

# RECM GLOBAL FUND (Class A)

Period ended 31 May 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 \$552.5 million
Fund Size (Class A)	US \$229.4 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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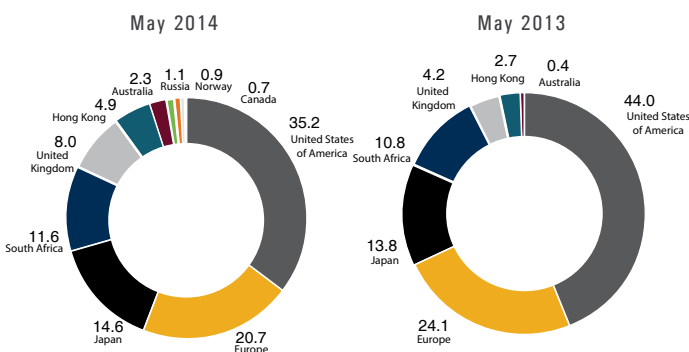
## TOP TEN HOLDINGS (%)

May 2014		May 2013	
BP Plc	4.9	Microsoft Corp	6.3
Ichirizuka Master Fund	4.9	Ichirizuka Master Fund	5.2
Arcelormittal	4.6	Carrefour	4.6
Anglo American Platinum Ltd	4.3	Ultra Petroleum Corp	4.3
Ultra Petroleum Corp	4.3	Intel Corp	4.1
Inpex Corp	3.6	Anglo American Platinum Ltd	4.1
Microsoft Corp	3.3	Arcelormittal	3.5
Intel Corp	3.3	BP Plc	3.3
Wellpoint Inc	2.9	Sonae	2.9
Anglo American Plc	2.9	Wellpoint Inc	2.9
<b>Total</b>	<b>39.0</b>	<b>Total</b>	<b>41.2</b>

## ASSET ALLOCATION (%)

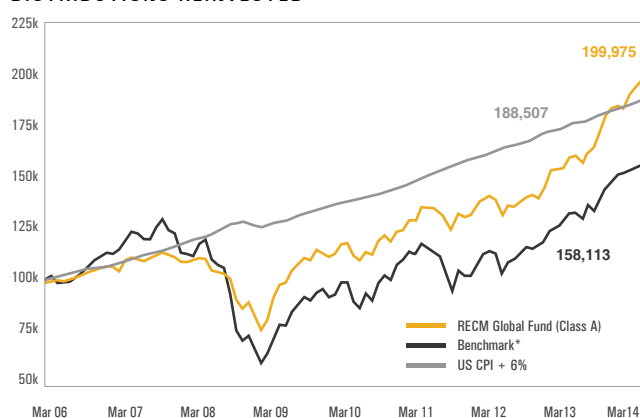
May 2014		May 2013	
Equity	74.7	Equity	81.0
Cash	24.6	Cash	17.6
Property	0.7	Property	1.4
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## GEOGRAPHICAL ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

### VALUE OF US \$100,000 INVESTED AT INCEPTION WITH ALL DISTRIBUTIONS REINVESTED



## ANNUALISED RETURNS TO END MAY 2014

	Fund	Benchmark*	US CPI + 6%
1 Year	22.7%	18.0%	7.5%
3 Years	13.3%	10.7%	7.9%
5 Years	15.1%	14.8%	8.1%
Since Inception	8.9%	5.8%	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 May we allocated fund capital to existing holdings BP, Alumina, Morrison and Inpex, and raised fund capital from partial sales of existing positions in Orange, Tokyo Gas, OPAP, Amgen and a position we labelled the 'pharma basket' (a grouping of 15 pharmaceutical businesses that cumulatively represented a top 10 fund holding until recently). Most of the businesses on the selling side of our ledger had delivered strong price advancements ahead of their fundamental business value gains over the past year, thereby significantly reducing their respective margins of safety. No fund positions were closed out completely during May.

Tel: +27 21 657 3440

Fax: +27 21 674 1088

Email: [info@recm.co.za](mailto:info@recm.co.za)

Website: [www.recm.co.za](http://www.recm.co.za)

**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 accrual 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).