

# RECM Global FLEXIBLE Fund (Class A)

Period ended 30 November 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>	R1.9 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 RECM 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

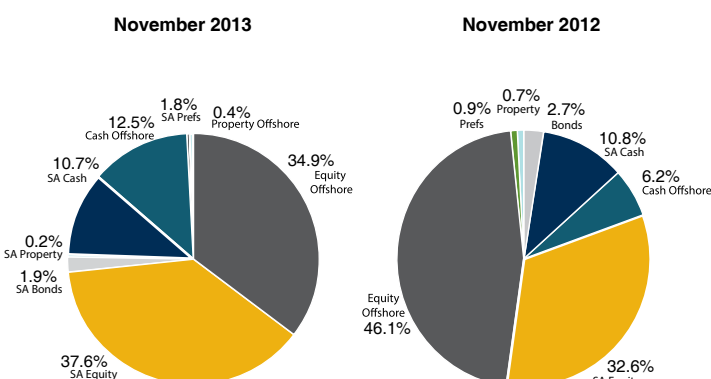
### FUND RISK PROFILE

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

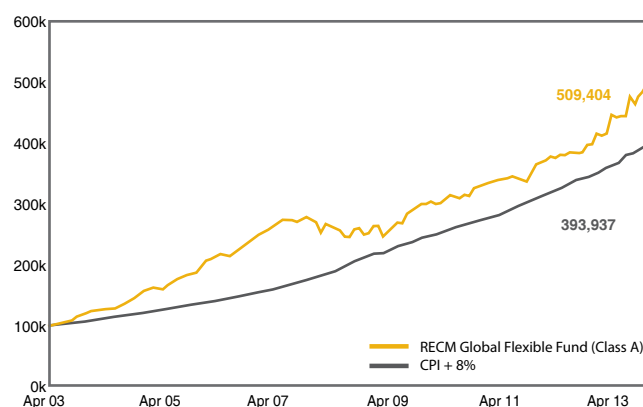
November 2013		November 2012	
Amplats	4.9	Carrefour	6.8
Anglo American	4.4	Sun International	5.3
Arcelor Mittal SA	3.4	Amplats	4.8
Arcelor Mittal	3.3	Anglo American	3.7
Microsoft	3.3	Microsoft	3.3
BP	3.2	Berkshire Hathaway	2.9
Impala Platinum	3.1	BP	2.8
Lonmin	2.7	Dell	2.5
Ultra Petroleum	2.6	Tokyo Gas	2.4
Sun International	2.6	HCI	2.3
<b>Total</b>	<b>33.5</b>	<b>Total</b>	<b>36.8</b>

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END NOVEMBER 2013\*

	Fund	Benchmark
1 Year	27.7%	13.5%
3 Years	16.3%	13.7%
5 Years	15.8%	13.4%
Since Inception	16.6%	13.8%
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 RECM 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

In November we allocated fund capital to existing holdings Sun International, Royal Bafokeng Platinum, BP, Ultra Petroleum and a newer investment idea, African Bank. The new CEO and COO of Sun International, Graeme Stephens and Steve Sun respectively, strike us as sensible executives who think and talk clearly about capital allocation and optimising the cost base. Time will tell if their actions back their words but we think that Sun International is an example of a decent business temporarily veering a bit off track. Thus a key aspect to our investment thesis is a change in the way the business is managed – provided of course that management does think about and focus on the things that we believe to be sensible and value-accretive. At present we think things are on track and Sun International therefore remains a significant investment in the fund. Our initial fund exposure to African Bank is small and appropriately sized for a business of this size, quality and level of cheapness. We think that the unwinding of the latest unsecured credit bubble in our country has some way to go still. On the selling side of the ledger we reduced fund exposure to Sasol, Microsoft, Carrefour, Titan Cement, OPAP and Hellenic Exchanges.

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