Rozendal Global Prescient Feeder Fund

Sector: Global–Multi Asset–Flexible
Portfolio managers: Paul Whitburn and Wilhelm Hertzog
Benchmark: FTSE Global All Cap index converted to ZAR

Returns to investors	1 year	3 years
Rozendal Global Prescient Feeder Fund	42.05%	13.70%
Sector Average	24.34%	7.66%
Inflation (CPI)	5.37%	5.88%
ProfileData performance stats to 30 June 2023: CAGR with dividends reinvested		

Please describe your investment universe.

The fund is a flexible global equity fund. While the fund mainly invests in global equities, the mandate does offer flexibility to hold cash and fixed interest investments.

Please comment on your investment year (July 2022 – June 2023) from a fund manager's point of view.

We give a comprehensive overview of the fund's returns in our bi-annual investor letters that can be found on our website: www.rozendal.com.

The Rozendal Global Prescient Feeder Fund delivered strong absolute and relative returns for the past year. Key contributors to returns have been well known US technology business Meta Platforms, Chilean investment holding company Quinenco, litigation funding business Burford Capital, uranium miner Cameco, and some of the Turkish stocks held in the fund. Each of these holdings benefitted from a unique set of circumstances or events that gave rise to strong returns. This is in keeping with our bottom-up investment approach: rather than taking a broad top-down view of events on a country or sector level, we focus on the economics of individual assets. This approach bore fruit in the past year.

In terms of risk management, what methods or strategies are you able to use to protect your clients' investments?

Our primary risk management tool is to allocate capital only to assets trading below fair value, and to hold cash when we are unable to find sensible opportunities in risky assets. Sizing positions with reference to the risk embedded in the underlying asset is a further way in which we manage risk.

Please comment on the year ahead and, if possible, estimate the performance of your fund over 2 or 3 years. What are your targets and objectives for the year ahead?

We do not attempt to forecast market or fund returns over 1-year periods. We continue to find a wide disparity in valuations across different geographies and sectors, and while we are not overly excited about the risk and return prospects of equity markets in aggregate, we do find it possible to buy assets at attractive valuations that gives us confidence in the longer-term returns the fund should deliver to investors.

Are equity markets in general overpriced? Do you anticipate a significant correction or will the bull run continue?

In aggregate, we consider the world equity market to be on the expensive side of fair value. But this is mainly due to the US market which dominates global indices, and which is still not priced cheaply, despite the market decline of 2022.

Which asset classes do you expect will give the best total rates of return over the next few years?

Global equities – but given valuations currently, we expect divergent outcomes between different geographies within global equities.

Offshore investments are heavily influenced by the rand. Please give your view on the rand over the next 1, 3 and 5 years.

As with markets in general, we do not attempt to make short term forecasts of exchange rates. On a longer term view, with reference to purchasing power parity, we continue to view the rand as priced too cheaply, and hence expect rand cash investments (ie, including interest) to be a better store of value than many other currencies (notably the US dollar).