

# RECM GLOBAL FUND (Class A)

Period ended 31 March 2014

# 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
Fund Currency	US dollars
Inception Date	31 March 2006
Total Fund Size	US \$550.5 million
Fund Size (Class A)	US \$238.6 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 over rolling 5 years
Pricing Frequency	Daily
Total Expense Ratio	0.67%
Income Declarations	None
Domicile	Guernsey
ISIN Code	GB00B12W4642
SEDOL Code	B12W464

## PORTFOLIO DETAIL

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

## FUND RISK PROFILE

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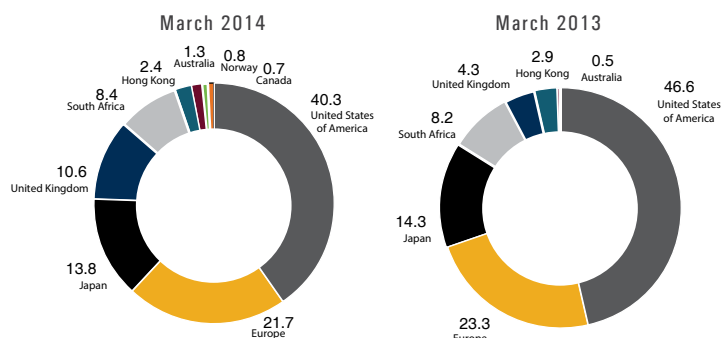
## TOP TEN HOLDINGS (%)

March 2014		March 2013	
Ichirizuka Master Fund	5.1	Carrefour	6.0
Ultra Petroleum	4.9	Microsoft	5.5
Arcelormittal	4.9	Ichirizuka Master Fund	5.1
Anglo American Platinum	4.6	Intel	3.9
BP	4.3	Ultra Petroleum	3.8
Intel	3.7	Berkshire Hathaway	3.7
Microsoft	3.3	BP	3.4
Anglo American	3.0	Anglo American Platinum	3.3
Wells Fargo	2.8	NTT Docomo	3.0
Impala Platinum	2.8	Dell	3.0
<b>Total</b>	<b>39.6</b>	<b>Total</b>	<b>40.7</b>

## ASSET ALLOCATION (%)

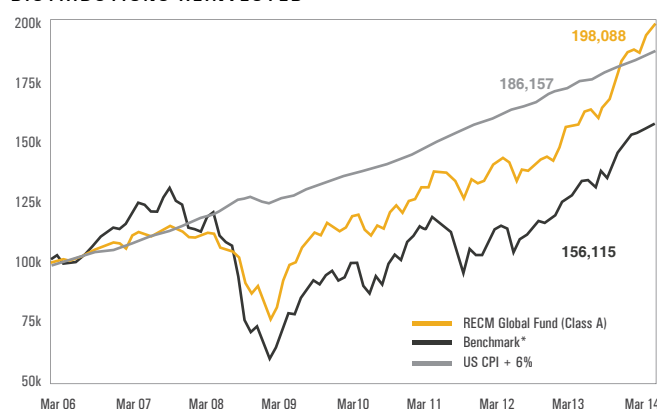
March 2014		March 2013	
Equity	76.5	Equity	85.3
Cash	22.8	Cash	13.5
Property	0.7	Property	1.2
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## GEOGRAPHICAL ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



## ANNUALISED RETURNS TO END MARCH 2014

	Fund	Benchmark*	US CPI + 6%
1 Year	26.3%	20.4%	7.6%
3 Years	14.3%	11.1%	8.0%
5 Years	19.4%	19.1%	8.1%
Since Inception	8.9%	5.7%	8.1%
Maximum Drawdown (Life of Fund)	-33.3%	-53.7%	0.0%

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

## INVESTMENT COMMENT

In an unusually busy month, our portfolio managers allocated fund capital to existing investment ideas Norsk Hydro, Anglo American, Semapa and ArcelorMittal, while starting our buying programs in two new investment ideas: Alumina and Morrison Supermarkets. We reduced fund exposures to Bank of America, Berkshire Hathaway, Vivendi, OPAP, Sonae, Ultra Petroleum, Sun International, Wells Fargo and Titan Cement, while completely selling out of AGF. London listed food retail business Morrison entered our radar screens during the course of 2013 along with the rest of the UK retail sector, where a price war appears to be playing out. The share price is so distressed at the moment that the investment thesis basically distils down to the fact that the unencumbered property value per share works out to around GBP2.50 by our calculations, which is quite a bit more than the latest share price of GBP2.10. So you are getting a food retail business with the benefit of a negative working capital cycle (i.e. cash from sales coming in before suppliers on credit need to be paid), with an established 10% market share, a sensible business strategy and sensible executives, for free. This investment idea represents one of the most favourable risk/return profiles that we've ever seen.

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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), whilst non-quantifiable fees included in the net asset value price may comprise brokerage, auditor's fees, bank charges, UST, 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 accrued and less any permissible deductions from the portfolio. Forward pricing is used. Fund valuations take place at 23h00 Guernsey time on the business day immediately preceding each dealing day. Withdrawal requests and contributions must be received by the Administrators by 15h30 Guernsey time on the business day preceding each dealing day. 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. 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 and Investment SA (ASISA).