

Cadiz Worldwide Flexible Fund

Fund Information

FUND OBJECTIVE

The Cadiz Worldwide Flexible Fund seeks to provide investors with returns well above South African inflation over rolling 3 year periods. The Manager has the discretion to invest in opportunities across all asset classes globally in order to obtain the best risk-adjusted returns.

WHAT DOES THE FUND INVEST IN?

The fund can invest in local and global investments across equities, fixed interest instruments, listed property, derivatives and cash. Investments are selected at an individual security level where the Manager considers the risk of permanent capital loss to be low, with attractive risk-adjusted return potential. Equities will generally make up the bulk of the funds' investments in order to provide high (> 6% pa) long term real returns, but the Manager has maximum flexibility in terms of asset allocation and is not precluded from varying the asset allocation to reflect the Managers view of the attractiveness of different asset classes.

WHO IS THE FUND SUITABLE FOR?

- Investors with at least a 5 year investment horizon.
- Investors who are in their wealth accumulation phase seeking high long term real returns.
- Investors with a moderate to high risk profile.

INVESTMENT PHILOSOPHY AND PROCESS

We apply a long term, bottom-up investment process to uncover the most attractive risk-adjusted return opportunities for the various asset classes available in local and foreign markets. Our process focuses on avoiding assets that could lose capital permanently, while ensuring the fund is well diversified.

Our equity investment approach is rooted in the belief that the market is prone to overreact to good and bad news. This causes a divergence between the current market price and what the business is worth.

We seek to take advantage of these short-term market overreactions by investing in financially sound, good quality businesses with capable management, when they are typically out of favour and attractively priced.

FEES ON CLASS A (EXCLUDING VAT)

Initial fee: 0%

Annual Management fee: 1.25%

TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS

Cadiz Worldwide Flexible (Class A)

PERIOD (ANNUALISED) | APRIL 2019 - 31 MARCH 2020

Total expense ratio	1.9%
Transaction costs	0.2%
Total investment charge	2.1%

FUND MANAGERS



Adrian Meager
MD and CIO



Johan Louwrens
Senior Portfolio
Manager – SA

GENERAL INFORMATION

Inception	3 June 2005
Benchmark	CPI+6% pa net of fees over rolling 3 years
Sector	ASISA Worldwide Multi Asset Flexible
Fund Class	A
Fund Size	R59 million
Regulation 28 compliant	No
Minimum Investment	Lump sum: R5 000 Monthly: R500 Adhoc: R500
Income Distribution (Class A)	Bi-annual (end June and end December)
ISIN Code	ZAE 000066833
Domicile	South Africa
JSE Code	CCEL

RISK VS REWARD



CONTACT DETAILS

A PO Box 44547, Claremont, 7735 | Alphen Estate, Alphen Drive, Contantia 7806 | T 08000 CADIZ (22349) | F 0861 022 349 | E investorservices@cadiz.co.za | www.cadiz.co.za

Disclaimer: This document is for information only and does not constitute advice or a solicitation for funds. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information is given or made by Cadiz in any form or manner whatsoever. Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees, charges and maximum commissions is available on request from Cadiz Collective Investments. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Forward pricing is used. Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value. Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. No. 2004/032263/07. Address: PO Box 816, Constantia, 7848. A member of the Association of Savings & Investment South Africa. Trustees: ABSA Capital Investor Services, Cadiz Funds (Pty) Ltd an authorised financial services provider (PSP 45442).

Cadiz Worldwide Flexible Fund

Class A as at 31 August 2020

GENERAL INFORMATION

Inception	3 June 2005
Fund category	ASISA Worldwide Multi Asset Flexible
Portfolio managers	Adrian Meager & Johan Louwrens
Fund Size	R59 million
Benchmark	CPI+6% pa net of fees over rolling 3 years

RISK STATISTICS* (FOR CLASS A)

Sharpe ratio annualised	Fund -0.12
Maximum drawdown	-30.5%
Highest annual return	8.6%
Lowest annual return	-6.3%

* Risk statistics for Class A refers to the highest and lowest actual 12 month return over the related period since the inception of the fund.

PERFORMANCE 31/08/2020

	Fund	Benchmark	Outperformance
1 Year	-6.9%	10.4%	(17.3%)
2 Year (annualised)	-6.3%	10.2%	(16.5%)
3 Year (annualised)	-2.0%	10.5%	(12.5%)
5 Year (annualised)	0.6%	10.8%	(10.3%)
7 Year (annualised)	0.0%	11.1%	(11.1%)
Since inception (01/03/06) annualised	4.3%	11.4%	(7.1%)

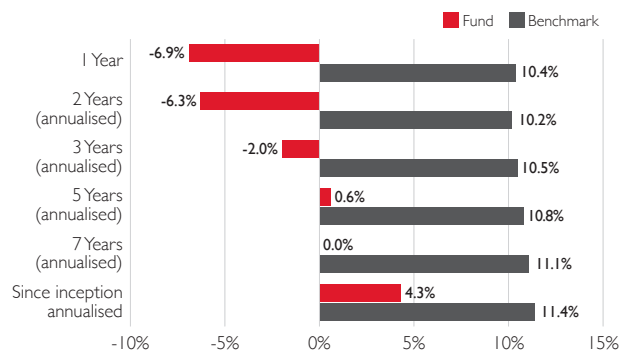
Source: Morningstar

TOP 10 HOLDINGS

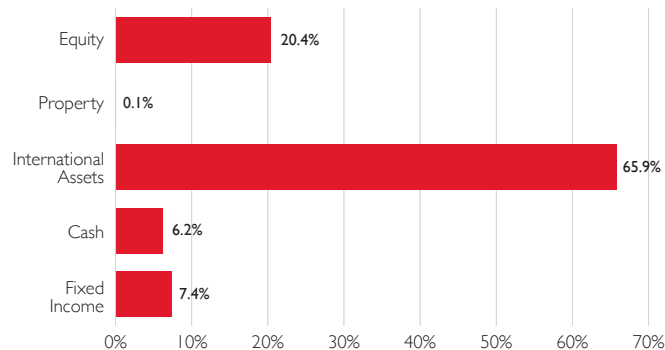
July 2020	August 2020
Microsoft Corp	Apple Inc
Apple Inc	Microsoft Corp
SAP SE-Spons	Intuit
Linde PLC	Linde PLC
Marsh & McLennan	SAP SE-Spons
Blackrock Inc	Blackrock Inc
Intuit	McCormick & Co NV
McCormick & Co NV	Marsh & McLennan
L'Oreal	Walmart Stores
Nestle SA	Mastercard Inc

Source: Cadiz Asset Management

FUND RETURNS VS BENCHMARK



EFFECTIVE ASSET ALLOCATION EXPOSURE



RISK VS REWARD



CONTACT DETAILS

A PO Box 44547, Claremont, 7735 | Alphen Estate, Alphen Drive, Contantia 7806 | T 08000 CADIZ (22349) | F 0861 022 349 | E investorservices@cadiz.co.za | www.cadiz.co.za

Disclaimer: This document is for information only and does not constitute advice or a solicitation for funds. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information is given or made by Cadiz in any form or manner whatsoever. Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees, charges and maximum commissions is available on request from Cadiz Collective Investments. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Forward pricing is used. Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value. Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. No. 2004/032263/07. Address: PO Box 816, Constantia, 7848. A member of the Association of Savings & Investment South Africa. Trustees: ABSA Capital Investor Services, Cadiz Funds (Pty) Ltd an authorised financial services provider (PSP 45442)

Cadiz Worldwide Flexible Fund

Quarterly Fund Manager Commentary – Second Quarter 2020

PORTFOLIO COMMENTARY

The Cadiz Worldwide Flexible Fund advanced 13.16% for the quarter, and recovered some of the declines seen in the first quarter. The 1 year rolling return is -11.01%, with a rolling 3-year return of -0.69% p.a. This is compared to its benchmark, which is CPI + 6%, of 9.14% and 10.17% p.a. respectively.

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.

CONTACT DETAILS

A PO Box 44547, Claremont, 7735 | Alphen Estate, Alphen Drive, Contantia 7806 | T 08000 CADIZ (22349) | F 0861 022 349 | E investorservices@cadiz.co.za | www.cadiz.co.za

Disclaimer: This document is for information only and does not constitute advice or a solicitation for funds. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information is given or made by Cadiz in any form or manner whatsoever. Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees, charges and maximum commissions is available on request from Cadiz Collective Investments. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Forward pricing is used. Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value. Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. No. 2004/032263/07. Address: PO Box 816, Constantia, 7848. A member of the Association of Savings & Investment South Africa. Trustees: ABSA Capital Investor Services, Cadiz Funds (Pty) Ltd an authorised financial services provider (FSP 45442).

Cadiz Worldwide Flexible Fund

Important information regarding terms of use

GENERAL INFORMATION AND RISKS

- Collective Investment Schemes in Securities (unit trusts) are generally medium to long-term investments.
- The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. The manager does not guarantee the capital, nor the income of the portfolio.
- Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing.
- Portfolios are priced daily and prices can be obtained from the website and in the daily newspapers or on Profile Data. Figures quoted are from Morningstar Inc.
- Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue.
- Different classes of participatory interests apply to this fund and are subject to different fees and charges.
- Performance is shown for the most expensive class of the Fund and individual investor performance may differ as a result of initial fees, actual investment date, date of any subsequent reinvestment and any dividend withholding tax.
- A schedule of fees, charges and minimum commissions is available on request from Cadiz Collective Investments.
- Commissions and incentives may be paid, and if so, are included in the overall costs.
- The manager has the right to close the portfolio to new investments in order to manage it more efficiently in accordance with the mandate.
- Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value.
- Transaction costs are necessary costs in administering the fund and impacts the fund returns. They should be considered in isolation as returns may be impacted by many factors over time including market returns, type of fund, the investment decisions of the investment manager and TER.

IMPORTANT INFORMATION FOR INVESTORS:

Total Expense Ratio (TER)

- TER is a measure of a funds expenses relating to administration of the portfolio expressed as a percentage of the average daily value of the fund over a three year period. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.
- The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from the published returns.

Regulation 28 Compliance

- Where indicated the fund is managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where, due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.
- The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

Foreign investment risk

The portfolio may include underlying foreign investments. Fluctuations or movements in exchange rates may cause the value of the underlying foreign investments to go up or down. The underlying foreign investments may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls that may be imposed by the relevant authorities in the relevant countries.

Derivative risk

The use of derivatives may increase the overall risk in the Fund by multiplying the effect of gains and losses.

Maximum drawdown

- A maximum drawdown is the maximum loss from peak to trough of a portfolio.
- It is an indicator of downside risk over a specified time period.

Sharpe ratio

The sharpe ratio is the average return earned in excess of one risk-free rate per unit of volatility or total risk.

Risks associated with investing in fixed interest and Money Market investments

- A money market fund is not a bank deposit account.
- Fluctuations in the market value of the securities in which a fixed income fund invests may have a negative impact on the fund. The income instruments are likely to be especially sensitive to changes in interest rates or changes in the market participants' expectations of how interest rates will change in future.
- There is a risk that certain corporate and other counterparties with whom the manager invests or through whom the manager transacts run into financial difficulty, and are unable to honour their commitments in full, which will lead to a potential loss of capital.
- There is a risk that in a high inflation environment, the securities in the Fund may appreciate at a rate lower than the inflation rate, and as such, the purchasing power of an investor's capital may decline.

Complaints

Cadiz Collective Investments are committed to handling client complaints in a timely and fair manner and has implemented systems and procedures to satisfy this commitment. The detailed Complaints Handling and Resolution Procedure is available on the website, or can be requested directly from the manager. A complaint should be lodged in writing with the Compliance Officer at investorservices@cadiz.co.za

An investor can obtain, free of charge, additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half-yearly report.

About the Management Company

Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. NO 2004/032263/07, is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002. It operates 6 unit trust portfolios under the Cadiz Unit Trust scheme, and is supervised by the Financial Sector Conduct Authority (FSCA).

CONTACT DETAILS

A PO Box 44547, Claremont, 7735 | Alphen Estate, Alphen Drive, Contantia 7806 | T 08000 CADIZ (22349) | F 0861 022 349 | E investorservices@cadiz.co.za | www.cadiz.co.za

Disclaimer: This document is for information only and does not constitute advice or a solicitation for funds. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information is given or made by Cadiz in any form or manner whatsoever. Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees, charges and maximum commissions is available on request from Cadiz Collective Investments. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Forward pricing is used. Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value. Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. No. 2004/032263/07. Address: PO Box 816, Constantia, 7848. A member of the Association of Savings & Investment South Africa. Trustees: ABSA Capital Investor Services, Cadiz Funds (Pty) Ltd an authorised financial services provider (FSP 45442)