



# TREATING CUSTOMERS FAIRLY

## JUNE 2015

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Rezco Collective Investments Ltd – FSB approved Unit Trust Management Company

Registration number: 2004/01/2079/06



## TABLE OF CONTENTS

1	INTRODUCTION .....	3
2	REZCO PHILOSOPHY.....	3
3	RESPONSIBILITIES TO INVESTORS .....	4
3	RESPONSIBILITIES TO INVESTORS (CONTINUED) .....	5
3	RESPONSIBILITIES TO INVESTORS (CONTINUED) .....	6
3	RESPONSIBILITIES TO INVESTORS (CONTINUED) .....	7
3	RESPONSIBILITIES TO INVESTORS (CONTINUED) .....	8
3	RESPONSIBILITIES TO INVESTORS (CONTINUED) .....	9
4	VERSION CONTROL.....	10
5	CONTACT .....	10



## 1 INTRODUCTION

In light of the recent global financial crisis and South Africa's own domestic financial sector challenges, the Financial Services Board (FSB) has been given a mandate by the National Treasury to introduce a formal Treating Customers Fairly (TCF) regulation into the Financial Services industry in order to ensure consumer protection and strengthen the market conduct.

The objective of the TCF programme is for regulated firms to demonstrate that they are consistently treating customers fairly throughout all stages of their relationship with the customer, from product design and marketing, through to advice, point-of-sale and after-sale services provided.

The purpose of this policy is to demonstrate REZCO's commitment and enthusiasm to ensure that our customers' financial services needs are appropriately and sustainably met. This goal is achieved through continuous enhancement of our customers' confidence in us, our supply of appropriate products to meet their needs and our dedication to high standards of transparency and discipline in how REZCO operates.

## 2 REZCO PHILOSOPHY

REZCO was established in 1981 with a deliberate focus on preserving capital while at the same time creating wealth. This was not only a slogan but a deeply rooted philosophy, which has been fundamental to our approach to risk management and has been reflected in our performance over numerous investment cycles.

We have an excellent blend of talent, expertise and qualifications across all areas of REZCO, and we are proud of our core values and principles surrounding our responsibility towards our investors:

- \ We are the leader in no initial fees to invest
- \ Fully supportive of the environmental, social and governance factors which are embraced by the Code for Responsible Investing in South Africa (CRISA)
- \ 20% of REZCO's annual profits are directed towards social development and upliftment
- \ REZCO does not invest in gambling, gaming, cigarettes or micro-lenders

Achieving exceptional results and maintaining the highest level of standards is core to everything that we do at REZCO



### 3 RESPONSIBILITIES TO INVESTORS

The management of REZCO views the six fairness outcomes as a core set of responsibilities to investors, and the following matrix is a representation of how these outcomes are achieved.

	Intended TCF Outcome	Rezco Principles & Responsibilities	Resultant Rezco Actions
Outcome 1	Consumers can be confident that they are dealing with a firm where the fair treatment of customers is central to the firm culture	Our fundamental focus is Risk adjusted returns for clients	The investment team will act within the limits of a given portfolio mandate but will also assesses the market conditions to ascertain the risk levels and position the portfolios accordingly given the objective of each portfolio, to achieve growth and to provide for the protection of capital
		Management fees must be fair and reasonable	<ul style="list-style-type: none"> <li>\ Never ever has the REZCO group charged initial or up-front fees as we felt that they were not in clients best interest</li> <li>\ Fees will be determined by the type of portfolio and will not be onerous. An example of this was offering active management for a passive fee on the Rezco Equity Fund</li> </ul>
		Benchmarks must fairly measure what the portfolio and the underlying investor expects to achieve	All benchmarks must be tested for relevance relating to the profile of a given portfolio. Examples are Rezco Value Trend - JSE All Share, Rezco Stable Fund CPI+3%
		Performance fees basis fair and not excessive	Our performance fees can only be incurred if we have achieved a positive return and they are capped



### 3 RESPONSIBILITIES TO INVESTORS (CONTINUED)

	<b>Intended TCF Outcome</b>	<b>Rezco Principles &amp; Responsibilities</b>	<b>Resultant Rezco Actions</b>
Outcome 2	Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly	There must be a market need for the investment product	Smaller offering of funds that focus on market need only
		The profile and objective of a fund must be strictly mandated	<ul style="list-style-type: none"><li>\ All portfolio limits are placed in the given mandate to ensure that the risk and return objectives are met</li><li>\ Continuous monitoring of compliance in respect of these limits is in place to ensure that the intended structure and exposure of a portfolio is maintained</li></ul>
		Expenses of new products must be monitored for fairness	As part of the design process Rezco will subsidize costs on an emerging or smaller portfolio so that clients are not prejudiced



### 3 RESPONSIBILITIES TO INVESTORS (CONTINUED)

	<b>Intended TCF Outcome</b>	<b>Rezco Principles &amp; Responsibilities</b>	<b>Resultant Rezco Actions</b>
Outcome 3	Consumers are provided with clear information and kept appropriately informed before, during and after the point of sale	Clients must always be aware of the process and requirements relating to their investments	<ul style="list-style-type: none"><li>\ The investment objective, process of investment or disinvestment, fees and time frames are included in all application documentation</li><li>\ All relevant Rezco Staff are well trained to efficiently and skilfully assist clients with the process and keep them informed at each step and the requirements that are to be met</li><li>\ Statements are sent to clients monthly or when they transact on their accounts</li><li>\ Unit prices are published daily</li><li>\ Disclosure documents are sent to the REZCO Investment Counsel clients</li></ul>
		Investors must be made aware of the current outlook and factors that may affect the underlying investment	Relevant and appropriate market commentary and developments are sent to clients on a regular basis



### 3 RESPONSIBILITIES TO INVESTORS (CONTINUED)

	<b>Intended TCF Outcome</b>	<b>Rezco Principles &amp; Responsibilities</b>	<b>Resultant Rezco Actions</b>
Outcome 4	Clients receive advice that is suitable and takes account of their circumstances	Financial advisors and Institutional Consultants to perform this function. How best can we support this?	<ul style="list-style-type: none"><li>\ The Rezco distribution team when interacting with investors (retail and institutional) are well trained to explain the target of each fund and what the risk return profile is for the given portfolio. This is to ensure from our side that the product is positioned correctly for distribution</li><li>\ Current documentation is provided to explain and clearly describe the asset allocation and restrictions around each portfolio in the case of all Rezco Funds</li></ul>
		Investors should be allowed to independently get information on Rezco Funds	<ul style="list-style-type: none"><li>\ All documentation and commentary must be made available on the website to allow ease of access about the investment profile of each portfolio</li><li>\ Expectations as to how the fund would perform under different market conditions will be clearly explained displayed in documents such as fund fact sheets</li></ul>



### 3 RESPONSIBILITIES TO INVESTORS (CONTINUED)

	<b>Intended TCF Outcome</b>	<b>Rezco Principles &amp; Responsibilities</b>	<b>Resultant Rezco Actions</b>
Outcome 5	Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect	Markets do go up and down, however each portfolio should behave in a manner as set out in marketing and disclosure documentation	<ul style="list-style-type: none"><li>\ We aim to keep investors well informed and that service levels are of a high standard to ensure best customer satisfaction</li><li>\ The portfolios are strictly monitored and managed to ensure compliance with a given mandate. There is constant compliance monitoring by Rezco of its portfolios</li></ul>
		Reasons behind any possible performance deviation will be transparent	Where clients have questions relating to the product performance or approach in implementing a strategy they have access to the company representatives who are available to address any queries to the customer satisfaction



### 3 RESPONSIBILITIES TO INVESTORS (CONTINUED)

	<b>Intended TCF Outcome</b>	<b>Rezco Principles &amp; Responsibilities</b>	<b>Resultant Rezco Actions</b>
Outcome 6	Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint	The investor must be free to transact within the processes as laid out by regulation and Rezco	Rezco has no restrictions in changing or switching any of its products and there are no penalties for such
		Investors must have their queries and complaints addressed in a timeous and fair manner	<ul style="list-style-type: none"><li>\ Our Complaints procedure is laid out on investment documentation</li><li>\ Clients are always encouraged to express any concern or query</li><li>\ Investor queries or complaints are handled with diligence and investigated as soon as they are received</li><li>\ All complaints and outcomes are documented, logged and reviewed by the external compliance officer</li></ul>



## 4 VERSION CONTROL

VERSION	DATE	COMMENT
Treating Customers Fairly v1	30 August 2013	Initial introduction
Treating Customers Fairly v2	15 June 2015	Policy update

## 5 CONTACT

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