



10 July 2020

Dear fellow investor

At the end of last year, we told you that RECM would be merging its operations with like-minded investment firm **Counterpoint Asset Management** during 2020. This process began in March this year, with the Counterpoint team moving into RECM's offices in Claremont, Cape Town. Since then, we have been putting the combined team's greater depth and research capabilities to good use, unearthing the best investment opportunities against a tumultuous, yet fascinating market backdrop. Although Piet Viljoen has been appointed as Chairman of Counterpoint Asset Management, his primary responsibility is to manage the funds to which his style and experience is most suited, with Sam Houlie leading the investment team as Chief Investment Officer.

In building something stronger and better, we've decided to move forward with the **Counterpoint** brand. Whilst we may be changing our name, we remain true to our same values and are keeping RECM's strapline: **Your capital first**. We understand that it is your hard-earned capital that we have the responsibility of both protecting and growing over time, and we keep this utmost in our minds. As always, we continue to invest our own capital alongside yours, paying the same fees.

### **Next steps**

The next part of the merger involves a balloting process through which you will be asked to approve the amalgamation of the local RECM funds (established under the RECM Collective Investments Scheme) with Counterpoint SCI funds, (established under the Sanlam Collective Investments ("SCI") Scheme). Please note that the process of amalgamating the US dollar-denominated global funds will only commence once the amalgamation of rand-denominated local funds is complete.

As an investor in one or more of RECM's local funds, your approval for the amalgamation will be sought through a ballot. **It is important for you to note that if you do not participate in the ballot, you will be deemed to have voted in favour of the amalgamation.**

Once the amalgamation is approved, RECM's local funds will be combined with Counterpoint SCI funds where similar mandates already exist, or if not, with new Counterpoint SCI funds created for this purpose.



**The expected amalgamation date is set as 9 October 2020.** After this date, all administrative processes will be handled by SCI – a specialist administrator from the Sanlam group of companies. The benefit of outsourcing operational requirements to third party manager SCI is that it allows us to focus on our top priorities: delivering good investment outcomes for you and providing you with top class client service.

**Summary of the impact of the amalgamation**

Things that will stay the same:

- The same investment team will continue to manage the combined assets.
- The funds will be managed in a similar manner.
- The amalgamation will not trigger Capital Gains Tax.

Things that will change:

- The administration from 9 October 2020 will be handled by SCI. This may require submitting new documentation to SCI for FICA purposes before they are able to process transactions for you.
- Fund-specific changes and the impacts of these changes on you as an investor will be clearly outlined in the ballot letters for each specific fund.
- The names of the underlying Unit Trusts will change as indicated below:

<b>Existing/Source Fund</b>	<b>New/Target Fund</b>
RECM Money Market Fund	Counterpoint SCI Money Market Fund
RECM Balanced Fund	Counterpoint SCI Balanced Plus Fund
RECM Global Flexible Fund	Counterpoint SCI Worldwide Flexible Fund
RECM Equity Fund	Counterpoint SCI Value Fund
Prescient RECM Global Feeder Fund	Counterpoint SCI Global Equity Feeder Fund

If you want to know more about the amalgamation, or if you have any questions, please do not hesitate to contact me at any time. Thank you for your trust in allowing us to manage a portion of your capital.

Yours sincerely