

# PRESCIENT RECM GLOBAL FEEDER FUND (Class A)

Period ended 31 July 2014

# RECM

The Prescient RECM Global Feeder Fund is a Rand denominated fund that provides local investors with access to the RECM Global Fund. The RECM Global Fund is a US dollar denominated global fund that may invest in a wide array of assets without any restrictions. The Fund's aim is to generate returns significantly greater than US inflation and commensurate with equities over the long term. The fund invests mainly in large global companies at a significant discount to intrinsic value, while using the flexibility of the mandate to protect capital and enhance returns by investing in other mispriced global assets from time to time. We consider risk as the possibility of losing money, not in terms of volatility. Our main risk management tool is our investment philosophy. As value investors, we aim to buy and hold good quality companies and do so with a margin of safety. Our ability to move between asset classes assists in reducing the risk in the fund.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Global Multi Asset Flexible
Inception Date	24 July 2014
Fund Size	R997.4 thousand
Master Fund Size (RECM Global Fund)	US \$562.3 million
Benchmark	US CPI + 6% p.a. measured in ZAR
Min. Investment	R10,000 initial investment

Initial Fee	No initial fee
Annual Fee	0.25% annual fee (excl. VAT)
Total Expense Ratio	TBA (includes the RECM Global Fund fee)
Pricing Frequency	Daily
Income Declarations	None

\* The Portfolio Detail and Performance data for the RECM Global Feeder Fund Class A has been provided on this factsheet as a proxy for the Prescient RECM Global Feeder Fund Class A which launched on 24 July 2014

## PORTFOLIO DETAIL\*

### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH
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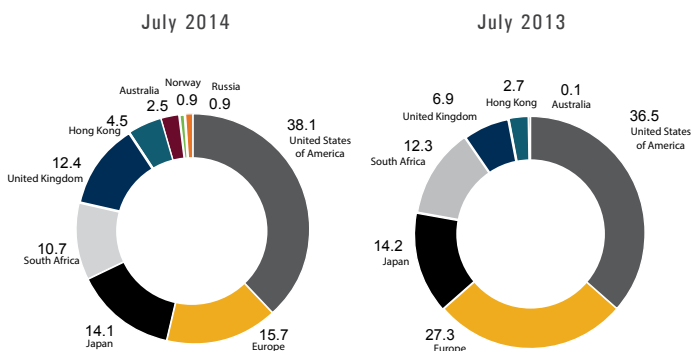
### TOP TEN HOLDINGS (%)

July 2014		July 2013	
Anglo American Platinum Ltd	4.5	Anglo American Platinum Ltd	5.1
Arcelormittal	4.5	Ichirizuka Master Fund	5.0
BP Plc	4.4	Carrefour SA	4.9
Ichirizuka Master Fund	4.4	Microsoft Corp	4.6
Inpex Corp	3.5	Arcelormittal	4.5
Ultra Petroleum Corp	3.5	Ultra Petroleum Corp	4.1
Impala Platinum Holdings Ltd	3.3	Intel Corp	3.9
Anglo American Plc	3.2	BP Plc	3.2
Wm Morrison Supermarkets	3.0	Sonae	3.0
Microsoft Corp	2.8	Impala Platinum Holdings Ltd	2.9
<b>Total</b>	<b>37.1</b>	<b>Total</b>	<b>41.2</b>

### ASSET ALLOCATION (%)

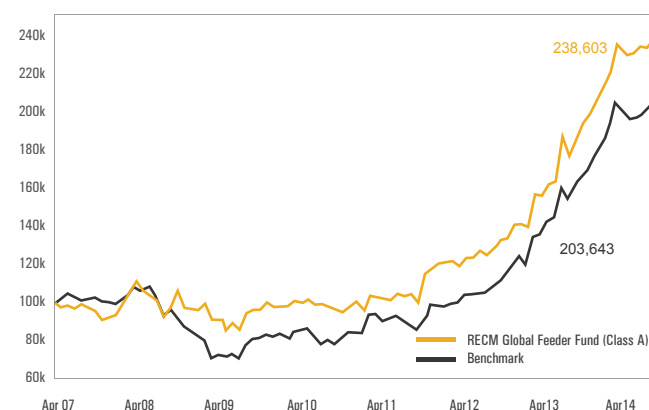
July 2014		July 2013	
Offshore Equity	60.7	Offshore Equity	74.3
Offshore Cash	28.0	Offshore Cash	11.9
SA Equity	8.3	SA Equity	9.3
SA Cash	2.5	SA Cash	3.0
Offshore Property	0.5	Offshore Property	1.5
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

### GEOGRAPHICAL ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES\*

THE VALUE OF R100,000 INVESTED AT INCEPTION WITH ALL DISTRIBUTIONS REINVESTED



## ANNUALISED RETURNS TO END JULY 2014

	Fund	Benchmark
1 Year	30.6%	26.7%
3 Years	31.7%	31.7%
5 Years	20.3%	20.9%
Since Inception	12.6%	10.4%
Maximum Drawdown (Life of Fund)	-22.8%	-33.7%

\* Returns are in ZAR net of fees with distributions reinvested. Source: RECM Analyst, Bloomberg.

## INVESTMENT COMMENT

RECM launched the Prescient RECM Global Feeder Fund with effect from 24 July 2014. This means that investors with discretionary assets can once again access to the RECM Global Fund with rands. The existing RECM Global Feeder Fund remains closed to retail investors but open to institutional and compulsory investments. Within the RECM Global Fund, the largest purchases over the past six months include three new ideas, namely WM Morrison Supermarkets, American International Group (AIG) and Alumina. WM Morrisons Supermarkets is the fourth largest food retailer in the UK, predominantly in the north of the country where disposable income is under pressure. Due to this, many consumers have traded down and started shopping at hard discounters such as Aldi and Lidl resulting in decreased traffic across Morrisons' store base. Morrisons has recognised this threat – albeit too late, much like the other listed retailers – and has reinvested aggressively in pricing points that will cause a reduction in short-term profitability. In addition, Morrisons didn't develop an online strategy while its largest competitors had invested in online channels for a decade. To address this, management has partnered with Ocado, one of the largest online grocery retailers in the UK. Ocado has been operating for 15 years and is aggressively trying to disintermediate the current retailing environment. This partnership gives Morrisons access to best in class global online retailing expertise. Morrisons stock currently trades at a significant discount to fair value.

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**Disclaimer:** Collective Investment Schemes in Securities (CIS) should be considered as medium-to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at the ruling price and can engage scrip lending and borrowing up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from Prescient Management Company Ltd. Commission and incentives may be paid and if so, would be included in the overall costs. Different classes of units may apply in a portfolio and are subject to different fees and charges. A fund of funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. 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. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio 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. During the phase-in period TER's do not include information gathered over a full year.

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