

REZCO

LIVE WEBINAR

2026 Outlook

Reviewing SA Portfolios:
Tailwinds and Opportunities



4 Feb 2026

Speakers



Rob Spanjaard

Chief Investment Officer

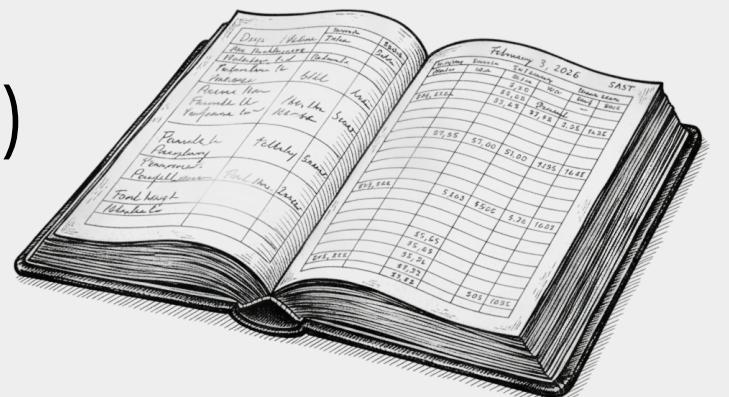


Simon Sylvester

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)



Our October Webinar

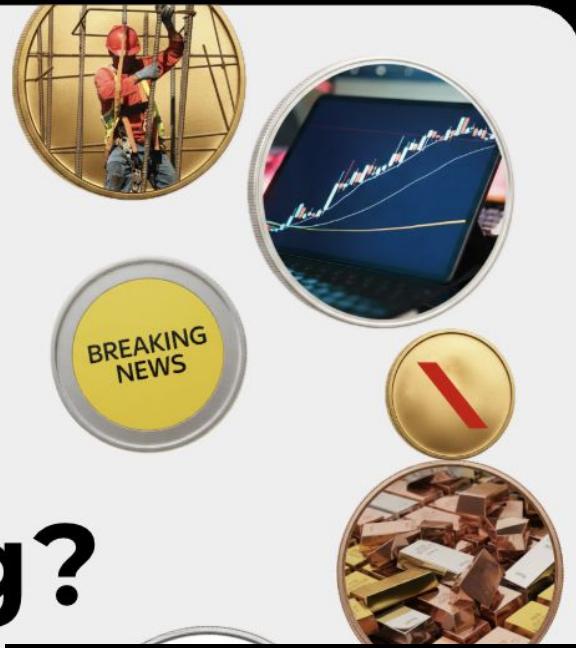
Near peak underperformance we asked?

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LIVE WEBINAR

RSA: Wrong or taking Long?

8 Oct 2025



RSA: Wrong or taking Long?

Sections

- Rezco Funds have underperformed due to RSA & GARP focus
- SA shares are 20%-40% too cheap, set to play catch up, Wound up spring
- Our underlying companies are showing solid growth
- The underlying local economy is slowly improving
- Globally markets are expensive
- There is a shift towards emerging markets including RSA

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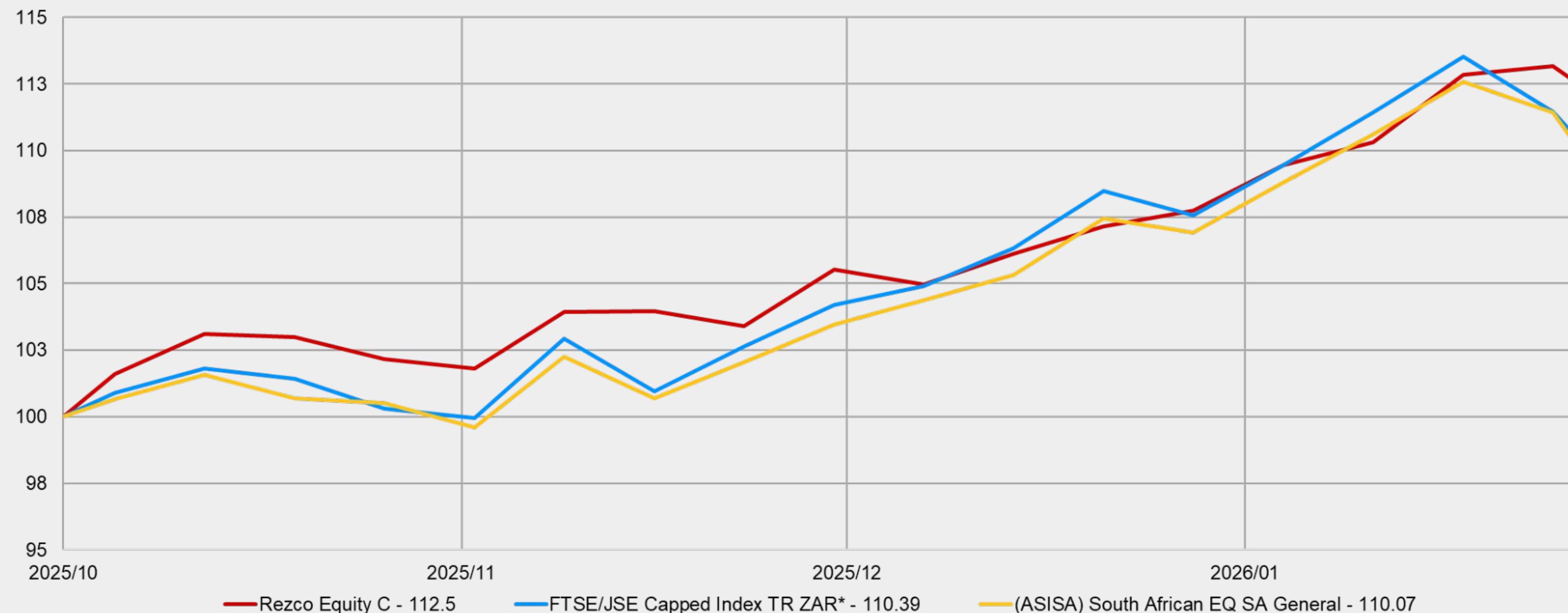
Rezco SA Equity

Performance since the last webinar

CUMULATIVE RETURNS - Since Last Webinar

Time Period: 2025/10/08 to 2026/02/02

Currency: Rand Source Data: Total Return



* FTSE/JSE Capped Index TR =FTSE/JSE Capped SWIX All Share TR until Dec 2025, then merged with FTSE/JSE All Share Capped TR

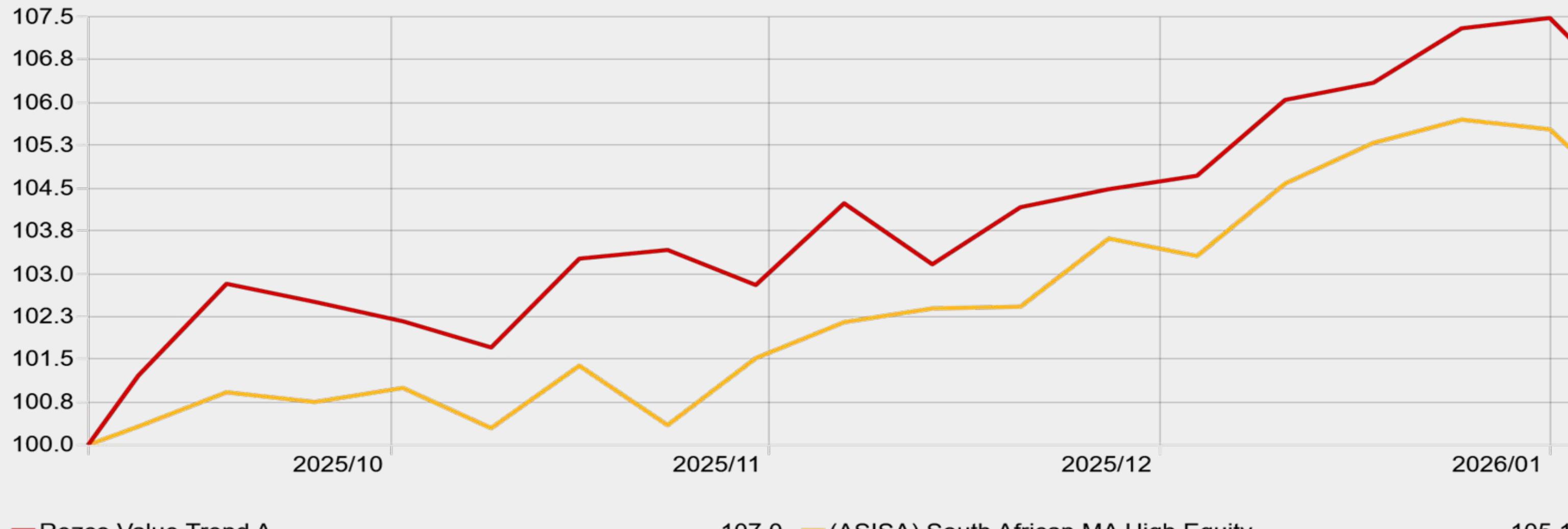
Rezco Value Trend

Performance since the last webinar

CUMULATIVE RETURNS - Since Last Webinar

Time Period: 2025/10/08 to 2026/02/02

Currency: Rand Source Data: Total Return



— Rezco Value Trend A

107.0 — (ASISA) South African MA High Equity

105.1

Source: Morningstar Direct

Cycles can be long - pays to be patient

Developed Markets relative to Emerging Market Equity Performance



Source: LSEG Datastream / Rezco

We have been calling for a long positive SA Inc equity cycle

Given flow to passives, pricing efficiency can be noisy and take longer



Reviewing SA Portfolios

Early stages of a trend

Key Topics

- Market System, mispricing and opportunities
- SA Macro Trends - momentum is building
- SA Company Trends - positive earnings revisions expected
- Portfolio Positioning - buying good companies with tailwinds
- Gold and Precious Metals - Dopamine or Safe Haven?
- Multi-Asset: Is Reg 28 Investment Advice?
- Fund Performance, and how does this link to our philosophy?



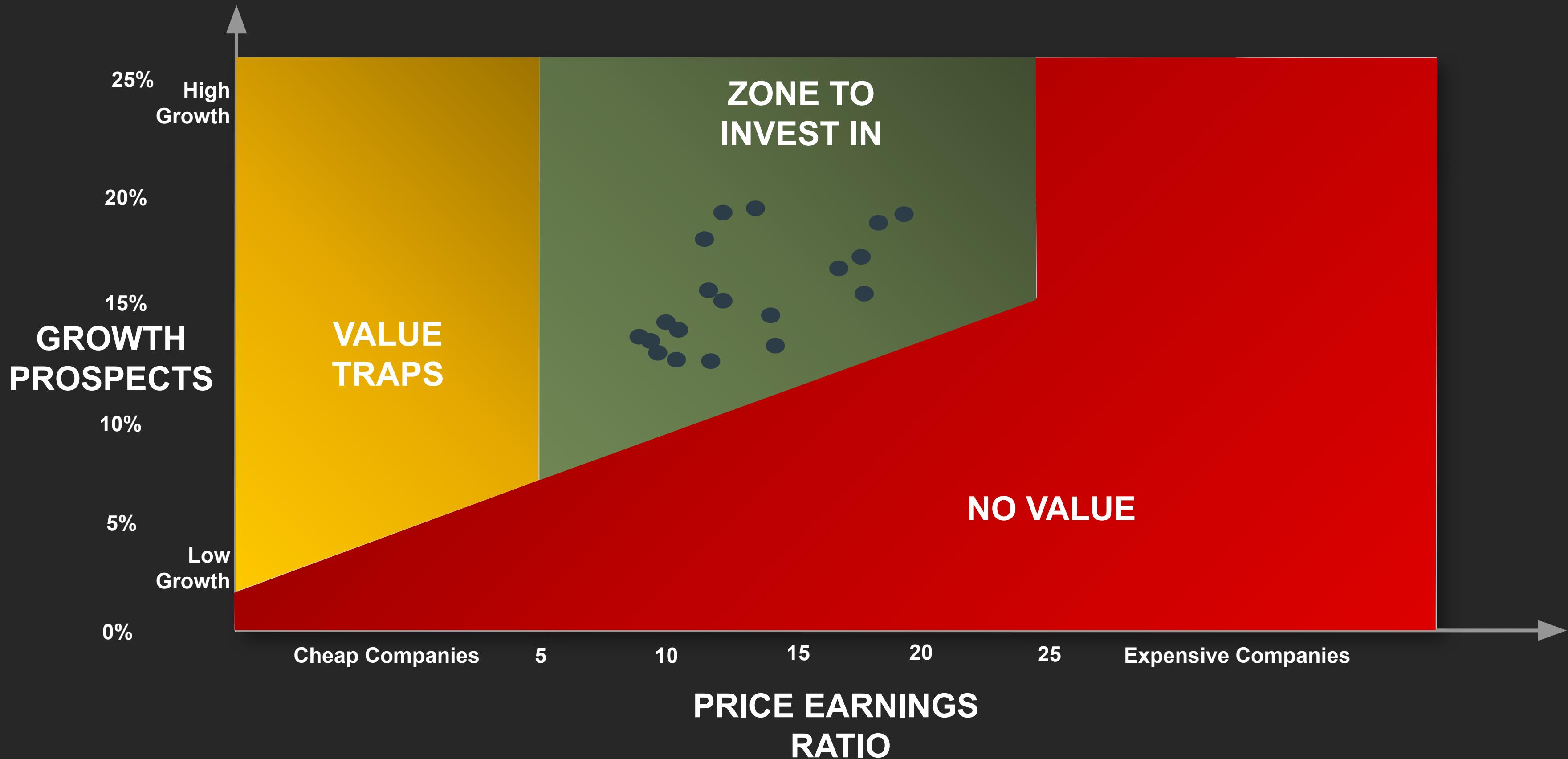
Rezco's philosophy since inception

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



Risk managed and diversified portfolios

REZCO'S INVESTMENT STYLE



The rise of passive pricing

Short term noise, but long term fundamentals win

1970: Efficient Market Hypothesis (Fama)

1974: A Challenge to Judgement (Samuelson)

1976: Vanguard 500 Index Fund (Bogle)

1991: The arithmetic of active management (Sharpe)

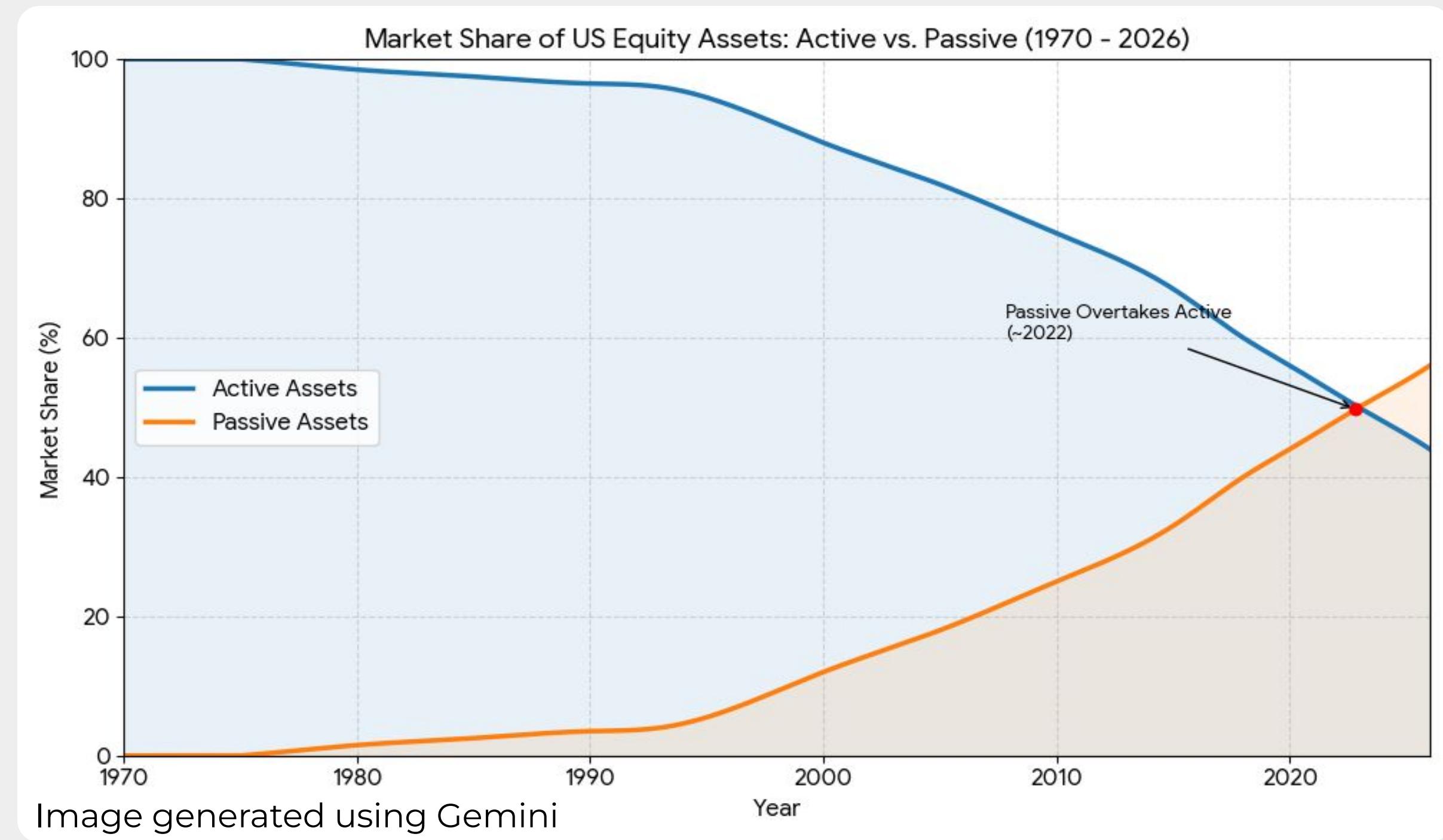
2022/2023: Passive exceed active in the US

The argument for passive leans on:

- Equities are priced efficiently
- Active managers charge very high fees
- The index represents the average of a very diverse set of active managers portfolios

The Market System - Does it Price Efficiently?

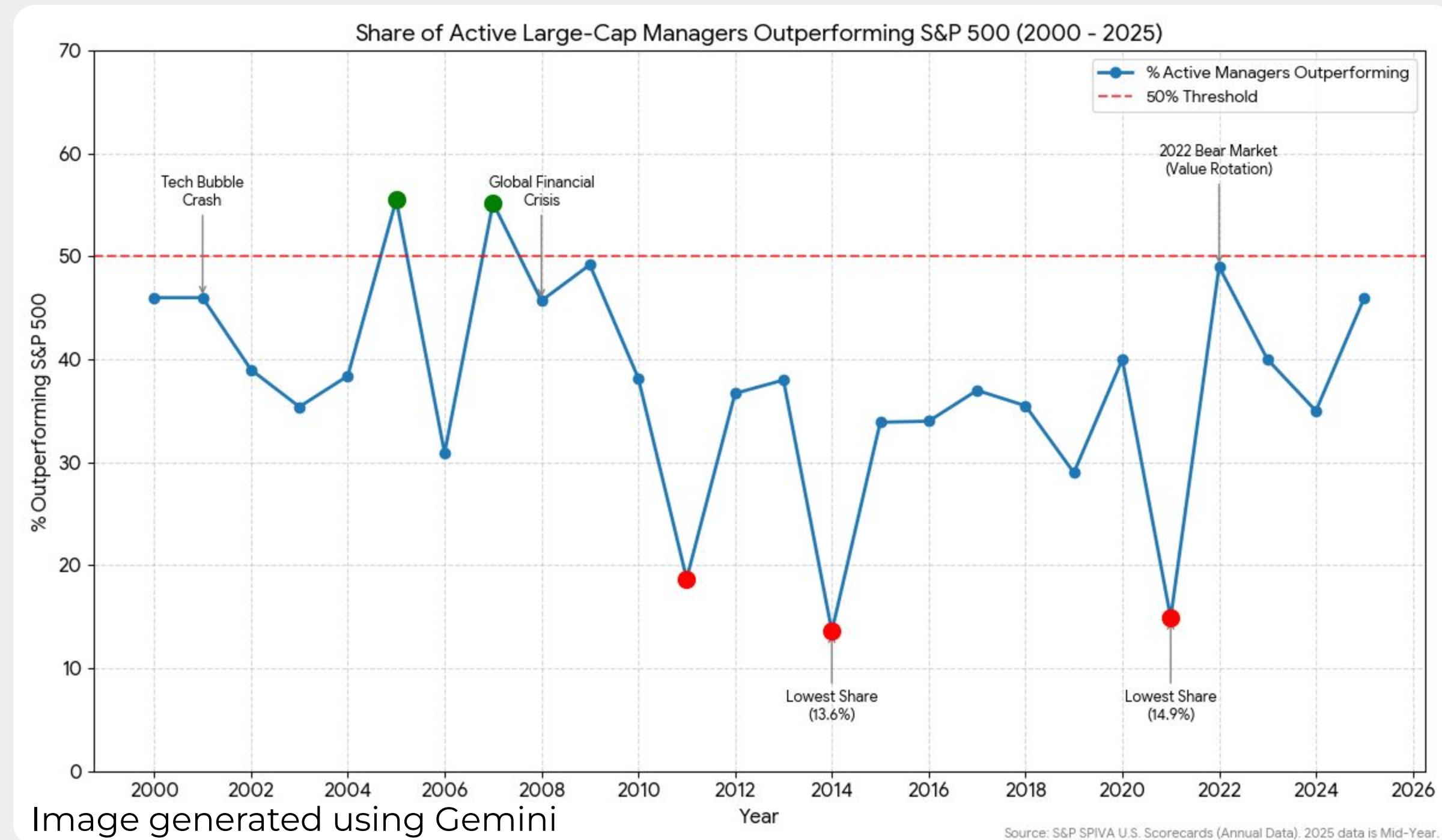
Is there enough active AUM to set prices?



And how many active managers are hugging the index?

The Market System - Does it Price Efficiently?

Losing assets and underperforming - Actives are forced sellers of their stock picks
Gaining assets: Passives are forced buyers regardless of price



Compounds badly over time and excludes additional lost performance from “The Behaviour Gap”

Jakarta Composite Index Crashes 17% on MSCI Review

Indonesia: MSCI Review of Frontier vs Emerging Market



MARKETS & FINANCE | REGULATION

India Cracks Down on Jane Street's Lucrative Derivatives Trades

New York-based trading firm disputes findings that it moved market prices for profit

By [Margot Patrick](#) [Follow](#) and [Anvee Bhutani](#) [Follow](#)

Quick Summary

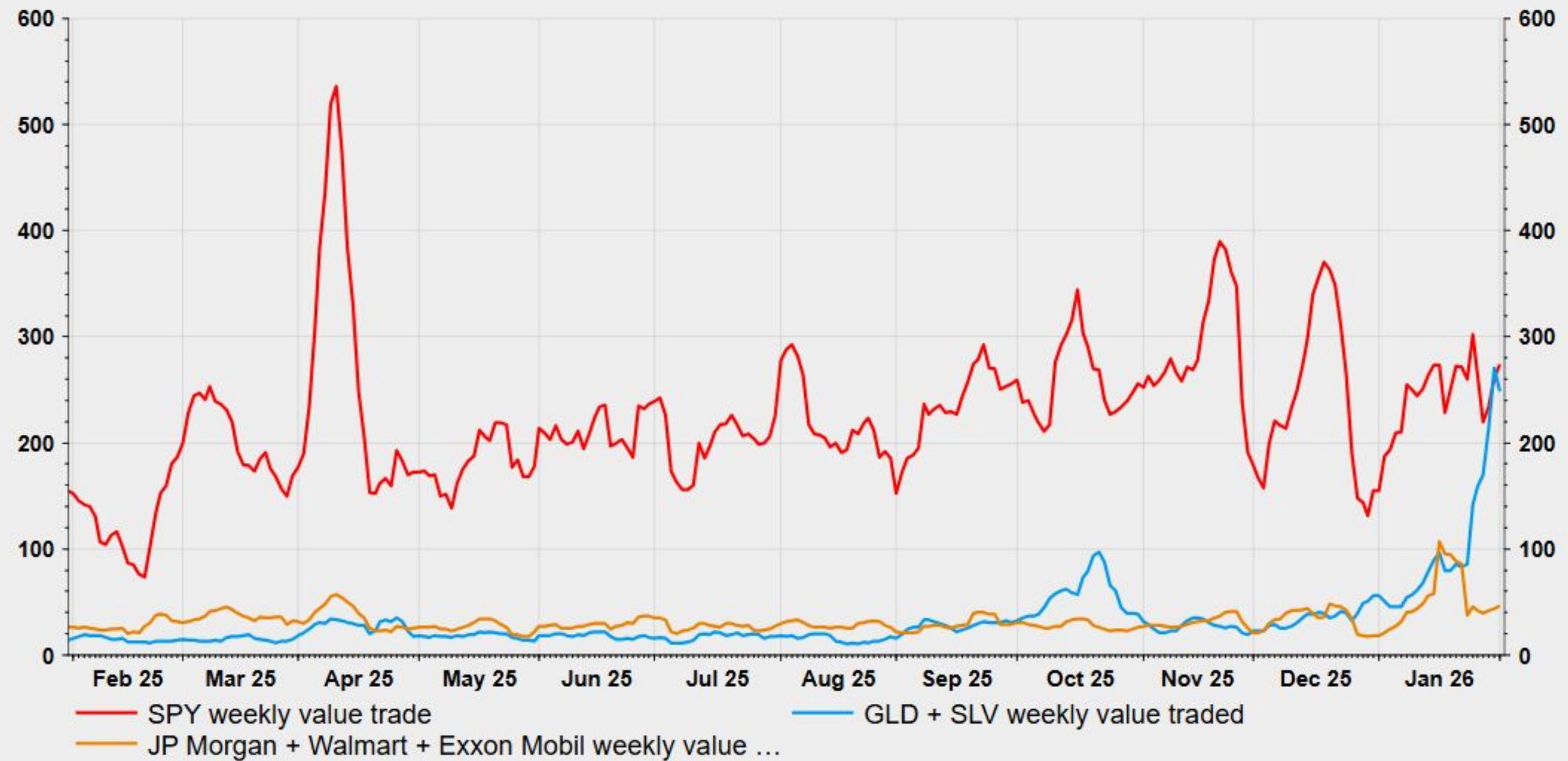
- India barred Jane Street from its financial markets, planning to seize \$570 million from allegedly fraudulent trades.

[View more](#)

India has barred Jane Street from the country's financial markets and said it would seize around \$570 million that the U.S. securities firm made from allegedly fraudulent trades.

USA Gold & Silver ETF Value Traded Matching S&P 500

Precious Metals have become a Casino!



Source: LSEG Datastream / Rezco

South Africa 2026:

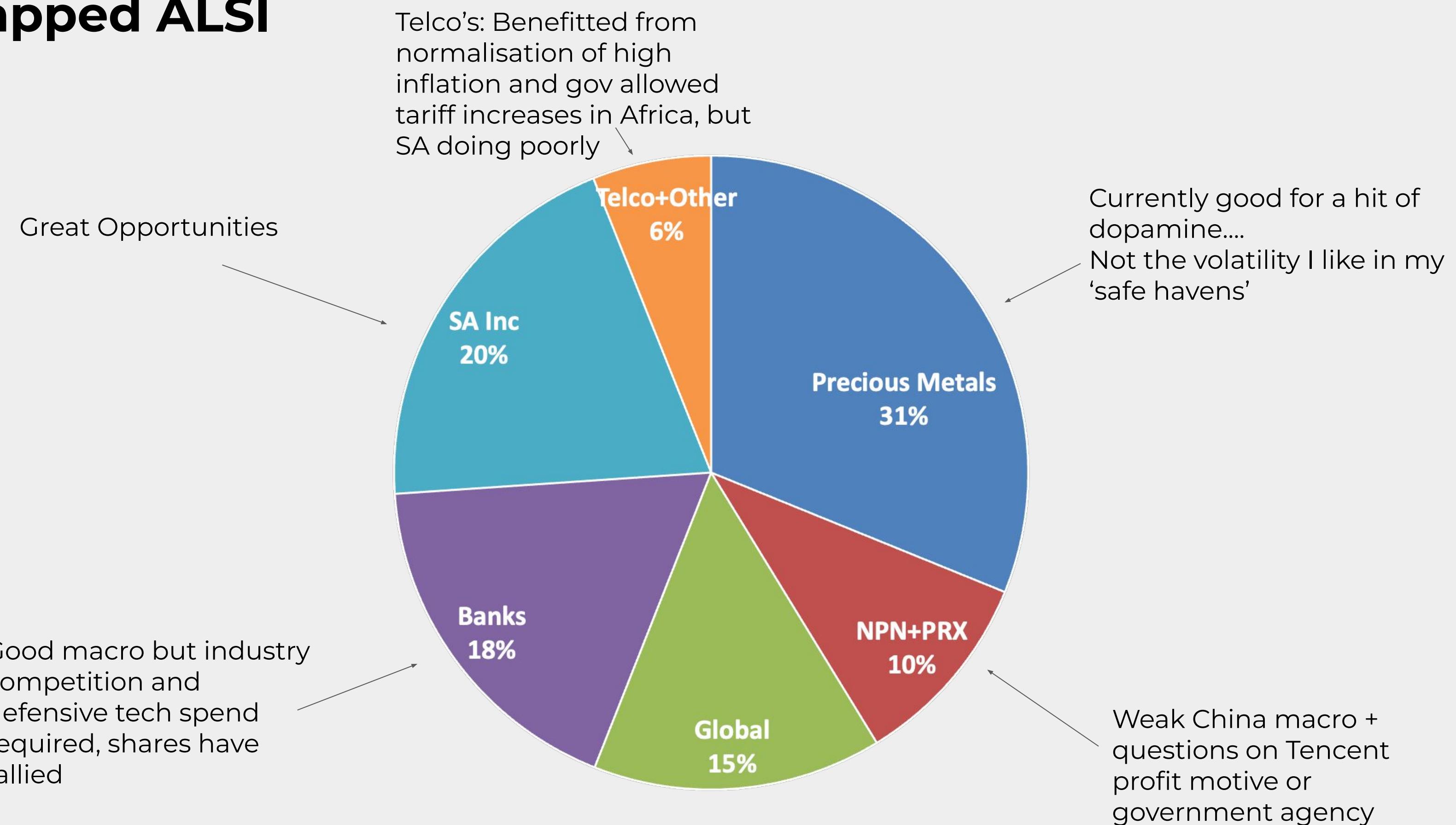
What is ‘the market’ that the average investor holds?

Is this a well diversified and efficiently priced portfolio?

Does it represent a good risk/reward for investors?



Capped ALSI



Passive vs Active in a momentum driven market

What to do as an active manager?

Option 1:

- Drop Fees
- Grow AUM
- Get a bigger team
- Invest in Brand
- Tie in Distribution
- Manage relative performance closely

Option 2:

- Buy underpriced quality companies (fundamentals)
- Manage total risk well - aim for good total returns

Work Hard, Be Humble, Be patient



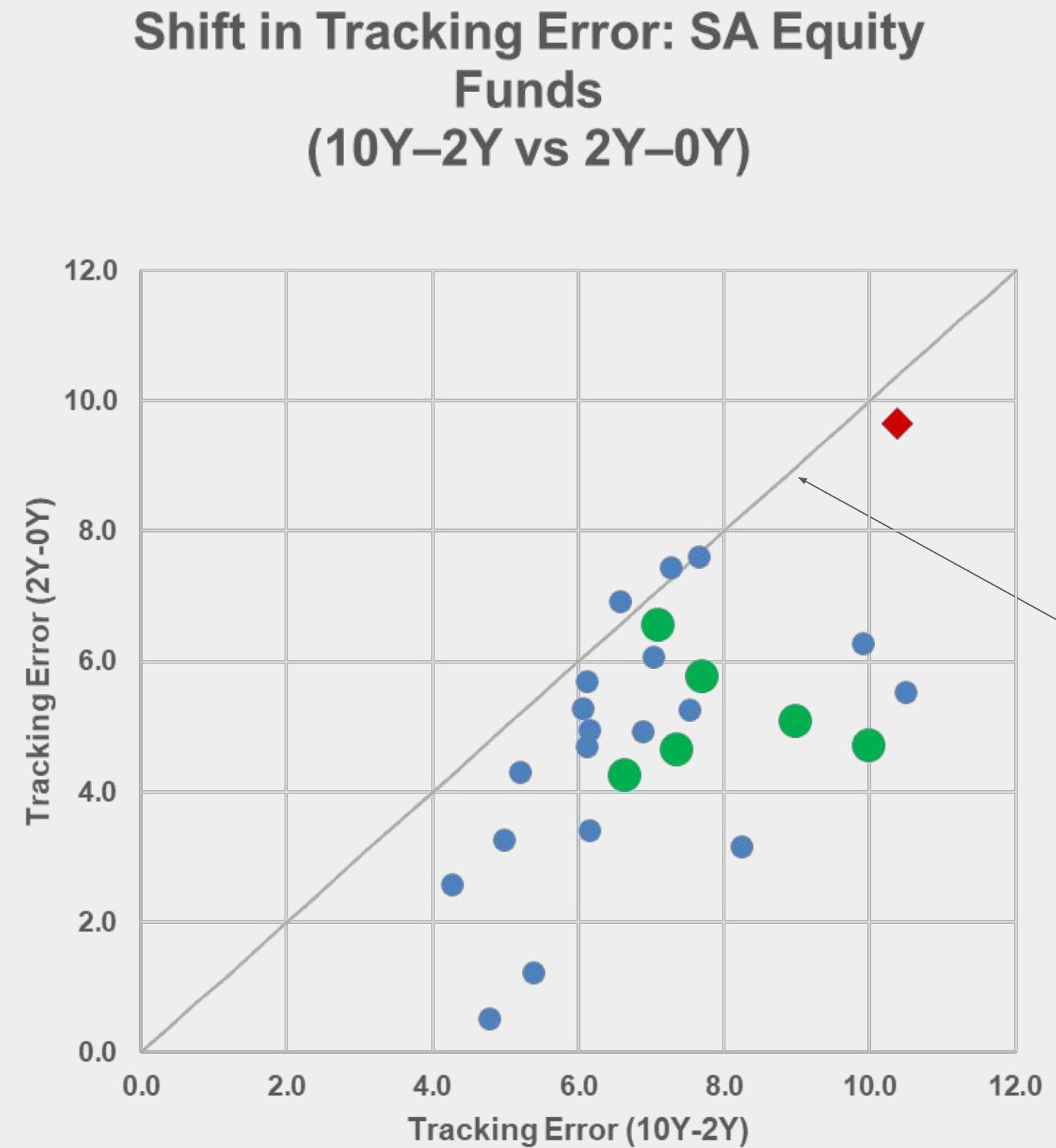
Rezco's philosophy since inception **We are not changing!**

Buy quality companies
with compounding earnings growth
at cheap multiples.



It's tough to do this, but it gets the best returns if you can stay with it

Active Managers in South Africa are becoming less active



*Career Risk vs Client Risk:
Successful managers moved
closer to the index, worked
well for 2025 under extreme
moves in risky shares*

**If you are on this line,
it means you haven't
changed!**

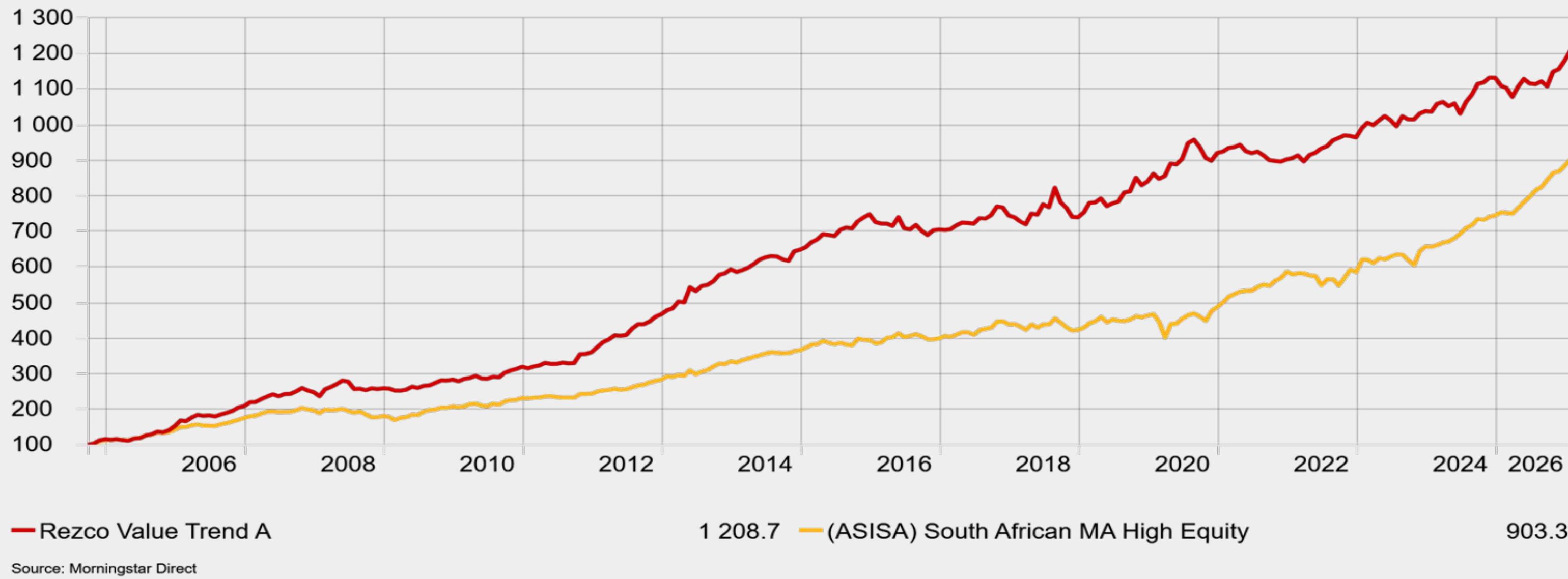
Rezco Value Trend

Long Term Record

CUMULATIVE RETURNS - Since Inception

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

Currency: Rand Source Data: Total Return



Rezco SA Equity

Long Term Record

CUMULATIVE RETURNS - Since Inception

Time Period: Since Common Inception (2014/04/01) to 2026/01/31

Currency: Rand Source Data: Total Return



* FTSE/JSE Capped Index TR =FTSE/JSE Capped SWIX All Share TR until Dec 2025, then merged with FTSE/JSE All Share Capped TR

What we were saying Feb 2025

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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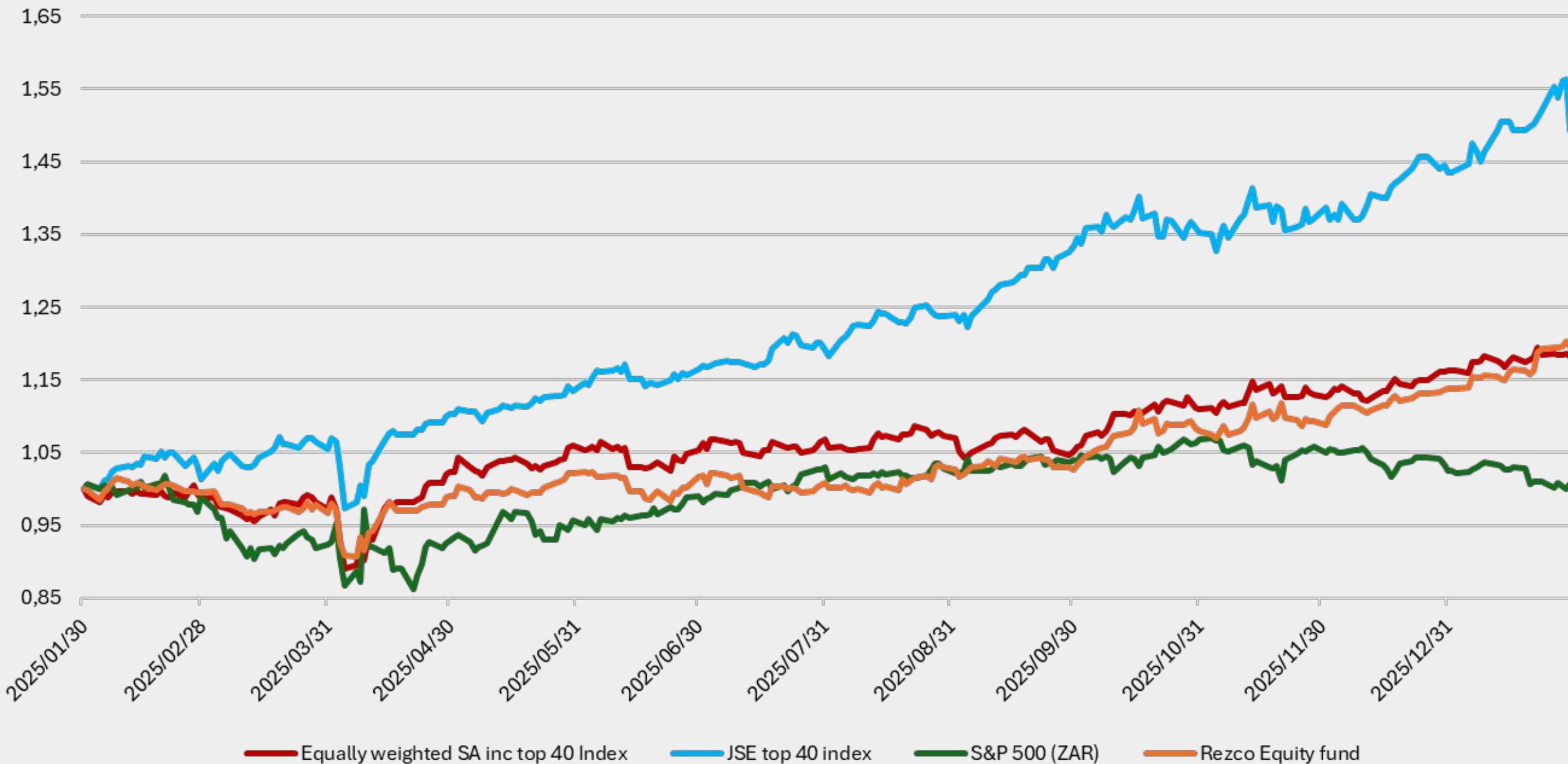
The SA Inc Story

- The next three years heavily favours holding RSA Inc Equity over global equity.
- This is the big opportunity for our clients
- Rezco Multi Asset Funds equity portion look similar to the RSA Equity Fund.
- So some focus on RSA Equity fund

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Rezco Equity underperformance in context

SA Inc Index vs JSE top 40 vs S&P 500 vs Rezco Equity 1 year returns

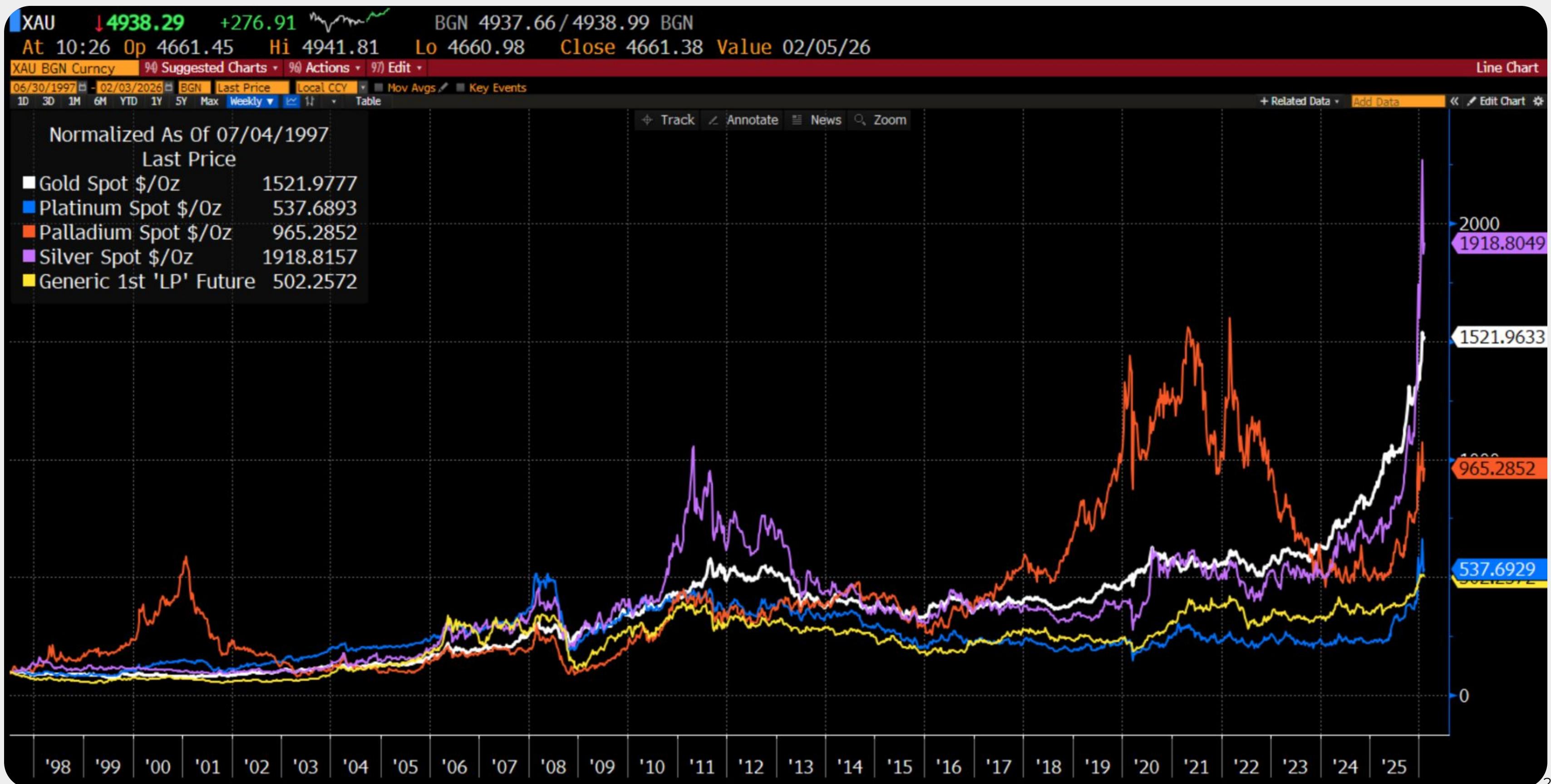


SA Consumer Cyclicals

What we got wrong 2025 - MRP and TFG largest underperformers



This is dangerous



Precious Metal Investing - driven by emotion (gambling) and index chasing: we are sitting out

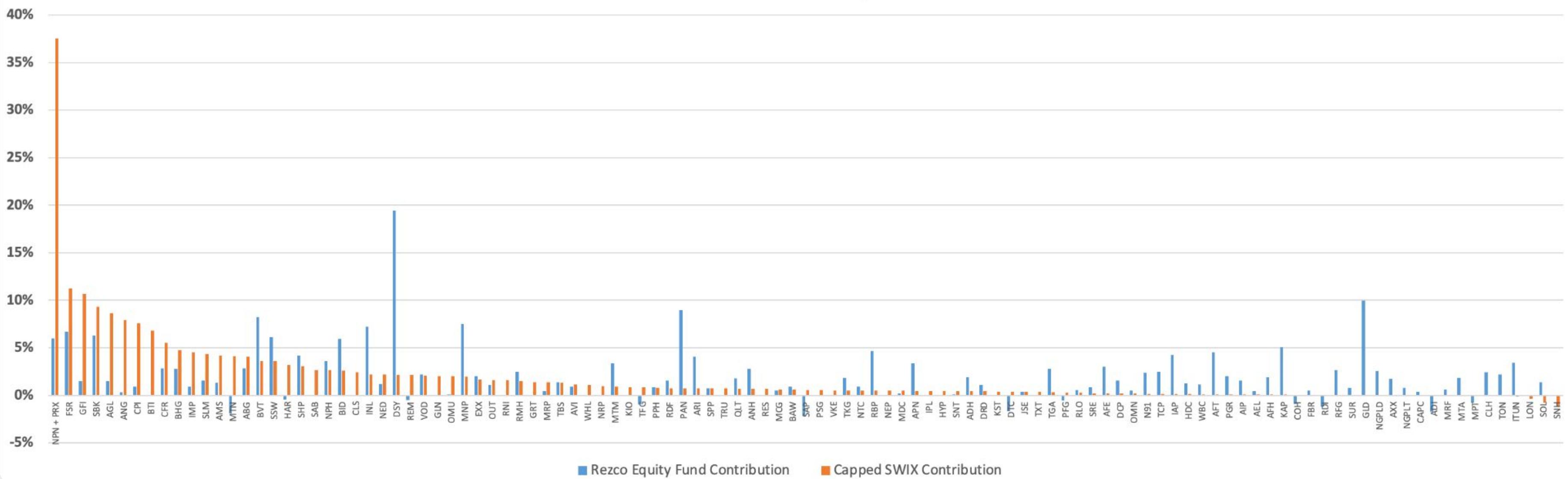


| | Max Drawdown (Intraday) |
|-------------|-------------------------|
| Gold Fields | -28.62% |
| Anglogold | -32.48% |
| Harmony | -26.56% |
| Valterra | -32.80% |
| Northam | -28.41% |
| Implats | -29.47% |
| Gold | -21.14% |
| Silver | -40.55% |
| Platinum | -32.29% |
| Palladium | -26.08% |

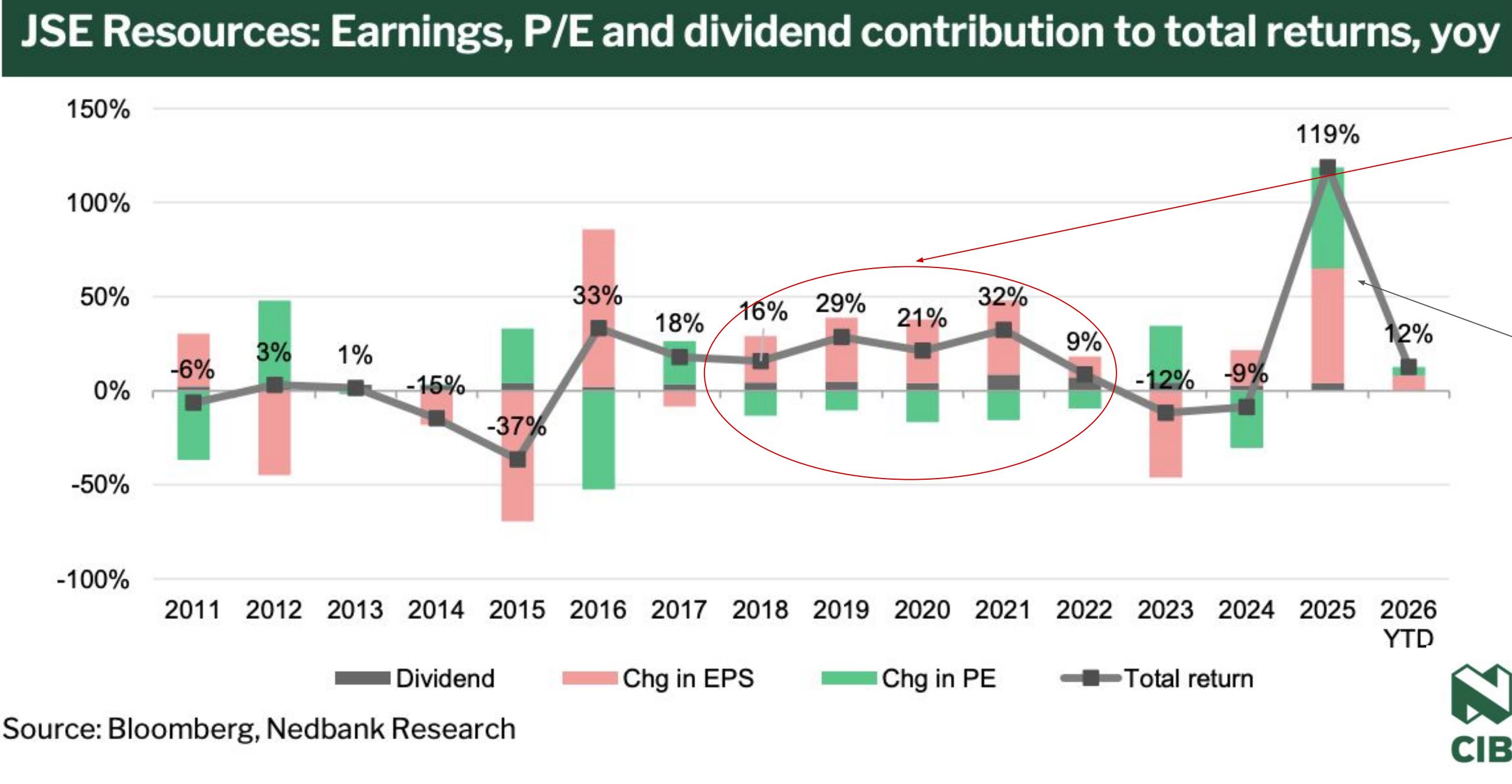
Rezco Equity: Different Sources of Return vs Index

Good Track Record in Precious Metals

Distribution of Portfolio Contribution by Share: 2014 to 2025



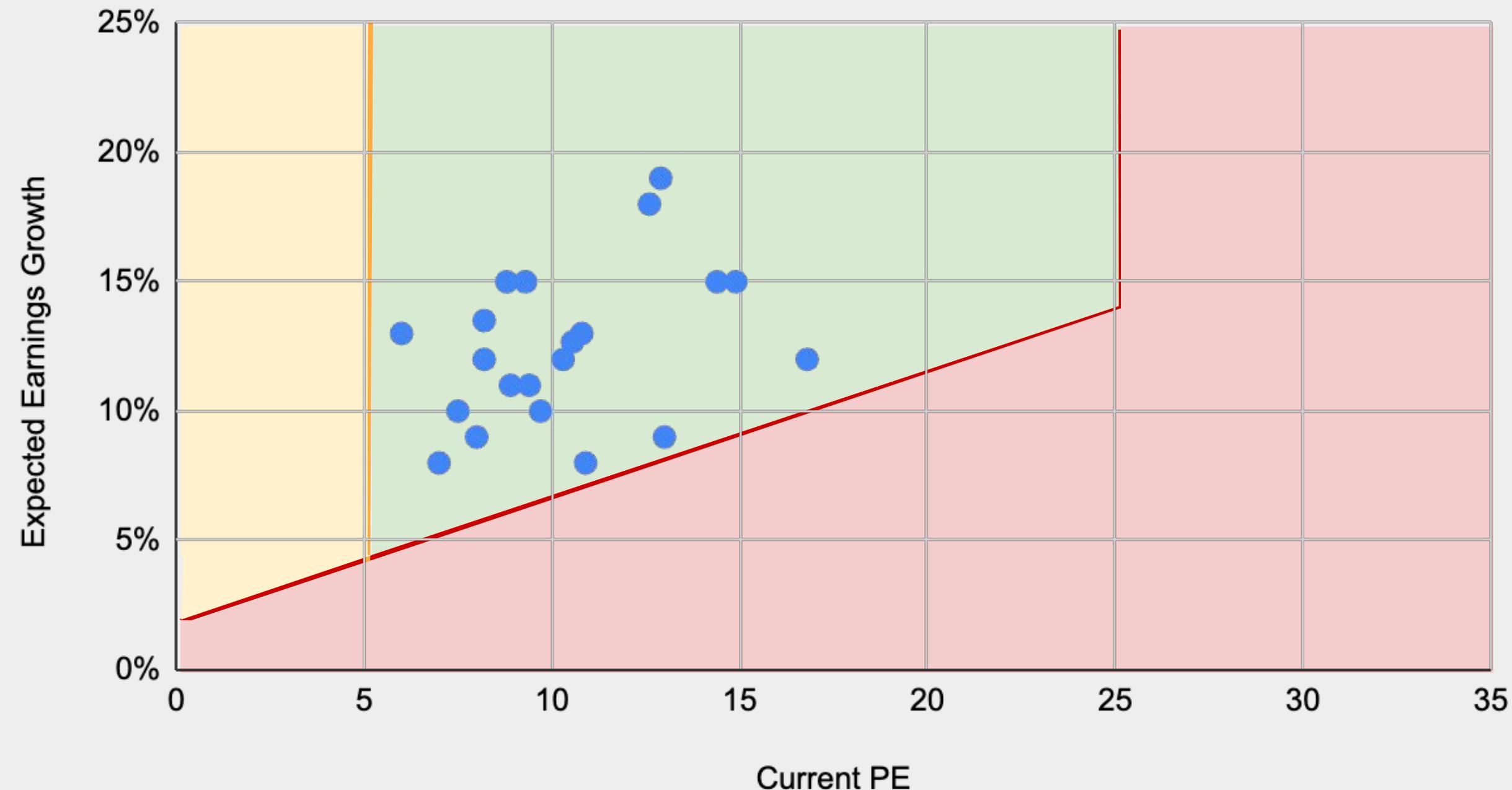
Why didn't we own precious in this cycle: Depends on the cycle and drivers



Zone to Invest

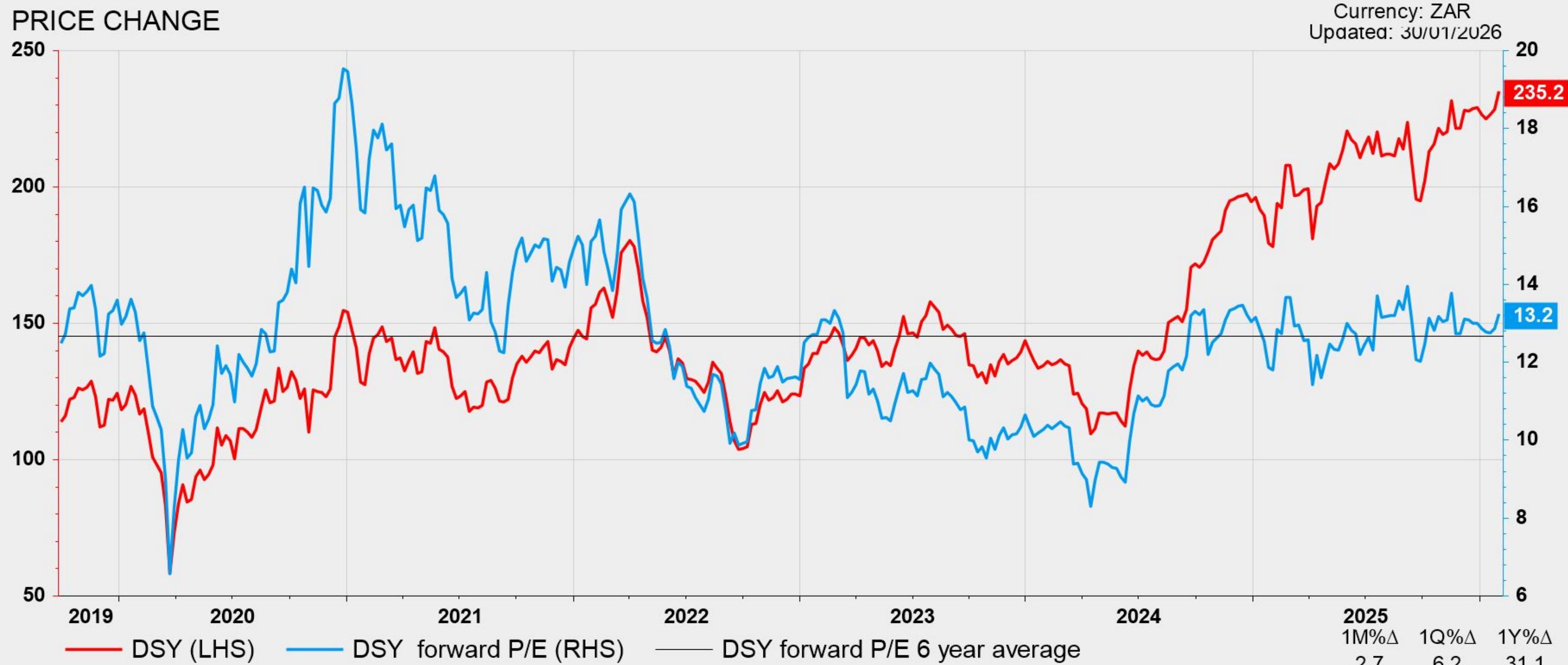
Rezco Equity Fund - Full Portfolio

Expected Earnings Growth vs Current PE



Good GARP shares can rally without getting expensive

DSY.J.J



Source: LSEG Datastream / Rezco

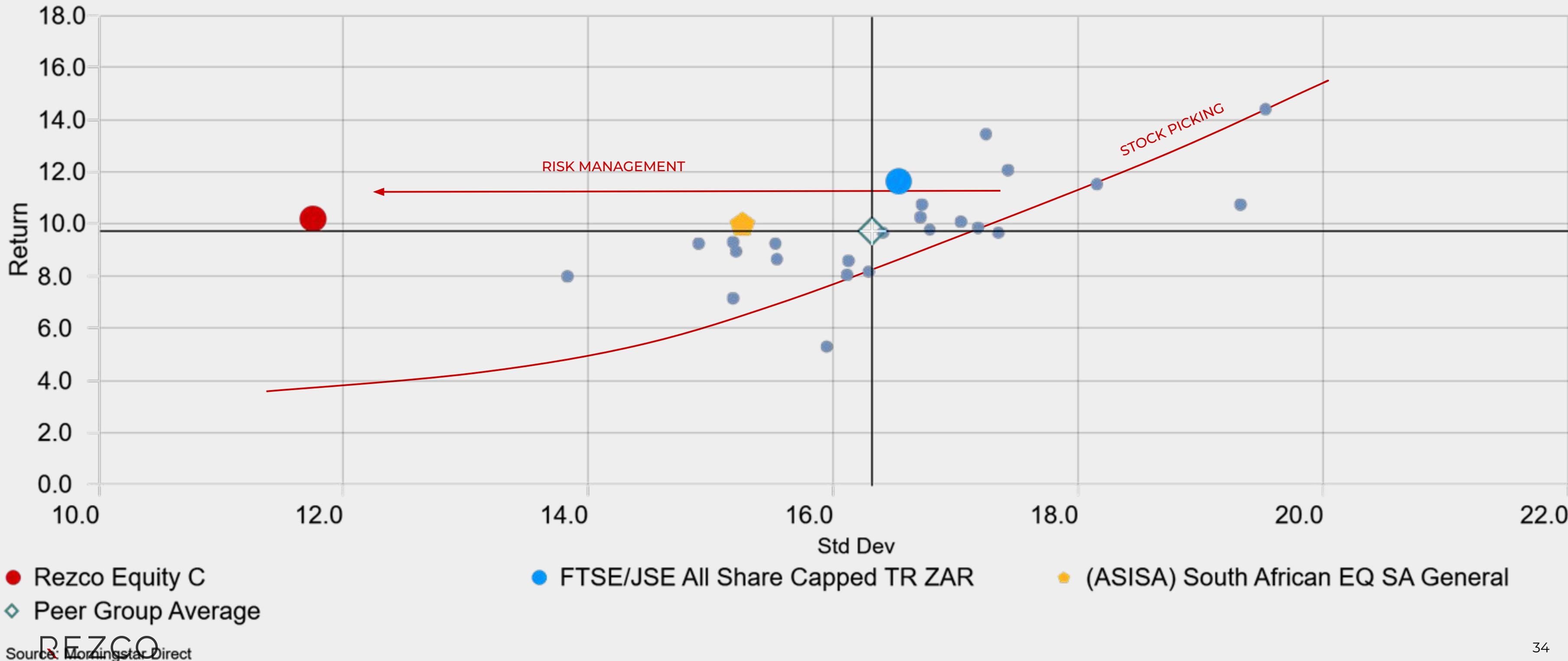
REZCO

Equity Fund: Return vs Volatility

RISK-RETURN PROFILE

Time Period: Since Common Inception (2014/04/06) to 2026/01/24

Peer Group (1-100%): Fund Comp - (ASISA) South African EQ SA General Currency: Rand Source Data: Total, Weekly Return Calculation Benchmark: FTSE/JSE All Share Capped TR ZAR



Our View

Based on company fundamentals, macro drivers, risk management

NOT

Momentum, Size, Benchmark Weight

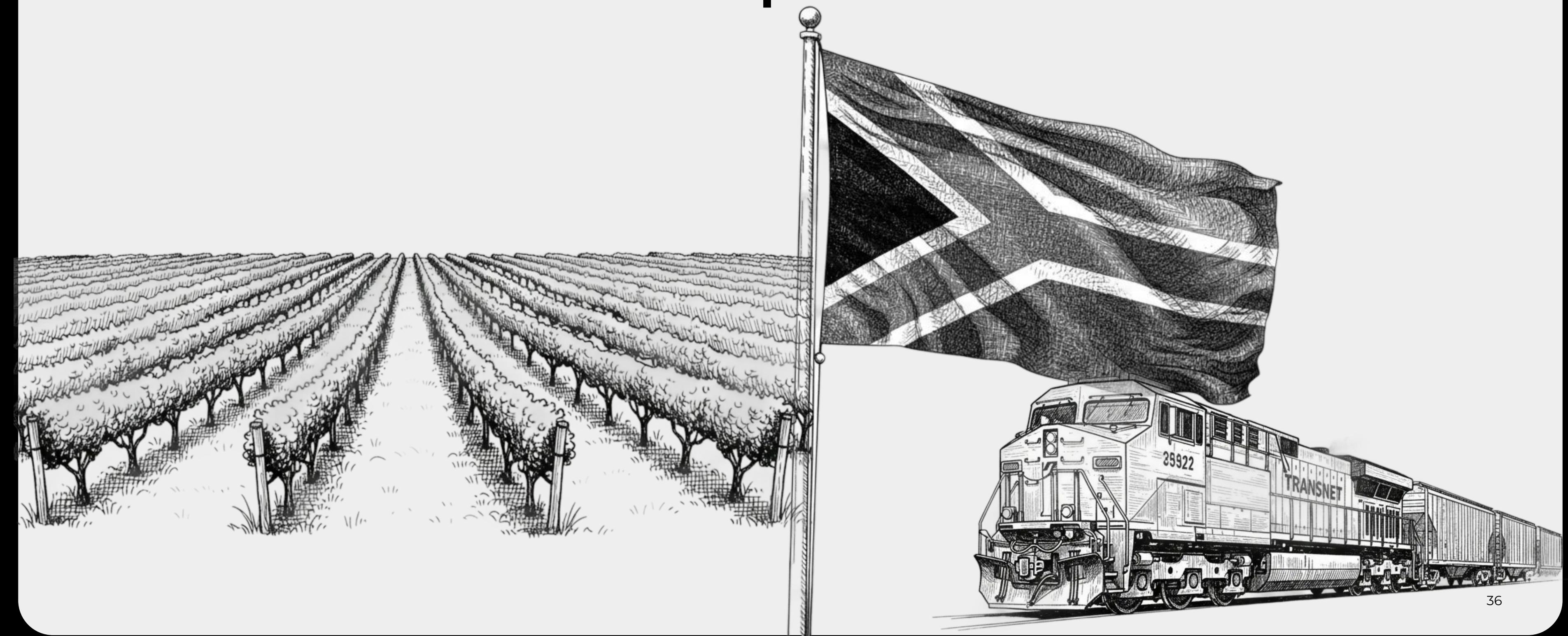
Currently:

1. SA Macro best in 15 years and comparable to the 2004-2007 period
2. SA Inc is cheap and neglected
3. The 'surviving' good SA companies have strengthened through a very tough decade

Not a good time to buy the index (global or local)

SA Economy

The tailwinds for our companies



RSA Country Risk: Long Term Yield Spread

Market Price of SA Macro and Political Risk



Rand Exchange Rate

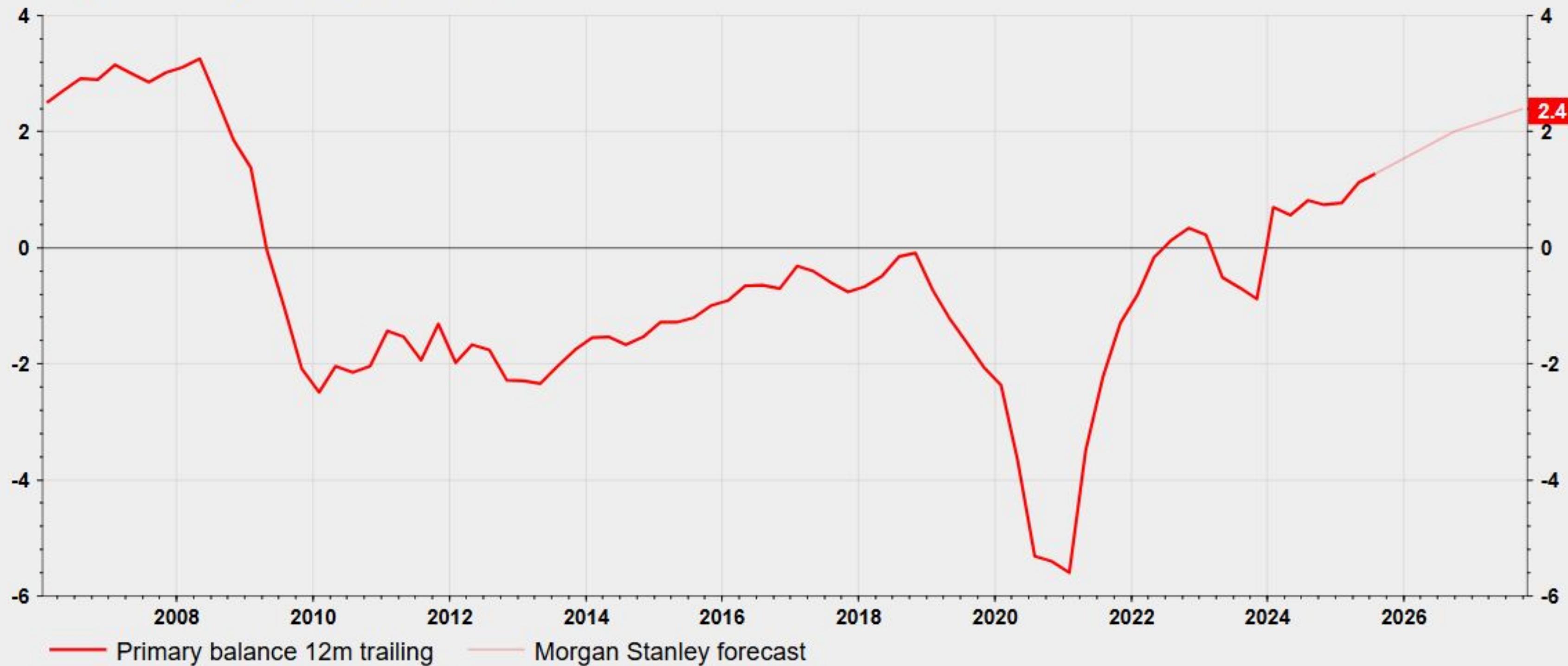
Rand should strengthen more in 2026

ZAR/USD PPP Using CPI



Fiscal austerity by cutting waste not growth

SA primary as % of GDP



Source: LSEG Datastream / Rezco

SA Balance Sheet is Strengthening

High precious metals prices flows through to the whole country

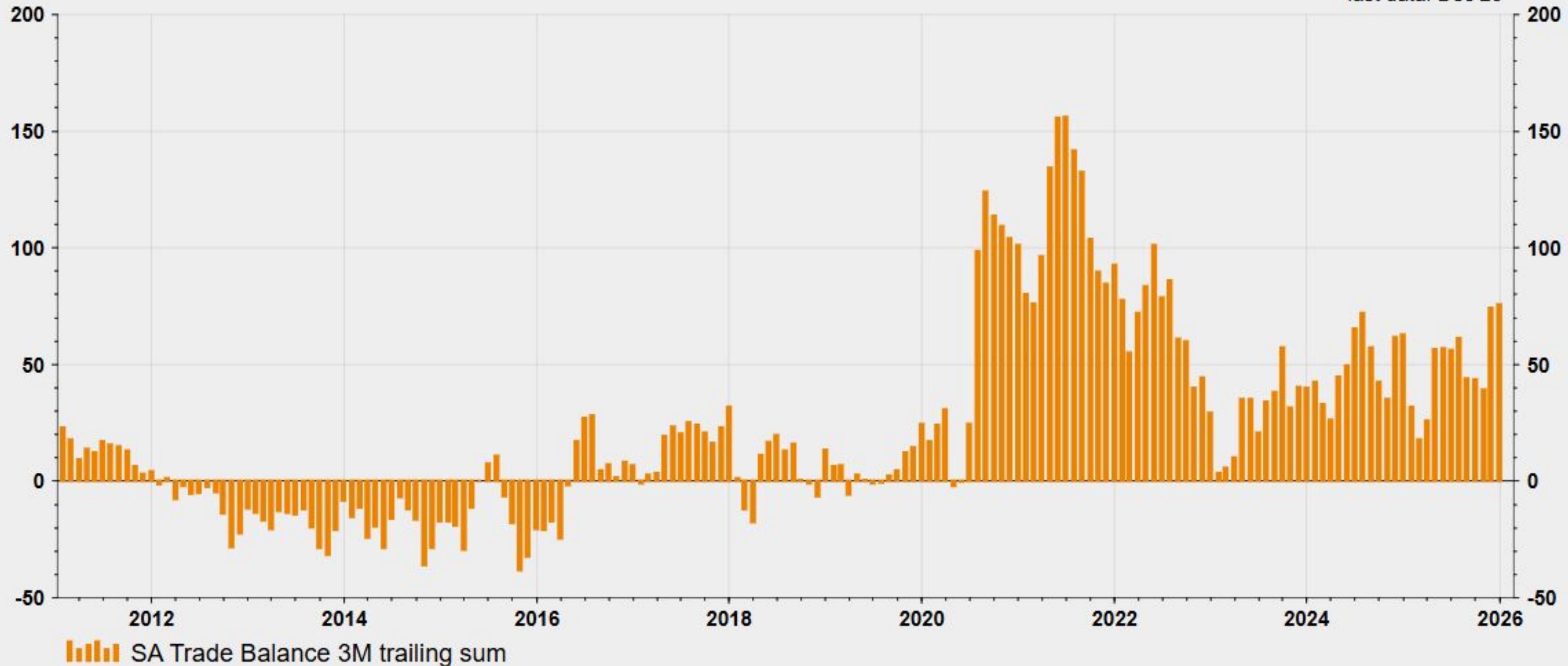
Value of South African Gold Reserves - ZARm



Structural Improvement

SA Trade Balance Trends (R Bn)

updated: Feb 26
last data: Dec 25



Source: LSEG Datastream / Rezco

OPINION

DUNCAN PIETERSE: South Africa's debt stabilisation marks a fiscal turning point

Budget reforms, primary surpluses and efficiency drives strengthen credibility and support growth

January 26, 2026 at 05:00 am



World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ Commentary ▾ Technology ▾ Investigations More ▾

S&P upgrades South Africa for first time in nearly 20 years as reforms gain traction

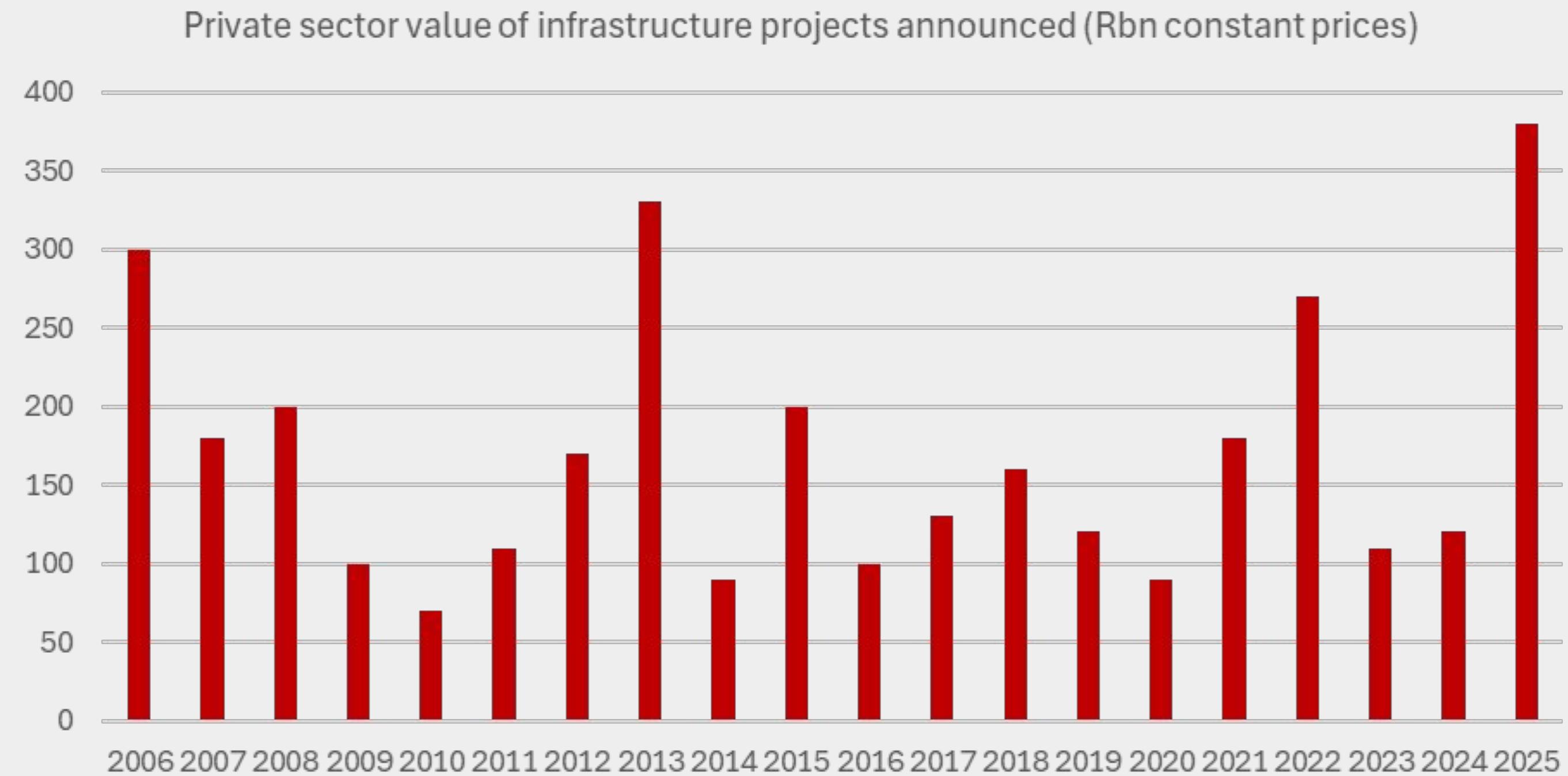
By Reuters

November 15, 2025 12:35 AM GMT+2 · Updated November 15, 2025



Confidence leads to investment (slowly)

And government are talking about R1tn infrastructure plans



Source: Nedbank Capital Expenditure Project Listing

Interest Rates

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

SOUTH AFRICAN RATES

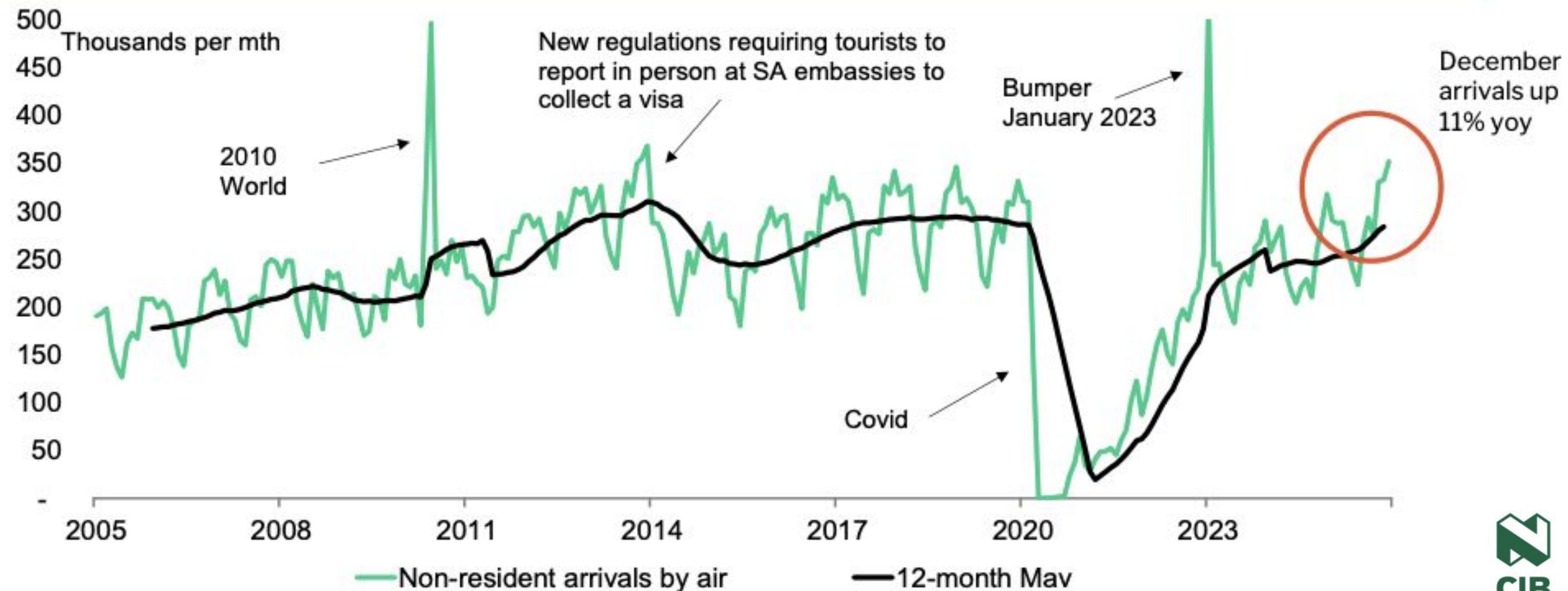


Source: LSEG Datastream / Rezco

Tourism continues to build

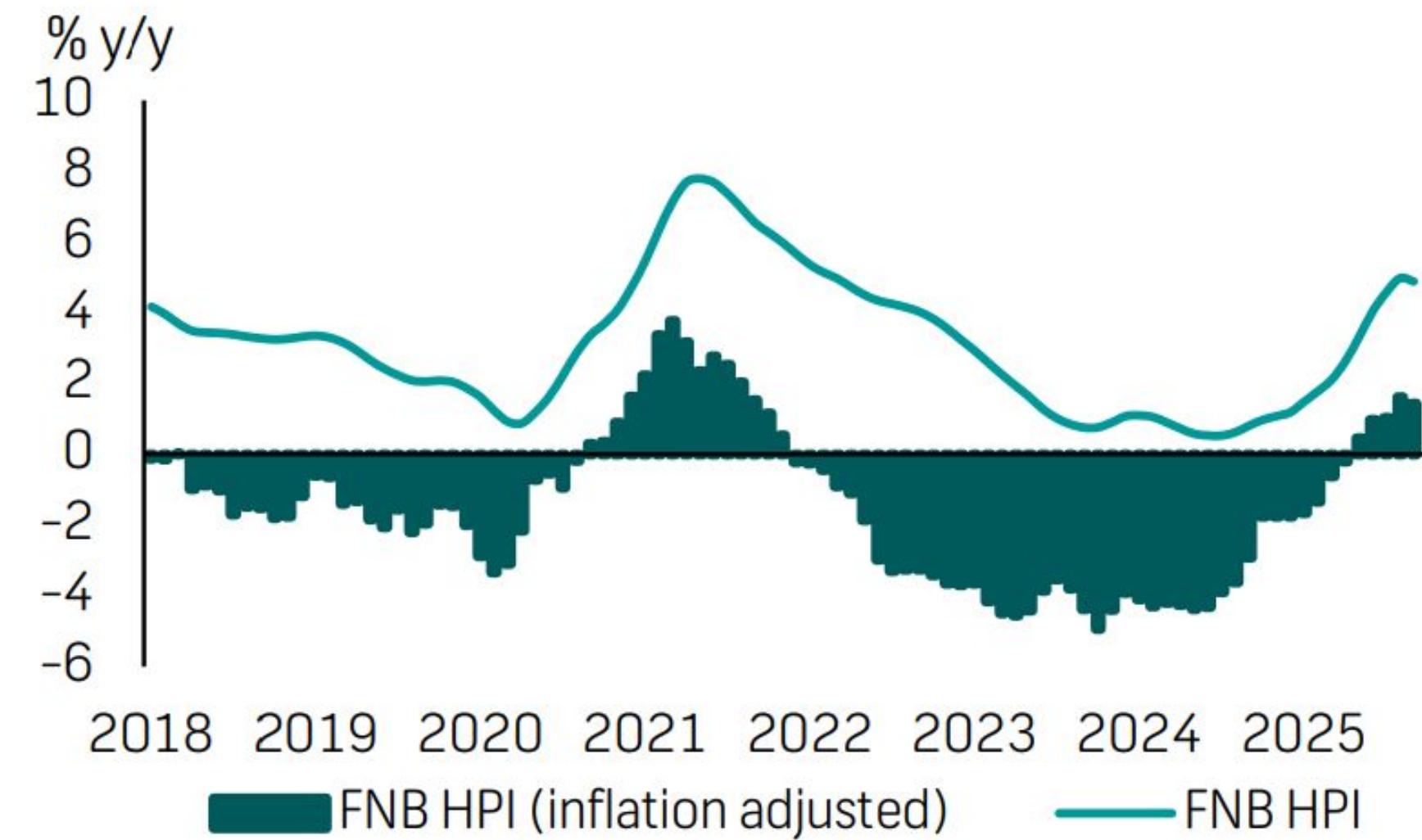
And attracting investment - Club Med opening soon

Air passenger arrivals into SA (non-residents)



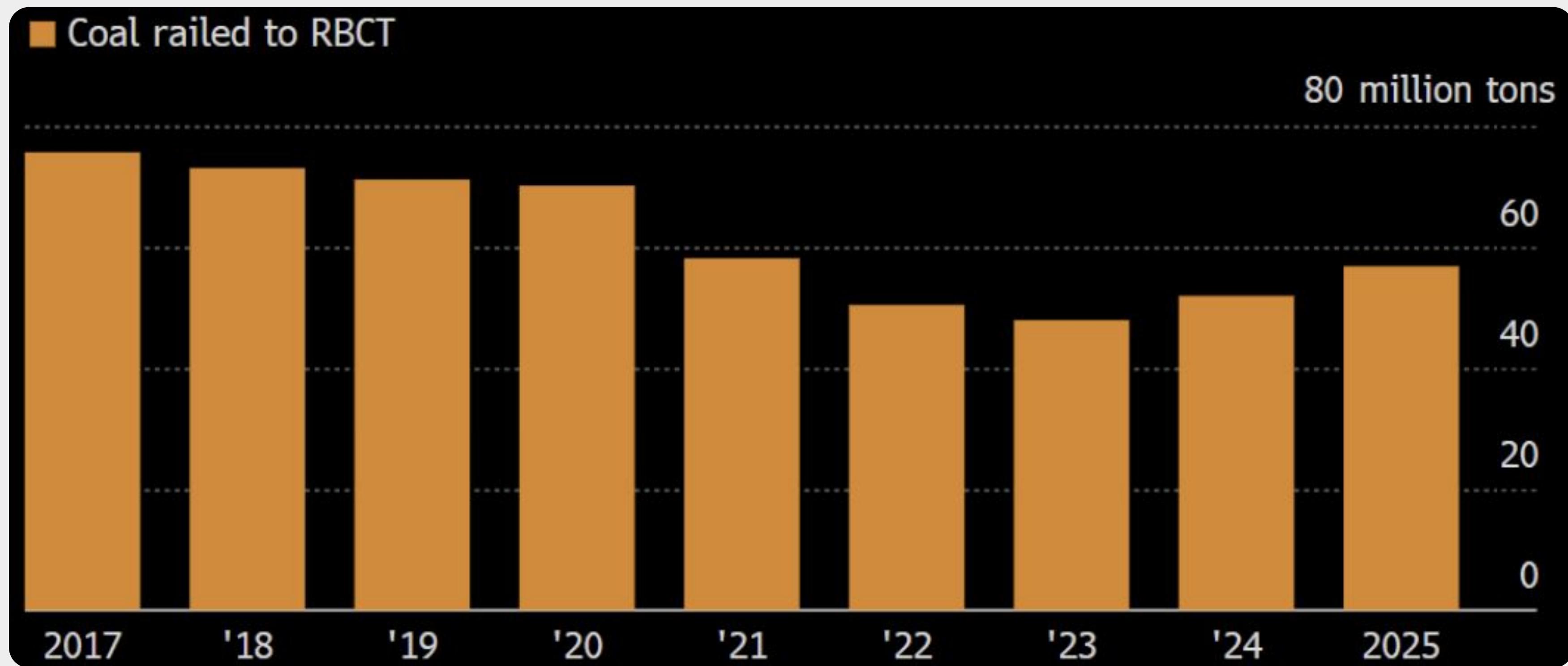
House Prices an Important Driver of Consumer Confidence and Spending

Figure 1: FNB HPI



Source: FNB Economics

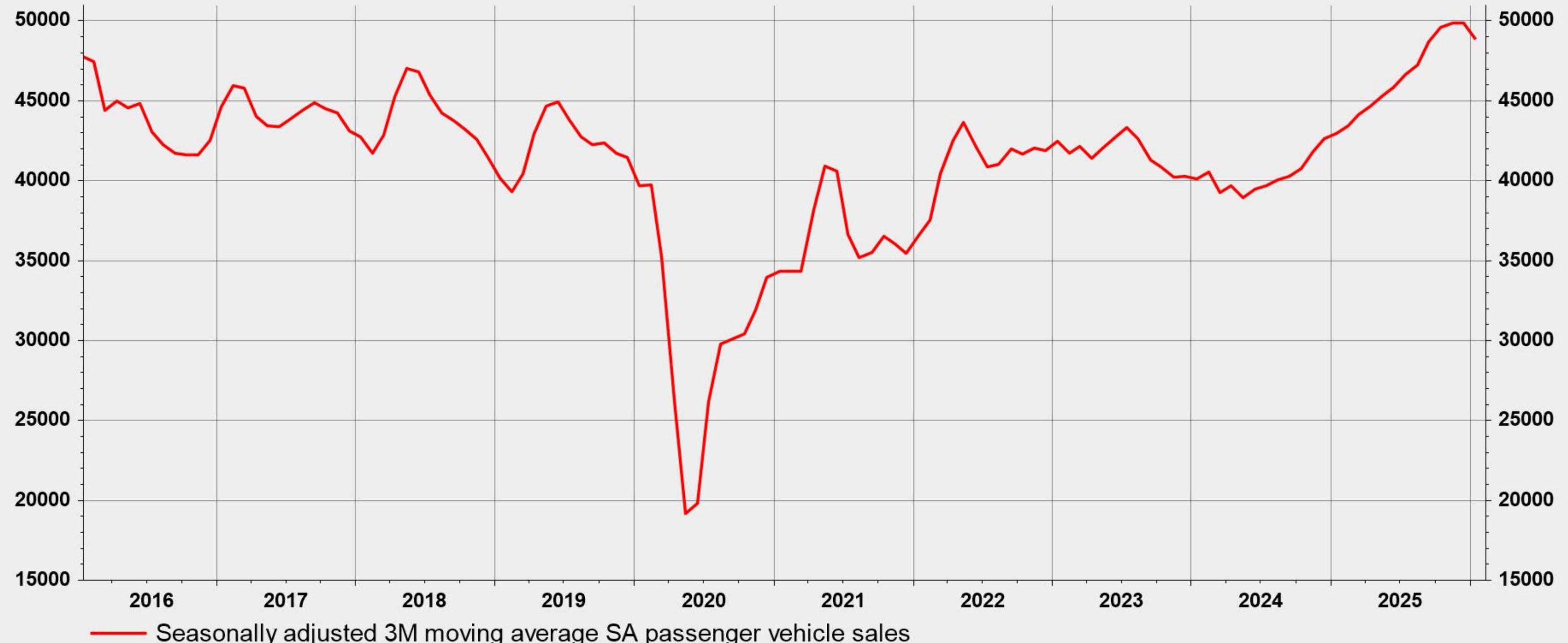
Steady Incremental Improvements



Vehicle sales

Supported by financing and desirability of new ranges

SA new passenger vehicle sales 3M moving average



Source: LSEG Datastream / Rezco

Early part of the growth phase

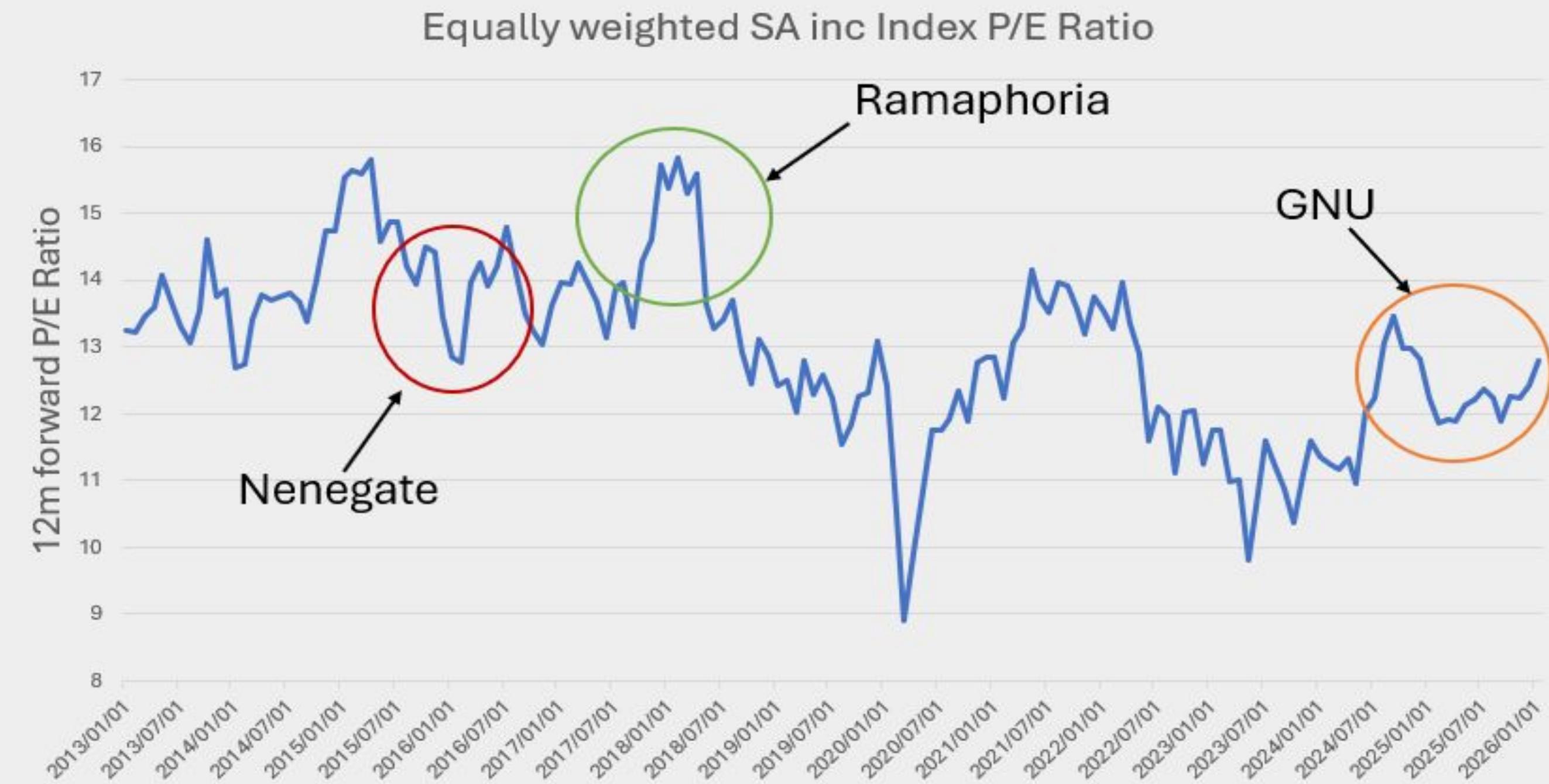
Clear change, but we expect multipliers to start working in the real economy

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



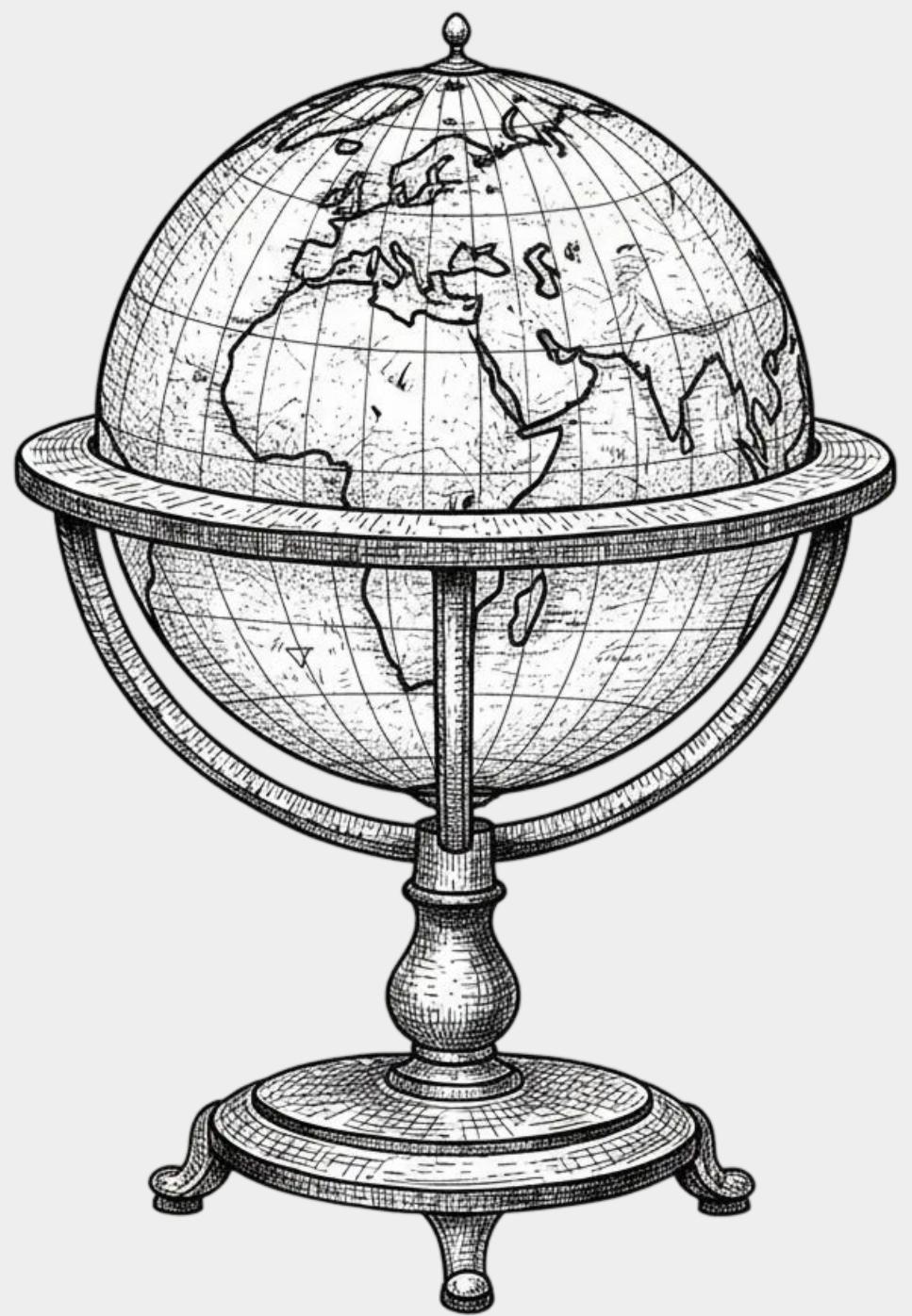
SA Inc PE - Massive Undervaluation

Best Macro Backdrop since mid 2000's



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.

Zooming out to globally



Global Shares are very Expensive

Price to sales - long term chart



Sorry Alexa, But I Have Found Someone New

Circular financing still an ongoing concern
Circular referencing on asset valuations

 **Reuters** World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ Commentary ▾ Technology ▾ Investigations

Amazon in talks to invest as much as \$50 billion in OpenAI, source says

By Reuters January 29, 2026 10:40 PM GMT+2 · Updated 7 hours ago

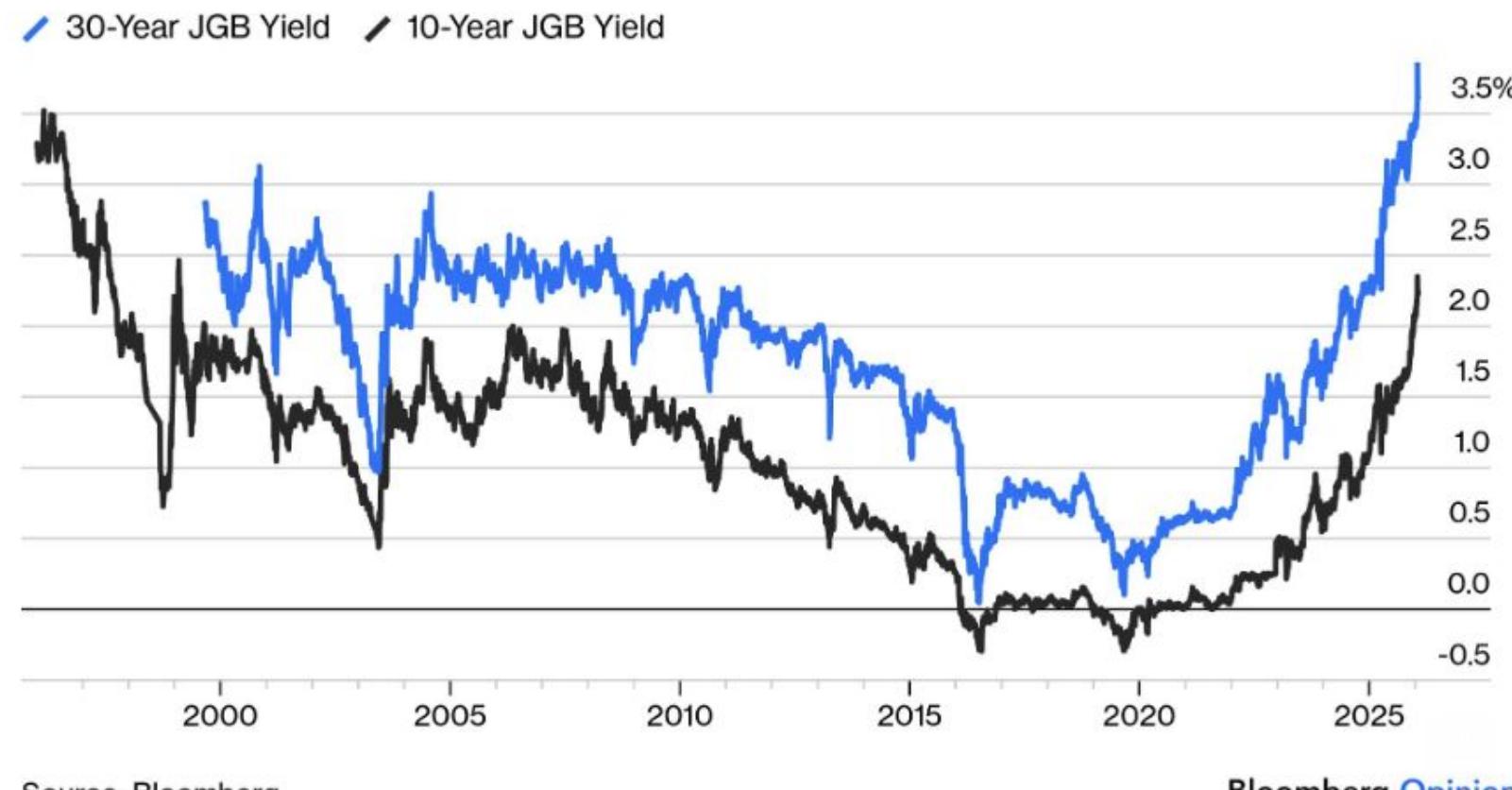


Still some concerns globally

Uncertainties around the post QE normalisation still linger across markets

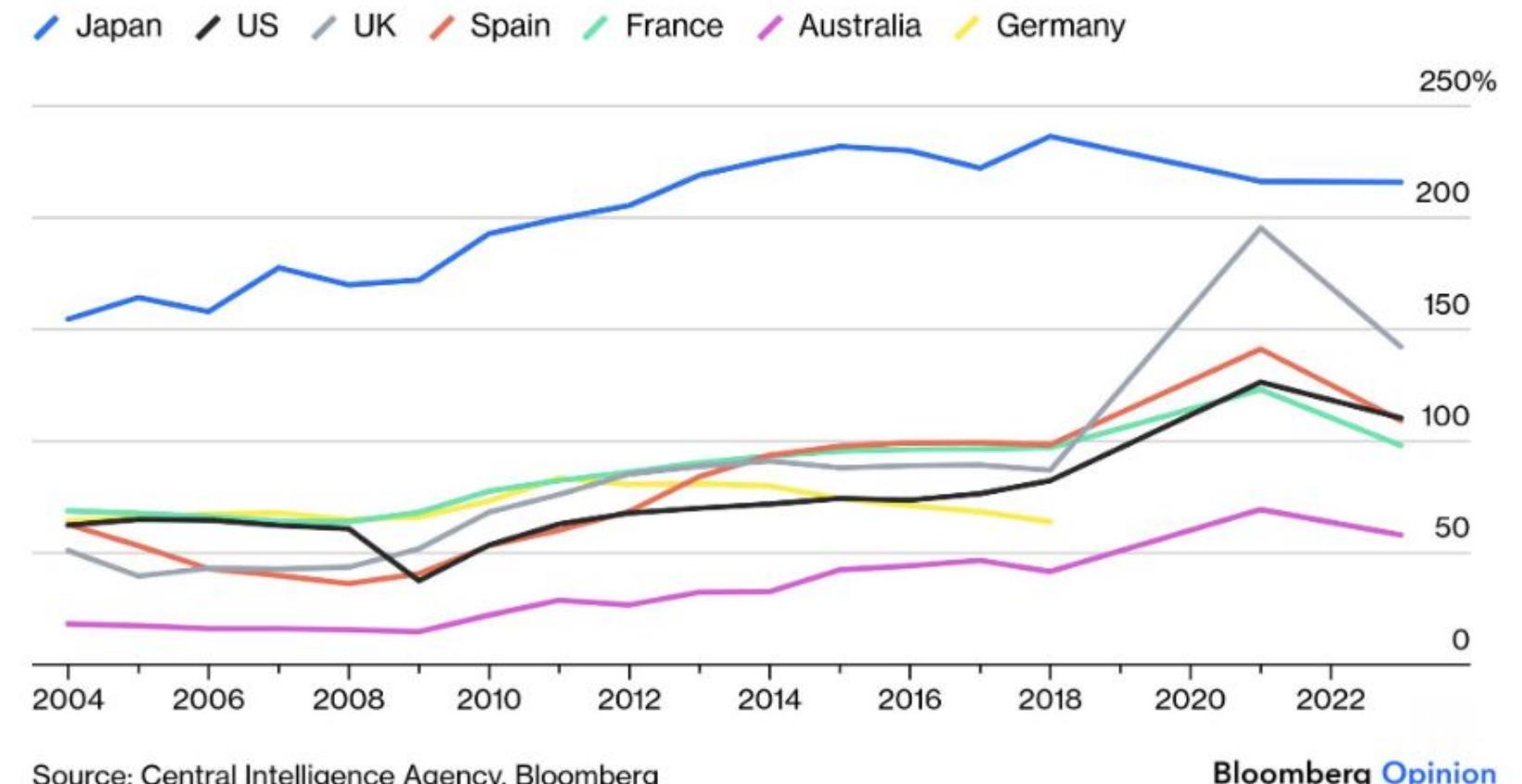
Japan's Financial Earthquake

The speed and the extent of the run on Japanese bonds has been historic



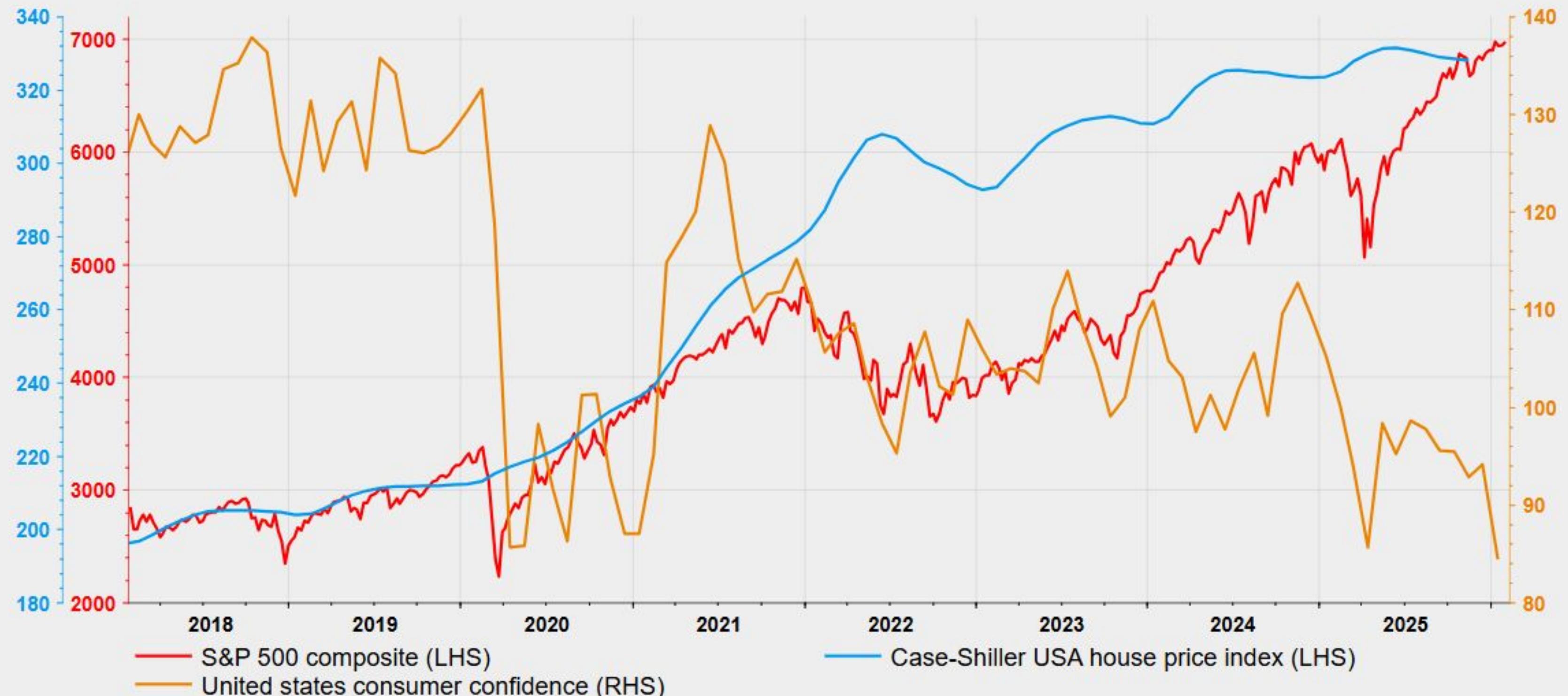
Japan Is Very Indebted

Government debt as a percentage of GDP has long been very high in Japan



USA: Messy politics until this is resolved

The voter and the asset owner differs



Cycles can be long - pays to be patient

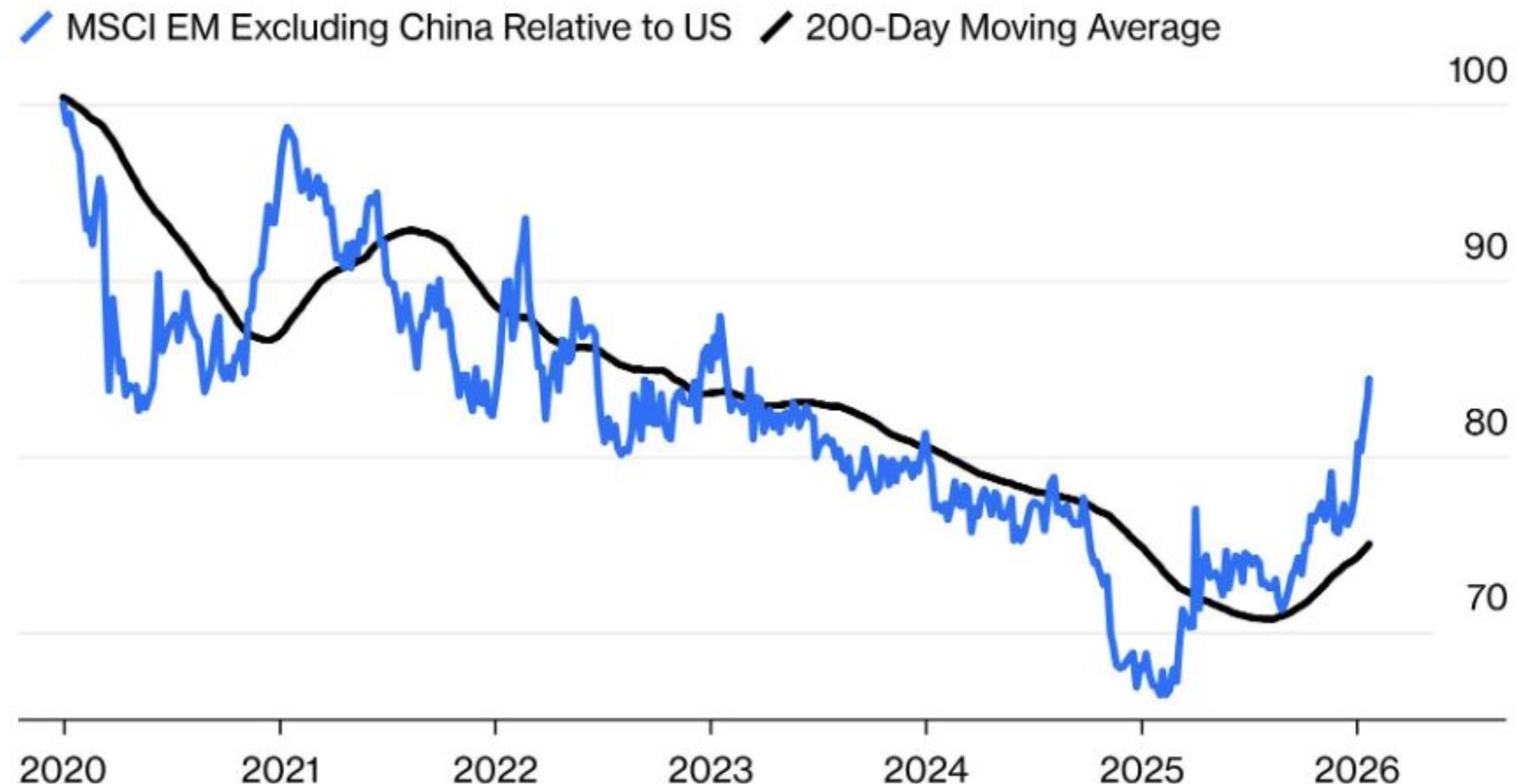
Developed Markets relative to Emerging Market Equity Performance



Source: LSEG Datastream / Rezco

Liftoff for Emerging Markets

Tariffs and the decline of globalization haven't stopped a massive rebound



Source: Bloomberg

Note: Data is normalized with factor 100 at 01/01/2020

Bloomberg **Opinion**

Emerging Earnings Growth

Companies in the emerging world are expected to do very well this year



Source: Bloomberg Earnings Estimate Graphs

Bloomberg **Opinion**

Emerging Debasement

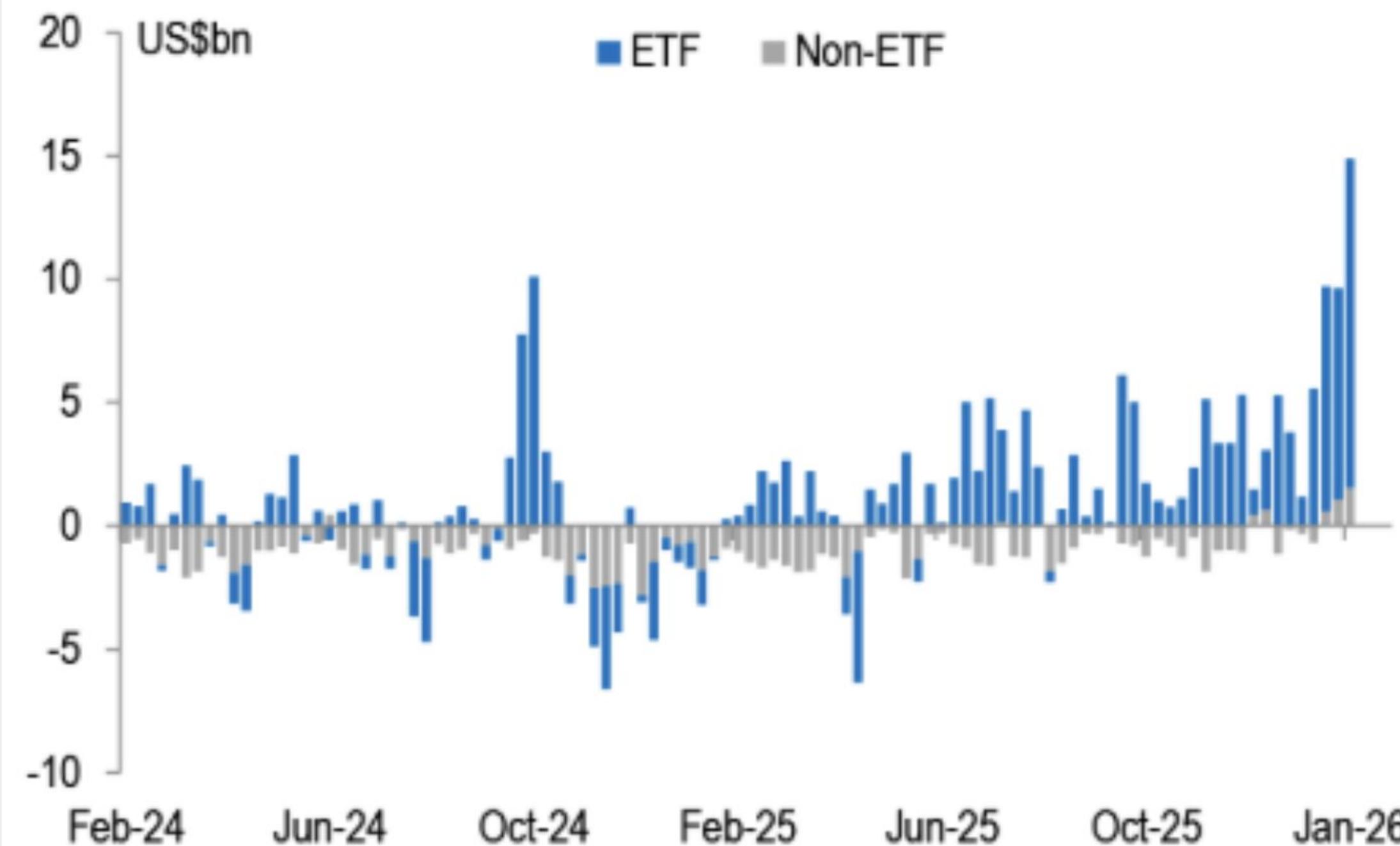
EM currencies have surged to a two-year high against the dollar



Source: Bloomberg

Bloomberg Opinion

Figure 6: Weekly EM equity fund flows: ETF vs non-ETF



Source: EPFR Global

SA Stands Out in the EM Pack

- Strong positive turn in macro
- Improvement in politics
- Strengthening country balance sheet and tax collection
- Improving sentiment
- Cheap shares (crowded out by local buying of precious metals)
- Strengthening Currency
- Unpriced upside optionality

Rezco Fund Positioning

Equity Fund

RSA Inc

Finding growth at a reasonable price

Quality companies with compound growth rate PLUS Dividends.

Value has built up as precious metals have drained local buying power

The SA macro story is strengthening

Positive precious metals prices are a massive positive windfall

Multi Asset Funds

Low non Rand exposure

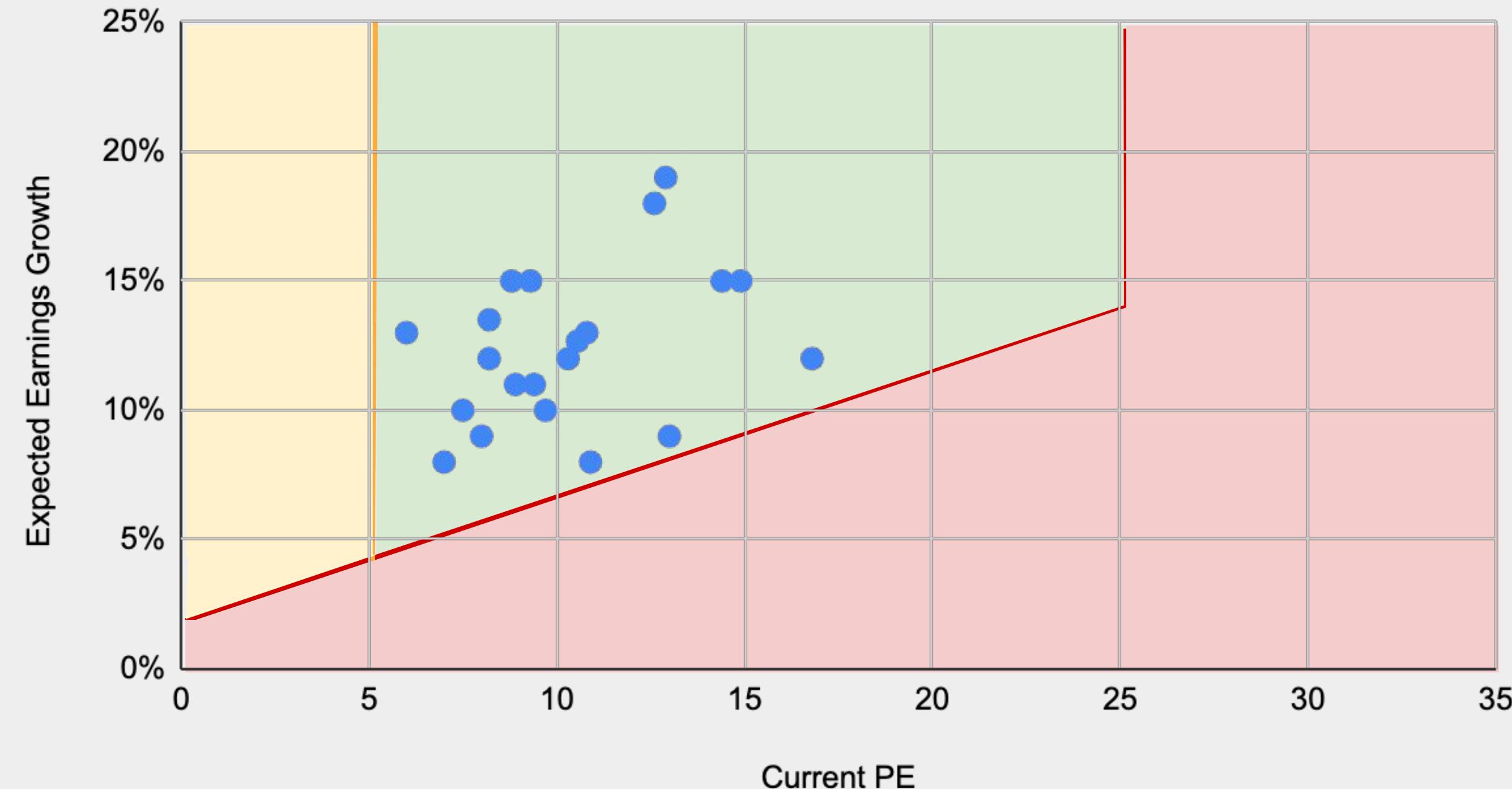
Equity exposure through RSA Inc shares



Well diversified portfolio

GARP Shares with Tailwinds

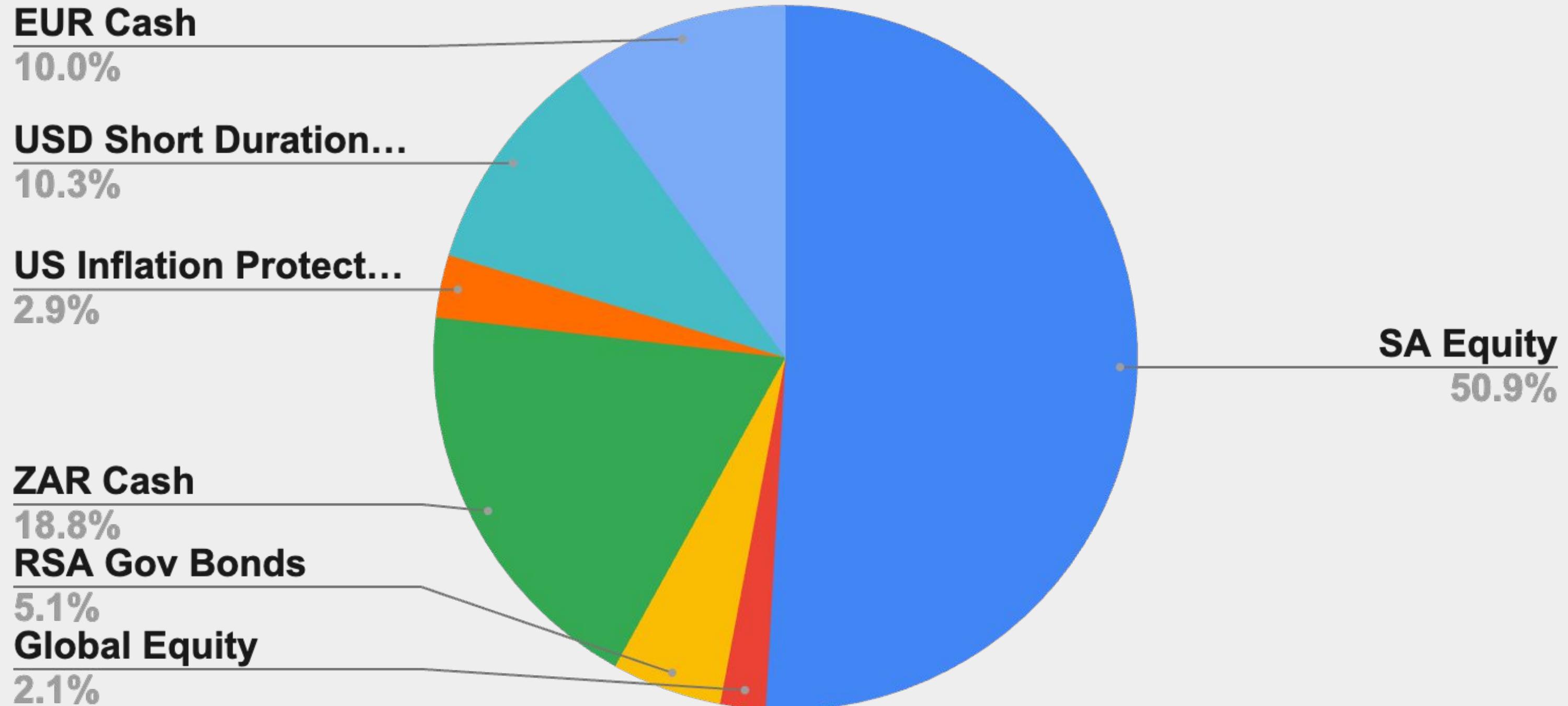
Expected Earnings Growth vs Current PE



Insurance
Banking
Education
Hotels
Home Improvement
Fintech
Payment Devices
Software Services
Electrical Cable
Manufacturing
Defence
Food Retail
Food Production
Clothing Retail
Hospital
Restaurants
Explosives
Fertiliser

Rezco Value Trend

Risk Budget applied to SA, Offshore Cash to Diversify



Back to Basics: Time to be patient

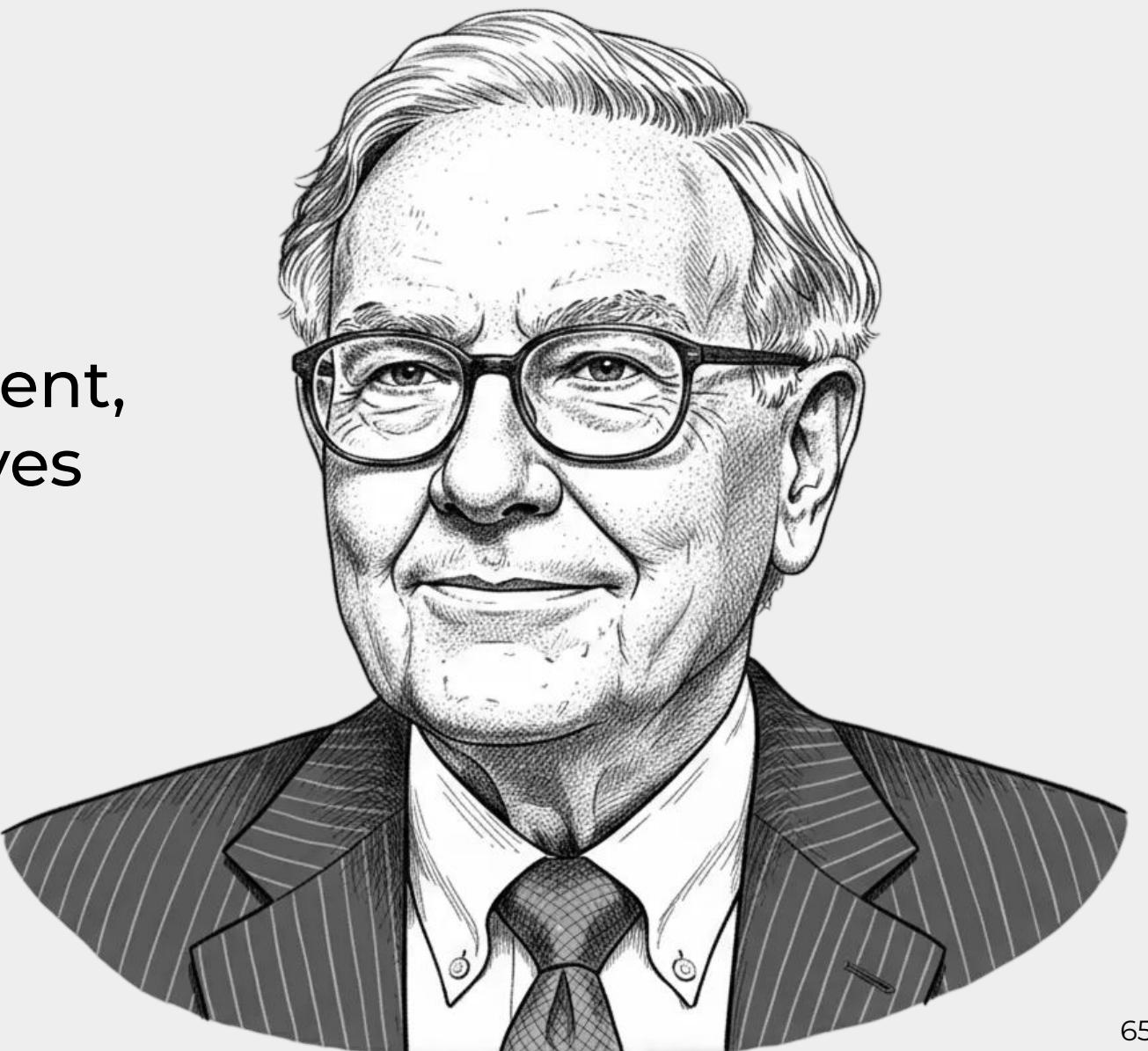
Advice from Warren Buffett:

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

-  **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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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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While the portfolio manager will attempt to minimise risk, the value of investments in discretionary accounts and the income derived from those investments may fluctuate, and it is possible that the investor could incur losses, including the loss of principal invested. Past performance is not necessarily indicative of future performance. An investor whose reference currency differs from that in which the fund or segregated account is denominated may be subject to exchange rate movements, which may cause fluctuations in the value of their investments. In addition, investments involving exposure to a currency other than that in which the segregated account or Fund is denominated may also cause values to fluctuate.