

# PRESCIENT RECM GLOBAL FEEDER FUND (Class D)

Minimum Disclosure Document - Period ended 30 September 2016

# RECM

The Prescient RECM Global Feeder Fund is a Rand denominated unit trust fund that provides local investors with access to the RECM Global Fund (Master Fund). The Master Fund is a US dollar denominated global fund that may invest in a wide array of assets without any restrictions. The Master Fund's aim is to generate returns significantly greater than US inflation and commensurate with equities over the long term. The Master 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 risk.

|                                     |   |
|-------------------------------------|---|
| Portfolio Managers                  | Piet Viljoen, Wilhelm Hertzog & Paul Whitburn |
| ASISA Sector                        | Global Multi Asset Flexible                   |
| Fund Launch Date                    | 16 July 2014                                  |
| Inception Date (Class D)            | 24 July 2014                                  |
| Total Fund Size                     | R581.3 million                                |
| Fund Size (Class D)                 | R255.9 million                                |
| Master Fund Size (RECM Global Fund) | US \$161.1 million                            |

|                     |                                  |
|---------------------|----------------------------------|
| Min. Investment     | R10,000 initial investment       |
| Initial Fee         | No initial fee                   |
| Annual Fee          | 0.15% (excl. VAT)                |
| Intermediary Fee    | 0.0% (excl. VAT)                 |
| Income Declarations | Annually on 31st March           |
| Benchmark           | US CPI + 6% p.a. measured in ZAR |

## PORTFOLIO DETAIL

### FUND RISK PROFILE

|     |              |          |                      |      |
|-----|--------------|----------|----------------------|------|
| LOW | LOW-MODERATE | MODERATE | <b>MODERATE-HIGH</b> | HIGH |
|-----|--------------|----------|----------------------|------|

The Fund invests in the RECM Global Fund which has a moderate to high risk profile as its portfolio is actively managed across global equities, bonds, cash and listed property assets. The Fund is less risky than a pure equity strategy while subject to the volatility of equity and currency markets.

### Asset Allocation (%)

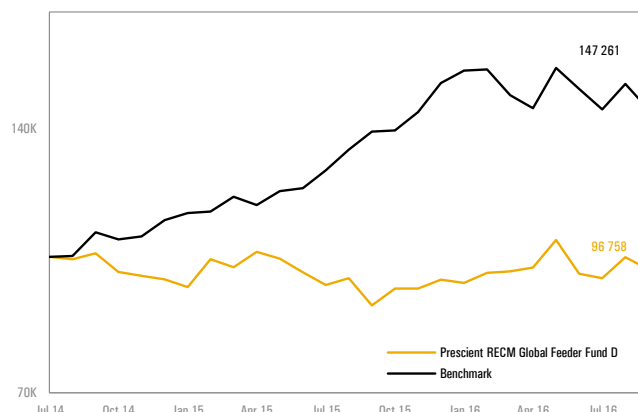
|                  |              |
|------------------|--------------|
| RECM Global Fund | 97.5         |
| SA Cash          | 2.5          |
| <b>Total</b>     | <b>100.0</b> |

### MASTER FUND TOP TEN HOLDINGS (%)

| September 2016               |             | September 2015               |             |
|------------------------------|-------------|------------------------------|-------------|
| Tesco Plc                    | 5.0         | Tesco Plc                    | 5.7         |
| Inpex Corp                   | 4.7         | Anglo American Plc           | 5.6         |
| Impala Platinum Holdings Ltd | 4.5         | Anglo Platinum Ltd           | 4.7         |
| Berkshire Hathaway Inc       | 3.3         | Impala Platinum Holdings Ltd | 4.5         |
| Standard Chartered Plc       | 3.3         | American Int'l Group         | 4.2         |
| Alfa Laval Ab                | 3.1         | Sberbank Of Russia Adr       | 4.2         |
| BHP Billiton Plc             | 3.1         | QAO Gazprom ADS (LON)        | 3.7         |
| Serco Group                  | 3.1         | Inpex Corp                   | 3.5         |
| X5 Retail                    | 3.1         | Arcelormittal                | 3.2         |
| Coach Inc                    | 3.0         | Wm Morrison Supermarkets Plc | 3.2         |
| <b>Total</b>                 | <b>36.2</b> | <b>Total</b>                 | <b>42.5</b> |

## PERFORMANCE NET OF ALL FEES AND EXPENSES

### ILLUSTRATIVE VALUE OF R100,000 INVESTED AT INCEPTION



### RETURNS TO END SEPTEMBER 2016

|                 | Annualised |       | 12 Month Return <sup>1</sup> |        | Cumulative |       |
|-----------------|------------|-------|------------------------------|--------|------------|-------|
|                 | Fund       | Bmk   | Highest                      | Lowest | Fund       | Bmk   |
| 1 Year          | 9.9%       | 6.1%  | 9.9%                         | -4.3%  | 9.9%       | 6.1%  |
| Since inception | -1.5%      | 19.6% | 9.9%                         | -12.8% | -3.2%      | 47.3% |

- Returns in ZAR, on a lump sum investment, NAV-NAV, net of fees with net distributions reinvested. Source: RECM.
- Annualised returns are the weighted average compound growth rate earned each year over the given time period. Individual Investor's performances may differ due to fees, actual investment date, dates of reinvestments and dividend withholding taxes.
- <sup>1</sup> Highest/Lowest – reflects the Fund's highest and lowest 12 month performance reported during the given period.

## INCOME DISTRIBUTIONS

Distribution Date is 31 March

|           |         |
|-----------|---------|
| 31 Mar 16 |         |
| Class D   | 0.0 cpu |

If the income earned in the form of dividends and interest exceeds the total expenses, the Fund will make a distribution. (cpu = cents per participatory unit)

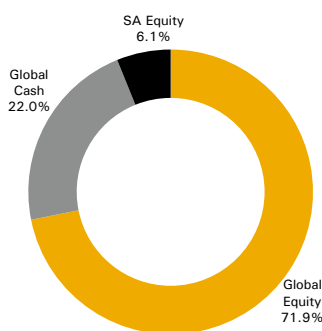
## TER AND TRANSACTION COSTS\*\* (Period Ending 30 June 2016)

|                                | 1 Year      | 3 Years     |
|--------------------------------|-------------|-------------|
| TER                            | 1.3%        | 1.2%        |
| Transaction Costs              | 0.4%        | 0.2%        |
| <b>Total Investment Charge</b> | <b>1.7%</b> | <b>1.4%</b> |

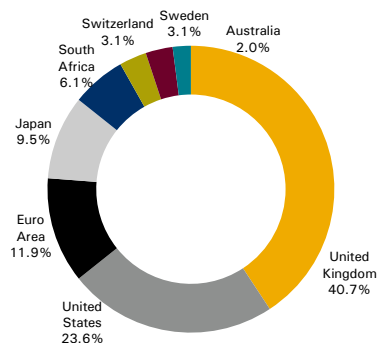
## WWW.RECM.CO.ZA

Investors can access, free of charge, daily fund prices, quarterly reports, brochures, minimum disclosure documents, annual fund reports, application forms and investment insights on our website at [www.recm.co.za](http://www.recm.co.za).

### MASTER FUND ASSET EXPOSURE (%)



### MASTER FUND REGIONAL EXPOSURE (%)



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

**Disclosures:** Collective Investment Schemes in Securities (CIS) should be considered as medium-to long-term investments. The Manager does not provide any guarantee either with respect to the capital or the return of the Fund. The value of participatory interests (units) may go up as well as down and past performance is not necessarily a guide to future performance. CIS 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. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. These portfolios may be closed. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, STT, VAT, Auditor's fees, Bank Charges, Trustee and Custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (units) in issue. A schedule of fees, charges and maximum commissions is available on request from the management company. Commission and incentives may be paid and if so, would be included in the overall costs. Prices are published daily and are available at [www.prescient.co.za](http://www.prescient.co.za). A feeder fund is a portfolio that invests in a single portfolio of a CIS, which levies its own charges and which could result in a higher fee structure for the feeder fund. Different classes of units may apply in a portfolio and are subject to different fees and charges.

PRESCIENT

A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA

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Minimum Disclosure Document - Period ended 30 September 2016

# RECM

## Risks associated with investing in the Fund

All investments carry risk. Different investment strategies may carry different levels and kinds of risks depending on the assets held. You should consider the risks listed below in the context of your risk profile, which includes factors such as your investment timeframe, objectives and tolerance for performance volatility, income and age. We do not offer advice, nor does the Fund's investment strategy consider your individual circumstances and we cannot advise that the Fund is suitable for your circumstance.

The Manager does not guarantee the Fund's returns, its liquidity, and repayment of capital, interest nor a rate of return. Assets that are expected to provide the highest long-term returns often have the highest short-term risk. The Funds' investment strategy and the assets it invests in, will determine the Fund's sensitivity to these risk factors.

You should obtain financial advice to determine whether the Fund is suitable for your circumstances before investing in the Fund.

## Sharemarket and Business Risk

The Fund may experience losses due to factors that affect the overall performance of the financial markets. The Fund holds securities issued by individual companies and are subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The companies may also have exposure to specific financial risk, liquidity risk, market risk, exchange-rate risk and country-specific risks.

## Interest Rate Risk

This is the possibility that fixed-rate debt instruments may decline in value as a result of a rise in interest rates.

## Credit Risk

Refers to the possibility that a bond issuer may not be able to make expected interest payments and/or principal repayment.

## Liquidity Risk

Refers to the possibility that an investor may not be able to invest or disinvest when they want to. This may occur during a period of adverse market trading conditions where the manager may not be able to buy or sell the Fund's investments because opportunities to do so are limited.

## Social/Political/Legislative Risk

Risks associated with the possibility of nationalisation, unfavourable government action or social changes resulting in a loss of value is called social or political risk which may affect the Fund.

## Currency/Exchange Rate Risk

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated relative to the currency in which the Fund is denominated may add risk to the value of a security.

## International Risks

International investments or investments in foreign securities could be accompanied by additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

## Inflation Risk

The Fund may hold investments that do not generate sufficient income and capital gains to outperform inflation.

## Key Person Risk

The Fund depends on the expertise of RECM and its investment team. The Fund could be negatively impacted if RECM does not retain key staff.

## Third Party Operational Risk

The Fund's operations depend on third parties. Investors in the Fund may suffer financial loss or disruption in the event of third party operational failure.

## Fees

An annual management fee (determined by the investor's selected unit class above) is levied monthly on the market value of the Prescient RECM Global Feeder Fund. The Fund invests in the Guernsey-domiciled RECM Global Fund which is an associated collective investment schemes. The RECM Global Fund levies its own charges which are charged separately and in addition to the Prescient RECM Global Feeder Fund.

## \*\*Total Expense Ratio (TER) and Transaction Costs

The TER reflects the percentage of this Fund's Net Asset Value that was incurred as expenses relating to the administration of this Fund, including the annual fee and the performance fee and intermediary fee if applicable. A Higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction costs are a necessary cost in administering this Fund and impacts this Fund's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The TER and Transaction costs are a measure of the actual expenses incurred by this Fund over a 3 year period (annualised). If this Fund is between 1 and 3 years old, the TER and Transaction Costs are calculated using the actual expenses incurred since the inception of this Fund. The sum of the TER and Transactions Costs is shown as the Total Investment Charge overleaf; these costs all being VAT inclusive.

## Manager

Prescient Management Company (RF) (Pty) Ltd  
P O Box 31142, Tokai, 7966  
Company Reg 2002/022560/07  
Registered under the Collective Investment  
Schemes Control Act, 2002

## Investment Manager

Regarding Capital Management (Pty) Ltd (FSP No 18834)  
Authorised under the Financial Advisory and  
Intermediary Services Act, 2002 to act in such capacity

## Trustee

Nedbank Investor Services  
2nd Floor, 16 Constantia Boulevard,  
Constantia Kloof, Roodepoort, 1709

## ISIN

ZAE000193199

## Transaction Cut Off Time

14h00 Daily

## Fund Valuation Time

15h00 Daily

## Document Issue Date

5 October 2016