

# RE:CM MONEY MARKET Fund (Class A)

Period ended 31 October 2013

# RE·CM

YOUR CAPITAL FIRST

<b>Portfolio Manager</b>	Piet Viljoen, Sean Neethling*
<b>Sector</b>	South African Interest Bearing Money Market
<b>Inception Date</b>	1 October 2010
<b>Total Fund Size</b>	R1.5 billion
<b>Fund Size (Class A)</b>	R435.5 million
<b>Benchmark</b>	SteFI Call Rate
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	0.15% annual fee excl. VAT
<b>Total Expense Ratio</b>	0.19%
<b>Income Declarations</b>	Monthly distributions are paid in cents per unit
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Money Market Fund comprises a diversified combination of money market instruments.

## Fund Objective

The Fund aims to maximise interest income, preserve capital and provide liquidity. This Fund is also suitable for risk averse investors seeking a temporary, safe holding vehicle in times of market uncertainty. Investors seeking capital preservation, requiring regular interest income and liquidity should invest in this fund.

## Risk Measures

Capital losses are unlikely but can occur. For example, should one of the issuers of an asset held within the underlying Fund default and a loss occur, this loss will be borne by the Fund and the investors.

## RISK STATISTICS AND PORTFOLIO DETAIL

### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH
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Effective yield (%) as at 31 October 2013 (net of fees)	5.74
Fund duration (days)	73

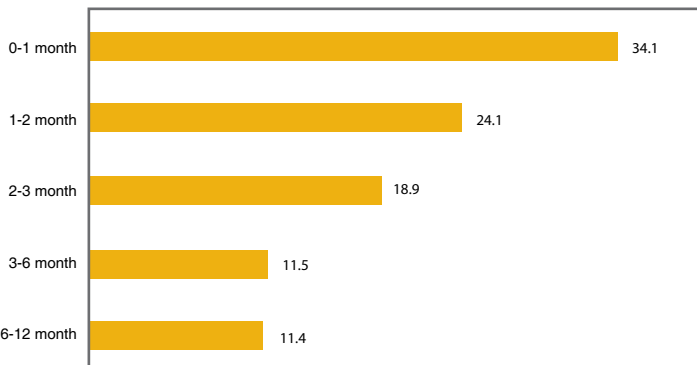
### CREDIT EXPOSURE (%)

October 2013	
Government & Parastatals	0.0
Corporates	11.0
Banks	89.0
Total	100.0

### COUNTERPARTY EXPOSURE (%)

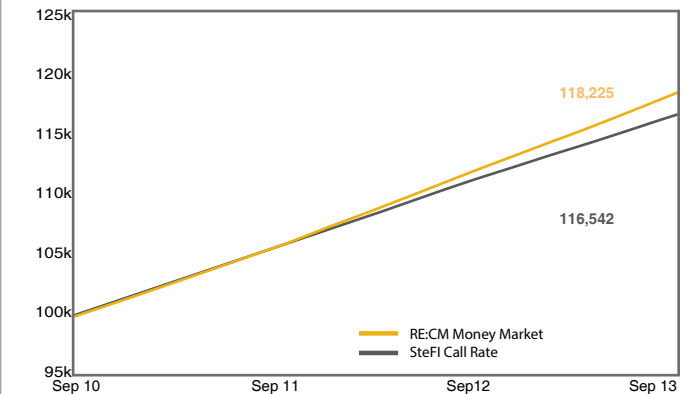
October 2013	
Nedbank	24.0
ABSA	21.0
Standard Bank	20.0
Investec	17.0
Corporates	11.0
Firstrand	7.0
Total	100.0

### DURATION BREAKDOWN (%)



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### MONTHLY RETURNS

Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13
0.44%	0.44%	0.45%	0.41%	0.46%	0.45%
May '13	Jun '13	Jul '13	Aug '13	Sep '13	Oct '13
0.46%	0.45%	0.46%	0.47%	0.45%	0.48%

### RETURNS TO END OCTOBER 2013

	Fund	Benchmark
1 Year	5.56%	4.68%
2 Years	5.65%	4.93%
3 Years	5.63%	5.07%
Since Inception	5.58%	5.09%

### INVESTMENT COMMENT

The RE:CM Money Market Fund generated an income yield of 5.7% against the benchmark yield of 4.8% as at 31 October 2013. Fund duration was reduced from 82 days to 73 days, the lower duration more attributable to some of the floating rate notes in the fund approaching reset dates as opposed to a change in our interest rate view. Fixed income markets were in limbo at the start of the month as the US narrowly averted a technical debt default due to the government shutdown. Money market rates remained relatively constant over the month given the lack of direction in the local bond market. September headline inflation decreased to 6% from 6.4% in August – in line with both market expectations and the SARB's 3 to 6% target range. The main drivers of the lower print were lower fuel and food prices. The SA trade balance also posted a deficit of R18.9bn in September from R19.1bn in August. The country is reliant on foreign capital to plug the trade deficit and both currency and bond markets remain vulnerable to short term volatility. The fund remains competitively positioned in the current interest rate cycle. The forward market is not pricing in any short term changes to rates with the SARB still trying to balance low growth and high inflation. We have maintained a 55% allocation towards floating rate instruments with most of that exposure to the top tier banks.

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**Disclaimer:** Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts 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. A schedule of fees and charges and maximum commissions is available on request from the management company, RE:CM Collective Investments (Pty) Ltd (RE:CM). Commission and incentives may be paid and if so, would be included in the overall costs. The price of each unit in the RE:CM Money Market Fund is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the Fund. Forward pricing is used. Funds are valued daily at 15h00 with the exception of the RE:CM Money Market Fund which is valued before 18h00. Instructions must reach RE:CM before 14h00 to ensure same day value (11h00 for the RE:CM Money Market Fund). Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Different classes of units apply to these portfolios and are subject to different fees and charges. Unit trust prices are calculated on a net asset value basis, defined as the total market value of all assets in the unit portfolio including any income accruals and less any permissible deductions (brokerage, uncertified securities tax, VAT, auditors' fees, bank charges, custodian fees, trustee fees, annual management fee and performance fees) from the portfolio divided by the number of units in issue. These portfolios may be closed. RE:CM Collective Investments (Pty) Ltd, Company Registration Number: 2004/027540/07, is a member of the Association for Savings and Investment SA (ASISA). Trustees: The Standard Bank of SA Limited, PO Box 54, Cape Town, 8000. \*Acting under the supervision of Piet Viljoen.

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# RE:CM Global FLEXIBLE Fund (Class A)

Period ended 31 October 2013

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	Worldwide Multi Asset Flexible
<b>Inception Date</b>	3 April 2003
<b>Total Fund Size</b>	R1.8 billion
<b>Fund Size (Class A)</b>	R1.2 billion
<b>Benchmark</b>	Inflation (CPI) + 8%
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	1% annual fee (excl. VAT)
<b>Hurdle Rate</b>	CPI + 8%
<b>Performance Fee</b>	20% above/below hurdle rate
<b>Total Expense Ratio</b>	4.64%
<b>Income Declarations</b>	31 March, 30 June, 30 September, 31 December
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Global Flexible Fund is a rand denominated worldwide balanced fund that may invest in equities, bonds, property, cash and offshore assets. Funds are shifted between various asset classes to take advantage of areas of value.

## Fund Objective

The primary objective of the portfolio is to generate returns greater than inflation over the long term with lower than average risk for investors.

## Risk Measures

We look at risk in terms 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.

## RISK STATISTICS AND PORTFOLIO DETAIL

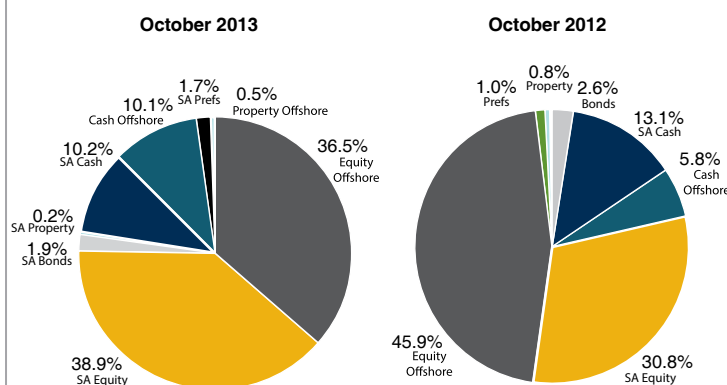
### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	<b>MODERATE-HIGH</b>	HIGH
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### TOP TEN HOLDINGS (%)

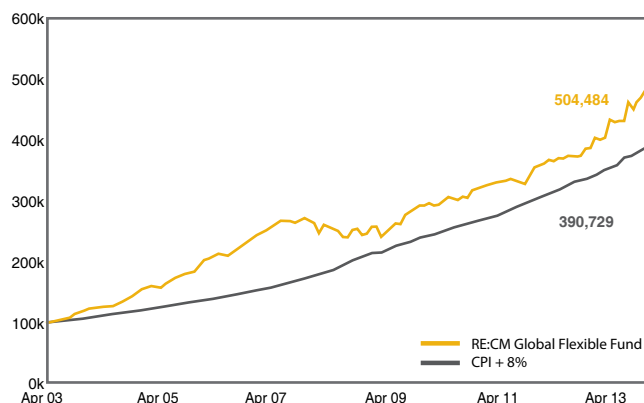
October 2013		October 2012	
Amplats	5.3	Carrefour	7.0
Anglo American	4.8	Sun International	5.5
Microsoft	3.5	Amplats	4.7
Arcelor Mittal SA	3.4	Microsoft	3.3
Impala Platinum	3.4	Anglo American	3.3
Arcelor Mittal	3.2	BP	2.8
BP	3.0	Berkshire Hathaway	2.8
Lonmin	2.8	Tokyo Gas	2.4
Carrefour	2.5	Dell	2.3
Sun International	2.4	Ultra Petroleum	2.2
<b>Total</b>	<b>34.3</b>	<b>Total</b>	<b>36.3</b>

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END OCTOBER 2013\*

	Fund	Benchmark
1 Year	25.1%	14.0%
3 Years	16.1%	13.7%
5 Years	15.8%	13.3%
Since Inception	16.7%	13.9%
Maximum Drawdown**	-11.6%	0.0%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised
- Inception Date, 3 April 2003

\* The RE:CM Global Flexible Fund was reclassified to a fully flexible mandate at the end of June 2009. Prior to this date, the Fund was managed according to Reg.28 guidelines.

\*\* Life of Fund

## INVESTMENT COMMENT

The market clearly took notice of the latest set of interim results for Carrefour. This is another terrific example of something very small but positive happening at a formerly disliked business that results in a disproportionately positive share price change. The results implied that their market share is stabilising in their key home market of France, which was a key concern. The key management change to date was the greater decentralisation of store management, which to date appears to have been the right thing to do. In other words they've moved from the corporate store mentality to be better placed to compete with the independent franchise owned business models. Carrefour remains a top holding in the fund.

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# RE:CM Flexible EQUITY Fund (Class B)

Period ended 31 October 2013

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	South African Multi Asset Flexible
<b>Inception Date</b>	2 March 2005
<b>Total Fund Size</b>	R441.2 million
<b>Fund Size (Class B)</b>	R109.6 million
<b>Benchmark</b>	FTSE/JSE All Share Index
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class B)</b>	0.5% annual fee (excl. VAT)
<b>Hurdle Rate</b>	JSE All Share Index + 2.5%
<b>Performance Fee</b>	20% above/below hurdle rate
<b>Total Expense Ratio</b>	0.61%
<b>Income Declarations</b>	31 March & 30 September
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Flexible Equity Fund is an SA Equity Fund and has the flexibility to default to cash when we can't find value in equities. It aims to generate better returns than the FTSE JSE All Share Index (including income) over the long term with lower than average risk of capital loss and with less volatility than the index. This fund is suited to investors seeking long-term wealth creation through SA equity exposure, and who are comfortable with short-term volatility.

## Fund Objective

The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

## Risk Measures

We look at risk in terms 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 hold cash offers additional comfort when equities are expensive.

## RISK STATISTICS AND PORTFOLIO DETAIL

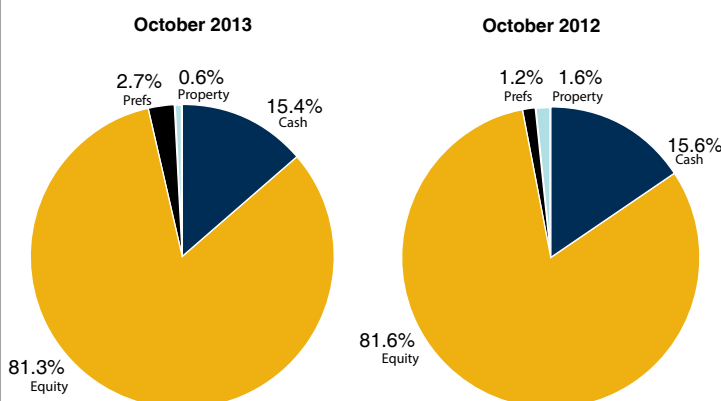
### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	<b>MODERATE-HIGH</b>	HIGH
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### TOP TEN HOLDINGS (%)

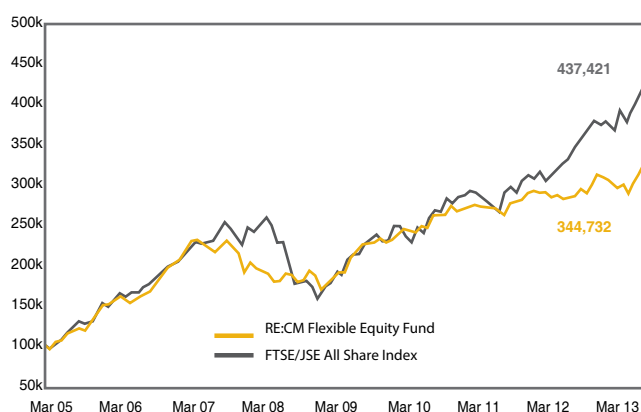
October 2013		October 2012	
Anglo American	7.1	Sun International	8.6
Amplats	6.9	Amplats	6.8
HCI	5.9	Anglo American	6.1
Arcelor Mittal SA	5.5	HCI	5.9
Impala Platinum	5.1	Lonmin	4.4
Sun International	4.7	Arcelor Mittal SA	4.0
Lonmin	4.2	Impala Platinum	3.4
JD Group	4.1	Sasol	3.1
Standard Bank	3.8	Discovery	2.9
Blue Label Telecoms	3.4	Adcock Ingram	2.3
<b>Total</b>	<b>50.7</b>	<b>Total</b>	<b>47.5</b>

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END OCTOBER 2013

	Fund	Benchmark
1 Year	15.3%	26.2%
3 Years	8.8%	17.9%
5 Years	13.8%	20.2%
Since Inception	15.5%	18.8%
Maximum Drawdown*	-27.1%	-40.4%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised
- Inception Date, 2 March 2005
- \* Life of Fund

### INVESTMENT COMMENT

Hosken Consolidated Investments Limited (HCI) is a black empowerment investment holding company involved in a diverse group of investments including hotel and leisure; interactive gaming; media and broadcasting; transport; mining; clothing and properties. HCI owns some very attractive assets, most notably in the gaming and leisure sector - it currently owns 41% of Tsogo Sun which makes up 60% of its total value. We rate the capital allocation abilities of management highly as evidenced by their excellent track record. Steady increases in intrinsic value, and a share price that up until recently lagged these increases, allowed for an attractive margin of safety to develop in the shares. As such, we took the opportunity to allocate substantial capital to the business a while back and at current prices, still see sufficient discount to fair value to warrant an allocation to the company.

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# RE:CM Global FEEDER Fund (Class A)

Period ended 31 October 2013

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<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	Global Multi Asset Flexible
<b>Inception Date</b>	1 April 2007
<b>Total Fund Size</b>	R778.3 million
<b>Fund Size (Class A)</b>	R359.4 million
<b>Benchmark</b>	MSCI World Index (ZAR)
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	0.3% annual fee (excl. VAT)
<b>Total Expense Ratio</b>	0.94%*
	*The total expense ratio includes the fee of the underlying fund, the RE:CM Global Fund.
<b>Pricing Frequency</b>	Daily
<b>Income Declarations</b>	None
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Global Feeder Fund is a rand denominated fund that provides local investors with access to the Guernsey-domiciled RE:CM Global Fund. The RE:CM Global Fund invests predominantly in large global companies listed on recognised exchanges across all markets. The Top Holdings, Geographical Allocation, Asset Allocation and Investment Comment found below, relate to the RE:CM Global Fund.

## Fund Objective

The primary objective of the underlying fund portfolio is to outperform the MSCI World Index, in USD (including income) over the long term with lower than average risk of capital loss and with less volatility than the index.

## Risk Measures

Whilst the risk is higher than that of a global balanced fund, our investment process is designed to minimise the risk of losing money over the long term.

## RISK STATISTICS AND PORTFOLIO DETAIL

### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	<b>MODERATE-HIGH</b>	HIGH
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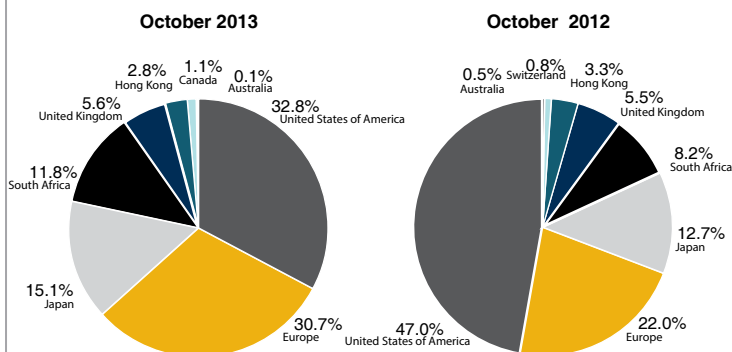
### TOP TEN HOLDINGS (%)

October 2013		October 2012	
Arcelor Mittal	5.8	Carrefour	8.0
Ichirizuka Master Fund	5.5	Microsoft	5.0
Microsoft	5.2	Ichirizuka Master Fund	4.9
Amplats	4.3	Amplats	4.0
Intel	4.2	BP	3.9
BP	3.9	Berkshire Hathaway	3.7
Carrefour	3.8	Ultra Petroleum	3.0
Ultra Petroleum	3.4	Johnson & Johnson	2.9
Impala Platinum	3.2	Arcelor Mittal	2.8
Vivendi	3.0	Wellpoint	2.7
<b>Total</b>	<b>42.3</b>	<b>Total</b>	<b>40.9</b>

### ASSET ALLOCATION (%)

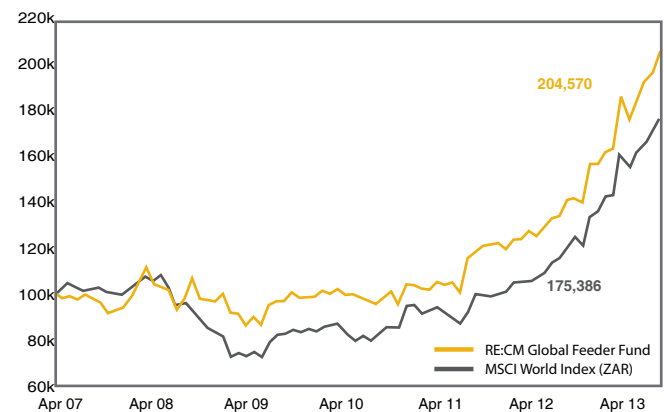
October 2013		October 2012	
Equity	85.1	Equity	84.1
Cash	13.0	Cash	15.9
Property	1.9	Property	0.0
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

### GEOGRAPHICAL ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END OCTOBER 2013

	Fund	Benchmark
1 Year	45.9%	46.7%
3 Years	27.9%	27.1%
5 Years	16.0%	14.7%
Since Inception	11.5%	8.9%
Maximum Drawdown*	-22.8%	-33.7%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised
- Inception Date, 1 April 2007
- \* Life of Fund

### INVESTMENT COMMENT

The Ichirizuka Master Fund is an attractive entry point into the Japanese small cap market which we cannot access directly ourselves due to language barriers. To achieve this, we have partnered with Milestone Asset Management, who have over 3 decades worth of local experience in Japan and an excellent long-term track record in this space. There are over 2500 Japanese stocks which have zero coverage by sell-side analysts globally, proving that it is a much ignored and unloved sector of a market that, up until very recently, was regarded entirely as a potential "value trap". This is usually fertile hunting ground for undervalued opportunities. Since we invested in the fund, it has outperformed the MSCI World Index in US\$ terms and has thus added to excess returns within the Global Fund. The underlying stocks in the fund continue to trade at a significant discount to fair value in aggregate.

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# RE:CM GLOBAL Fund (Class A)

Period ended 31 October 2013

# RE:CM

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<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	Global Equity
<b>Inception Date</b>	31 March 2006
<b>Total Fund Size</b>	US \$482.9 million
<b>Fund Size (Class A)</b>	US \$428.7 million
<b>Benchmark</b>	MSCI World Index
<b>Min. Investment</b>	\$50,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	0.5% annual fee
<b>Hurdle Rate</b>	MSCI World + 2.5%
<b>Performance Fee</b>	20% above/below hurdle rate
<b>Pricing Frequency</b>	Daily
<b>Administrators</b>	Kleinwort Benson
<b>Domicile</b>	Guernsey
<b>Total Expense Ratio</b>	0.58%
<b>Income Declarations</b>	None
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE:CM Global Fund is a US dollar denominated equity-centric fund domiciled in Guernsey. It invests predominantly in large global companies listed on recognised exchanges across all markets. A prospectus is available from RE:CM Collective Investments (Pty) Ltd.

## Fund Objective

The portfolio aims to outperform the MSCI World Index in USD (including income) over the long term with lower than average risk of capital loss and with less volatility than the index.

## Risk Measures

Whilst the risk is higher than that of a global balanced fund, our investment process is designed to minimise the risk of losing money over the long term.

## RISK STATISTICS AND PORTFOLIO DETAIL

### FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	<b>MODERATE-HIGH</b>	HIGH
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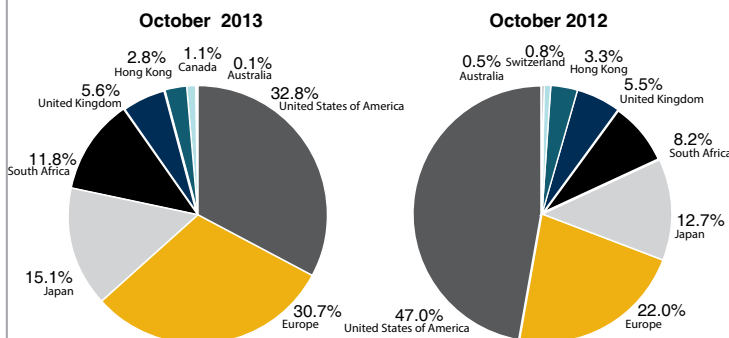
### TOP TEN HOLDINGS (%)

October 2013		October 2012	
Arcelor Mittal	5.8	Carrefour	8.0
Ichirizuka Master Fund	5.5	Microsoft	5.0
Microsoft	5.2	Ichirizuka Master Fund	4.9
Amplats	4.3	Amplats	4.0
Intel	4.2	BP	3.9
BP	3.9	Berkshire Hathaway	3.7
Carrefour	3.8	Ultra Petroleum	3.0
Ultra Petroleum	3.4	Johnson & Johnson	2.9
Impala Platinum	3.2	Arcelor Mittal	2.8
Vivendi	3.0	Wellpoint	2.7
<b>Total</b>	<b>42.3</b>	<b>Total</b>	<b>40.9</b>

### ASSET ALLOCATION (%)

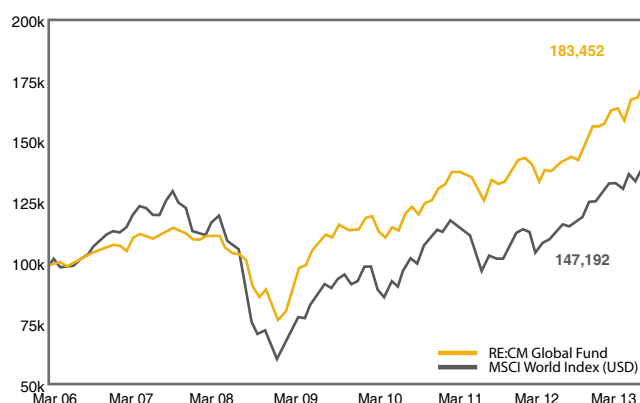
October 2013		October 2012	
Equity	85.1	Equity	84.1
Cash	13.0	Cash	15.9
Property	1.9	Property	0.0
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

### GEOGRAPHICAL ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END OCTOBER 2013

	Fund	Benchmark
1 Year	27.8%	26.5%
3 Years	14.1%	12.5%
5 Years	14.9%	14.0%
Since Inception	8.3%	5.2%
Maximum Drawdown*	-33.3%	-53.7%

- Returns are in USD net of fees with distributions re-invested. Source: RE:CM Analyst, Bloomberg.
- Periods greater than 1 year are annualised
- Inception Date, 31 March 2006
- \* Life of Fund

### INVESTMENT COMMENT

The Ichirizuka Master Fund is an attractive entry point into the Japanese small cap market which we cannot access directly ourselves due to language barriers. To achieve this, we have partnered with Milestone Asset Management, who have over 3 decades worth of local experience in Japan and an excellent long-term track record in this space. There are over 2500 Japanese stocks which have zero coverage by sell-side analysts globally, proving that it is a much ignored and unloved sector of a market that, up until very recently, was regarded entirely as a potential "value trap". This is usually fertile hunting ground for undervalued opportunities. Since we invested in the fund, it has outperformed the MSCI World Index in US\$ terms and has thus added to excess returns within the Global Fund. The underlying stocks in the fund continue to trade at a significant discount to fair value in aggregate.

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**Disclaimer:** Collective Investment Schemes in Securities are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Collective investments are traded at ruling prices and can engage in scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. A schedule of fees and charges and maximum commissions is available from the company/ scheme. Commission and incentives may be paid and if so, would be included in the overall costs. The quantifiable deduction is the annual management fee (and performance fee), whilst non-quantifiable fees included in the net asset value price may comprise brokerage, auditor's fees, bank charges, UST, trustee and custodian fees. Collective investment prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Forward pricing is used. Fund valuations take place at 23h00 Guernsey time on the business day immediately preceding each dealing day. Withdrawal requests and contributions must be received by the Administrators by 16h00 Guernsey time on the business day preceding each dealing day. The Management Company is RECM Guernsey Management Company Limited. The Custodian is Royal Bank of Canada (Channel Islands) Limited and the Administrators are Kleinwort Benson. This fact sheet should be read in conjunction with the "Schedule of Similarities and Differences" available on the website. RECM Collective Investments (Pty) Ltd is a member of the Association for Savings and Investment SA (ASISA).

A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA