

# RECM GLOBAL FUND (Class A)

Period ended 28 February 2015

# RECM

The RECM Global Fund is a US dollar denominated global fund that may invest in a wide array of assets without any restrictions. The Fund's aim is to generate returns significantly greater than US inflation and commensurate with equities over the long term. The Fund invests mainly in large global companies at a significant discount to intrinsic value, while using the flexibility of the mandate to protect capital and enhance returns by investing in other mispriced global assets from time to time. 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. The Offering Memorandum is available at [www.recm.co.za](http://www.recm.co.za).

|                     |  |
|---------------------|--|
| Portfolio Managers  | Daniel Malan, Wilhelm Hertzog, Paul Whitburn |
| ASISA Sector        | Global Multi Asset Flexible                  |
| Fund Currency       | US dollars                                   |
| Inception Date      | 31 March 2006                                |
| Total Fund Size     | US \$477.5 million                           |
| Fund Size (Class A) | US \$227.7 million                           |
| Benchmark*          | US CPI + 6% p.a.                             |
| Min. Investment     | US \$50,000 initial investment               |
| Initial Fee         | No initial fee                               |
| Annual Fee          | 1.0% annual fee                              |

|                     |  |
|---------------------|--|
| Hurdle              | US CPI + 8% p.a.   |
| Performance Fee     | 20% above hurdle subject to high watermark since inception of the Fund |
| Pricing Frequency   | Daily  |
| Total Expense Ratio | 0.99% for the period ending 31 December 2014                           |
| Income Declarations | None   |
| Domicile            | Guernsey   |
| ISIN Code           | GB00B12W4642   |
| SEDOL Code          | B12W464  |

## PORTFOLIO DETAIL

\*The Fund's benchmark is US CPI + 6% p.a. and the performance fee hurdle is US CPI + 8% p.a. Prior to 1 January 2014, the Fund's benchmark and performance fee hurdle was the MSCI World Index TR and the MSCI World Index TR + 2.5% respectively.

## FUND RISK PROFILE

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

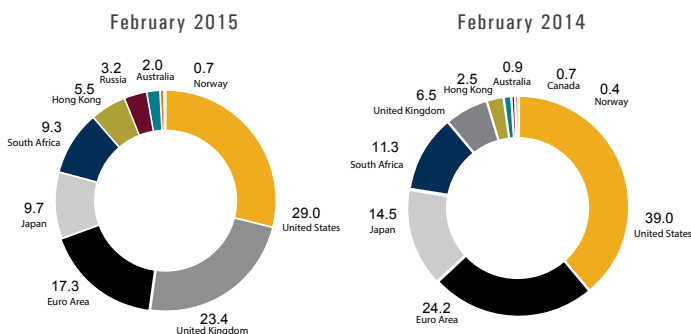
## TOP TEN HOLDINGS (%)

|                              | February 2015 | February 2014          |             |
|------------------------------|---------------|------------------------|-------------|
| Tesco Plc                    | 6.9           | Ichirizuka Master Fund | 5.4         |
| Anglo American Plc           | 4.9           | Ultra Petroleum Corp   | 5.0         |
| Anglo Platinum Ltd           | 4.7           | Arcelormittal          | 4.8         |
| Ultra Petroleum Corp         | 4.7           | BP Plc                 | 4.7         |
| BP Plc                       | 4.5           | Anglo Platinum Ltd     | 4.6         |
| Inpex Corp                   | 4.4           | Intel Corp             | 3.7         |
| Arcelormittal                | 4.3           | Microsoft Corp         | 3.2         |
| Impala Platinum Holdings Ltd | 3.5           | Vivendi                | 2.9         |
| American Int'l Group         | 3.4           | Wells Fargo and Co     | 2.9         |
| Sberbank Of Russia Adr       | 2.8           | NTT Docomo             | 2.9         |
| <b>Total</b>                 | <b>44.1</b>   | <b>Total</b>           | <b>40.1</b> |

## ASSET ALLOCATION (%)

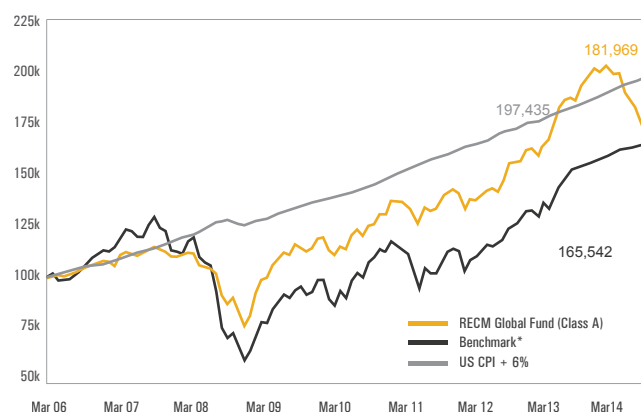
|              | February 2015 | February 2014 |              |
|--------------|---------------|---------------|--------------|
| Equity       | 73.7          | Equity        | 78.4         |
| Cash         | 25.5          | Cash          | 20.4         |
| Property     | 0.8           | Property      | 1.2          |
| <b>Total</b> | <b>100.0</b>  | <b>Total</b>  | <b>100.0</b> |

## GEOGRAPHICAL ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

### VALUE OF US \$100,000 INVESTED AT INCEPTION



## ANNUALISED RETURNS TO END FEBRUARY 2015

|                                 | Fund   | Benchmark* | US CPI + 6% |
|---------------------------------|--------|------------|-------------|
| 1 Year                          | -6.2%  | 6.7%       | 6.7%        |
| 3 Years                         | 8.5%   | 13.3%      | 7.3%        |
| 5 Years                         | 9.7%   | 12.0%      | 7.7%        |
| Since Inception                 | 6.9%   | 5.8%       | 7.9%        |
| Maximum Drawdown (Life of Fund) | -33.1% | -53.7%     | 0.0%        |

\* Returns are in USD net of fees. Source: RECM Analyst, Bloomberg.

## INVESTMENT COMMENT

Despite the fact that our portfolios are skewed towards cyclical and resource counters, where we have been finding the biggest discrepancies between price and value for some time now, we also own many shares unrelated to that sector that are unloved for issues specific to that company.

Examples of such current portfolio holdings include Tesco (Largest UK retailer bashed by years of unrelenting competition of discounters, compounded by revelations of accounting scandal and subsequent change in management), AIG (Large global insurer, suffering from continued distrust after a near-death experience caused by a small subsidiary during the global financial crisis), NTT DoCoMo (Largest incumbent Japanese mobile operator, which stubbornly refused to sell iPhones to its customers for years, and has been enduring consistent small losses in market share), Semapa (A largely family-owned Portuguese industrial group, with major interests in forestry and paper - through listed subsidiary Portucel - and cement businesses. Investors are perturbed by its tiny free float and debt on the balance sheet) and Mediaset Espana (Largest free-to-air television network in Spain, that counts Silvio Berlusconi's Mediaset as its largest shareholder and was priced to discount permanent destruction in Spanish advertising spend).

The reasons for these businesses being out of favour may be varied, but the common theme is that they are all trading at substantially less than we calculate them to be worth. Buying them at these prices translates into low investment risk, and substantial upside for our investors.

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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. The manager may borrow up to 10% of the net asset 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 if applicable), whilst non-quantifiable fees included in the net asset value price may comprise brokerage, auditor's fees, bank charges, 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. The Management Company is RECM Global Management Limited. The Custodian is Royal Bank of Canada (Channel Islands) Limited and the Administrators are Kleinwort Benson (Channel Islands) Fund Services Limited. The Fund's annualised Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio 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. 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 & Investment SA (ASISA).

A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA