FUND FACT SHEET AUGUST 2020

Cadiz Global Balanced Fund

cadiz
ASSET MANAGEMENT

PORTFOLIO MANAGERS

Adrian Meager
MD and CIO

Johan Louwrens
Senior Equity Portfolio Manager – SA

Thomas Blamey
Portfolio Manager – SA

KEY INFORMATION

Inception	1 December 2001
Benchmark	Alexander Forbes Global Large Manager Watch Median Return

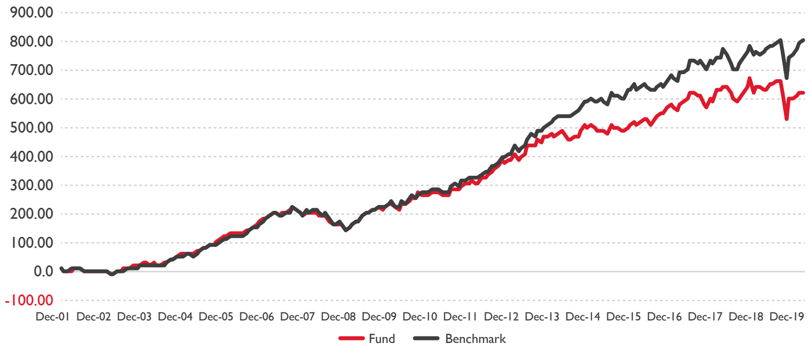
FUND OBJECTIVES

The Cadiz Asset Management Global Balanced product range encompasses both segregated and pooled portfolios. These moderate risk balanced mandates focuses on delivering strong consistent returns over the medium to longer term. These portfolios are managed on a fully discretionary best house view basis and comply with Regulation 28 of the Pension Funds Act, 1956 as amended. This product is targeted at institutional clients seeking moderate risk investment strategies based on a value style investment approach. This mandate is suitable as a core investment for pension and provident funds, as well as a medium risk option and trustee default for funds offering their members investment choice.

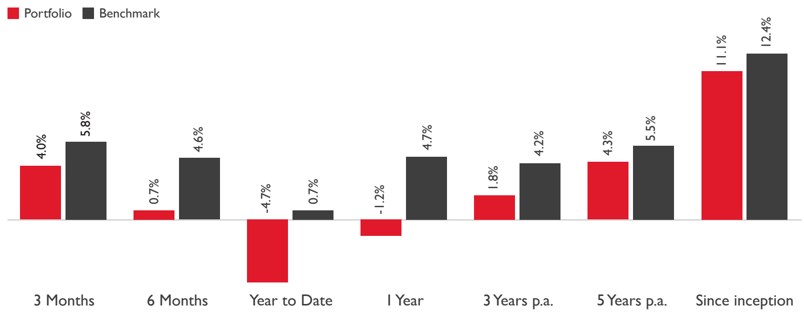
RISK STATISTICS (3 YEARS)

	Fund
Standard Deviation	13.2%

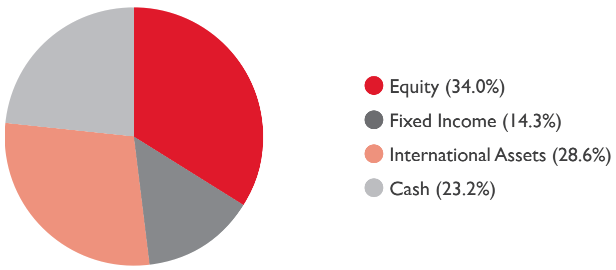
CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD RETURN ENDING – 31 AUGUST 2020



ASSET ALLOCATION



TOP 10 EQUITY HOLDINGS

Naspers Ltd - N Shares	6.6%
British American Tobacco Plc	4.0%
Prosus NV	3.2%
MTN Group Ltd	2.4%
Apple Inc	1.9%
Alphabet Inc-A	1.7%
Anglo American Plc	1.6%
Microsoft Corp	1.6%
Impala Platinum Holdings Ltd	1.5%
Anglogold Ashanti Ltd	1.4%

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Cadiz Global Balanced Fund

Quarterly Fund Commentary
Second Quarter 2020

PORTFOLIO COMMENTARY

After the selloff we saw during the first quarter, markets started seeing through the noise and pricing in a global recovery. While the recovery is still ongoing, and much is still to be uncovered and explored, we are confident that the fund is well positioned to take advantage of a continued recovery. The Cadiz Global Balanced Fund made up some lost ground over the second quarter, delivering 13.50%, a stark contrast to quarter one. The performance was however behind its benchmark, which delivered a return of 13.9%.

Over a meaningful period of three years, South African equity has disappointed, with the FTSE/JSE Capped SWIX delivering a return of -0.81% per annum, despite the recent market rally from March lows. What this means for our clients is that there is potential for long terms gains, provided long term investment plans are adhered to. While we cannot predict the tipping point at which South African economic growth will bounce back, we can position ourselves to take advantage of this when it does, patience is key.

Most global markets have fared well in quarter two, with the MSCI World Index returning 18.65% in USD. Economic data out of developed markets is still mixed however, with governments and central banks weighing up options to reopen and provide continued stimulus to the economy. Most central banks globally have drastically reduced interest rates in an attempt to support the economy, with inflation rates dwindling near zero. While China seemed to get COVID-19 under control, Europe and the USA seemed to have mixed results in their response. While this story unfolds, we will keep looking for opportunities that may present themselves along the way.

The US stock market has led the recovery, with the DOW Jones ending the quarter up 18.51%, the S&P 500 up 20.54%, and Nasdaq up a whopping 30.95%. The tech sector has been the biggest driver of returns, and investors have been piling into US listed companies that they believe will benefit from an acceleration in digital trends that were already underway (such as e-commerce, online payments, food and grocery delivery, cloud computing, telemedicine etc.). In addition to the uncertainty around the extent of the economic damage that has been done, we think investors should act with caution as other events, such as increasing US-China tensions, increased levels of corporate debt, a possible second wave of COVID-19, could derail the stock market's recovery. With that being said, we continue to focus on identifying individual businesses (and not the stock market as a whole), that meet our investment criteria, and are trading at a level that we think will provide good returns over a 5+ year time horizon.

FUND POSITIONING

During the quarter, the South African Reserve Bank cut the repo rate by 150 basis points, and initiated their bond purchasing program, providing stability and liquidity to the local bond market. At the beginning of April, the fund reduced its exposure to long dated bonds and started rotating into shorter dated paper at very attractive levels. This cautious approach has been beneficial to the fund and we are currently maintaining this position.

After taking advantage of lower share prices towards the end of the first quarter, we reduced our exposure to certain stocks that we believe had run too hard given the economic outlook, and we looked to improve the quality and return expectations of the fund.

The fund has reduced its exposure to equity, taking a cautious stance with increased cash at its disposal. The fund exited positions in L Brands, Diamond Offshore Drilling, and Intu Properties during the quarter, on concerns around increasing financial risk. Two of these decisions have already proven to be correct with both Diamond Offshore Drilling and Intu Properties filing for business rescue.

Positions which did not offer compelling risk/reward ratios anymore were trimmed as they increased by more than we think is warranted, given the current economic environment. We added to existing investments, taking advantage of depressed share prices.

We remain disciplined in sticking to our investment philosophy and process and focus intently on limiting permanent capital loss in order to grow your capital over the long term. This is achieved by investing in predominantly good businesses at attractive prices with capable management and low financial risk.

Thank you for your continued support.

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