

# RECM GLOBAL FLEXIBLE FUND (Class A)

Period ended 31 January 2014

# RECM

The RECM Global Flexible Fund is a unit trust that may invest in equities, bonds, property, cash and offshore assets without any restrictions. The Fund's aim is to generate returns significantly greater than inflation over the long term while protecting capital against permanent loss through a rigorous adherence to a value-based philosophy. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Worldwide Multi Asset Flexible
Inception Date	3 April 2003
Total Fund Size	R2.0 billion
Fund Size (Class A)	R1.2 billion
Benchmark*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.0% annual fee (excl. VAT)
Hurdle	SA CPI + 8% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio	5.35%
Income Declarations	31 March, 30 June, 30 September, 31 December

## PORTFOLIO DETAIL

\*The Fund's benchmark is SA Inflation + 6% p.a. Prior to 1 January 2014 the Fund's benchmark was SA Inflation + 8% p.a.

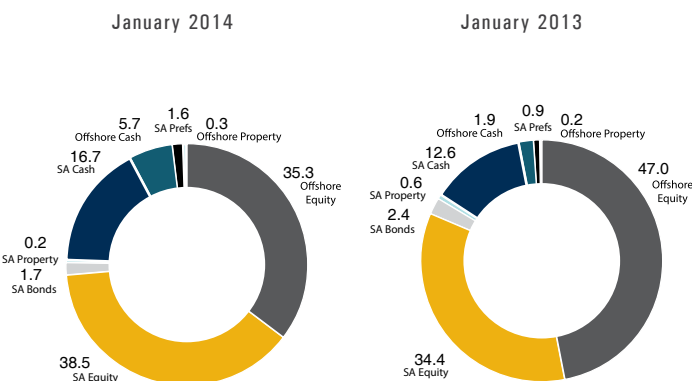
## FUND RISK PROFILE

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

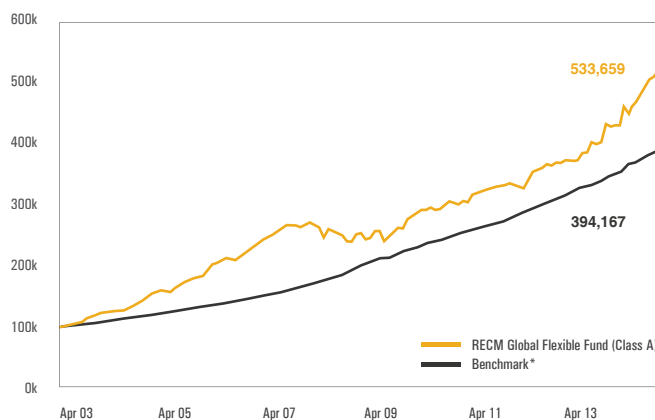
January 2014	January 2013
Amplats	Carrefour
Anglo American	Amplats
Ultra Petroleum	Sun International
BP	Arcelor Mittal SA
Arcelor Mittal	Lonmin
Arcelor Mittal SA	Anglo American
Microsoft	Dell
Impala Platinum	Microsoft
Lonmin	Berkshire Hathaway
Sun International	BP
<b>Total</b>	<b>Total</b>
34.3	39.6

## ASSET ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



## ANNUALISED RETURNS TO END JANUARY 2014

	Fund	Benchmark*
1 Year	23.8%	13.4%
3 Years	17.5%	13.7%
5 Years	15.8%	13.5%
Since Inception	16.9%	13.8%
Maximum Drawdown (Life of Fund)	-11.6%	0.0%

\* Returns in ZAR net of fees with distributions reinvested. Source: RECM Analyst.

## INVESTMENT COMMENT

Notable purchases in the Fund over the past six months include Inpex, Arcelormittal (the global parent company), Mediaset Espana, African Bank and Anglo American. Inpex is a Japanese oil and gas producer that's busy developing the massive Ichtys offshore project in Australia. While the entire oil and gas sector appears to have fallen out of favour with investors, Inpex stands out as the cheapest of the group. As with most oil and gas development projects, there have been upwards revisions to the expected cost of the Ichtys project over time. Given the dim view the market currently has of the capital intensity of global oil companies, it comes as no surprise that Inpex is priced for very poor long-term economics. Based on our work, we're a bit more optimistic about the long-term value on offer. As for sales, a group of European stocks dominate the table. The share prices of Carrefour, Titan Cement and Hellenic Exchanges all reacted strongly to the faintest glimmer of improved business conditions in their European markets.

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