

# RECM GLOBAL FUND (Class B)

Period ended 30 April 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	14 December 2010
Total Fund Size	US \$563.5 million
Fund Size (Class B)	US \$75.6 million
Benchmark*	US CPI + 6% p.a.
Min. Investment	US \$50,000 initial investment
Initial Fee	No initial fee
Annual Fee	1.5% 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	1.31%
Income Declarations	None
Domicile	Guernsey
ISIN Code	GB00B64VG915
SEDOL Code	B64VG91

## 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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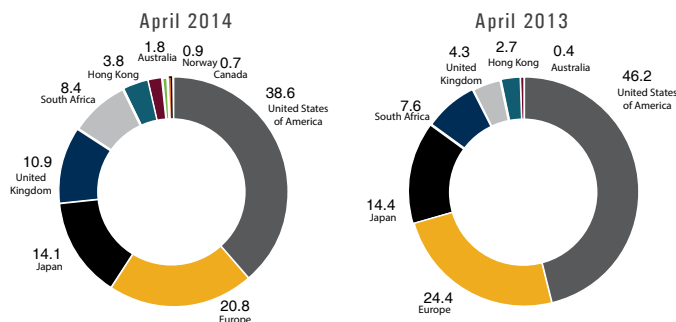
## TOP TEN HOLDINGS (%)

April 2014		April 2013	
Arcelormittal	4.8	Microsoft Corp	6.1
Ichirizuka Master Fund	4.8	Carrefour SA	5.0
Anglo American Platinum Ltd	4.8	Ichirizuka Master Fund	4.8
Ultra Petroleum Corp	4.6	Intel Corp	4.1
BP Plc	4.4	Ultra Petroleum Corp	4.1
Inpex Corp	3.2	BP Plc	3.4
Microsoft Corp	3.2	NTT Docomo	3.2
Intel Corp	3.2	Arcelormittal	3.1
Anglo American Plc	3.1	Anglo American Platinum Ltd	3.0
Impala Platinum Holdings Ltd	2.7	Sonae	2.9
<b>Total</b>	<b>38.8</b>	<b>Total</b>	<b>39.7</b>

## ASSET ALLOCATION (%)

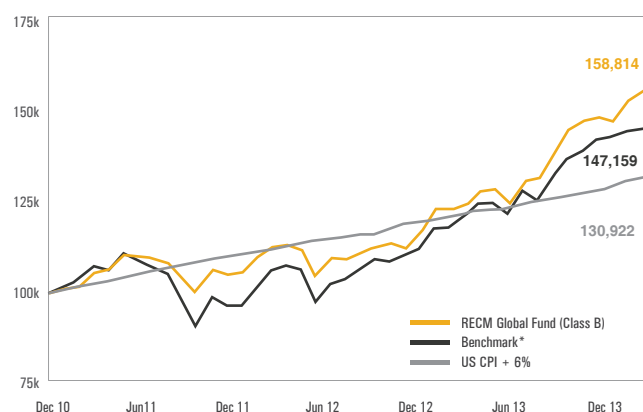
April 2014		April 2013	
Equity	73.3	Equity	81.0
Cash	26.0	Cash	17.5
Property	0.7	Property	1.5
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## 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 APRIL 2014

	Fund	Benchmark*	US CPI + 6%
1 Year	23.7%	17.3%	7.1%
3 Years	12.8%	9.7%	8.0%
Since Inception	14.7%	12.1%	8.2%
Maximum Drawdown (Life of Fund)	-10.4%	-19.4%	0.0%

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

## INVESTMENT COMMENT

A number of the latest corporate transactions are of particular interest to us. Firstly and most relevantly to our clients, US listed pharmaceutical giant Pfizer (a RECM holding) launched a \$100bn acquisition of UK listed AstraZeneca (a RECM holding), itself a huge global business. This is the first mega-deal in this industry for a long time and it completes the final aspect of our investment thesis. Until now large pharma had been focused on buying up their far smaller competitors in order to replenish their drug patent expiry-cliff. In the cement industry two of the worlds' largest cement companies are merging in a \$50bn deal to create the largest, Swiss listed Holcim and French listed Lafarge. As both companies have subsidiaries operating in SA this may have interesting consequences for domestic competition over time, depending on their new business strategy. In the gold industry the on-off on-off \$13bn merger between Canadian listed Barrick Gold and US listed Newmont Gold has spilled over into the public domain with an ugly hanging out of dirty laundry, including a fight over the location of a head office in Canada. Both businesses have struggled with ill-timed acquisitions made at the top of the cycle and we think this is indicative of the ongoing business strife in this industry. With share prices languishing and the gold price under pressure the emergence of a strong leadership will be paramount.

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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 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).

A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA