

# QUARTERLY REPORT

RECM MONEY MARKET FUND - SEPTEMBER 2015

## PORTFOLIO AND PERFORMANCE DETAIL

### PERFORMANCE NET OF FEES AND EXPENSES

	Annualised		12 Month Return <sup>1</sup>		Cumulative	
	Fund	STeFI	Highest	Lowest	Fund	STeFI
1 Year	6.7%	5.5%	6.7%	6.2%	6.7%	5.5%
3 Years	6.1%	5.1%	6.7%	5.5%	19.5%	16.1%
5 Years	5.9%	5.2%	6.7%	5.4%	33.2%	28.7%
Since inception	5.9%	5.2%	6.7%	5.4%	33.2%	28.7%

- Returns in ZAR, on a lump sum investment, net of fees with net distributions reinvested. Source: RECM, Bloomberg.
  - Annualised returns are the weighted average compound growth rate earned each year over the given time period.
  - Individual Investor's performances may differ due to fees, actual investment date, dates of reinvestments and dividend withholding taxes.
- <sup>1</sup> Highest/Lowest – reflects the Fund's highest and lowest 12 month performance reported during the given period.

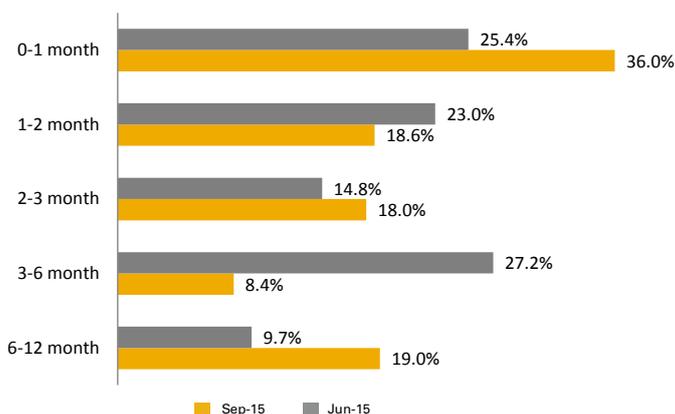
### CREDIT EXPOSURE (%)

	Sep 2015	June 2015
Banks	100.0	100.0
Corporates	0.0	0.0
Government & Parastatals	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### TOP COUNTERPARTIES (%)

	Sep 2015	June 2015
Standard Bank	24.0	26.0
ABSA	24.0	23.0
Nedbank	22.0	25.0
Investec	21.0	18.0
Firstrand	9.0	8.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### DURATION BREAKDOWN (%) - SEPTEMBER 2015



## PERFORMANCE SUMMARY

The RECM Money Market Fund returned 1.67% during the quarter, outperforming its benchmark, the STeFI Daily Call Rate, which returned 1.40% over the same period.

The Fund's effective annualised 12 month yield as at 30 September 2015, net of fees, was 6.79%. Since inception in 2010, the Fund has comfortably outperformed the STeFI call rate with a return of 5.91% versus the benchmark's return of 5.18% over the same period.

## PORTFOLIO STRATEGY & ACTIVITY

The goal of the RECM Money Market Fund is to preserve investors' capital, maximise interest income and provide the liquidity that institutional and corporate investors need. The current AA+ rating of the RECM Money Market Fund is the highest that ratings agency Fitch awards South African money market funds, given the concentrated and relatively illiquid nature of the local corporate debt market.

It is increasingly challenging for investors to earn satisfactory returns while minimising the risk of permanent capital loss. It is possible to improve money market yields by increasing the duration of a fund.

The RECM Money Market Fund prioritises capital preservation and achieves competitive yields for our clients by charging low fees, not by stretching for yield in lower quality credit or increasing duration. RECM prefers investing in high quality issuers and avoiding exposure to less creditworthy corporates or any credit structured through special purpose vehicles.

The unchanged repo rate decision from the South African Reserve Bank has had minimal impact on the yield curve during the quarter. Yields were consistent at current levels. We maintain our view of locking in yields at the longer end of the curve.

Our exposure to South Africa's largest banks has been neutrally maintained. We have increased the fund's holding in fixed rate NCD's, with a commensurate reduction in floating rate NCD holdings as spreads have stabilised at approximately 60 basis points.

We continue to look for positions within both primary and secondary markets that will add to increasing the fund's yield, while remaining cognisant of our fund limits.

# RECM MONEY MARKET FUND

Quarterly Commentary - Period ended 30 September 2015

# RECM

## PORTFOLIO OVERVIEW

Portfolio Manager	Piet Viljoen	Min. Investment	R150,000 initial investment
ASISA Sector	South Africa Interest Bearing Money Market	Initial Fee	No initial fee
Fund Launch Date	15 February 2010	Annual Fee	0.15% (excl. VAT)
Inception Date (Class A)	1 October 2010	Intermediary Fee	0.0% (excl. VAT)
Total Fund Size	R1.4 billion	Total Expense Ratio	0.19% for the period ending 30 September 2015
Fund Size (Class A)	R1.0 billion	Income Distributions	Monthly distributions are paid
Benchmark (Bmk)	STeFI Call Rate	Value of Distributions	6.44 cents per participatory unit over the past 12 months
Rating	Fitch Ratings AA+(zaf) / V1 (zaf)	NAV per Share in ZAR	100 (cents per unit)
No of participatory interests	1 101 426 238.89		

### Risks associated with investing in the Fund

All investments carry risk. Different investment strategies may carry different levels and kinds of risks depending on the assets held. You should consider the risks listed below in the context of your risk profile, which includes factors such as your investment timeframe, objectives and tolerance for performance volatility, income and age. We do not offer advice, nor does the Fund's investment strategy consider your individual circumstances and we cannot advise that the Fund is suitable for your circumstance.

The Manager does not guarantee the Fund's returns, its liquidity, and repayment of capital, interest nor a rate of return. Assets that are expected to provide the highest long-term returns often have the highest short-term risk. The Funds' investment strategy and the assets it invests in, will determine the Fund's sensitivity to these risk factors.

You should obtain financial advice to determine whether the Fund is suitable for your circumstances before investing in the Fund.

### Total Return

Investors' total returns are made up of interest received and any gain or loss made on any particular instrument; and that in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in cases of abnormal losses it can have the effect of reducing the capital value of the portfolio.

### Yield Calculation

The Fund's yield quoted on an annual effective rate (NACA) basis. The NACA is the effective interest rate an investor can expect to earn over a 12 month period based on the nominal yield of the fund at a point in time. The nominal yield is simply the net interest accrual of all the instruments in the fund divided by the number of units in the fund (the fund NAV). The quoted NACA is always higher than the nominal yield because the calculation is based on an investor re-investing the monthly income distribution back into the fund at the nominal yield. (i.e. The NACA is the compounded annual 12-month rate).

### Interest Rate Risk

This is the possibility that fixed-rate debt instruments may decline in value as a result of a rise in interest rates.

### Credit Risk

Refers to the possibility that a fixed income instrument or money market issuer may not be able to make expected interest payments and/or principal repayment.

### Liquidity Risk

Refers to the possibility that an investor may not be able to invest or disinvest when they want to. This may occur during a period of adverse market trading conditions where the manager may not be able to buy or sell the Fund's investments because opportunities to do so are limited.

### Social/Political/Legislative Risk

Risks associated with the possibility of nationalisation, unfavourable government action or social changes resulting in a loss of value is called social or political risk which may affect the Fund.

### Inflation Risk

The Fund may invest in cash and other fixed income instruments that do not generate sufficient income and capital gains to outperform inflation.

### Key Person Risk

The Fund depends on the expertise of RECM and its investment team. The Fund could be negatively impacted if RECM does not retain key staff.

### Third Party Operational Risk

The Fund's operations depend on third parties. Investors in the Fund may suffer financial loss or disruption in the event of third party operational failure.

### Fees

An annual management fee of 0.15%, excluding VAT is levied monthly on the market value of the RECM Money Market Fund (Class A).

### Total Expense Ratio (TER)

The TER reflects the percentage of the average Fund's Net Asset Value that was incurred as charges, levies and fees related to the management of the portfolio. A Higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

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**Disclosures:** Collective Investment Schemes in Securities (CIS) should be considered as medium-to long-term investments. The Manager does not provide any guarantee either with respect to the capital or the return of the Fund. The value of participatory interests (units) may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. These portfolios may be closed. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, STT, VAT, Auditor's fees, Bank Charges, Trustee and Custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (units) in issue. A schedule of fees, charges and maximum commissions is available on request from the management company. Commission and incentives may be paid and if so, would be included in the overall costs. These portfolios may be closed. Different classes of units may apply in a portfolio and are subject to different fees and charges.