

# RECM EQUITY FUND (Class F)

Minimum Disclosure Document - Period ended 30 June 2015

# 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       | Wilhelm Hertzog and Paul Whitburn |
| ASISA Sector             | South Africa Equity General*      |
| Fund Launch Date         | 2 March 2005                      |
| Inception Date (Class F) | 2 January 2014                    |
| Total Fund Size          | R81.0 million                     |
| Fund Size (Class F)      | R4.7 million                      |
| Benchmark (Bmk)          | FTSE/JSE All Share Index          |
| Min. Investment          | R150,000 initial investment       |

|                              |   |
|------------------------------|---|
| Initial Fee                  | No initial fee  |
| Annual Fee                   | 0.9% (excl. VAT)  |
| Intermediary Fee             | 0.0% (excl. VAT)  |
| Performance Hurdle           | FTSE/JSE All Share Index + 2.5% p.a.                                |
| Performance Fee              | 20% of the outperformance of the hurdle over 5 year rolling periods |
| Total Expense Ratio (1 Year) | 1.11% for the period ending 31 March 2015                           |

## PORTFOLIO DETAIL

\*The RECM Equity Fund was classified as South Africa Equity General with effect from 28 February 2014. From inception in March 2005 to June 2009, the Fund was classified as South Africa Equity General and from June 2009 to February 2014 as South Africa Multi Asset Flexible.

## FUND RISK PROFILE

|     |              |          |               |      |
|-----|--------------|----------|---------------|------|
| LOW | LOW-MODERATE | MODERATE | MODERATE-HIGH | HIGH |
|-----|--------------|----------|---------------|------|

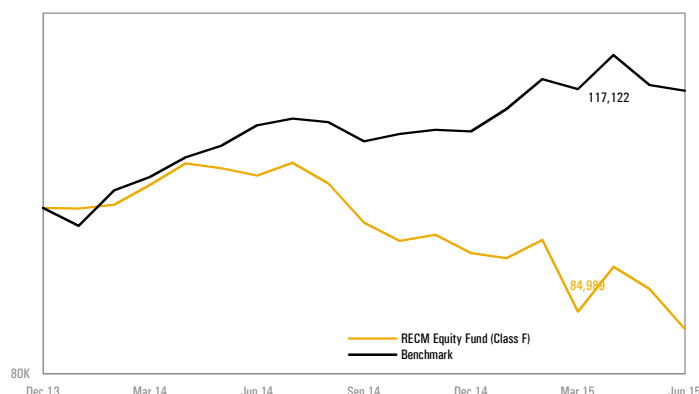
The Fund has a high risk profile as it is actively managed across a diversified portfolio of South African equities, listed property and cash assets.

## TOP TEN HOLDINGS (%)

| June 2015                    |             | June 2014                    |             |
|------------------------------|-------------|------------------------------|-------------|
| Anglo American Plc           | 8.0         | Anglo Platinum Ltd           | 7.5         |
| Anglo Platinum Ltd           | 7.4         | Anglo American Plc           | 6.9         |
| Impala Platinum Holdings Ltd | 5.5         | Sun International Ltd        | 5.8         |
| RECM and Calibre Ltd         | 5.0         | Impala Platinum Holdings Ltd | 5.5         |
| Hosken Cons Investments Ltd  | 4.5         | Arcelormittal South Africa   | 4.4         |
| Ubs Npn Ex Ten R 10 Sep 15   | 3.9         | JD Group Ltd                 | 4.4         |
| Lonmin Plc                   | 3.4         | Hosken Cons Investments Ltd  | 4.3         |
| Blue Label Telecomms         | 3.1         | Lonmin Plc                   | 4.1         |
| Standard Bank Group Ltd      | 3.1         | Standard Bank Group Ltd      | 3.3         |
| Niveus Investments Limited   | 2.8         | Sasol Ltd                    | 3.0         |
| <b>Total</b>                 | <b>46.7</b> | <b>Total</b>                 | <b>49.1</b> |

## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



## RETURNS TO END JUNE 2015

|                 | Annualised |       | 12 Month Return <sup>1</sup> |        | Cumulative |       |
|-----------------|------------|-------|------------------------------|--------|------------|-------|
|                 | Fund       | Bmk   | Highest                      | Lowest | Fund       | Bmk   |
| 1 Year          | -18.6%     | 4.8%  | -4.6%                        | -18.6% | -18.6%     | 4.8%  |
| Since inception | -10.3%     | 11.1% | -4.6%                        | -18.6% | -15.0%     | 17.1% |

- Returns in ZAR, on a lump sum investment, NAV-NAV, net of fees with net distributions reinvested. Source: RECM.
- 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.

## INCOME DISTRIBUTIONS

Distribution Dates are 31 March and 30 September

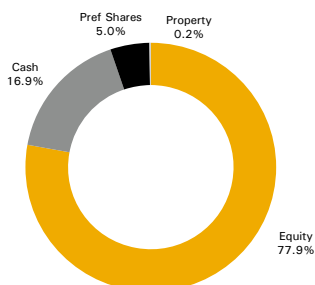
|         | 31 Mar 15 | 30 Sep 14 |
|---------|-----------|-----------|
| Class F | 2.5 cpu   | 21.5 cpu  |

If the income earned in the form of dividends and interest exceeds the total expenses, the Fund will make a distribution. (cpu = cents per participatory unit)

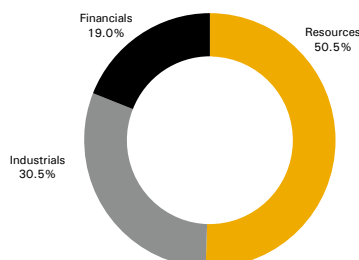
## WWW.RECM.CO.ZA

Investors can access, free of charge, daily fund prices, quarterly reports, brochures, minimum disclosure documents, annual fund reports, application forms and investment insights on our website at [www.recm.co.za](http://www.recm.co.za).

## ASSET EXPOSURE (%)



## SECTOR EXPOSURE (%)



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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. Different classes of units may apply in a portfolio and are subject to different fees and charges.

## 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 Fund's 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.

## Sharemarket and Business Risk

The Fund may experience losses due to factors that affect the overall performance of the financial markets. The Fund holds securities issued by individual companies and are subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The companies may also have exposure to specific financial risk, liquidity risk, market risk, exchange-rate risk and country-specific risks.

## 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 bond 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 hold investments 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 (determined by the investor's selected unit class above) is levied monthly on the market value of the Fund. An annual performance fee of 20% is levied on returns (net of fees) in excess of the Performance Hurdle. Performance fees are calculated and accrued daily. While the performance fee accrual is calculated daily, for inclusion in the daily unit price, it will only be paid should the Manager outperform the performance fee hurdle over a 60-month rolling period. The performance fee is in addition to the annual management fee. No maximum is set for the performance fee. The Fund may invest in the Guernsey-domiciled RECM Global Fund and RECM Global Equity Fund, which are associated collective investment schemes, however there will be no additional investor fees connected with these investments.

## 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.

## Manager

RECM Collective Investments (Pty) Ltd  
P O Box 45040, Claremont, 7735  
Company Reg 2004/027540/07  
Registered under the Collective Investment  
Schemes Control Act, 2002

## Investment Manager

Regarding Capital Management (Pty) Ltd (FSP No 18834)  
Authorised under the Financial Advisory and  
Intermediary Services Act, 2002 to act in such capacity

## Trustee

The Standard Bank of South Africa Limited  
P O Box 54  
Cape Town, 8000

## ISIN

ZAE000187191

## Transaction Cut Off Time

14h00 Daily

## Fund Valuation Time

15h00 Daily

## Document Issue Date

2 July 2015