

# RECM GLOBAL FUND (Class B)

Period ended 31 August 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 Sector	Global Multi-Asset Flexible
Fund Currency	US dollars
Inception Date	14 December 2010
Total Fund Size	US \$562.3 million
Fund Size (Class B)	US \$91.2 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 since inception of the Fund
Pricing Frequency	Daily
Total Expense Ratio	1.57%
Income Declarations	None
Domicile	Guernsey
ISIN Code	GB00B64VG915
SEDOL Code	B64VG91

## 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 + 2.5% respectively.

## FUND RISK PROFILE

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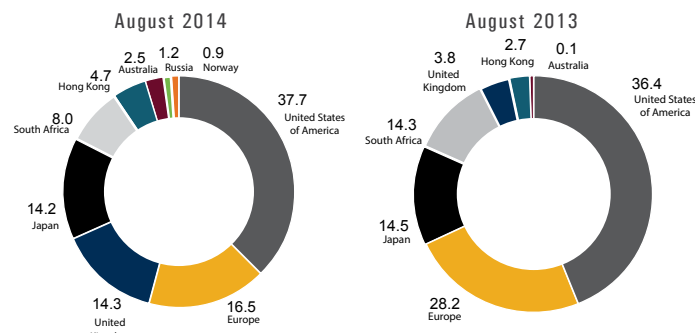
## TOP TEN HOLDINGS (%)

August 2014		August 2013	
BP Plc	5.1	Anglo American Platinum Ltd	5.9
Arcelormittal	5.0	Ichirizuka Master Fund	5.2
Ichirizuka Master Fund	4.6	Carrefour SA	5.0
Anglo American Platinum Ltd	4.3	Microsoft Corp	4.9
Ultra Petroleum Corp	4.1	Arcelor Mittal	4.4
WM Morrison Supermarkets	4.0	Ultra Petroleum	3.9
Inpex Corp	3.5	Intel Corp	3.8
Impala Platinum Holdings Ltd	3.1	Impala Platinum Holdings Ltd	3.3
Anglo American Plc	3.1	Sonae	3.2
American International Group	2.7	BP Plc	3.2
<b>Total</b>	<b>39.5</b>	<b>Total</b>	<b>42.8</b>

## ASSET ALLOCATION (%)

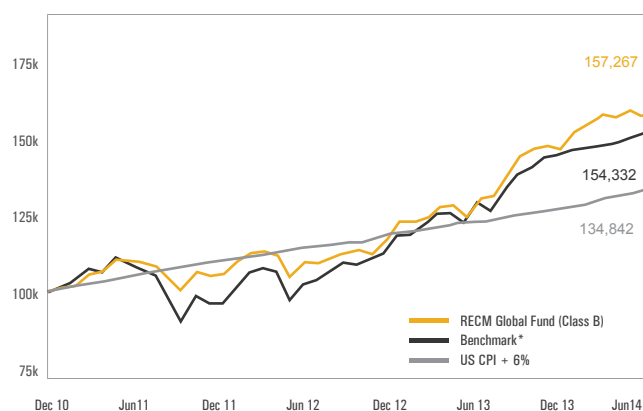
August 2014		August 2013	
Equity	72.4	Equity	86.0
Cash	27.1	Cash	12.4
Property	0.6	Property	1.6
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## 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 AUGUST 2014

	Fund	Benchmark*	US CPI + 6%
1 Year	19.0%	20.0%	8.1%
3 Years	14.7%	11.0%	7.8%
Since Inception	13.0%	12.4%	8.3%
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

One of the new ideas in our global portfolios this year is Alumina, one of the largest aluminium refiners globally with a 15% share of global capacity. The aluminium sector was until recently plagued by over-capacity, high inventory levels and subdued demand. This has resulted in the entire sector derating substantially, reaching levels below the previous trough of 2008/2009. Alumina has a good quality bauxite resource base in Australia and cheap energy prices in Saudi Arabia allow the business to be very competitive globally. Industry capacity has been removed by the likes of Alcoa and it seems inventory stocks are declining due to an increase in demand. The global automotive market is slowly substituting its steel vehicle bodies for aluminium in order to save weight and increase fuel efficiency, creating a market that could potentially be very large for these producers. The Fund also owns Norsk Hydro, an integrated aluminium producer.

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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).

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