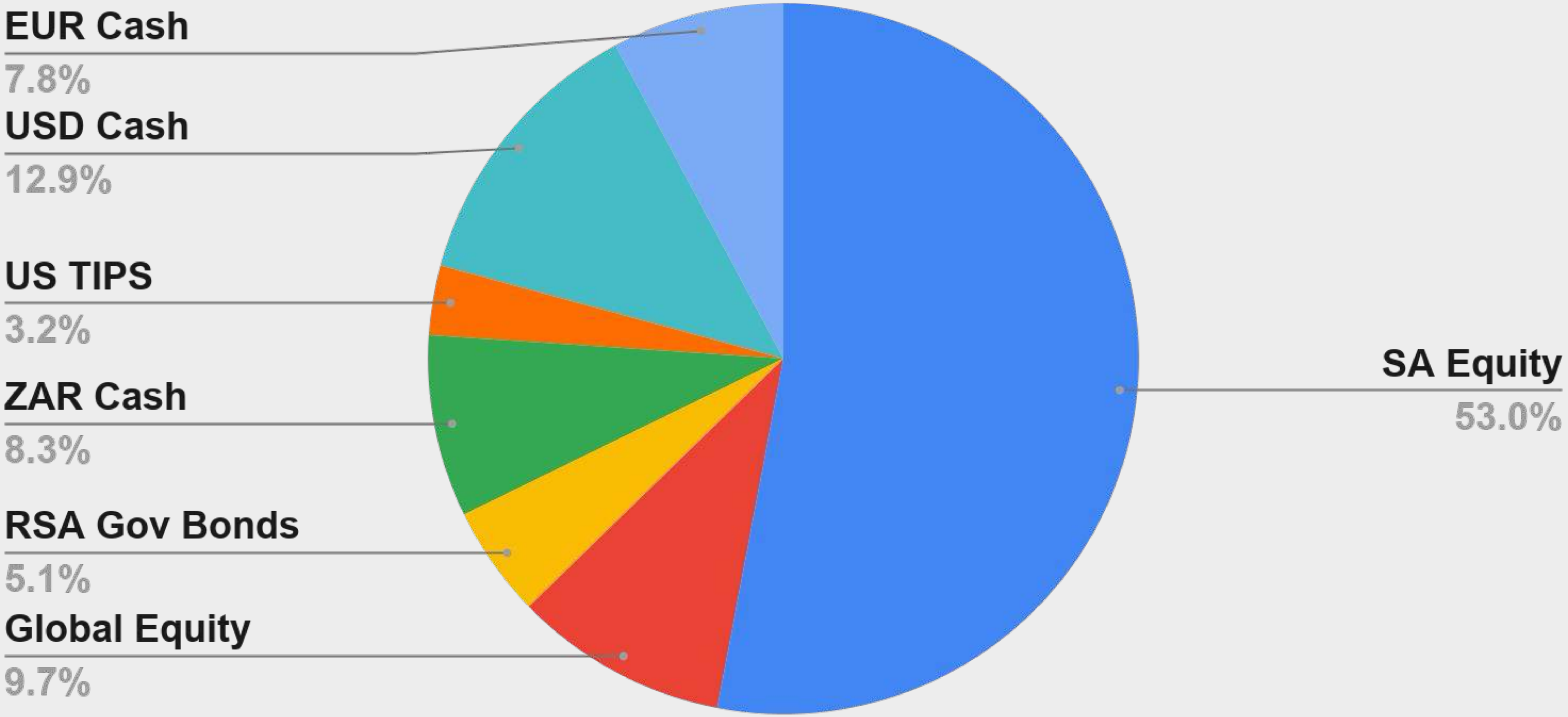
**Focus on our flagship Rezco Value Trend Fund**

**Unpack our allocation and how we get there**

## And then thread through the presentation what we are all about at Rezco, our process and philosophy without jargon and in action through our portfolio with examples

# Rezco Value Trend

## Grouped Exposure Look Through



# What are we all about at Rezco!

## We Invest in Compounding Earnings Streams

*{good <u>value</u> with positive earnings <u>trends</u> + 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}*

# We Invest in Compounding Earnings Streams

Key Aspects of our Investment Principals*

- **Valuation**
- **Growth**
- **Quality**

**Understand the profit drivers: We invest in real companies, not spreadsheets**

***NOT AN EXACT SCIENCE - CAN'T GET EVERYTHING YOU WANT**

# Why?

RETURN = EARNINGS GROWTH + DIV YIELD + CHANGE IN PE

**BUT:**

RISK = Negative Earnings or Cash Surprises, shares de-rating

Avoid Risk by:

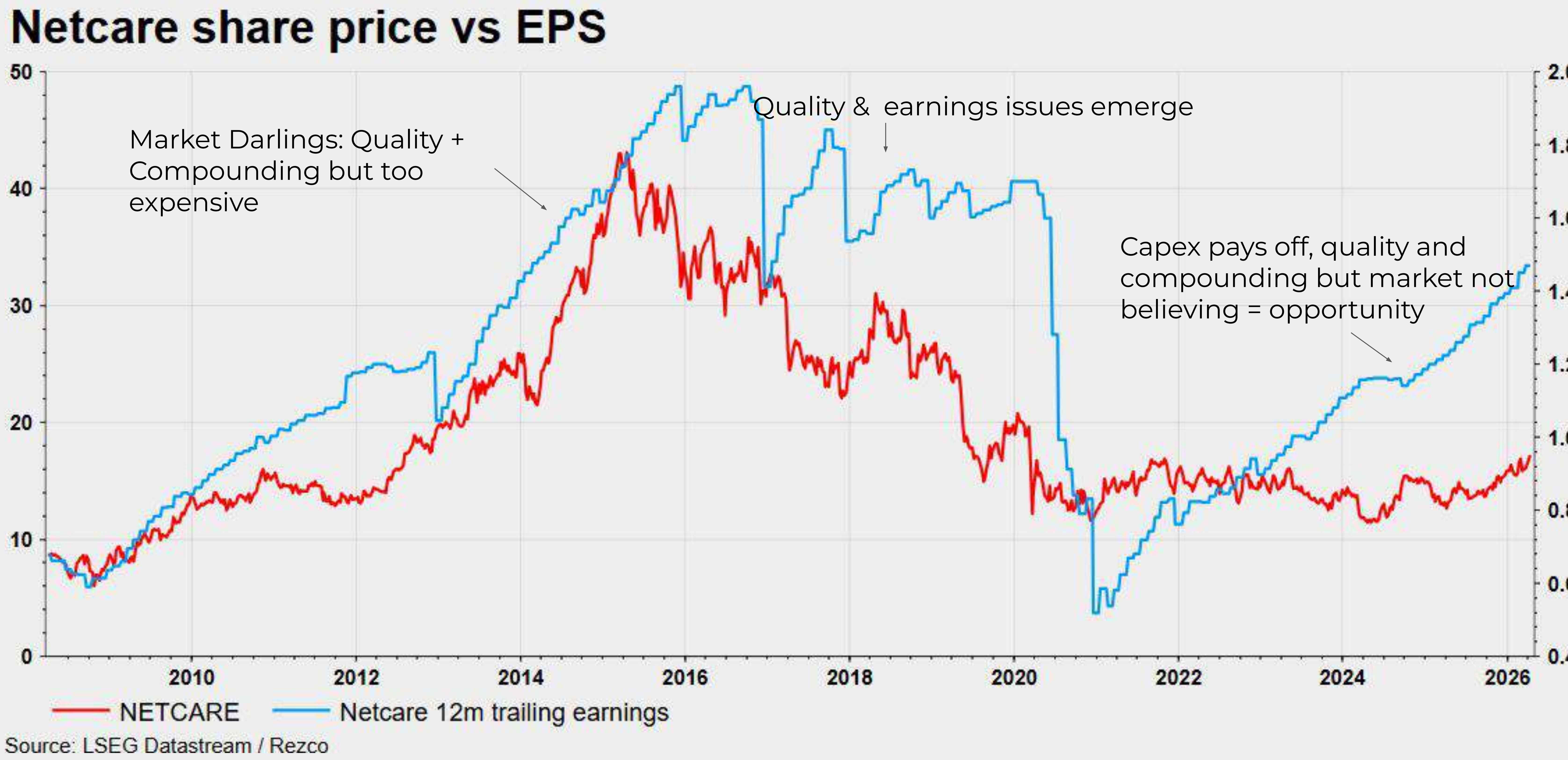
- Doing the fundamental work
- Diversify earnings streams
- Avoid value traps
- Avoid overpaying especially for momentum or quality

**AND:**

The market gives you bargains (refer ‘understanding the market system’)

**Need to be willing to take risk**

# Example of compounding, quality and valuation

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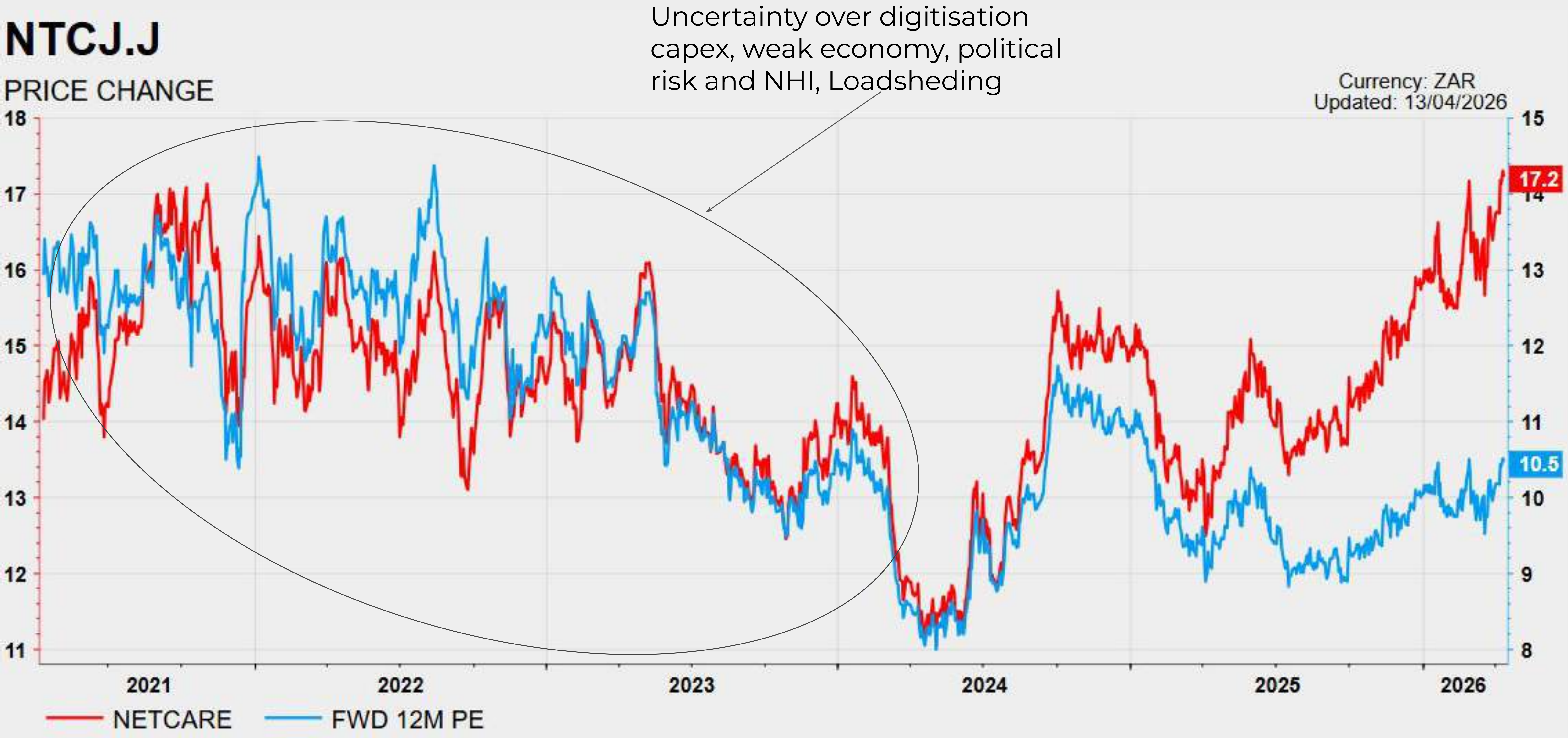
# Compounding earnings means shares rally without getting expensive




Source: LSEG Datastream / Rezco

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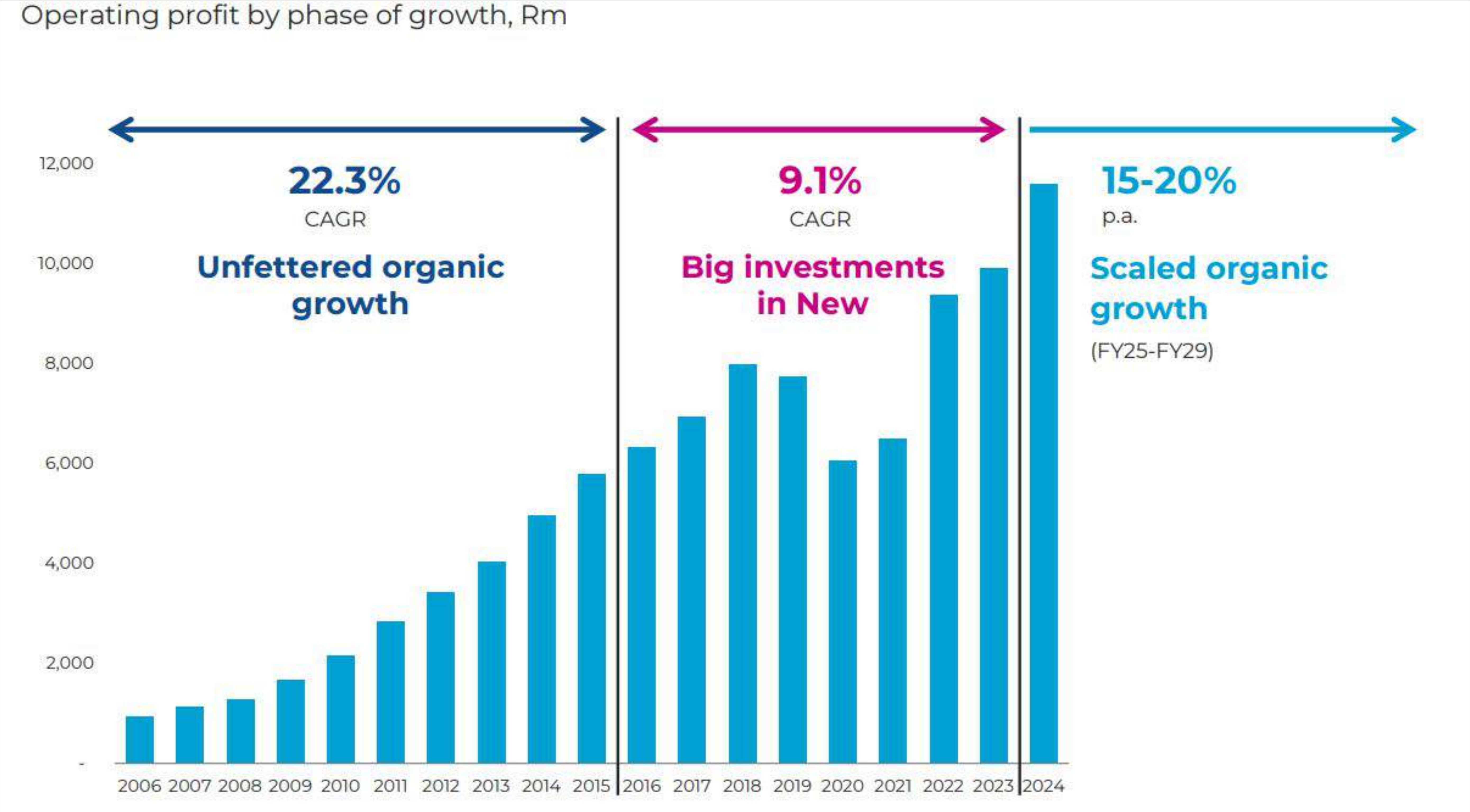
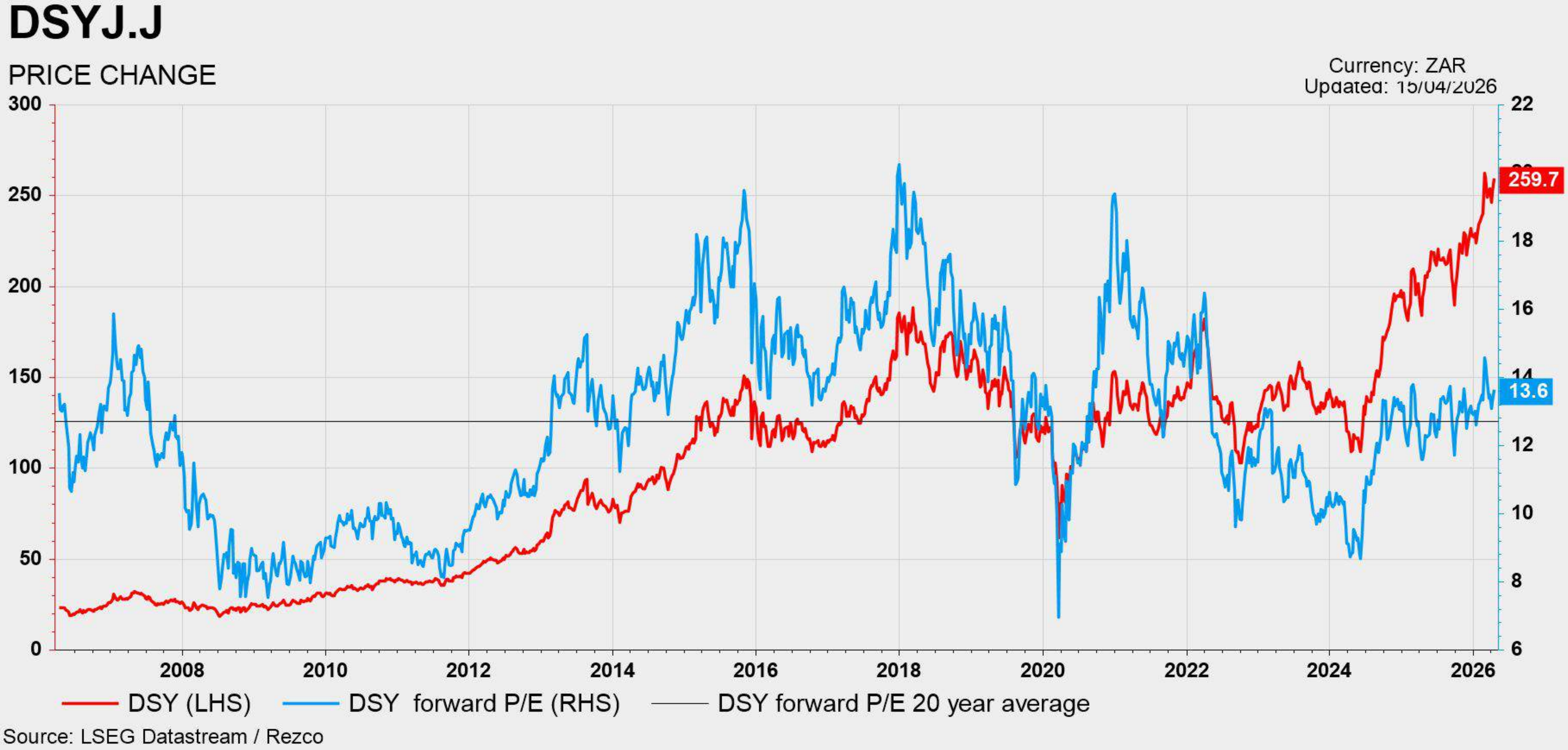
# Discovery: Long Term Compounding



# Long Term Compounder - how it plays out

Messier in the real world

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# Hudaco: Quality + Value with Moderate Growth


Source: LSEG Datastream / Rezco

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# Advtech: Quality and Growth, Less Value


Source: LSEG Datastream / Rezco

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# Managing Portfolio ‘Reward/Risk’ not Tracking Error

Diversification and position sizing where the reward/risk is the focus

Benchmark Agnostic means:
we only invest in companies we think make good investments

The SA benchmark is a function of our country’s history and not a portfolio recommendation

***High active share with low tracking error is a fitting game***

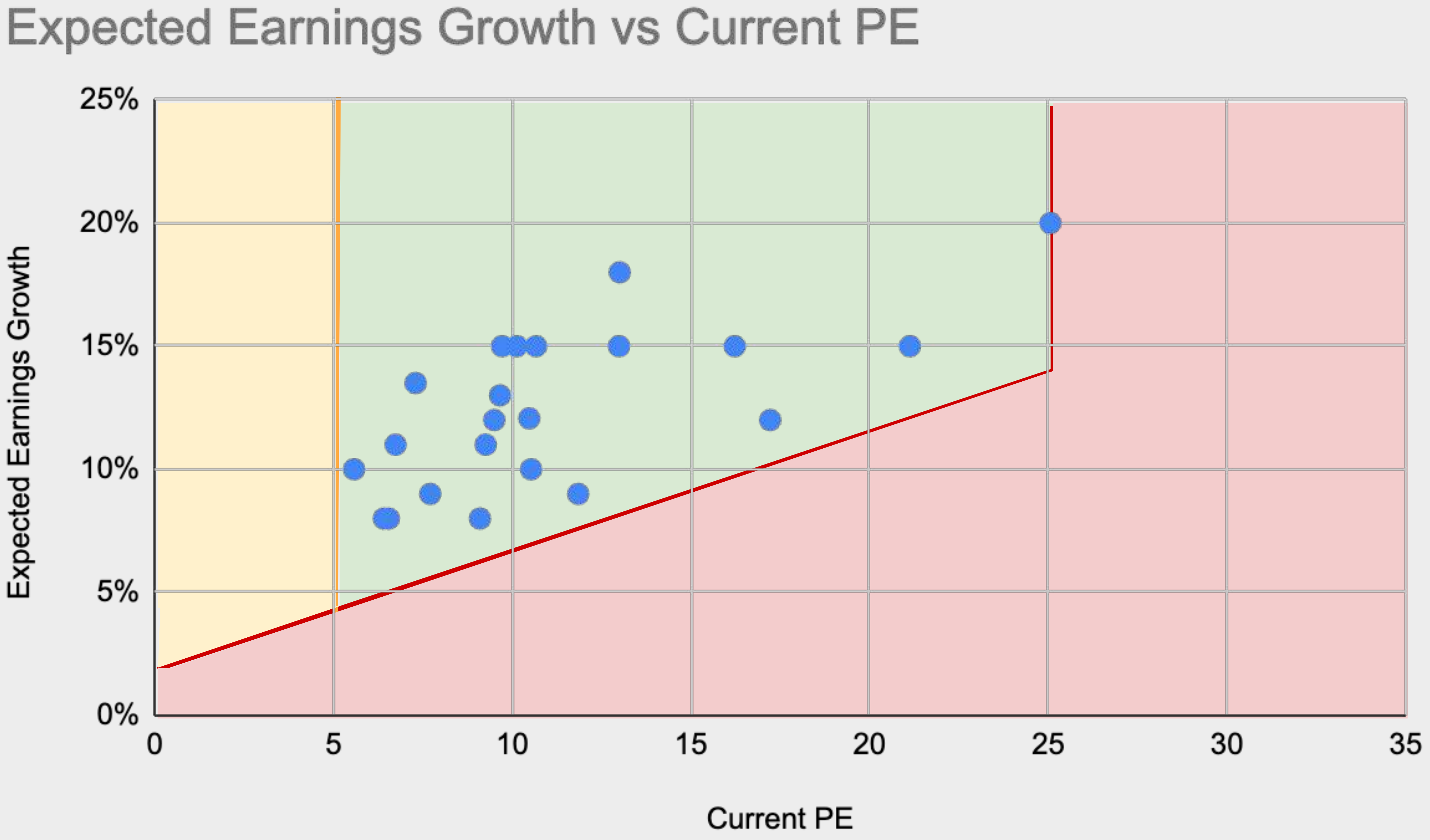
***vs***

***True benchmark agnostic - seek best portfolio reward/risk***

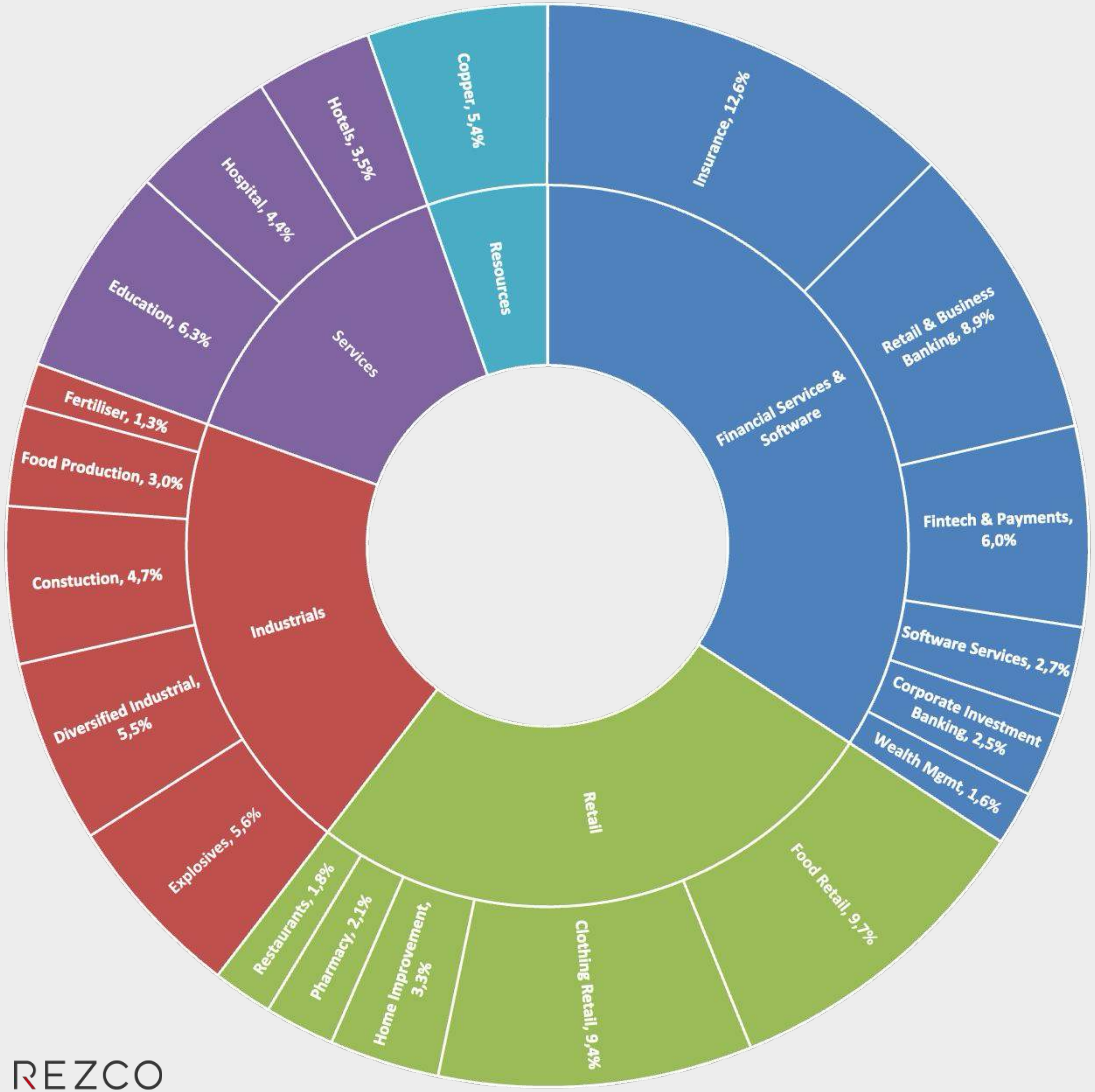
The Agency Problem: Tail Risk & Long Term Investing

# Well diversified portfolio

## GARP Shares with Tailwinds - Rezco Equity Fund




| | |
|---|---|
| PE Ratio | 11.1 |
| EPS Growth | 12.7% |
| Div Yield | 5.3% |




# **Rezco Equity Fund Portfolio:** Diversified Earnings Streams

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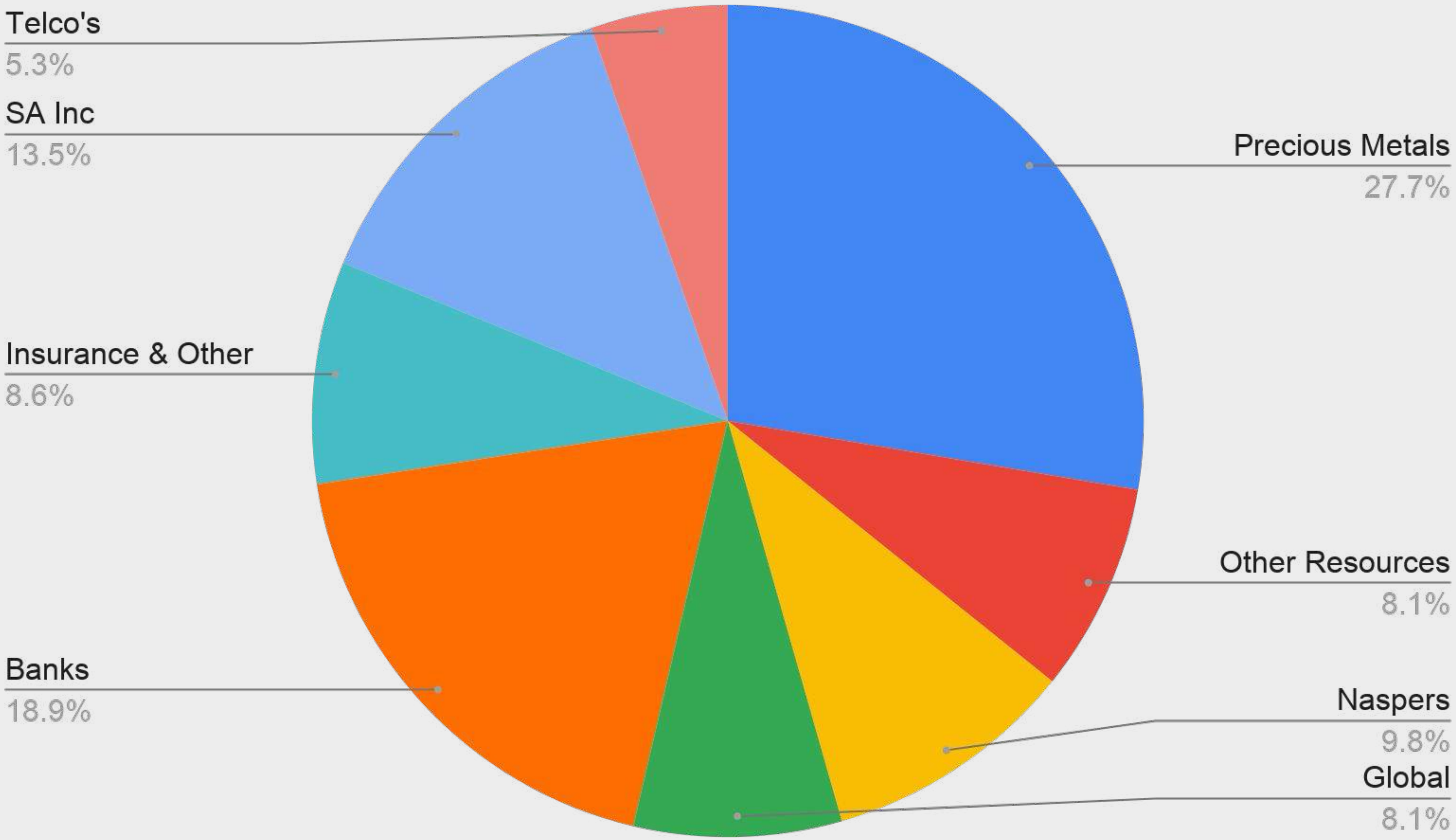
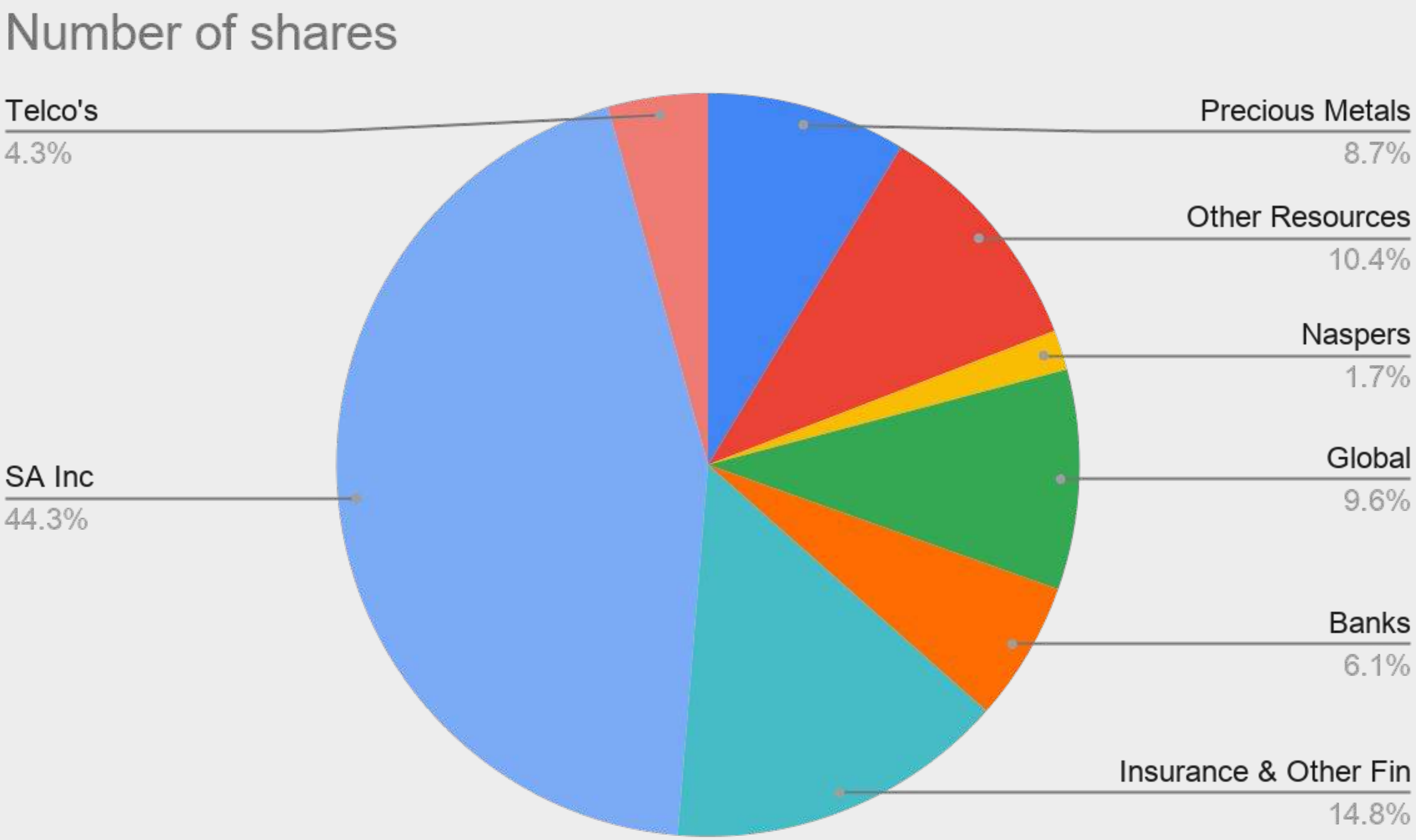
# Capped ALSI:

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



# ALSI Split By Equal Weight

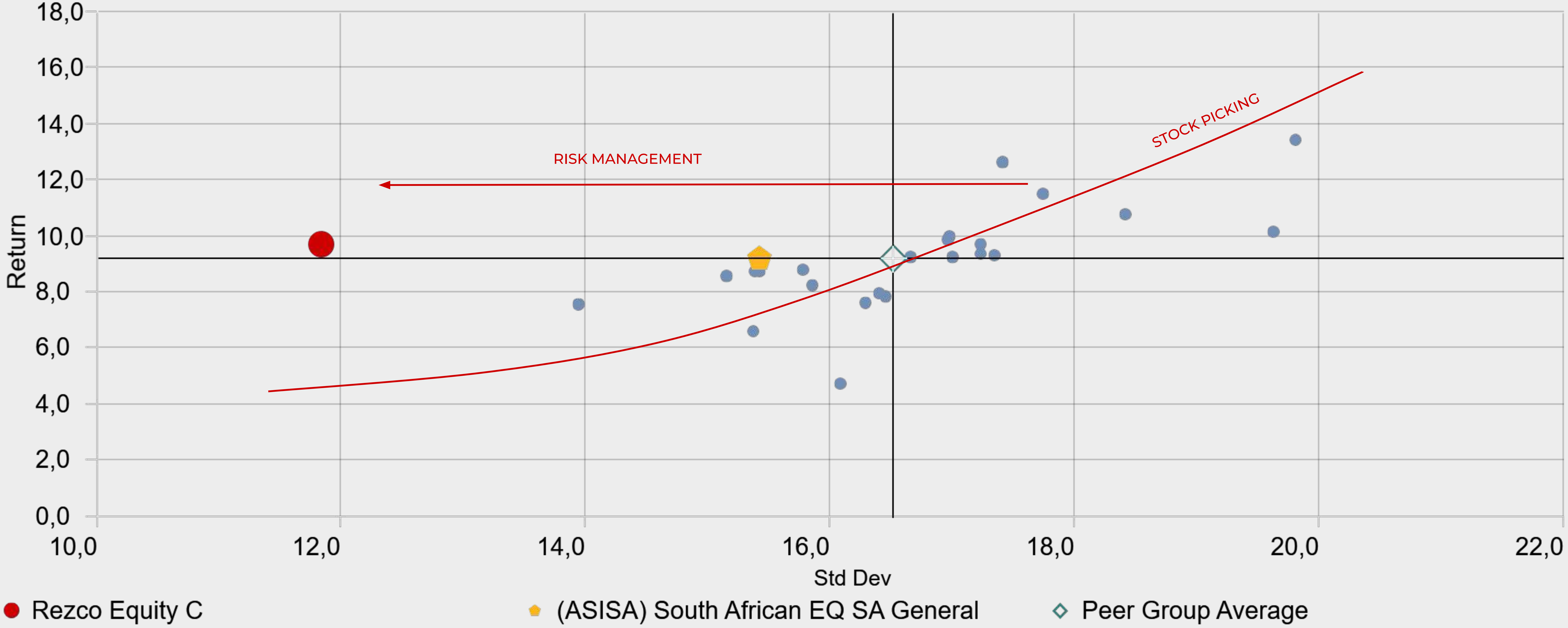


# Equity Fund: Return vs Volatility

**RISK-RETURN PROFILE**

Time Period: Since Common Inception (2014/04/06) to 2026/03/28

Peer Group (1-100%): Fund Comp - (ASISA) South African EQ SA General Currency: Rand Source Data: Total, Weekly Return




Source: Morningstar Direct

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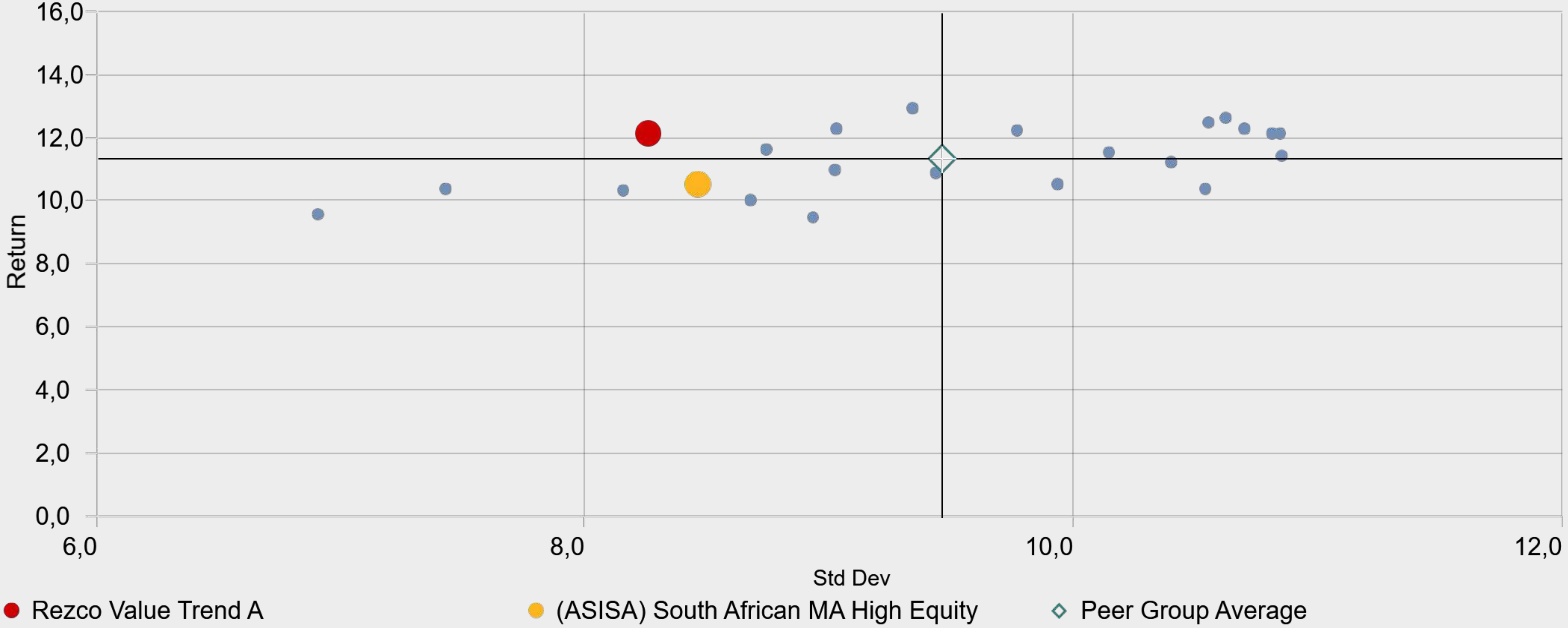
# Value Trend: Return vs Volatility

**RISK-RETURN PROFILE**

Time Period: Since Common Inception (2004/10/03) to 2026/03/28

Peer Group (1-100%): Fund Comp - (ASISA) South African MA High Equity     Currency: Rand     Source Data: Total, Weekly Return



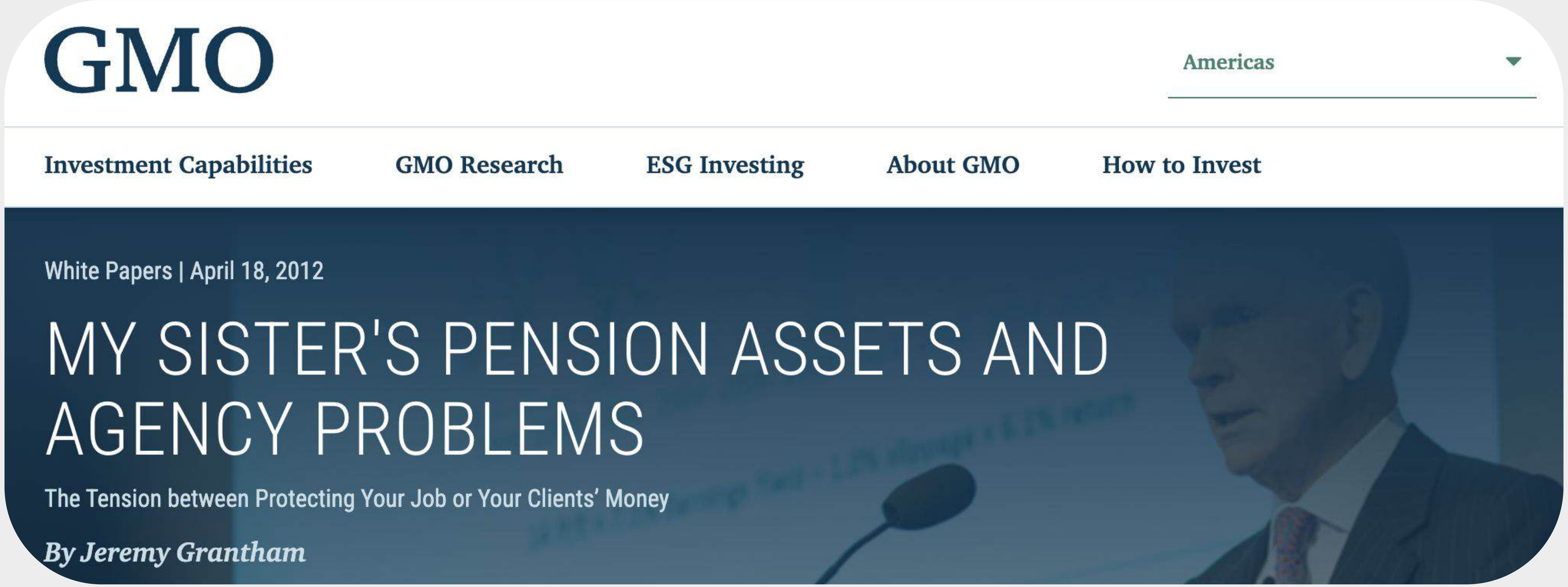

Source: Morningstar Direct

# Tail Risk & The Agency Problem

We are aligned with clients:

Owners of the business and co-investors in the funds
Committed to the long term outperformance of our funds

**STAYING POWER TO DO THE RIGHT THING**



# Be Willing to Take Evasive Action When Necessary

April 2024 Webinar - Pre Election

## How We See Politics & the Market in SA

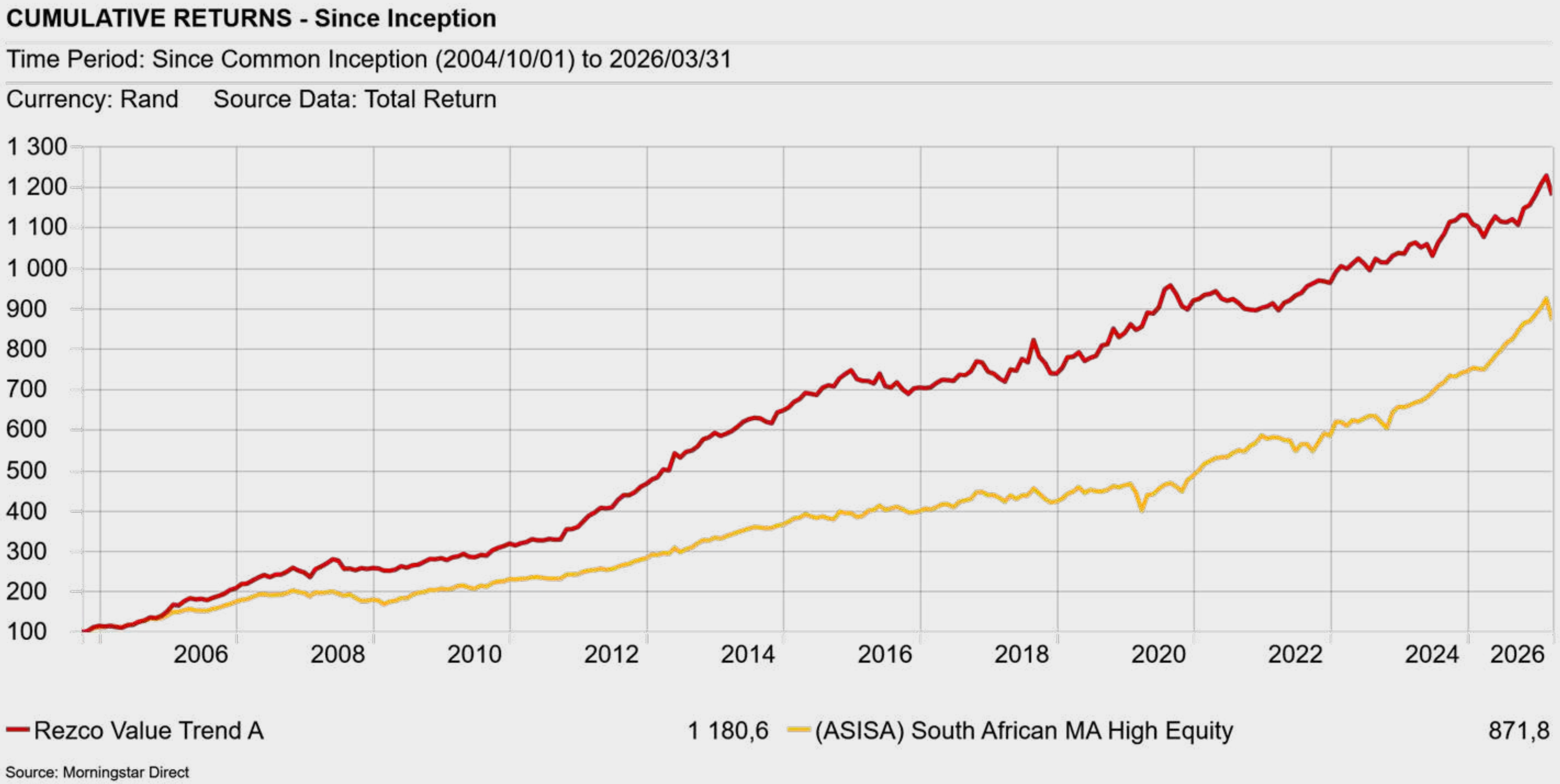
South African election scenario based views

| Scenario | 1994 Style optimism | Status Quo | Broken Alliances | Doomsday Coalitions |
|---|---|---|---|---|
| Probability | 20% | 25% | 40% | 15% |
| SA Inc Earnings | +5% | 0% | -10% | -15% to -30% |
| PE Ratio | +25% | +10% | ↑ ↓ | -20% |
| Description | ANC internal reform with strong coalitions built on structural reform. The best outcome is a strong tail of reform parties involved: IFP, Rise Mzansi, PA, but a compliant DA would support this. Sentiment improves, but delivery takes a long time and requires continued improvements. | Big political change as move into coalition politics, but economically speaking little changes - continued structural deterioration but no dramatic downturn. SARS, SARB, Treasury stay strong. Possible relief rally that nothing worse happened. | Unfortunately may seem like the optimism scenario (ANC & DA Coalition?), but breaks down. Sentiment is up and down. Infighting and broken alliances means a continued or even faster deterioration in an already crumbling system. | ANC/EFF/MK unite to govern with a strong majority. Economic Policy deteriorates, investor sentiment weakens dramatically, weak ZAR creates inflation risks and puts political pressure on SARB. Questions raised over the economic stability of the country. |

| | Value Trend |
|---|---|
| SA Equity | 8% |
| Local Exposure | 4% |
| Global Exposure | 3% |
| Gold | 1% |
| Global Equity | 23% |
| Total Equity | 31% |
| | |
| SA Short Duration | 47% |
| SA Long Duration | 5% |
| Global Short Duration | 13% |
| Global Long Duration | 4% |
| | |
| Direct Offshore | 40% |

# Rezco Value Trend

## Long Term Record

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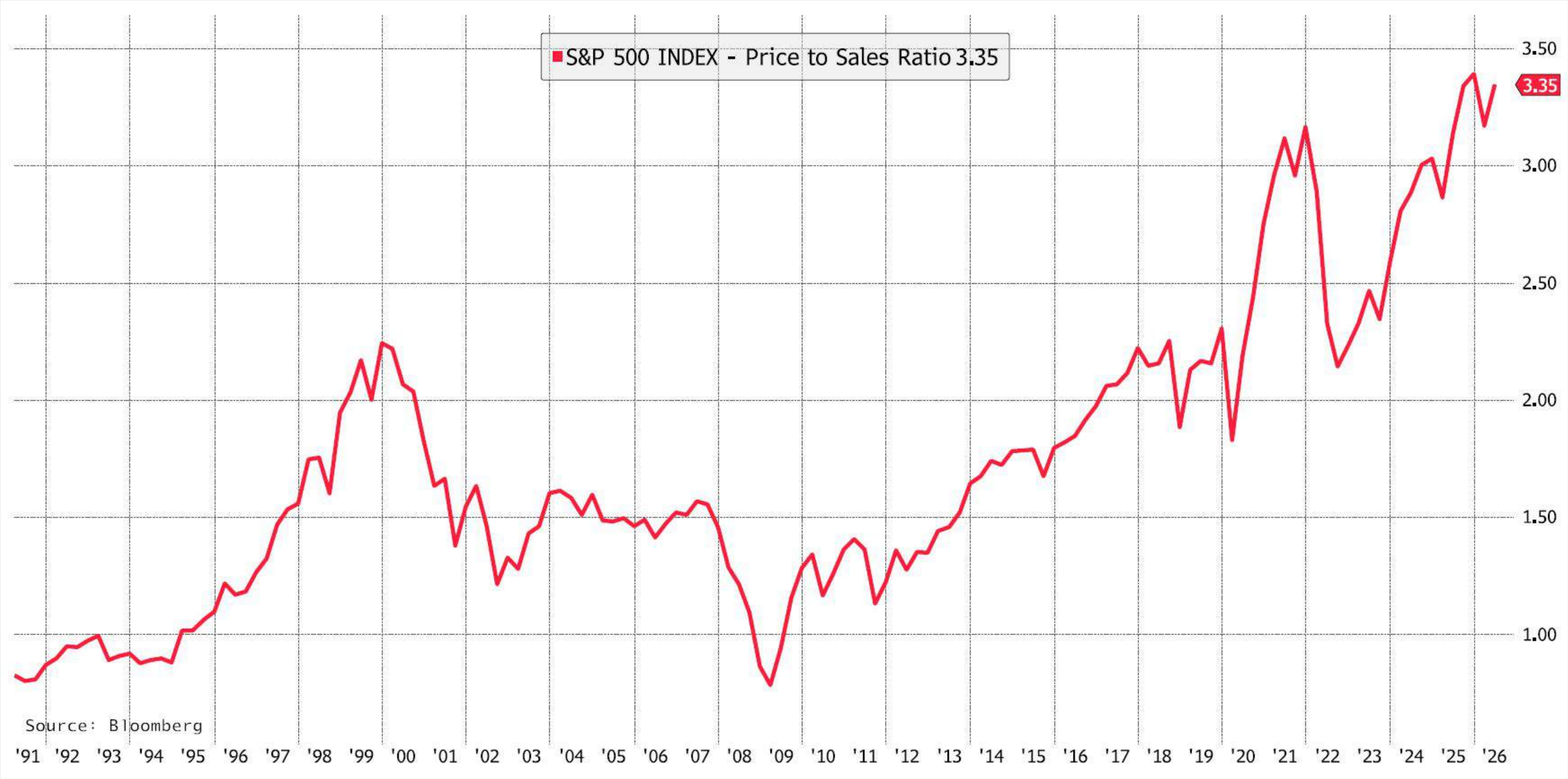
# Reward/Risk vs Tracking Error:
# USA Shares Are Very Expensive on Price/Sales

PE cheaper as margins high, high forward earnings expectations (AI), and low cash generation

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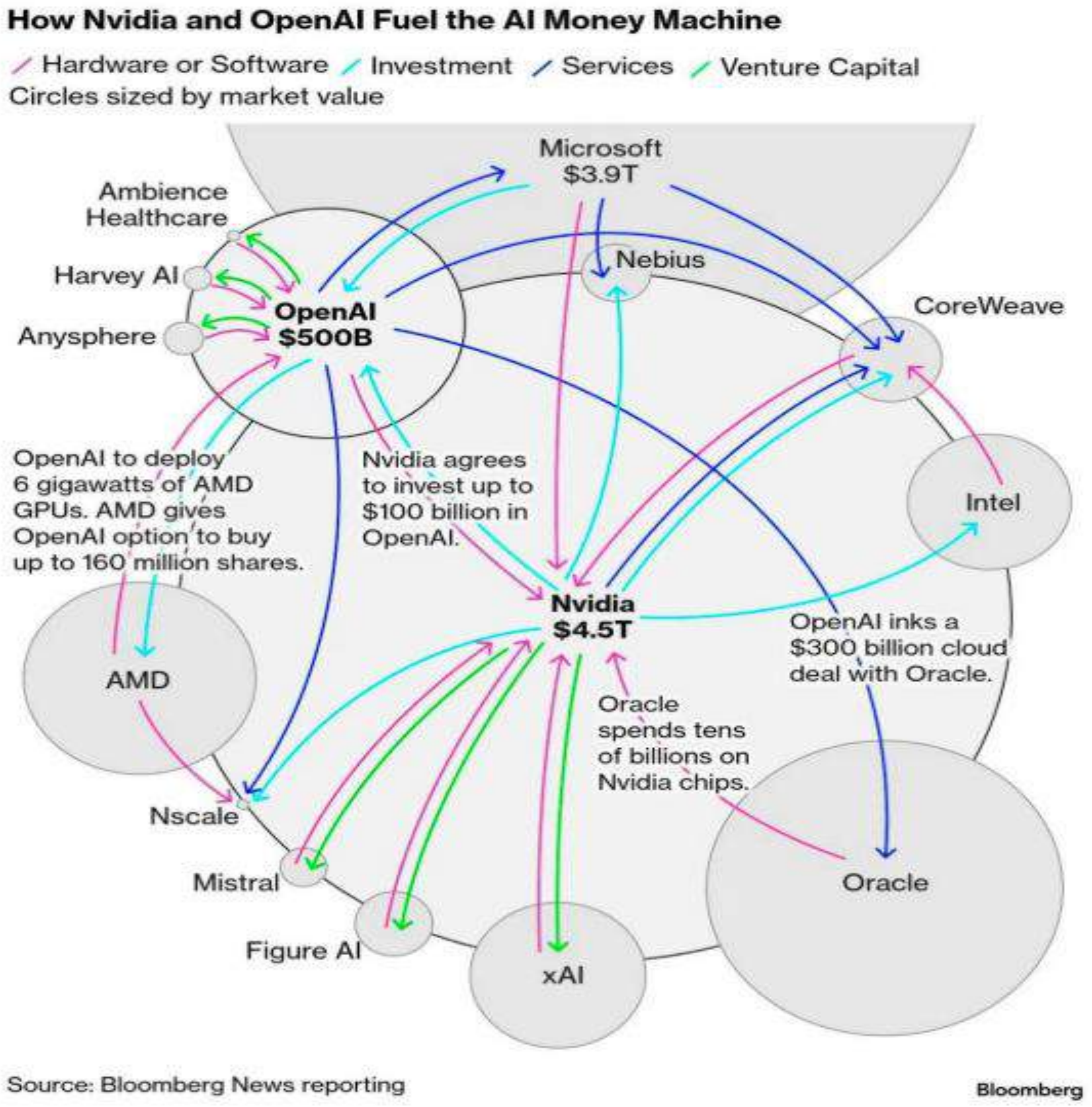
# Circular financing & circular valuations in a passive world




Source: Bloomberg

Bloomberg

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**US Stocks:** Cusp of a Record | Energy Erasing War Gains | Market 'Sugar High' | Inflation Warning Sign | Wave of IPOs | Stock Mover

Markets

## Nasdaq Speeds Up Index Entry for SpaceX, Large IPOs With New Rule


A SpaceX Falcon 9 rocket outside a SpaceX facility in Hawthorne, California. *Photographer: Patrick T. Fallon/AFP/Getty Images*

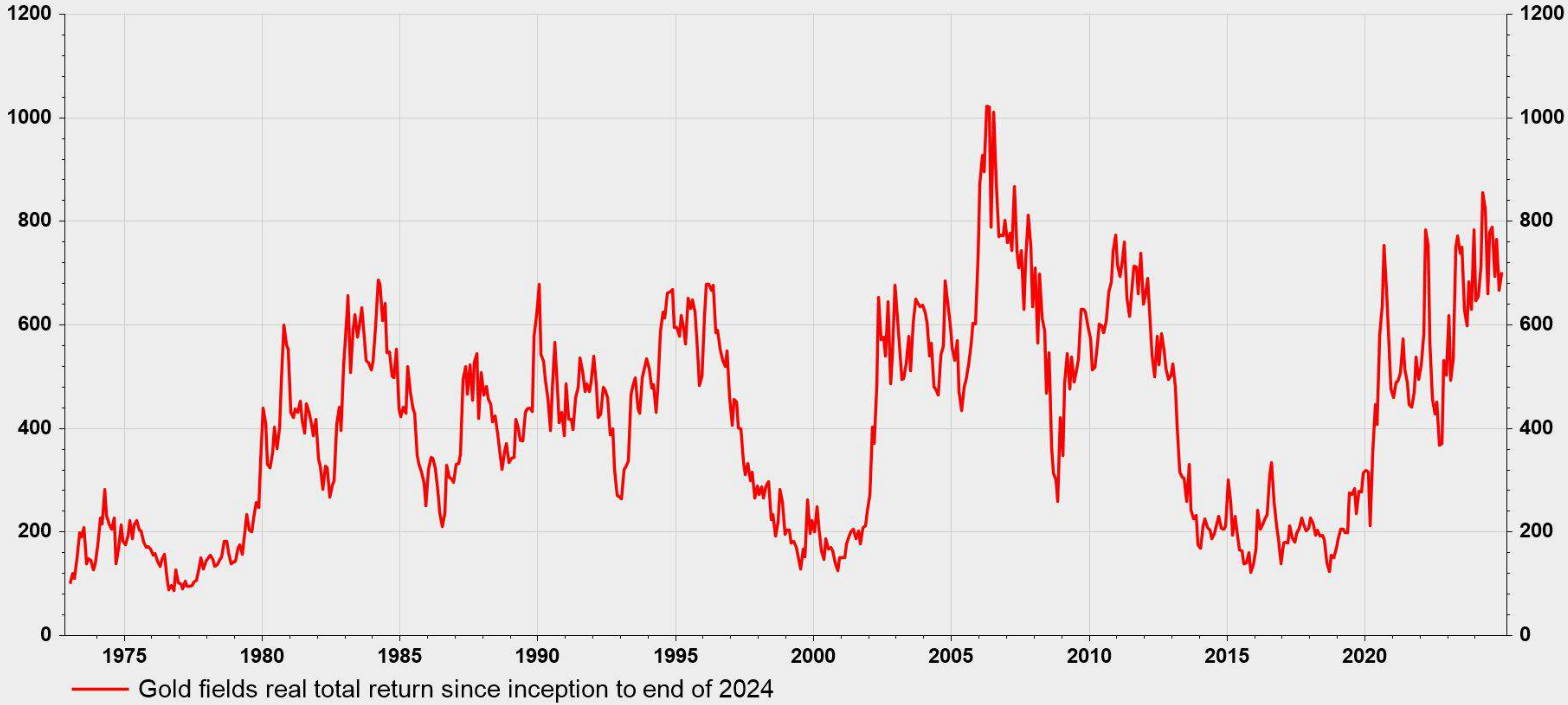
# Discipline & Patience

Discipline to stay away from what we **don’t** want to do;
patience to **stick** to what we do (fundamentals based investing)

➔ *Alert to genuine risks (SA Election), but avoid reacting to noise (Iran War)*

➔ *Stick to fundamentals (Growth, Quality and Value), don’t chase momentum, crowd, seek safety of the herd (Gold)*

# Gold Fields: I wouldn't be buying at the 800 level!




Source: LSEG Datastream / Rezco

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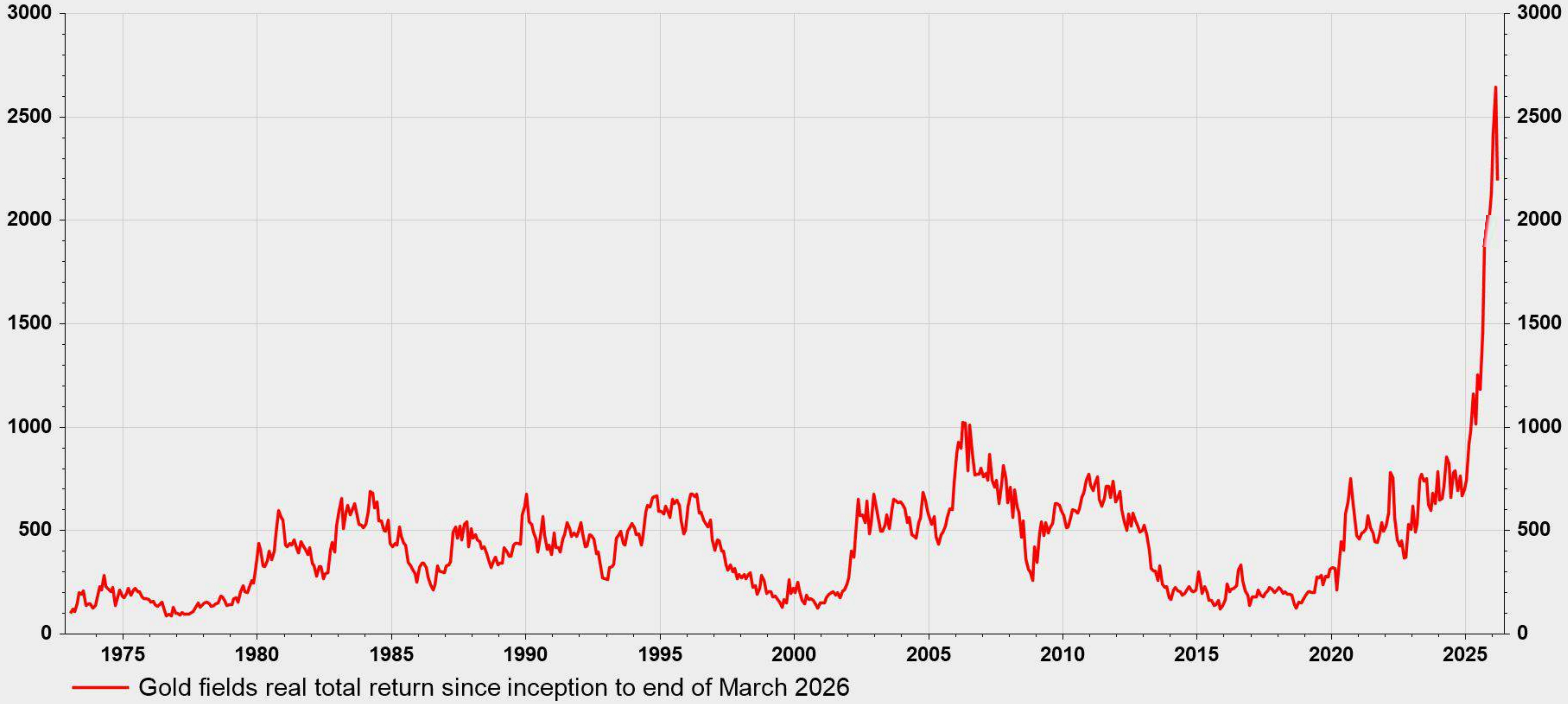
# But spot now just looks like speculating




Source: LSEG Datastream / Rezco

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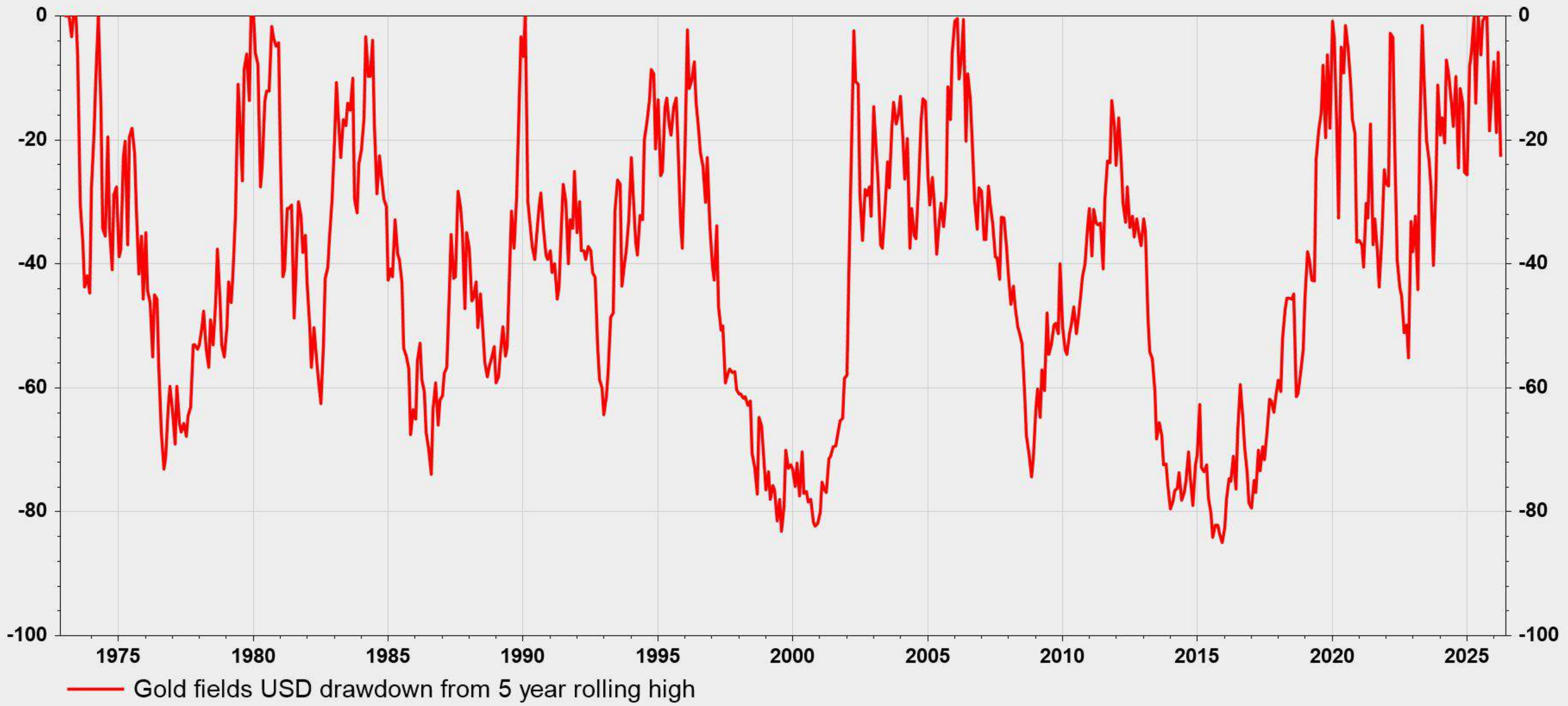
# With compounding, time is your friend; speculating, and time is against you




Source: LSEG Datastream / Rezco

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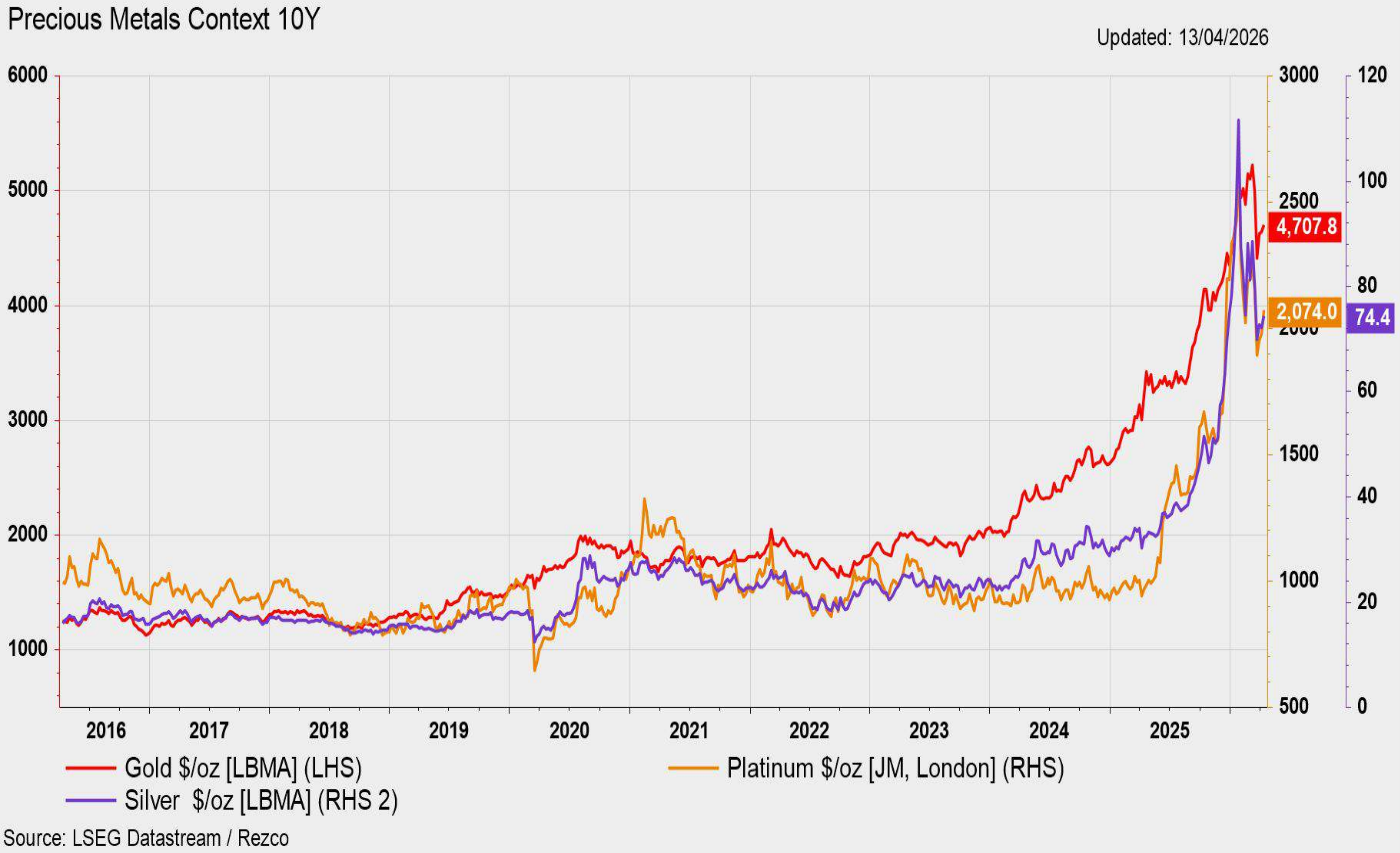
# Something happened in December 2025!

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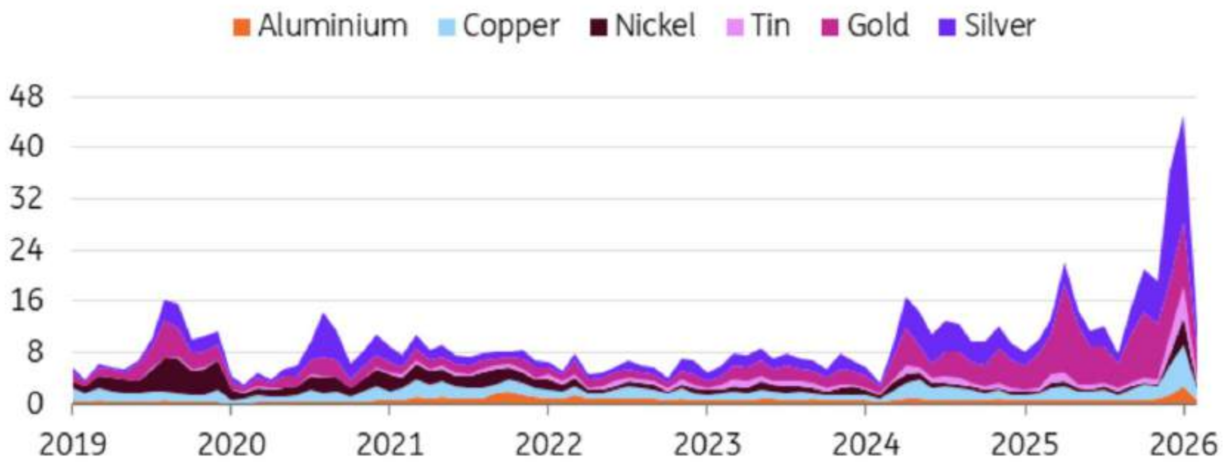
# PGMs & Gold: All the same trade

Metals futures see record SHFE turnover

SHFE monthly trade value by commodity, RMB tn




Source: SHFE, ING Research

## China's precious metals frenzy sparks protest as risks grow

Bloomberg News | January 28, 2026 | 7:33 am Markets China Gold Silver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MINING WEEKLY

AFRICA INTERNATIONAL SET DEFAULT EDITION

PLATINUM GROUP METALS

BACK

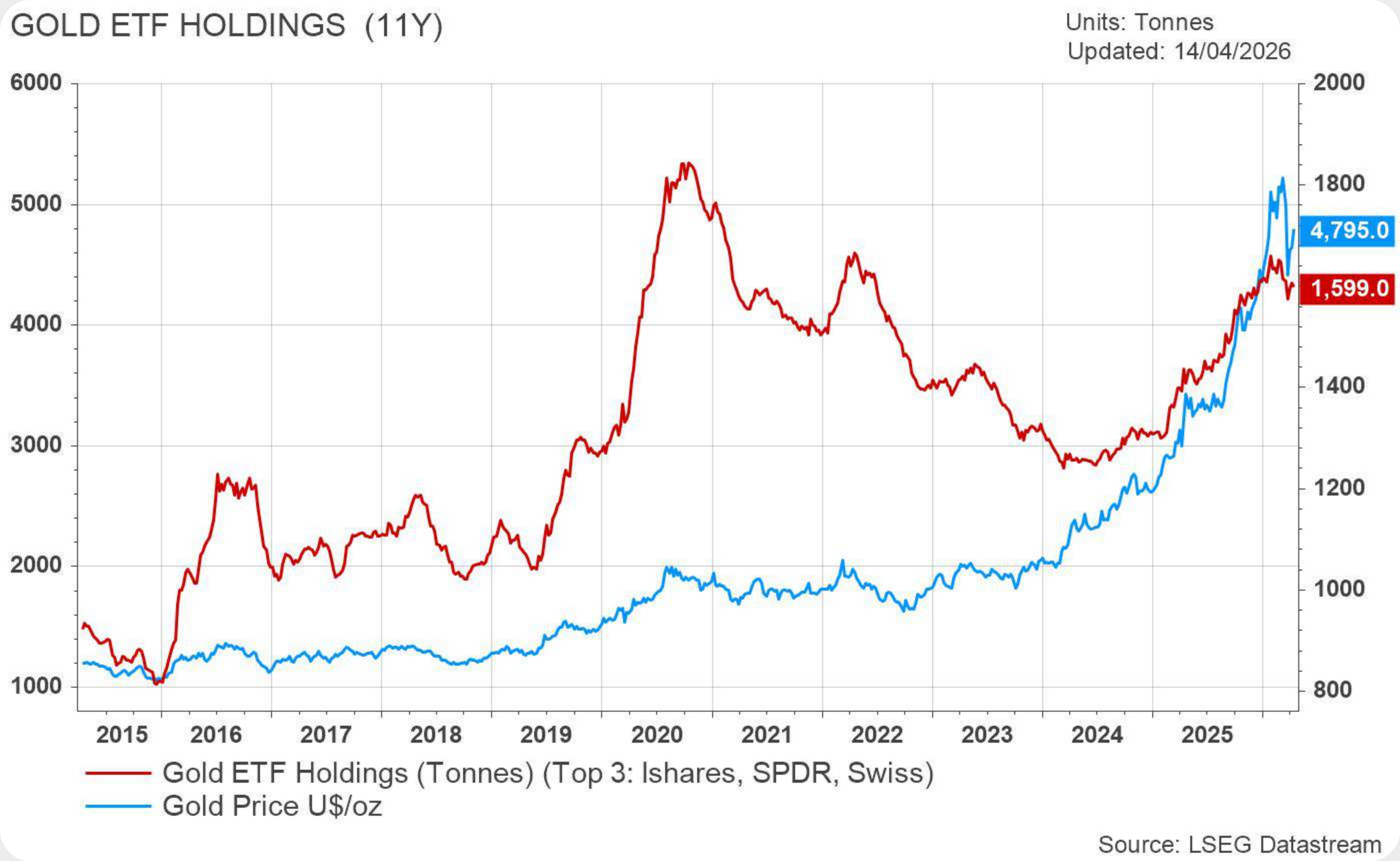
## China approves first-of-a-kind platinum, palladium derivatives, Heraeus reports


18th November 2025

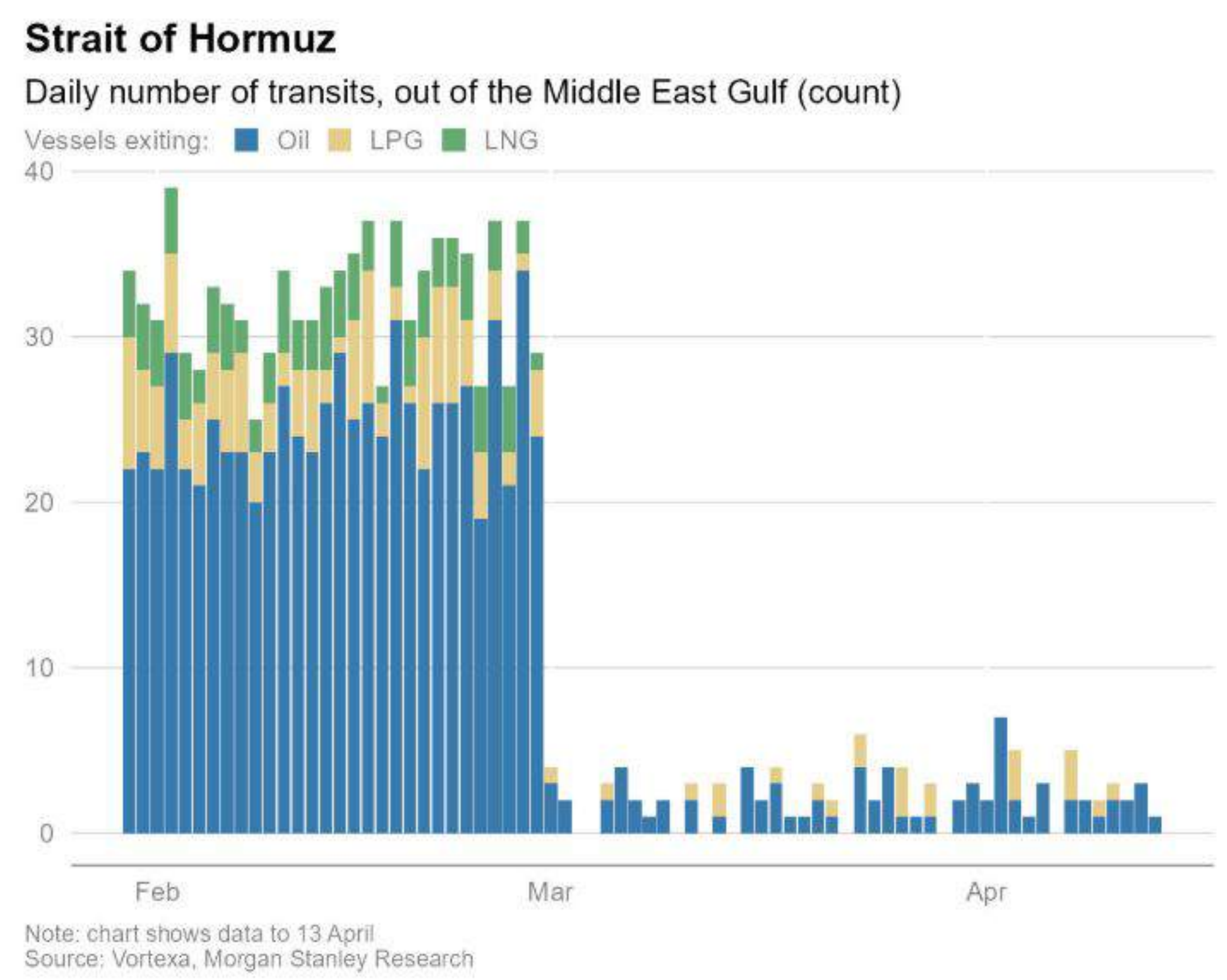
By: Martin Creamer

Creamer Media Editor

# Speculators are setting the price now



# Try Avoid Noise (But Acknowledge Risks)

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# Supply response reduces risk

THE WALL STREET JOURNAL.

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## U.S. Oil Blockade Is Set to Boost American Exports—and Prices at the Pump

U.S. crude exports are poised to hit a record this month as more than 70 supertankers approach the Gulf Coast to load up on oil

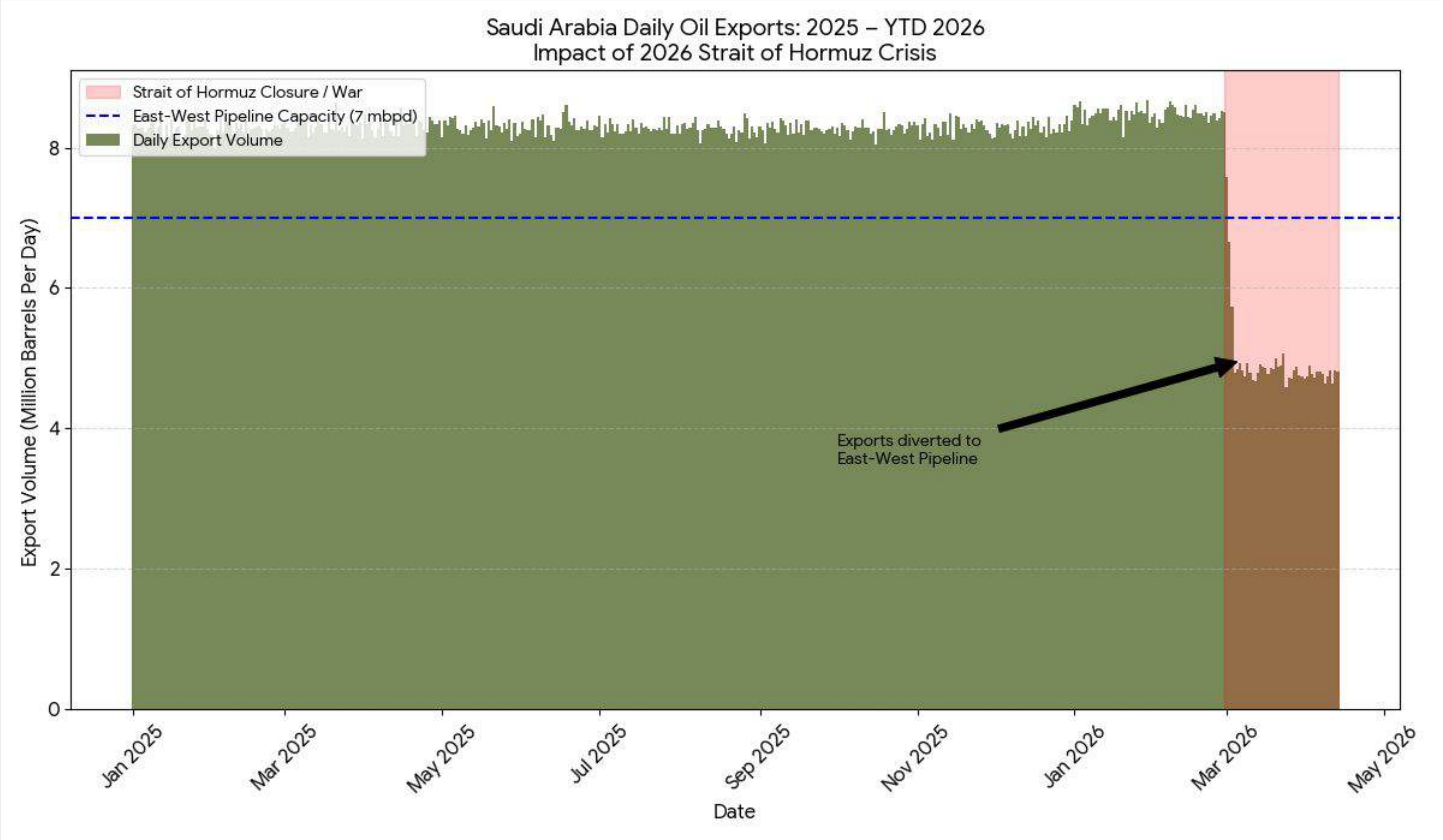
By Collin Eaton Follow and Benoît Morenne Follow

April 13, 2026 5:26 pm ET

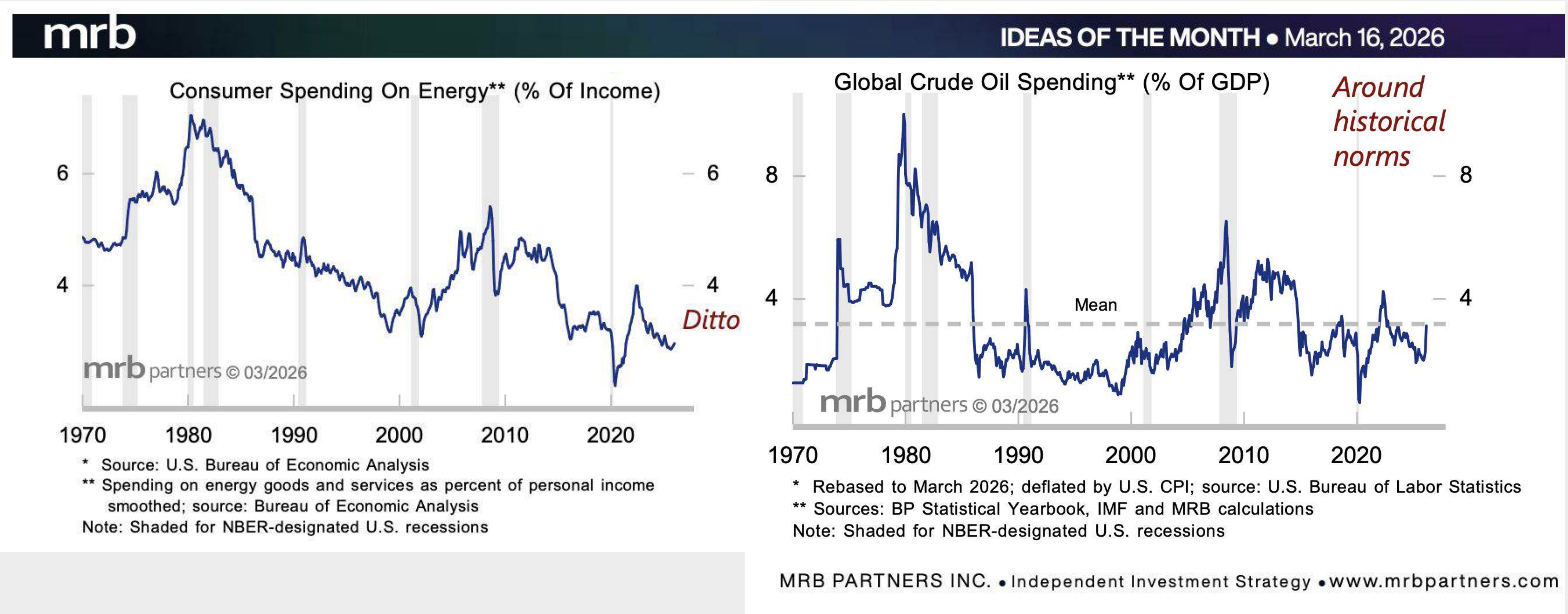
Aa Gift unlocked article Listen (6 min)

The Strait of Hormuz, a critical passage for the global oil supply, is now the subject of a U.S. blockade.

REUTERS



# Sensitivity to oil is now much lower



# There are offsets

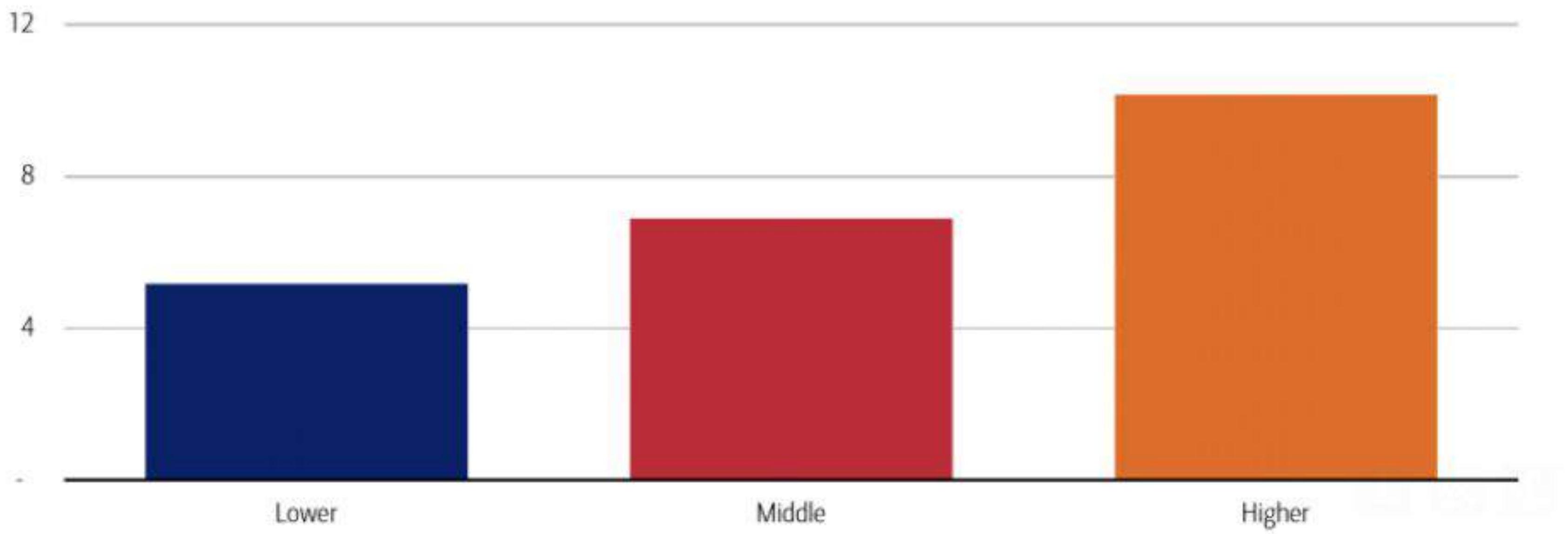
BANK OF AMERICA
INSTITUTE

## Higher tax refunds may offset fuel price shock – for now

Daily Insights | 13 Apr 2026

Tax refund increases could offset at least five months of increased gas prices for all income groups

Time that average increase in refunds could offset average increase in gasoline spending by household income tercile (2026, months)




Source: Bank of America internal data

Note: Gas spending increases are based on the per household increase seen in March 2026 compared to March 2025 for households who have gas spending. Average increase in refunds is based on the differences calculated as of April 4, 2026 compared to a similar period in 2025.

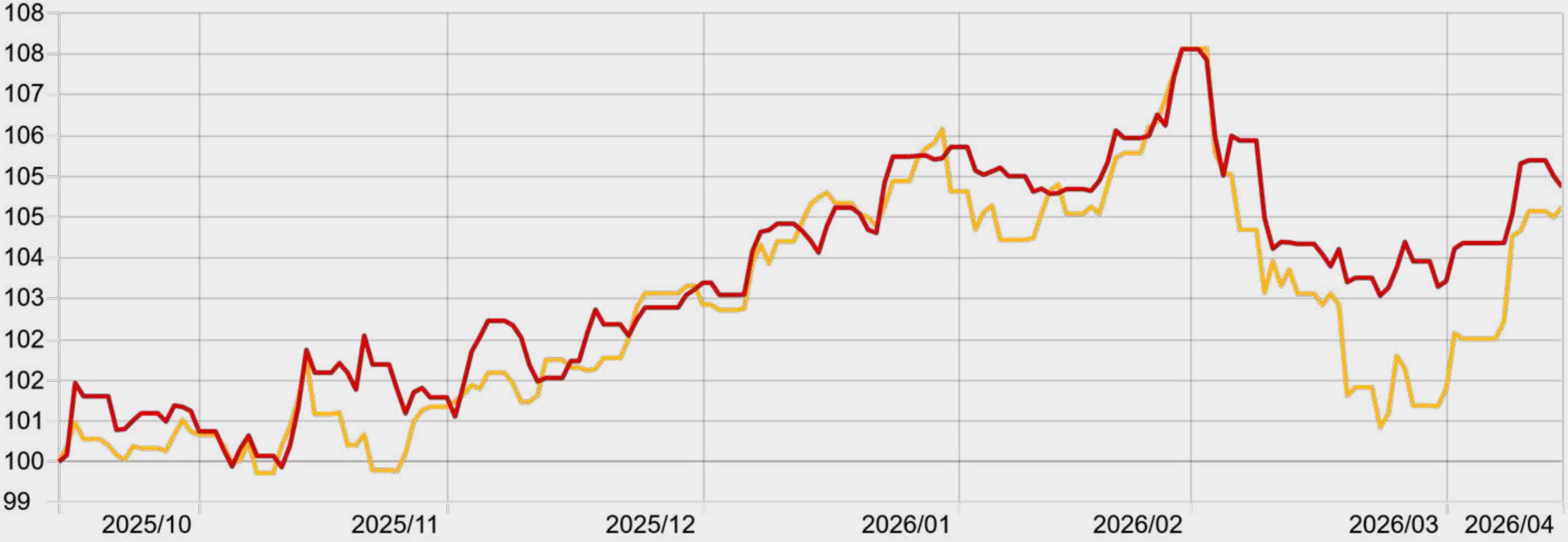
BANK OF AMERICA INSTITUTE

# Rezco Value Trend through Iran War

**CUMULATIVE RETURNS - 6 Months**

Time Period: 2025/10/15 to 2026/04/14

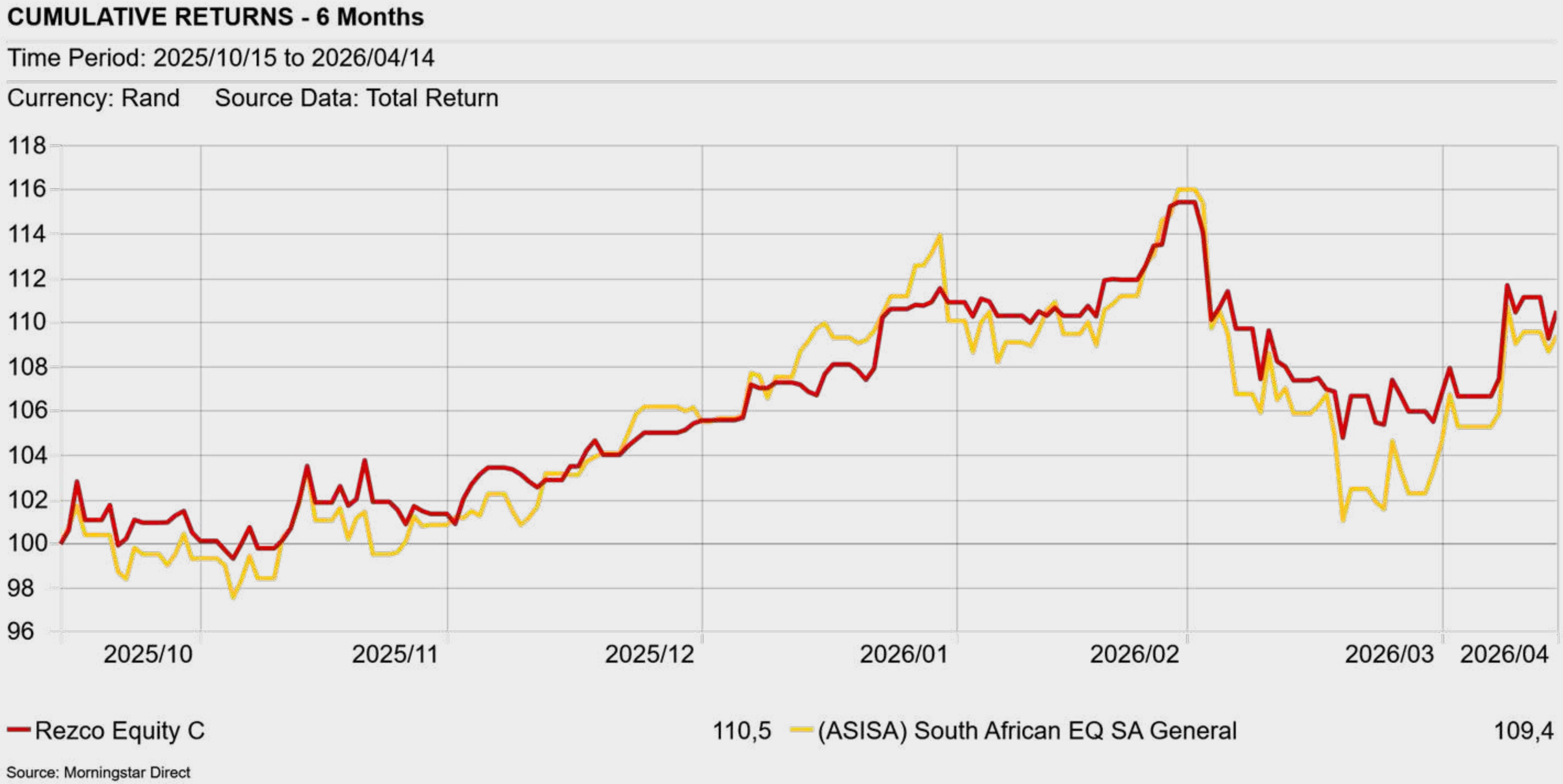
Currency: Rand    Source Data: Total Return




Rezco Value Trend A 105,1 (ASISA) South African MA High Equity 104,7

Source: Morningstar Direct

# Rezco Equity Fund through Iran War



# Macro Matters

**We hear the argument:**

*Can't forecast the future, therefore ignore macro and focus on bottom up fundamentals.*

**Our Argument:**

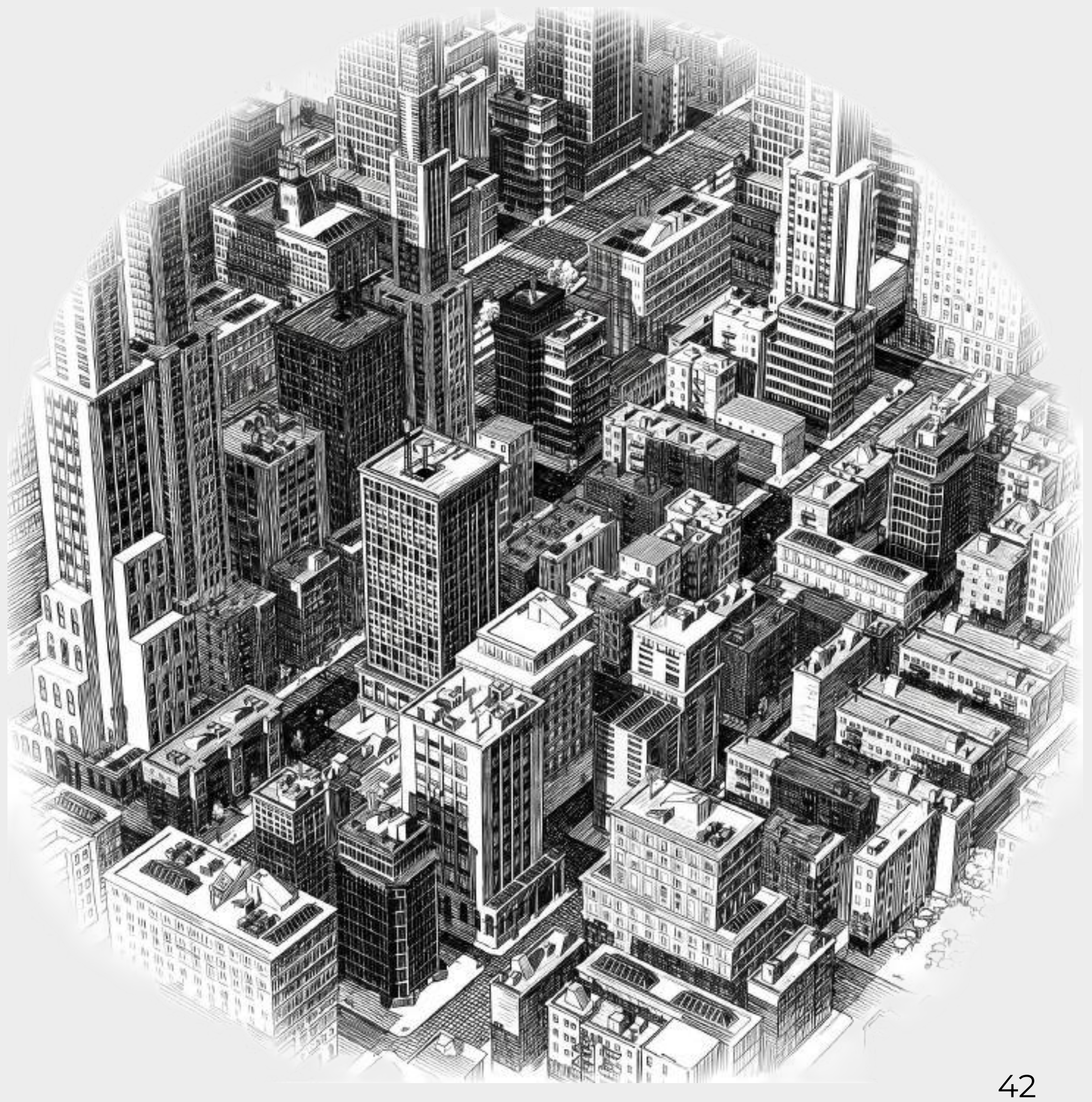
1) *"Bottom up fundamentals include forecasts of the future"*

and

2) Look at the future in probabilities and reward/risk

Also

3) React Quickly, don't always have to forecast



# USA Macro

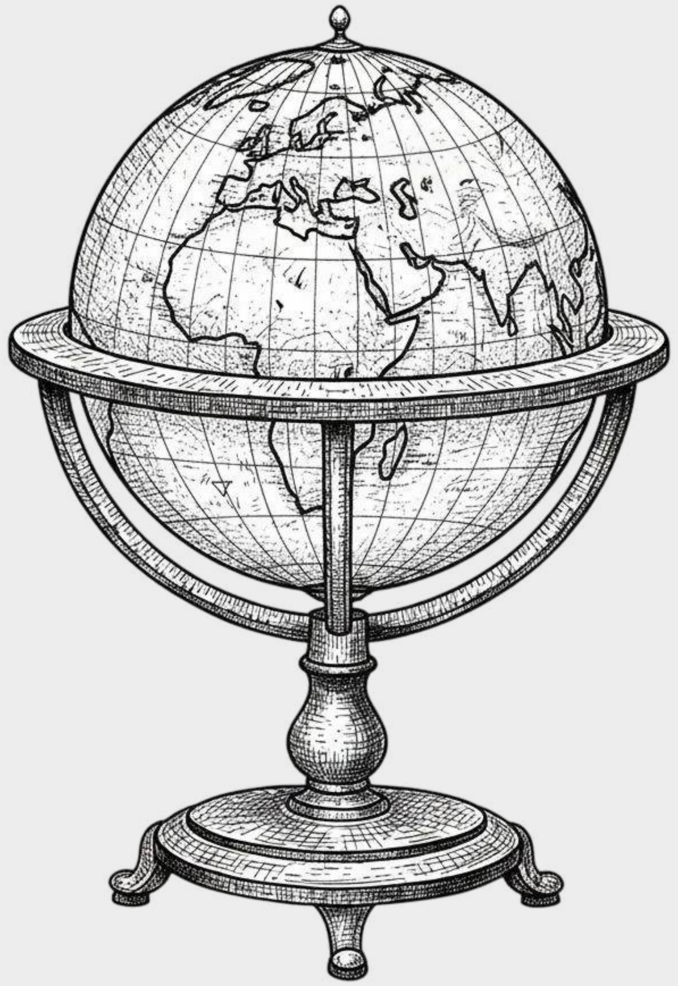
USA Economy was strong coming into the war and unlikely to be derailed by the war
Corporates: strong margins, strong balance sheet, earnings growth
Consumers: wealth effect, wages and spending

BUT

Inflation not resolved
Complacency is a risk, not priced in
Lazy Thinking: AI won't solve inflation near term (and long term not that clear)

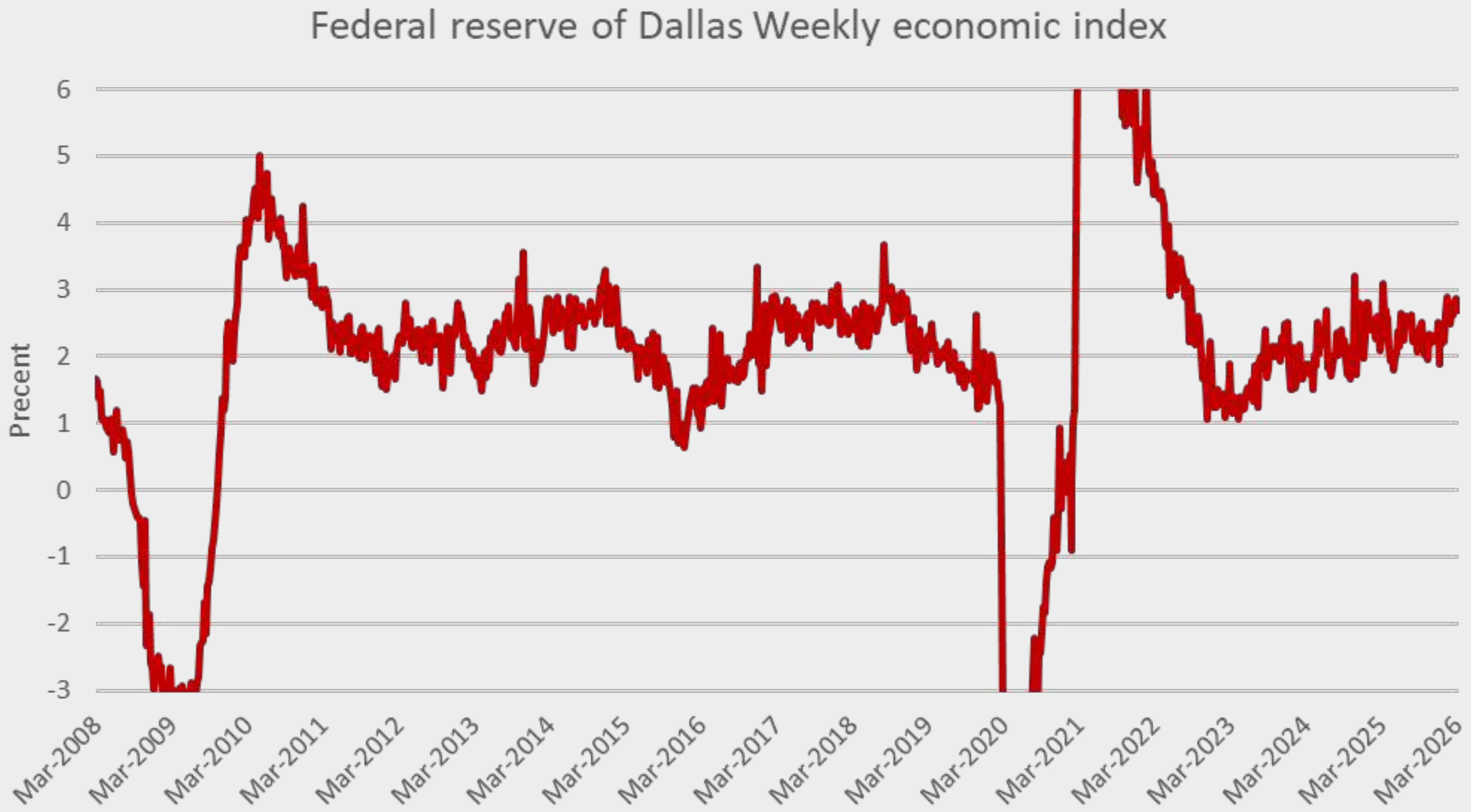
AND

Markets are expensive
Tech/AI bubble risk



# US Economy is Strong on Any Measure

Latest reading 4 April 2026

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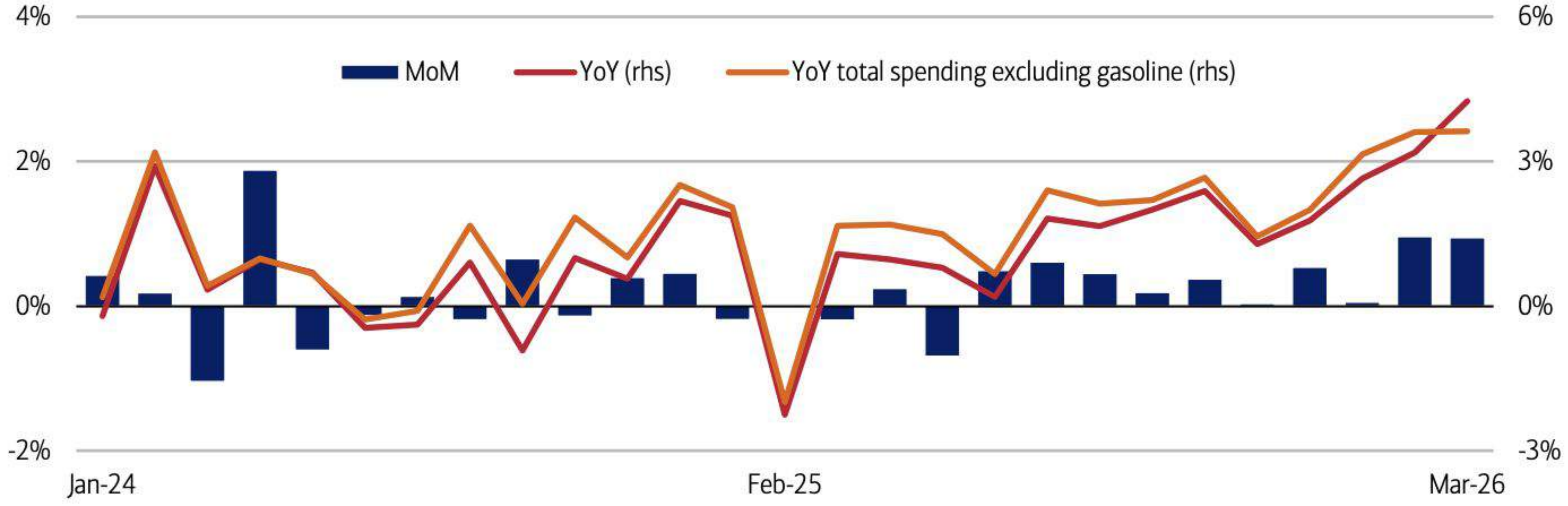
# Don’t ask consumer how they are feeling, judge them by their spending

US Consumer sentiment is dire, but spending drives corporate earnings

**Exhibit 1: Spending growth strengthened even without the impact of higher gas prices**
Total card spending growth per household, based on Bank of America aggregated credit and debit card data (monthly, MoM%, SA) and (monthly, YoY%, non-SA, right-hand side (rhs))




**Source:** Bank of America internal data

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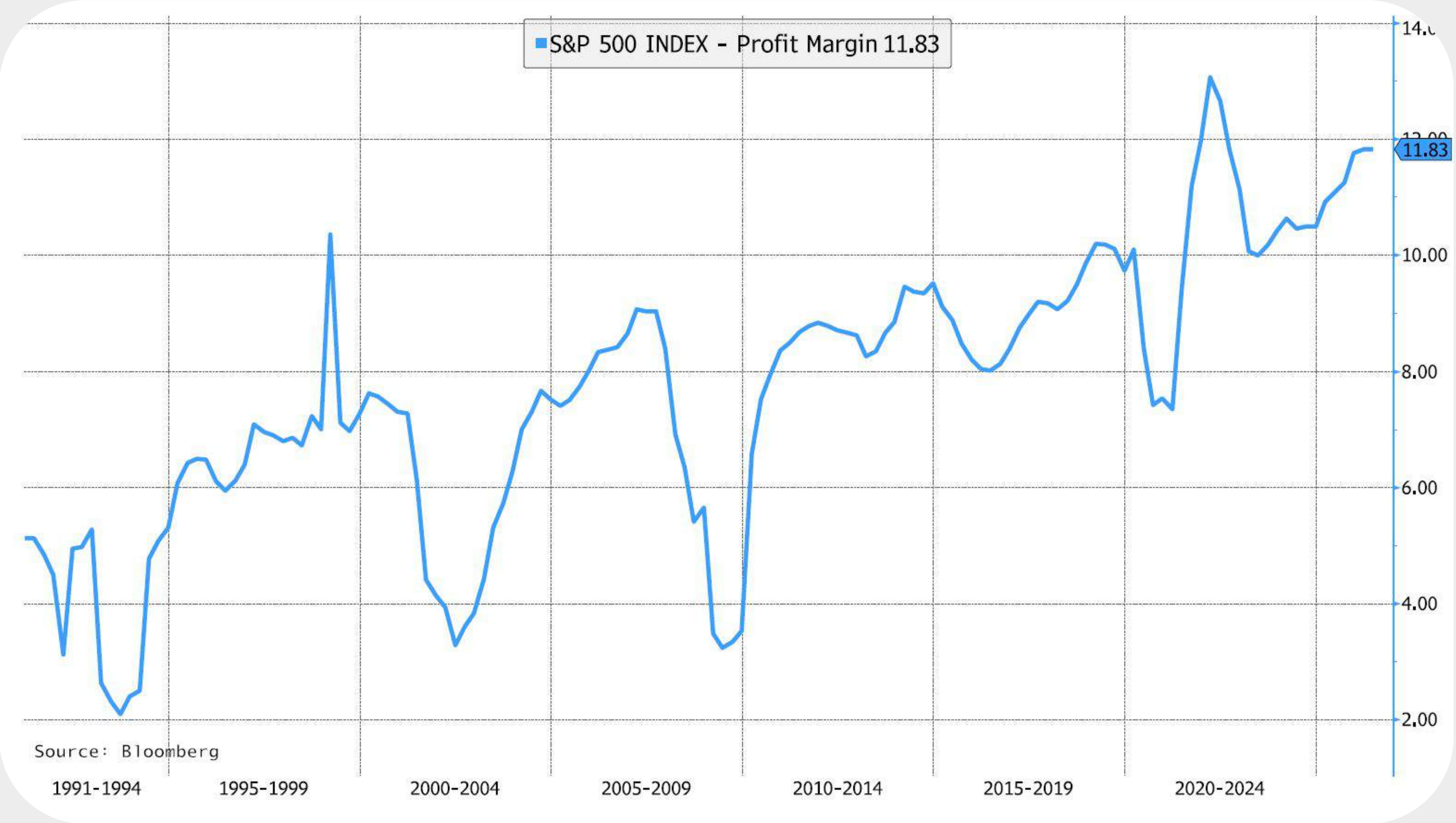
# Corporate Earnings and Balance Sheets are strong

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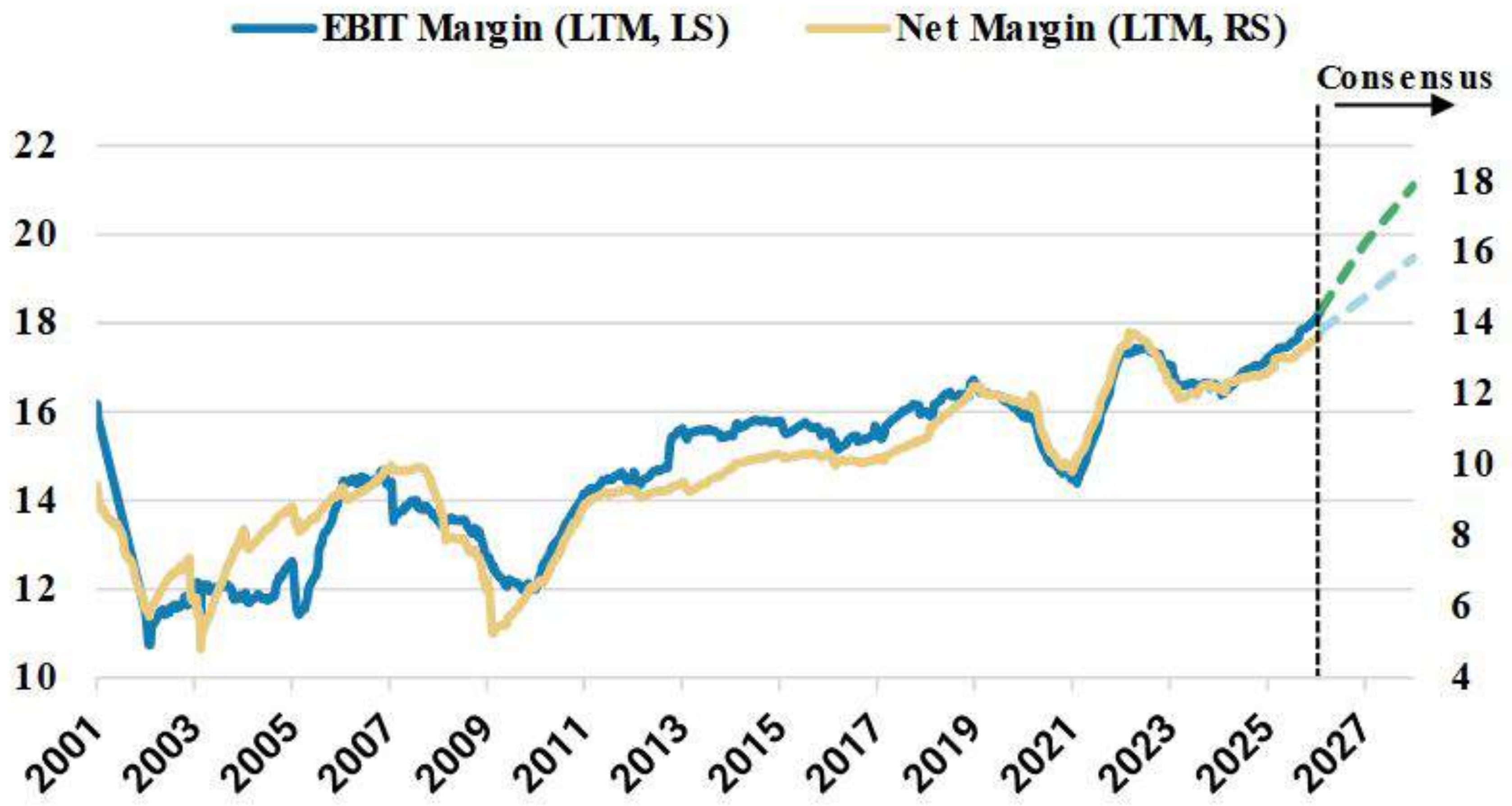
# Expectations are for margins to expand

A lot of positivity is baked in already

**Exhibit 57:** Margins Are Expected to Push Higher into 2026




Source: FactSet, Morgan Stanley Research

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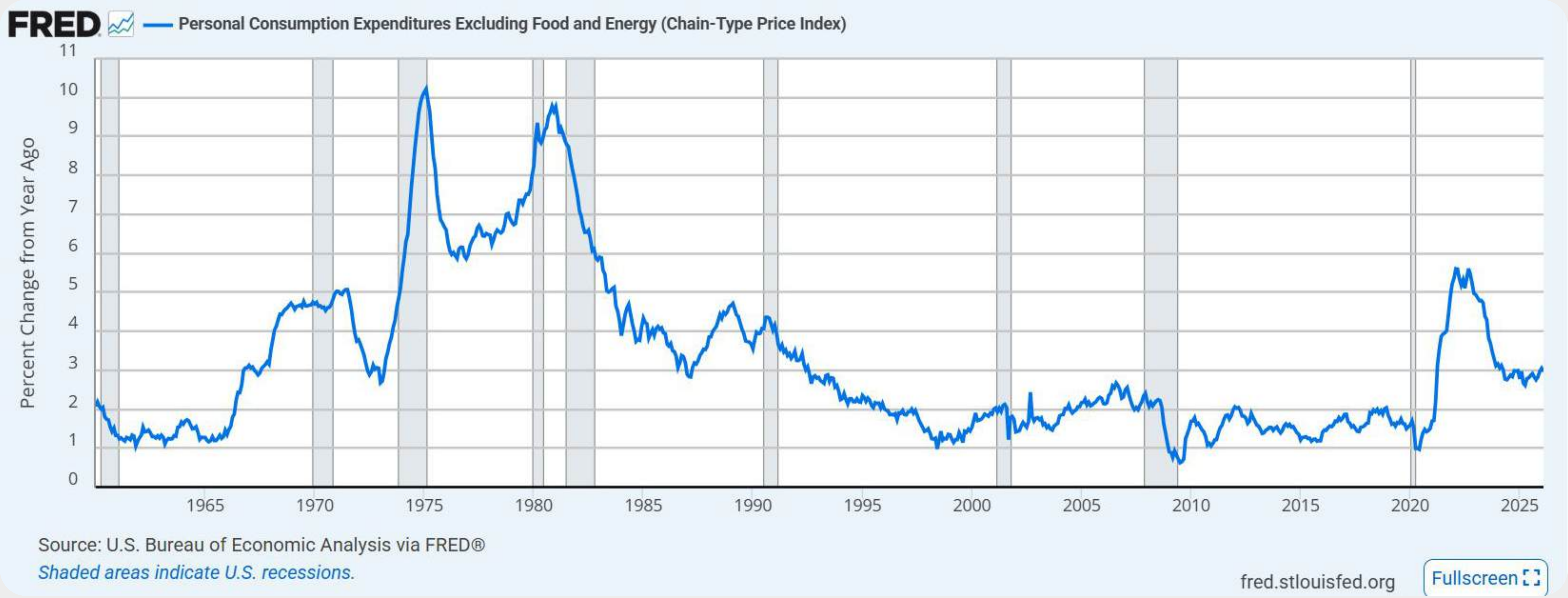
# Strong Economy

But inflation lingers and expensive market
Prefer to gain exposure via emerging markets

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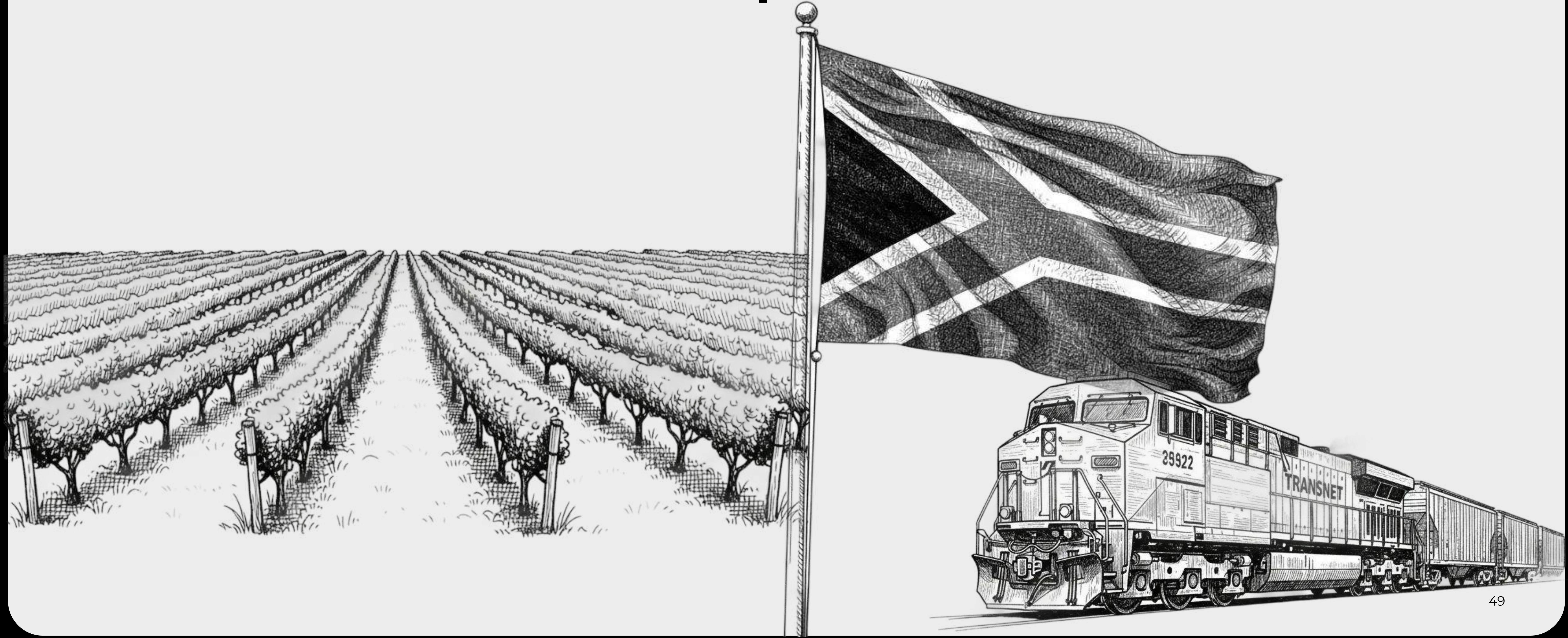
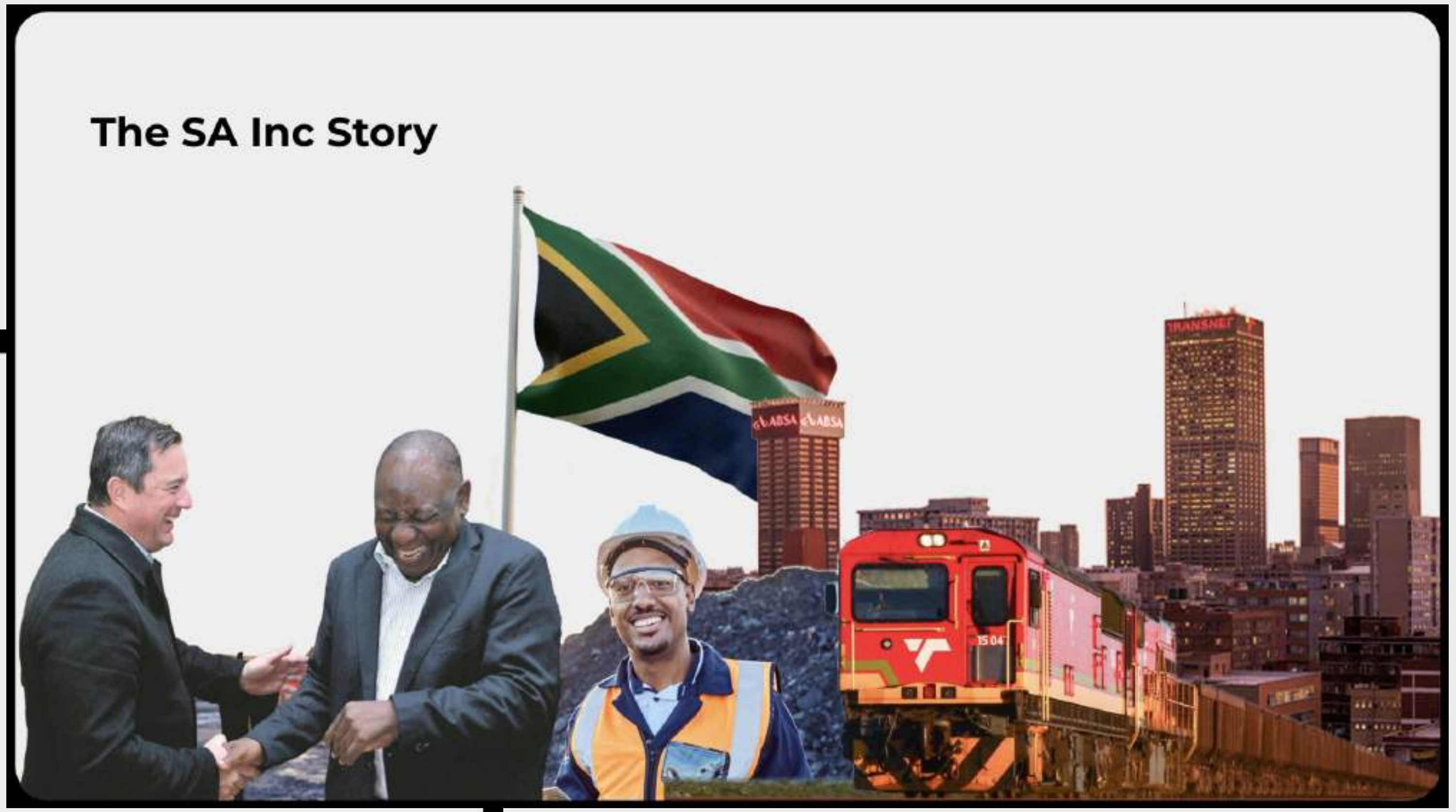
# SA Economy
# The tailwinds for our companies



# Feb 2025 Webinar

Our view hasn’t changed

Our conviction has increased




## The SA Inc Story

- SA Inc equities could deliver 20% p/a for the next 3 years
- The base is very low
- RSA shares and currency ***were*** pricing in “no hope”
    - and zero economic growth
- The ANC has swung pragmatist & there is a lot of low hanging fruit
- There are early signs of improvement
- The Rand could strengthen 15% over the next year
- Mid caps have been neglected

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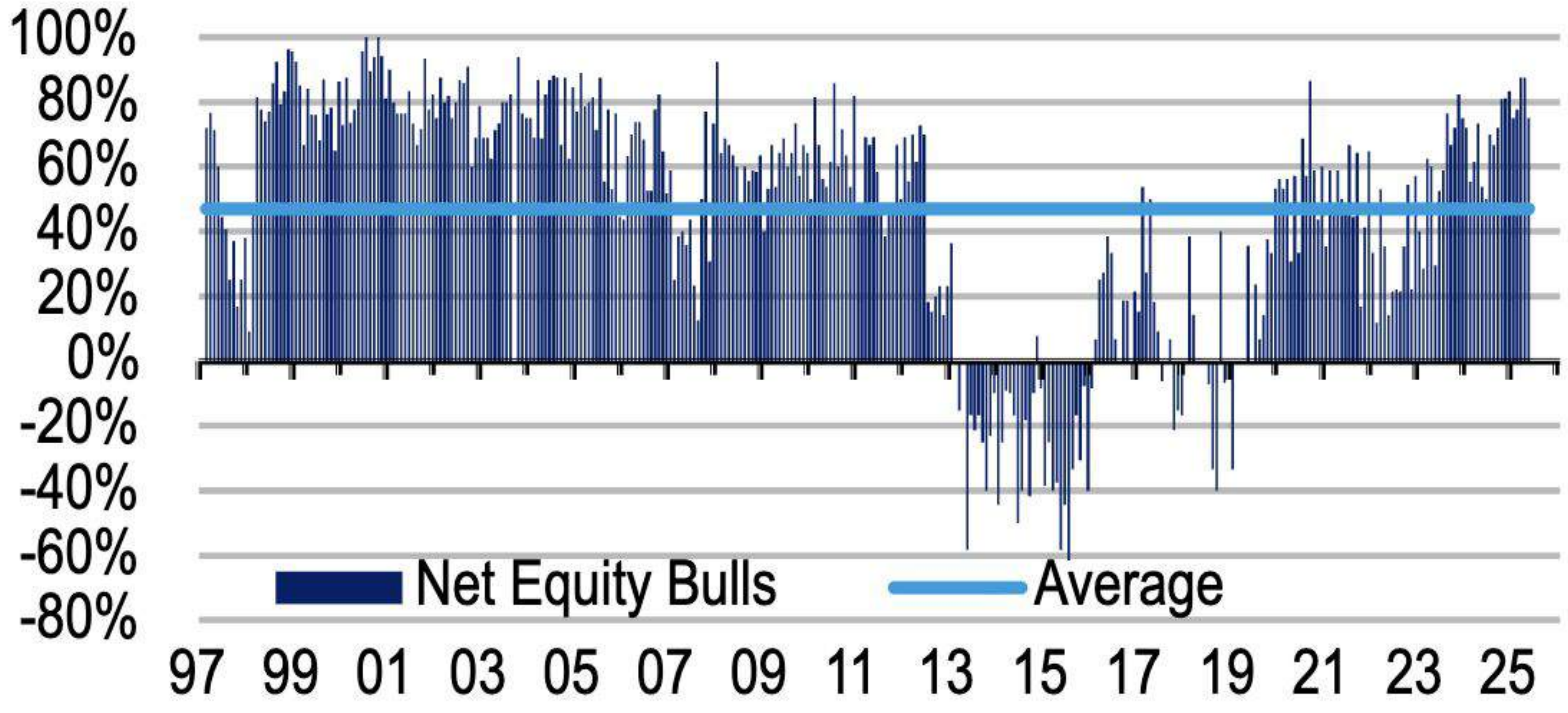
# Positive SA is CONSENSUS VIEW

## But not priced in or included in portfolio allocations

**Exhibit 11: Bullish**

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




**Source:** BofA Global Research, South Africa Fund Manager Survey

BofA GLOBAL RESEARCH

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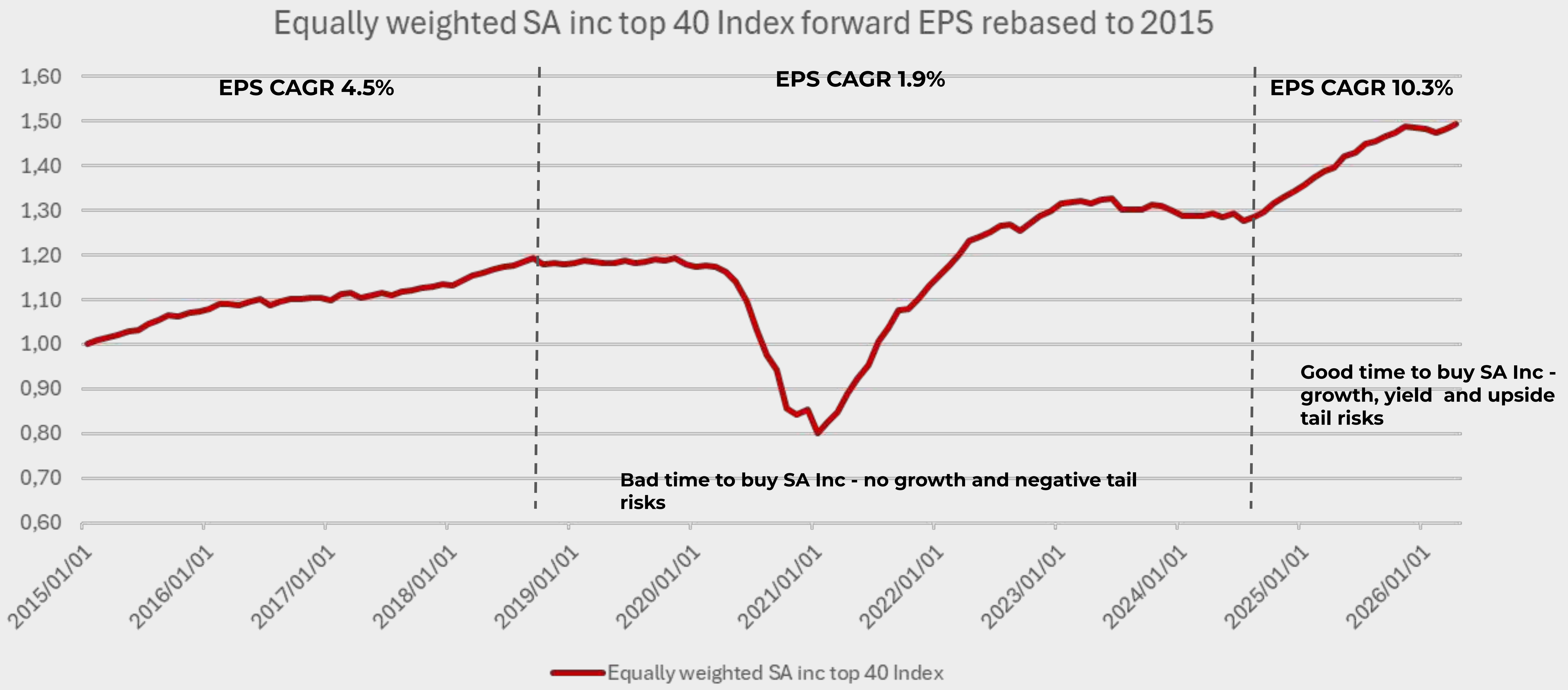
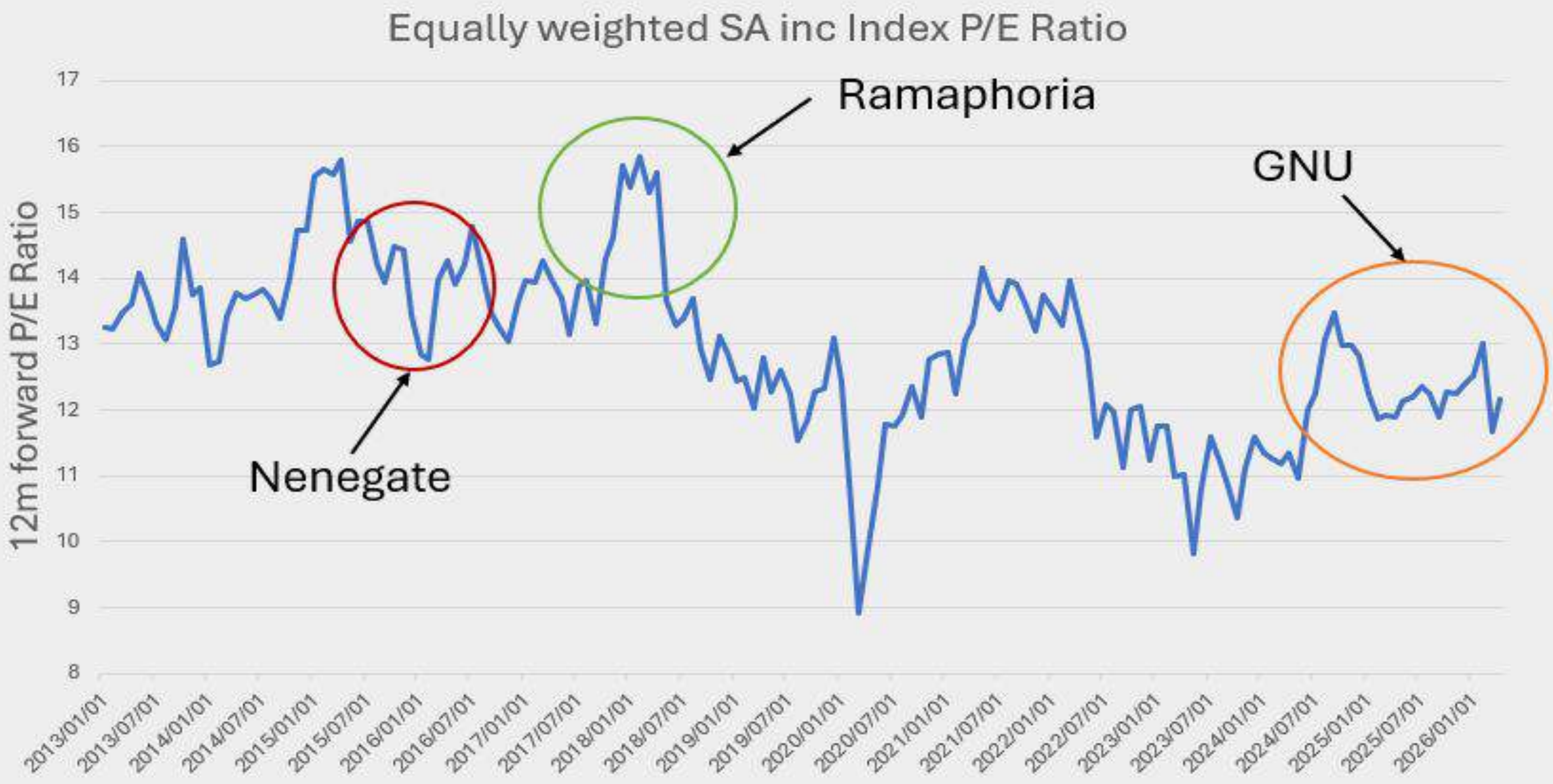
# Early part of the growth phase

## Clear change, but we expect multipliers to start working in the real economy



# SA Inc PE - Massive Undervaluation

## Best Macro Backdrop since mid 2000's - **WHY NOT EFFICIENT?**




Source: Refinitiv Datastream. Construction: A custom basket of equities, equally weighted consensus forward P/Es 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.

# The Market System is important to understand and navigate

Answers the questions:

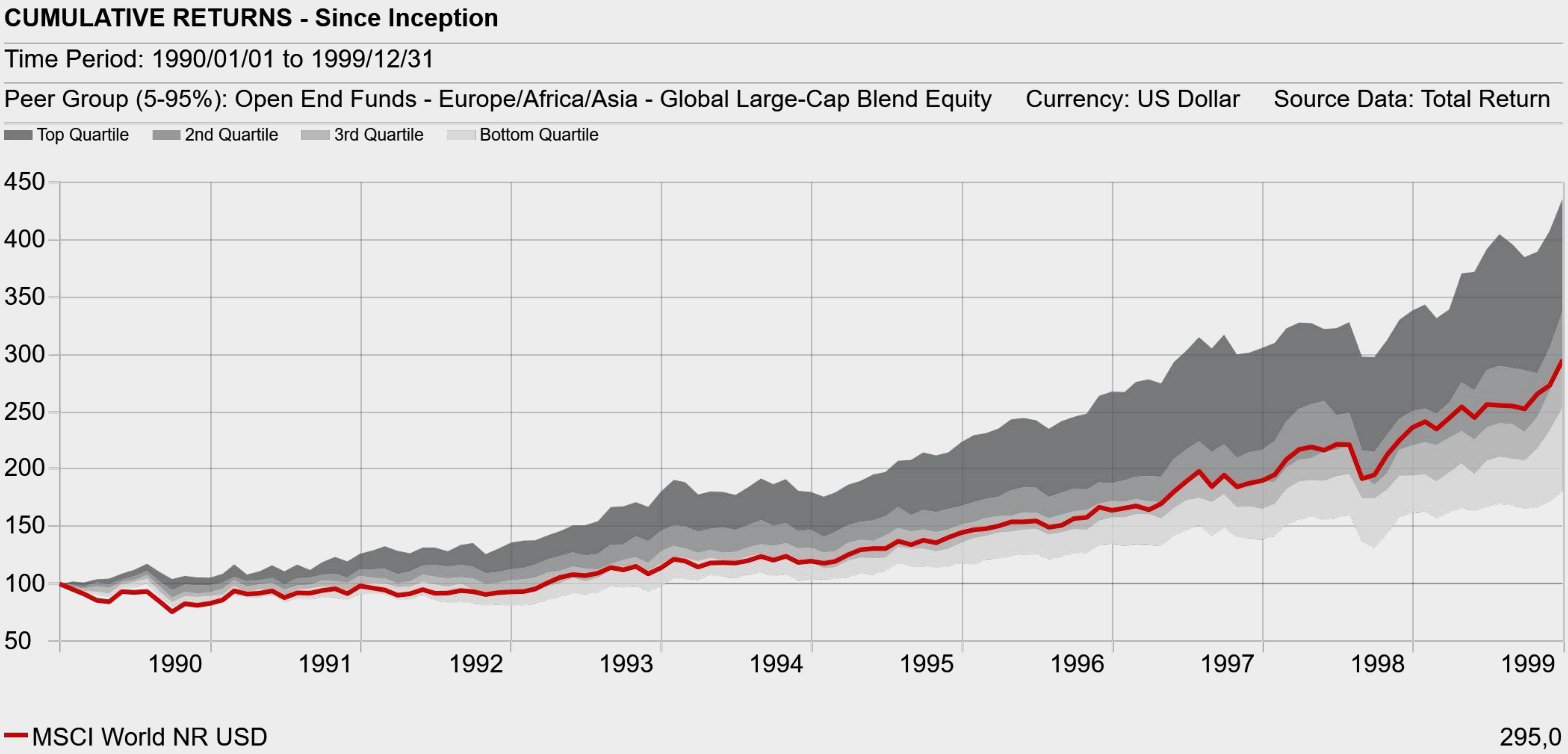
Why be patient?
Why look for opportunities?
Why take active risk - deviate from the benchmark?

Active vs Passive is oversimplification - passive can change shape and essentially reflects the *long term* trends (equal weight vs market cap weight; emerging markets vs developed markets etc)

**BUT:**
Flows matter and set prices *short term*
Passively driven momentum stretches the elastic further

**AND:**
The market will teach you the wrong lessons

# Active is a zero sum game: 1990-2000




Source: Morningstar Direct

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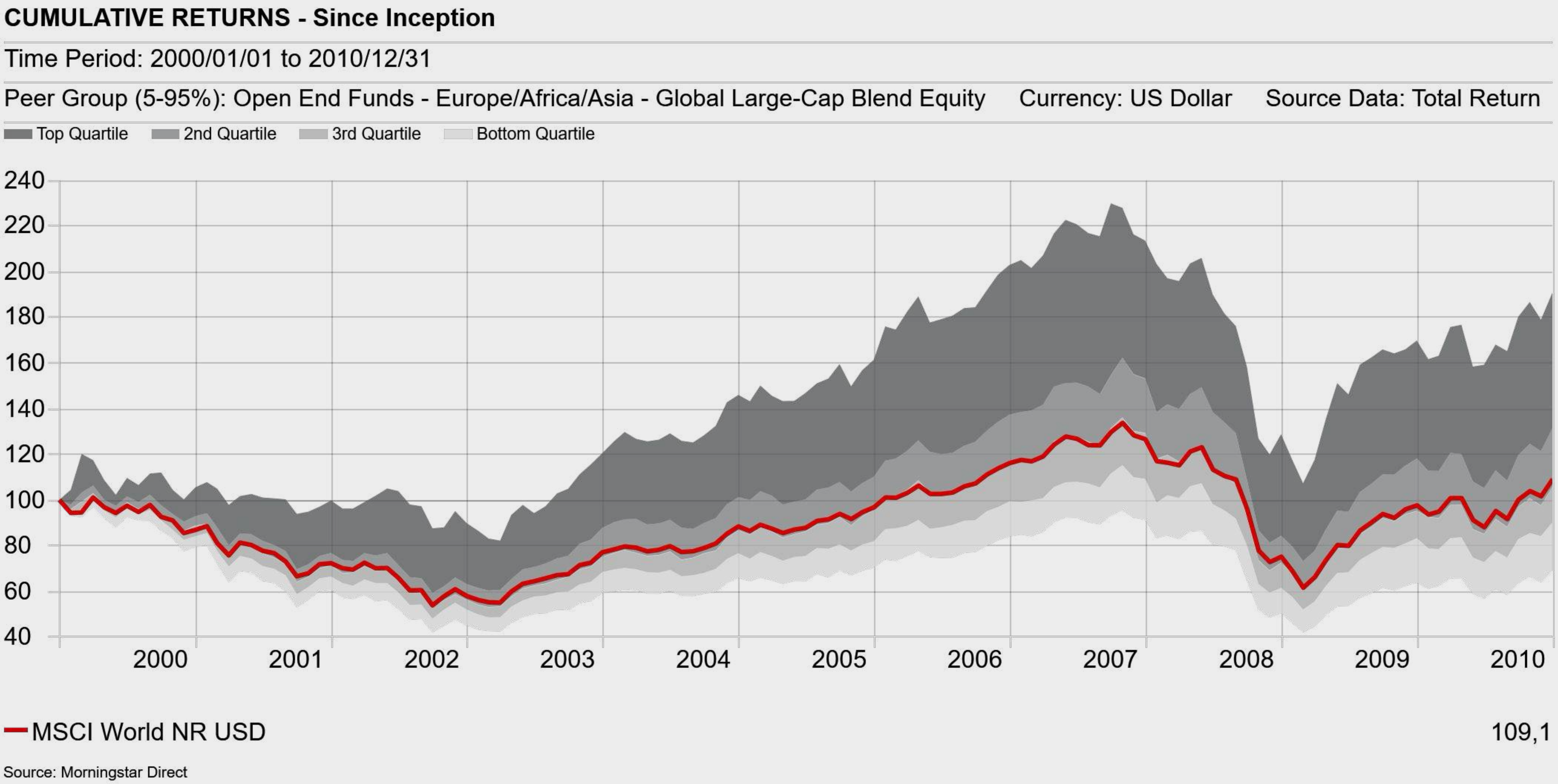
# Active is a zero sum game: 2000-2010

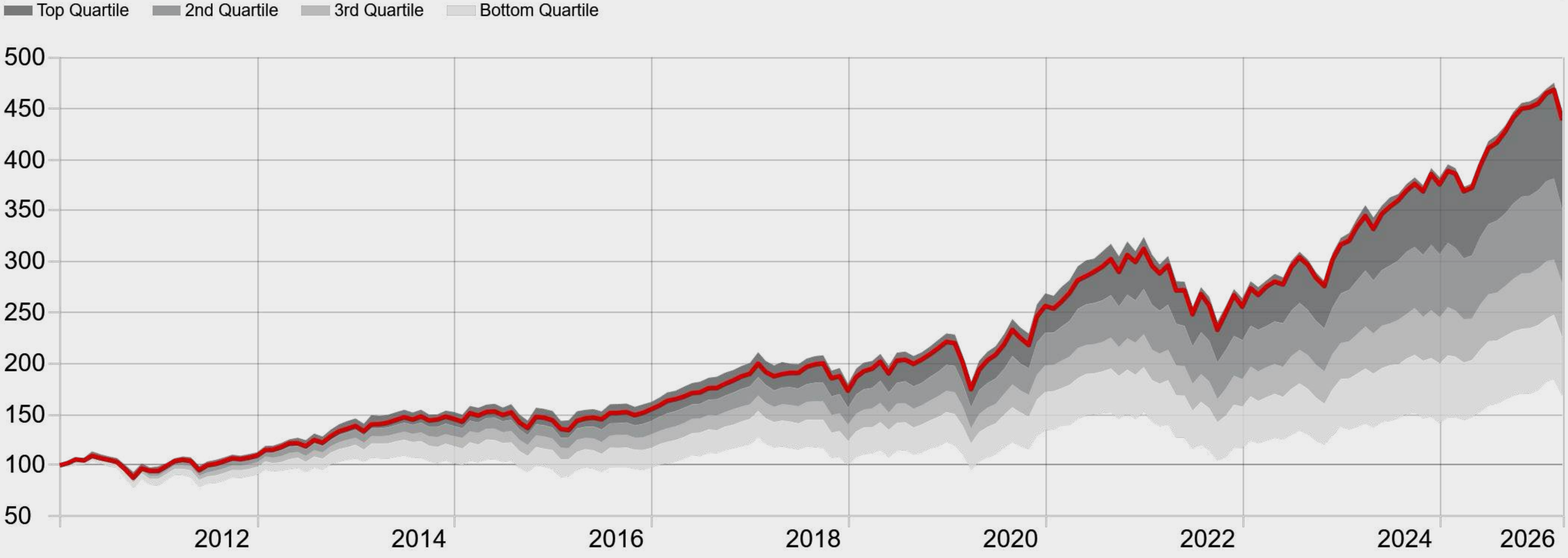


# Era of Active underperformance: 2010-2026

**CUMULATIVE RETURNS - Since Inception**

Time Period: 2011/01/01 to 2026/03/31

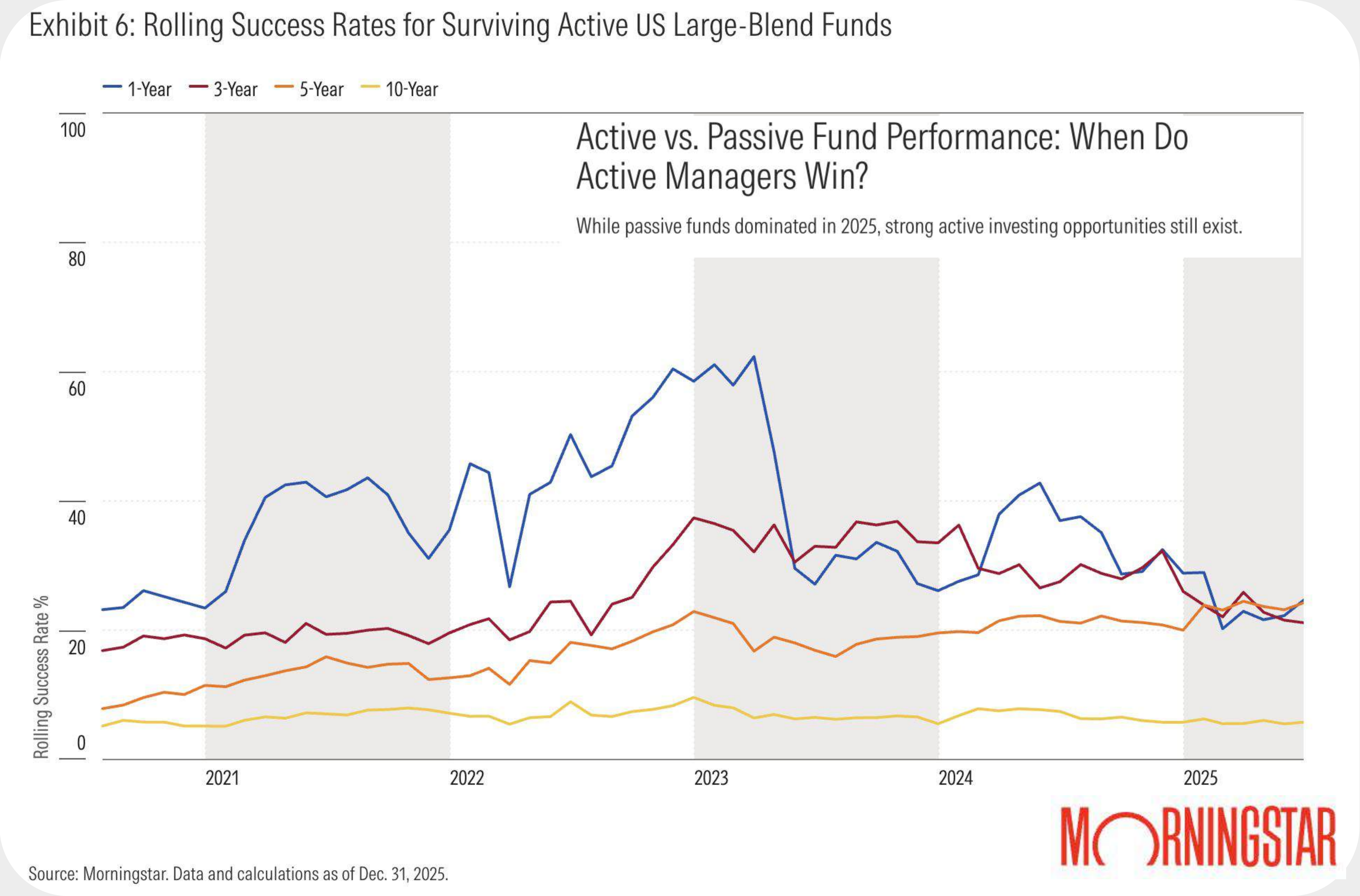
Peer Group (5-95%): Open End Funds - Europe/Africa/Asia - Global Large-Cap Blend Equity   Currency: US Dollar   Source Data: Total Return



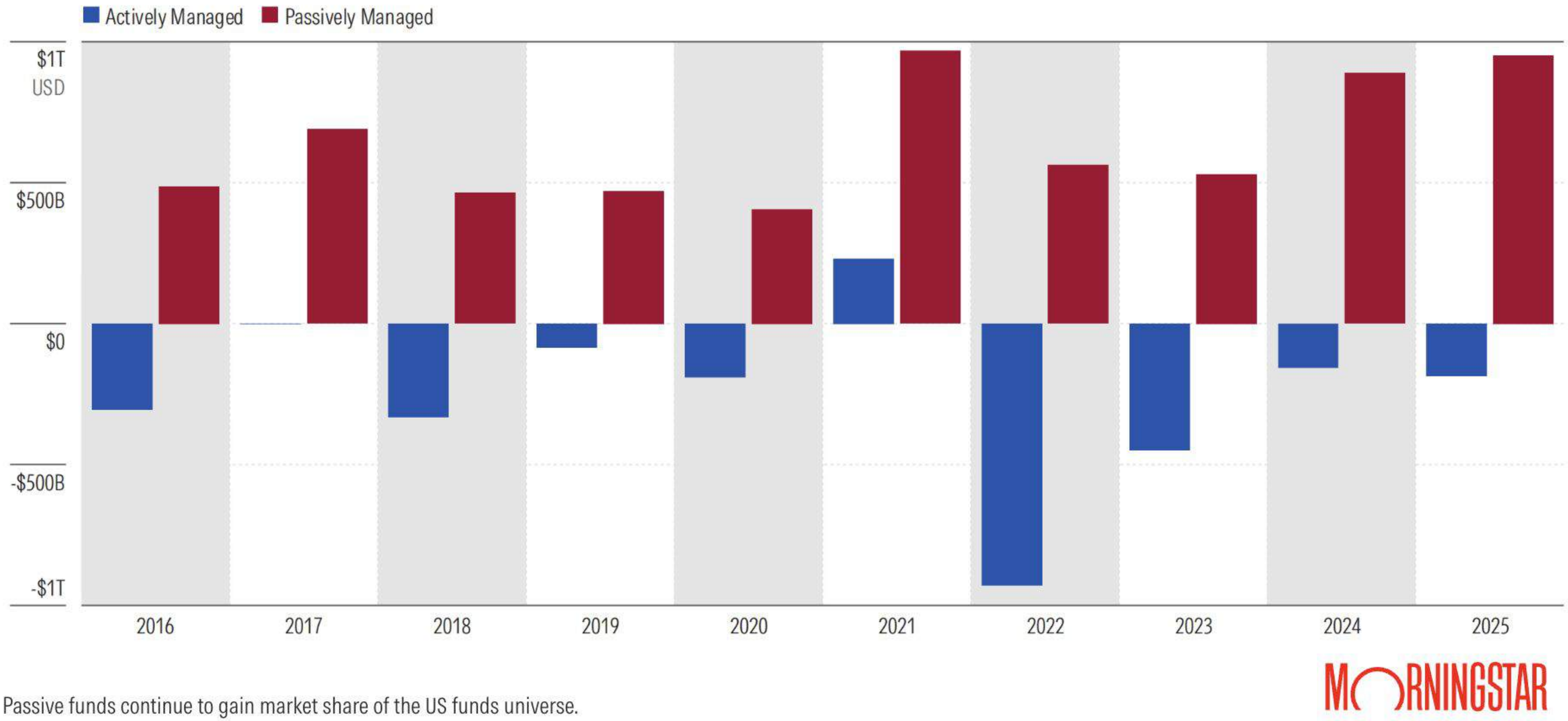

MSCI World NR USD 438,4

Source: Morningstar Direct

# Not worth the selection risk?



# Flows are self fulfilling and drive price




Passive funds continue to gain market share of the US funds universe.

Active vs. Passive Fund Performance: When Do Active Managers Win?

While passive funds dominated in 2025, strong active investing opportunities still exist.

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# Market Efficiency:

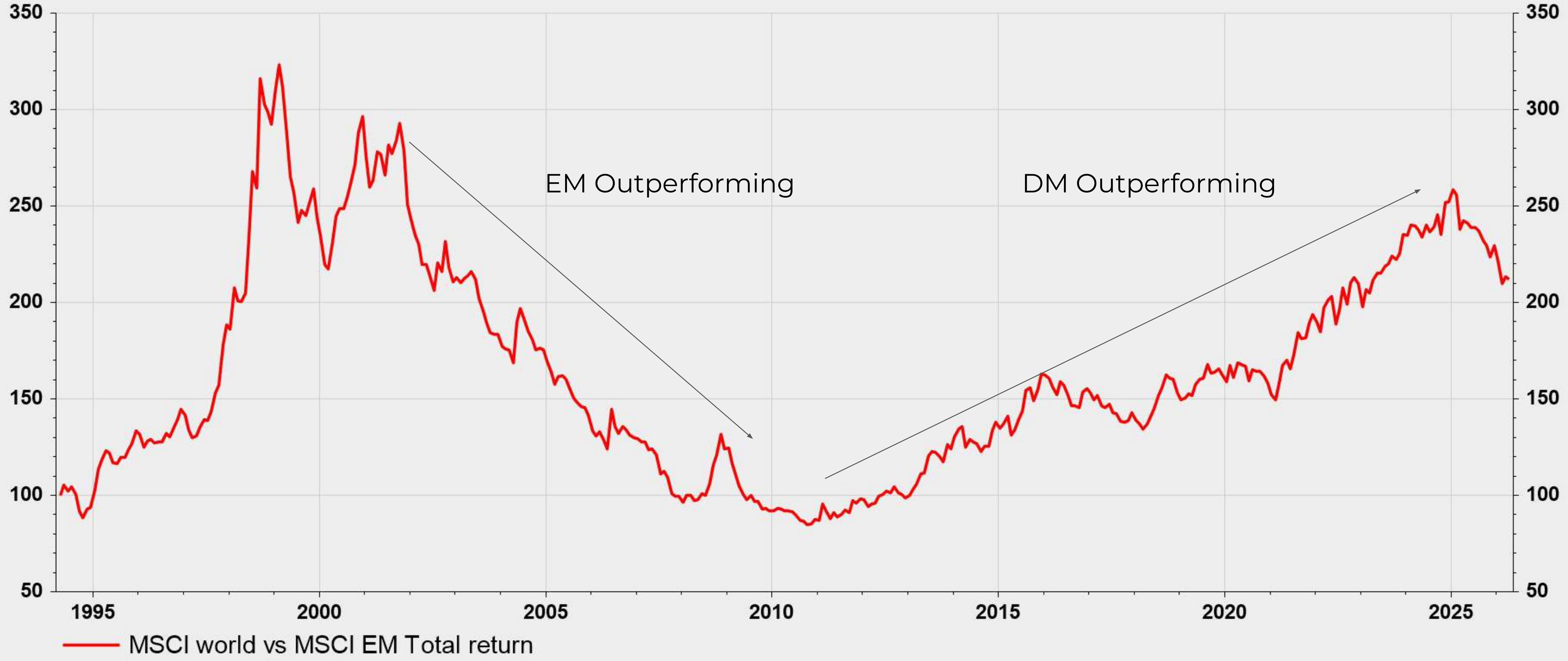
## Finding the mispricing is the easier part

## Patience is the harder part

*End clients / investors / advisors need to understand the market system to be better able to utilise good active managers*

# Cycles can be long - pays to be patient

Developed Markets relative to Emerging Market Performance




Source: LSEG Datastream / Rezco

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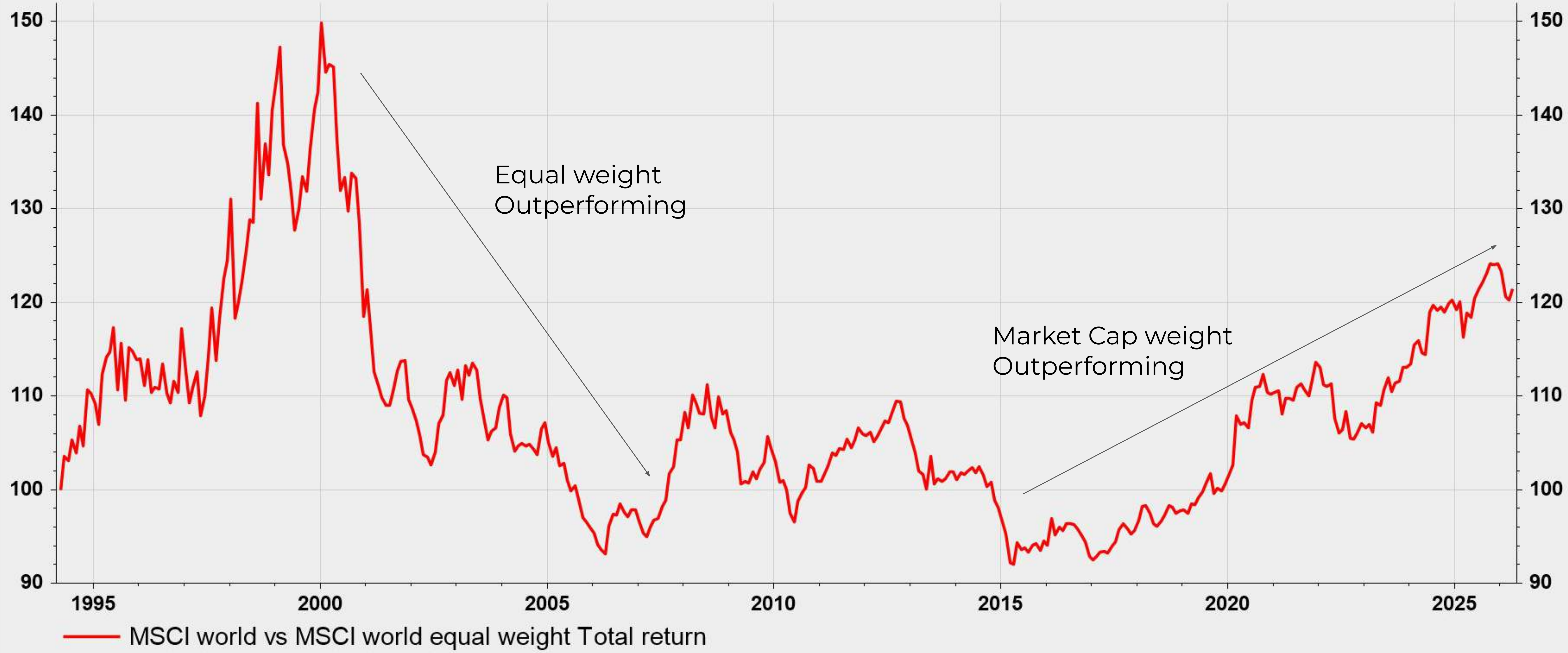
# Cycles can be long - pays to be patient

Market Cap Weight relative to Equal Weight Performance




Source: LSEG Datastream / Rezco

# Cycles can be long - pays to be patient

## Growth Relative to Value Performance


Source: LSEG Datastream / Rezco

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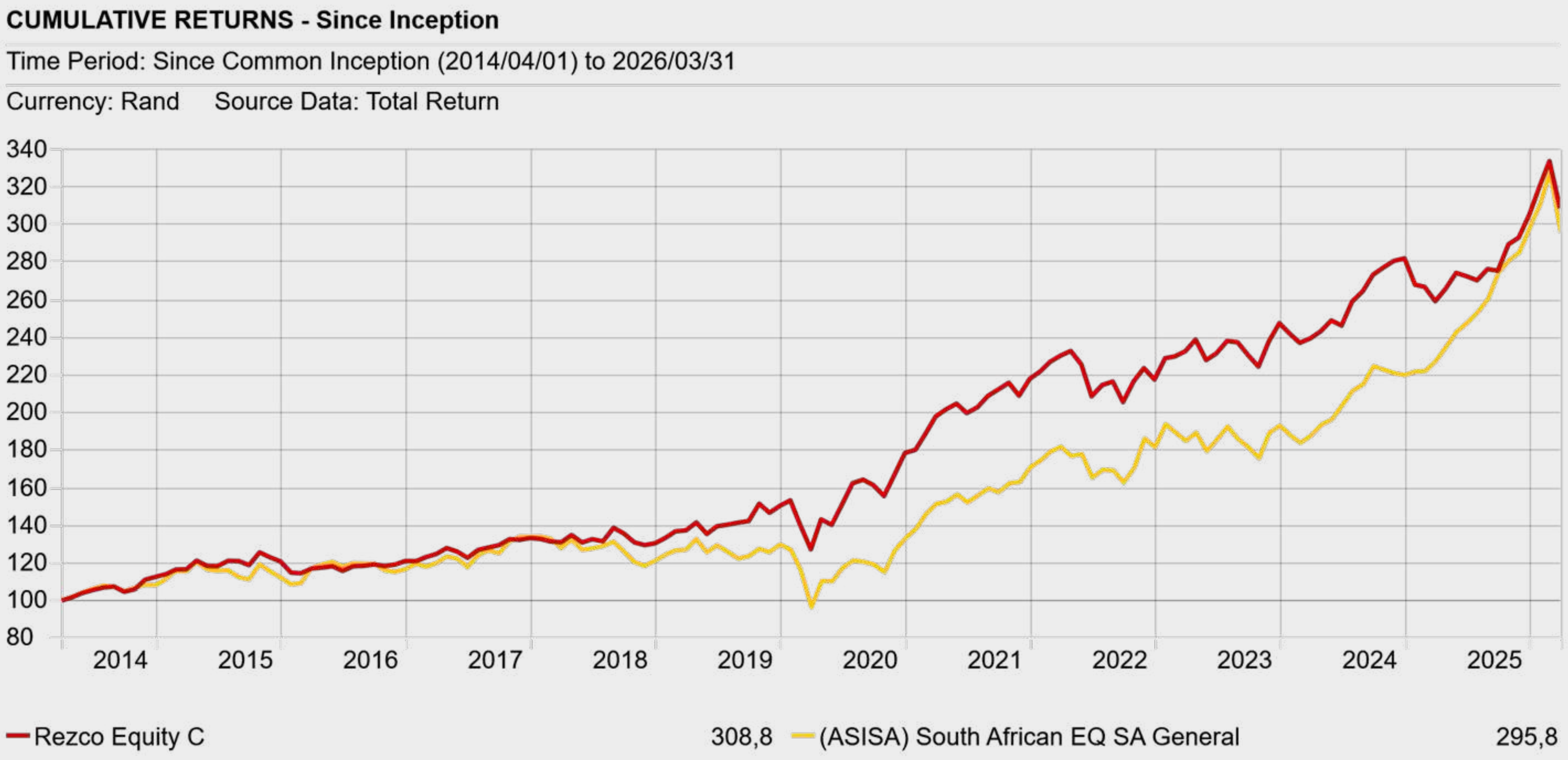
# Rezco SA Equity - going into a good long term cycle

## Long Term Record




Source: Morningstar Direct

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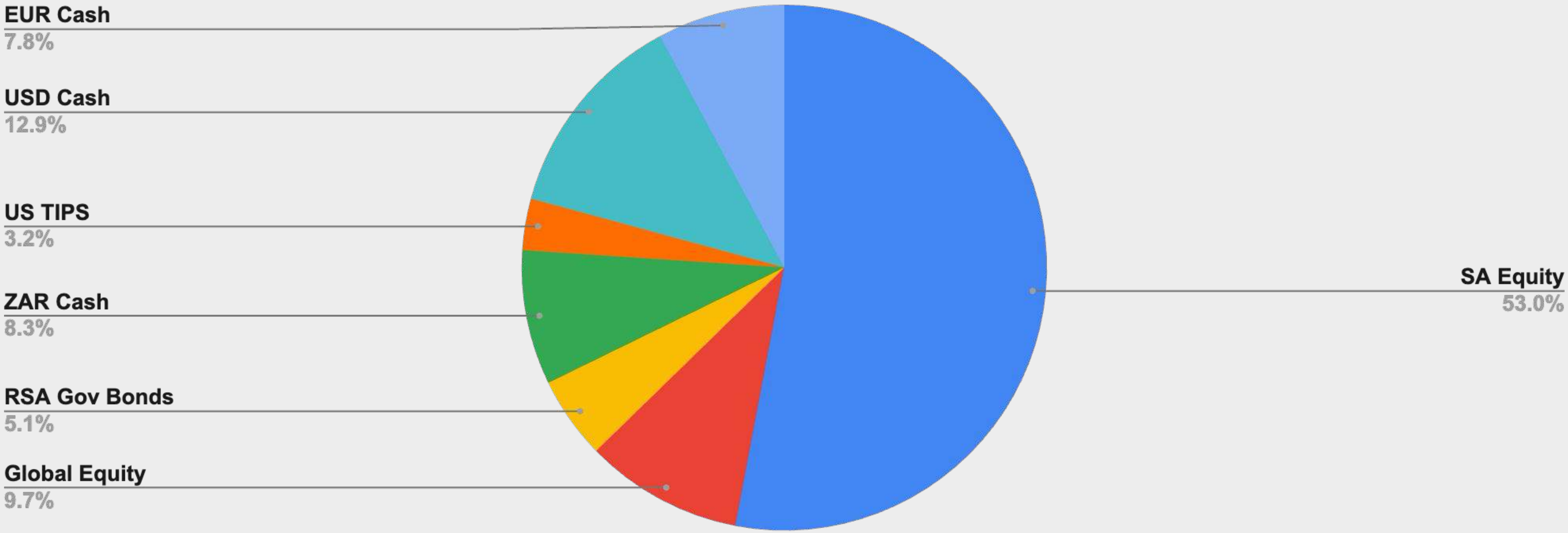
# Zooming out and wrapping up...

The ideas link - portfolio management and stock selection is dynamic and not exact

# Rezco Value Trend

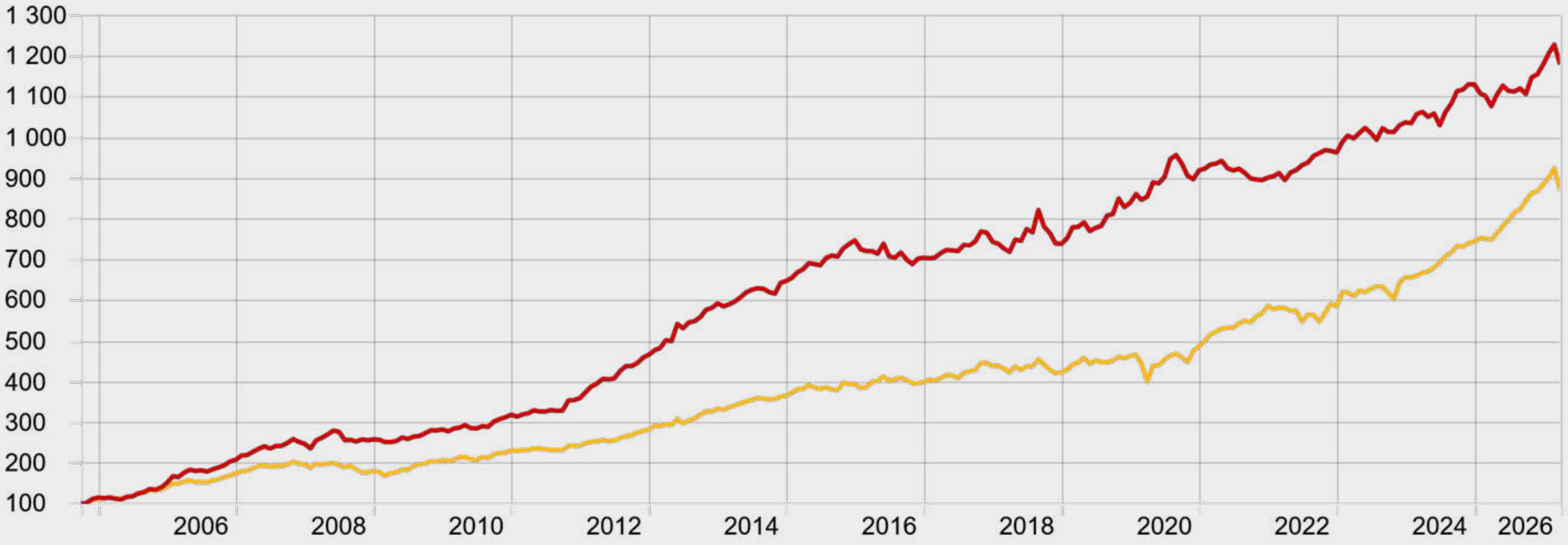


# Why Use Rezco? Tend to do well in tough times and find returns in different places

**CUMULATIVE RETURNS - Since Inception**

Time Period: Since Common Inception (2004/10/01) to 2026/03/31

Currency: Rand Source Data: Total Return




Rezco Value Trend A 1 180,6 (ASISA) South African MA High Equity 871,8

Source: Morningstar Direct

# Thank You

- **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)

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