

# RECM EQUITY FUND (Class B)

Period ended 31 March 2014

# RECM

The RECM Equity Fund is a unit trust which invests exclusively in South African equities. The Fund's aim is to outperform the South African equity market over the long term by selecting shares based on a value philosophy. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	South Africa Equity General*
Inception Date	2 March 2005
Total Fund Size	R445.0 million
Fund Size	R111.7 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.0% annual fee (excl. VAT)
Hurdle Rate	FTSE/JSE All Share Index + 2.5% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio (1 Year)	0.77%
Total Expense Ratio (3 Years)	0.62%
Income Declarations	31 March & 30 September

## PORTFOLIO DETAIL

\*The RECM Equity Fund was classified as a fully invested equity mandate with effect from 28 February 2014. From inception in March 2005 to June 2009, the Fund was classified as a fully invested equity mandate and from June 2009 to February 2014 as a flexible mandate.

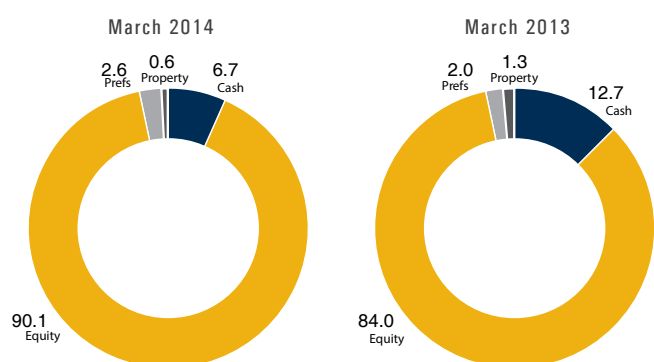
## FUND RISK PROFILE

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

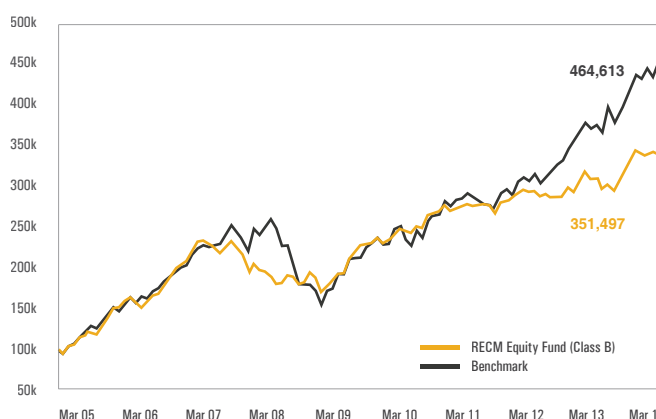
March 2014		March 2013	
Anglo American	8.2	Sun International	6.9
Anglo American Platinum	7.7	Anglo American Platinum	6.8
Impala Platinum	6.1	Hosken Consolidated Inv.	5.6
Sun International	5.0	Anglo American	5.4
Arcelormittal SA	4.6	Arcelormittal SA	4.4
Hosken Consolidated Inv.	4.5	Lonmin	4.4
Standard Bank	4.4	Standard Bank	3.4
Lonmin	4.0	Impala Platinum	3.4
JD Group	3.9	Sasol	3.2
Blue Label Telecoms	3.2	JD Group	3.2
<b>Total</b>	<b>51.6</b>	<b>Total</b>	<b>46.7</b>

## ASSET ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



## ANNUALISED RETURNS TO END MARCH 2014

	Fund	Benchmark
1 Year	14.2%	23.6%
3 Years	8.6%	17.6%
5 Years	14.5%	22.0%
Since Inception	15.0%	18.6%
Maximum Drawdown (Life of Fund)	-27.1%	-40.4%

• Returns in ZAR net of fees with distributions reinvested. Source: RECM Analyst.

## INVESTMENT COMMENT

In an unusually busy month, our portfolio managers allocated fund capital to new ideas Barclays Africa Group, Spar, Capitec and Glencore Xstrata, while adding to existing exposures in Aveng, Iliad, Lewis and Astrapak. We completed an ownership cycle in Investec, while reducing exposures to Sasol, Grand Parade, Anglo American, Transhex, MMI Holdings and Standard Bank. Without fail, all our purchases were of cheap investment ideas where the share prices have been under pressure lately, while our sales were of positions where recent price changes have been strongly positive and the margins of safety had declined meaningfully. In the case of Investec, we chose to sell out of our remaining small exposure due to the share price exceeding our fair value assessment. It's a good business managed by competent executives and we look forward to reinvesting again one day if the market provides us with another investment opportunity.

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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, RECM Collective Investments (Pty) Ltd (RECM). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Funds are valued daily at 15h00. Instructions must reach RECM before 14h00 to ensure same day value. 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, uncertificated 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. RECM 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. The RECM Equity Fund Class B has a Total Expense Ratio of 0.77%. For the period from 1 April 2013 to 31 March 2014, 0.77% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's. Inclusive of the TER of 0.77%, a performance fee of 0.0% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.