

# RECM GLOBAL FLEXIBLE FUND (Class C)

Period ended 30 June 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	1 June 2005
Total Fund Size	R2.2 billion
Fund Size (Class C)	R871.5 million
Benchmark*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.5% 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 (1 Year)	4.29%
Total Expense Ratio (3 Years)	3.29%
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.

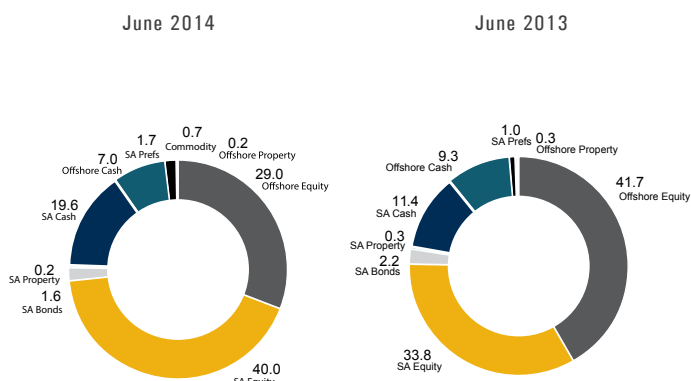
## FUND RISK PROFILE

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

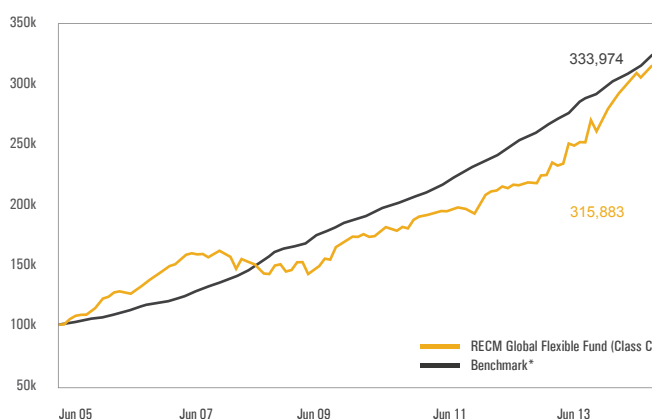
June 2014		June 2013	
Anglo American Platinum Ltd	5.7	Anglo American Platinum Ltd	4.6
Anglo American Plc	5.2	Microsoft Corp	3.9
Impala Platinum Holdings Ltd	3.7	Carrefour SA	3.5
Sun International Ltd	2.6	Arcelormittal South Africa	3.5
Lonmin Plc	2.5	Anglo American Plc	3.3
Arcelormittal South Africa	2.4	Impala Platinum Holdings Ltd	2.9
JD Group Ltd	2.2	Sun International Ltd	2.7
Hosken Cons Investments Ltd	2.2	BP Plc	2.6
BP Plc	2.0	Lonmin Plc	2.5
Ultra Petroleum Corp	2.0	JD Group Ltd	2.5
<b>Total</b>	<b>30.5</b>	<b>Total</b>	<b>32.0</b>

## ASSET ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



## ANNUALISED RETURNS TO END JUNE 2014

	Fund	Benchmark*
1 Year	20.7%	13.6%
3 Years	16.9%	12.9%
5 Years	15.3%	12.4%
Since Inception	13.5%	14.2%
Maximum Drawdown (Life of Fund)	-12.0%	0.0%

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

## INVESTMENT COMMENT

During the past 12 months, the fund's allocation to local equity has increased, whereas the allocation to global equity has decreased. On the local side, RECM's rotation into cheap assets out of more expensive assets has increased the local portion's level of cheapness despite sharply higher stock market levels. Investment risk, defined by the margin of safety or discount to fair value, has thus been reduced. On the global equity side however, we have not been able to fully reinvest the cash generated by reducing the position sizes of those equities that have risen closer to fair value into other substantially cheaper equities. The fund overall therefore has more cash than a year ago which will act as an important buffer in the event of any market declines.

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**Disclaimer:** Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. A schedule of fees and charges and maximum commissions is available on request from the management company, RECM Collective Investments (Pty) Ltd (RECM). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Funds are valued daily at 15h00. Instructions must reach RECM before 14h00 to ensure same day value. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Different classes of units apply to these portfolios and are subject to different fees and charges. Unit trust prices are calculated on a net asset value basis, defined as the total market value of all assets in the unit portfolio including any income accruals and less any permissible deductions (brokerage, uncertificated securities tax, VAT, auditors' fees, bank charges, custodian fees, trustee fees, annual management fee and performance fees) from the portfolio divided by the number of units in issue. These portfolios may be closed. RECM Collective Investments (Pty) Ltd, Company Registration Number: 2004/027540/07, is a member of the Association for Savings and Investment SA (ASISA). Trustees: The Standard Bank of SA Limited, PO Box 54, Cape Town, 8000. The RECM Global Flexible Fund Class C has a Total Expense Ratio of 4.29%. For the period from 1 July 2013 to 30 June 2014, 4.29% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's. Inclusive of the TER of 4.29%, a performance fee of 3.14% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.