

# RECM GLOBAL FLEXIBLE FUND (Class C)

Period ended 28 February 2014

# RECM

The RECM Global Flexible Fund is a unit trust that may invest in equities, bonds, property, cash and offshore assets without any restrictions. The Fund's aim is to generate returns significantly greater than inflation over the long term while protecting capital against permanent loss through a rigorous adherence to a value-based 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. 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	Worldwide Multi Asset Flexible
Inception Date	1 June 2005
Total Fund Size	R2.0 billion
Fund Size (Class C)	R763.3 million
Benchmark*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.5% annual fee (excl. VAT)
Hurdle	SA CPI + 8% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio (1 Year)	5.92%
Total Expense Ratio (5 Years)	3.31%
Income Declarations	31 March, 30 June, 30 September, 31 December

## PORTFOLIO DETAIL

\*The Fund's benchmark is SA Inflation + 6% p.a. Prior to 1 January 2014 the Fund's benchmark was SA Inflation + 8% p.a.

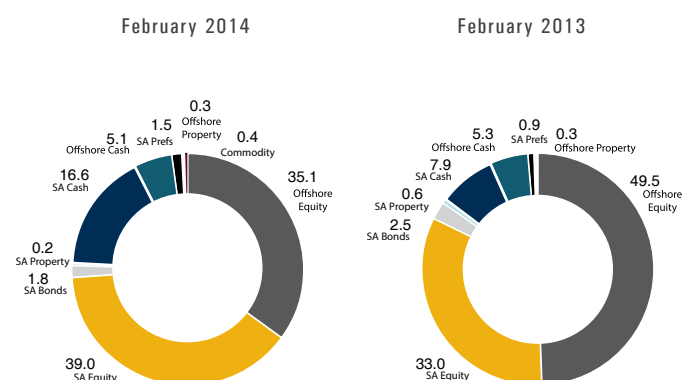
## FUND RISK PROFILE

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

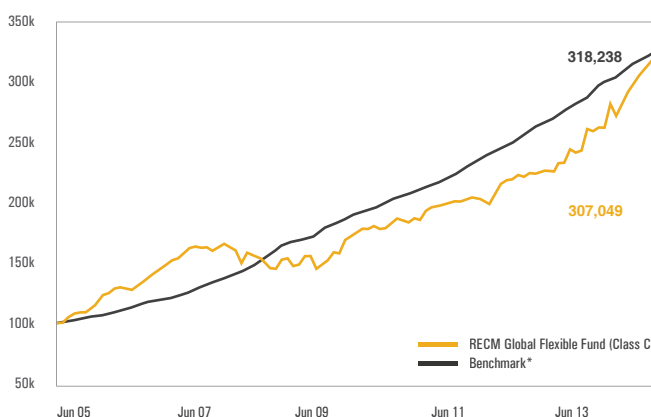
February 2014	February 2013		
Amplats	5.3	Carrefour	6.8
Anglo American	4.9	Amplats	4.9
Ultra Petroleum	3.7	Sun International	4.6
BP	3.3	Anglo American	3.6
Arcelor Mittal SA	3.1	Microsoft	3.4
Arcelor Mittal	2.9	Dell	3.4
Impala Platinum	2.8	Lonmin	3.2
Microsoft	2.8	Berkshire Hathaway	3.1
Lonmin	2.6	BP	2.6
Inpex	2.4	HCI	2.4
<b>Total</b>	<b>33.9</b>	<b>Total</b>	<b>38.0</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 FEBRUARY 2014

	Fund	Benchmark*
1 Year	22.9%	13.4%
3 Years	16.3%	13.5%
5 Years	16.5%	13.2%
Since Inception	13.7%	14.1%
Maximum Drawdown (Life of Fund)	-12.0%	0.0%

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

## INVESTMENT COMMENT

JD Group recently announced a larger than expected rights issue, underwritten fully by parent company Steinhoff. In our valuation models and scenario thinking we allowed for a potential rights issue and with JD Group trading near tangible asset value at record low multiples and a responsible parent company in Steinhoff, we intend following our rights. Our assessment is that this is a fantastic investment opportunity on a long term basis, offering a deep discount to fair value. We also bought shares in a new investment idea offshore recently, being Norsk Hydro. Norsk Hydro is a fully-integrated low-cost global aluminium producer with a best-in-class balance sheet. The business cycle is super-low in this industry right now, with the aluminium price trading at record lows relative to production cost. A semi-permanent competitive advantage for this business is its access to cheaper electricity due to owning its own hydro-electricity generating capacity covering half of its energy requirements.

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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. 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. The RECM Global Flexible Fund Class C has a Total Expense Ratio of 5.92%. For the period from 1 January 2012 to 31 December 2013, 5.92% 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 5.92%, a performance fee of 3.99% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.