FUND FACT SHEET AUGUST 2020

Cadiz Worldwide Flexible Fund

PORTFOLIO MANAGERS

Adrian Meager
MD and CIO

Johan Louwrens
Senior Equity Portfolio Manager – SA

KEY INFORMATION

Inception	1 March 2002
Benchmark	SA CPI (CPIX until 31/12/08) +6% (TOP40 until 31/10/08)

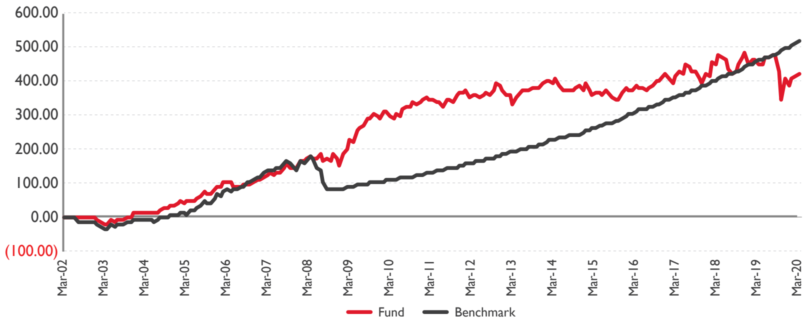
FUND OBJECTIVES

The Cadiz Worldwide Flexible Fund aims to outperform inflation by 6% over a rolling 36 month period. It is a specialist portfolio that invests in financially sound equities, fixed interest instruments, listed property and cash with no limits other than the internal limit of at least 80% of its assets outside South Africa. The fund may make use of derivatives to reduce volatility and risk. In selecting securities for this portfolio, the Manager seeks to secure stable capital growth for investors. The asset allocation is actively managed and continually reflects the portfolio manager's view of the relative attractiveness of the various asset classes and sectors. To achieve these objectives, the Manager has the maximum flexibility in terms of asset allocation.

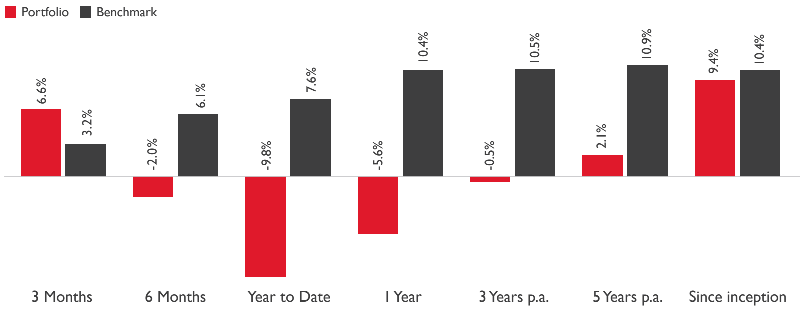
RISK STATISTICS (3 YEARS)

	Fund
Standard Deviation	17.0%

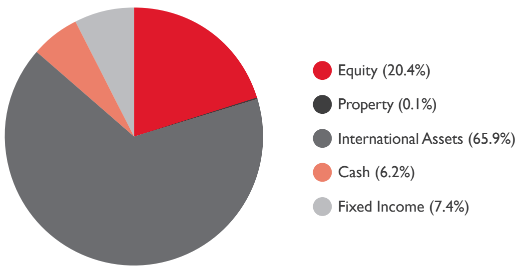
CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD RETURN ENDING – 31 AUGUST 2020



ASSET ALLOCATION



TOP 10 EQUITY HOLDINGS

Apple Inc	4.3%
Microsoft Corp	3.7%
Intuit	3.2%
Linde Plc	3.2%
Sap Se-Spons Adr	3.2%
Blackrock Inc	3.0%
Mccormick & Co Nv	2.9%
Marsh & Mclennan	2.9%
Wal-Mart Stores	2.9%
Mastercard Inc-A	2.8%

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ASSET MANAGEMENT

Cadiz Worldwide Flexible Fund

Quarterly Fund Commentary
Second Quarter 2020

PORTFOLIO COMMENTARY

The Cadiz Worldwide Flexible fund advanced 13.6% for the quarter, and recovered some of the declines seen in the first quarter. The 1 year rolling return is -9.7%, with a rolling 3-year return of 0.9% p.a.

The investment landscape continues to be extremely volatile, and after reaching the trough towards the end of the first quarter, global stock markets have proceeded to bounce back in spectacular fashion! This recovery has occurred despite the uncertainty around how bad the actual damage has been to the global economy. We have seen governments and central banks take urgent action, and have poured trillions of dollars into the global economy to provide stability.

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.

In the local market, the JSE ALSI has bounced back strongly in the second quarter, from the lows reached in March. The JSE ALSI gained 23.18% in the second quarter, and is now down just 3.16% for the year to date. The second quarter recovery was led by resources, as Sasol and the precious metal miners all enjoyed strong gains. Industrials advanced 17.12% for quarter, whilst financials lagged and are still down 33.4% for the year as their performance is more aligned with overall performance of the economy. The South African economy has endured years of mismanagement, and has seen barely any growth over the last few years. COVID-19 couldn't have come at a worse time for the local economy, and the impacts of the virus, and actions that have been required to fight it, will likely put the South African economy under enormous strain for years to come. Unless the government has a plan that can realistically be implemented to address things like the extreme levels of unemployment, a broken education system, policy uncertainty, increasing levels of government debt, a deteriorating fiscal deficit, corruption, bankrupt SOE's etc., the local economy is likely to experience another lost decade of economic growth as experienced during the Zuma presidency. It's easy to become too pessimistic on the economy though, and it's important to remember that there's a lot of low hanging fruit and easy wins to take advantage of, and if the public and private sector can find a way to work together, over time the local economy can get back to growth rates of over 3%. Despite this weak environment we currently find ourselves in, there are always opportunities to be taken, and we believe share prices of certain companies are very attractive at current levels and could deliver stellar returns if economic growth normalises to SA's long-term potential.

FUND POSITIONING

The fund has 89% invested in equity, with offshore exposure at 49% (8% of which is in cash) and 0.7% in UK REITs. This is down from the 97% equity exposure at 31 March 2020, with offshore at 49.3% and UK REITS at 0.8%. We reduced 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.

We 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.

We trimmed certain positions that we believe don't offer a compelling risk/reward ratio anymore, after they had increased by more than we think is warranted given the current economic environment. Other positions were trimmed as they exceeded our target weight. We also added to existing investments, taking advantage of depressed share prices.

We continue to remain disciplined in sticking to our investment philosophy and process and focus intently on protecting and growing your capital 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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