

# RECM FLEXIBLE VALUE PRESCIENT QI HEDGE FUND (Class A)

Minimum Disclosure Document and General Investor Report - Period ended 30 September 2024

# RECM

## FUND FACTS

Portfolio Manager	Jan van Niekerk
Fund Classification	SA portfolios Multi-Strategy Hedge Funds
Fund Launch Date	02 May 2017
Inception Date (Class A)	02 May 2017
Total Fund Size	R 89.7 million
Fund Size (Class A)	R 89.7 million
NAV Price Per Unit	R 165.78
Participatory Units	541 171
Min. Investment (Lump Sum)	R1 000 000 initial investment
Initial Fee	No initial fee
Annual Fee	1.0% (excl. VAT)
Intermediary Fee	0.0% (excl. VAT)
Performance Fee	20% of portfolio outperformance over the hurdle for 5 years rolling
Benchmark (Bmk)	FTSE/JSE All Share Total Return Index
Performance Hurdle	FTSE/JSE All Share Total Return Index + 2.5% p.a.
Distribution Date (Annually)	31 March
Latest Distribution	1183.69 cpu (Mar 2024)
Redemption notice	Three calendar months

## TOP TEN HOLDINGS (ABSOLUTE EXPOSURE)\*

Astoria Investments Limited	High Yield Loan
Capitec Bank Holdings Limited	JSC Halyk Bank
Clicks Group Limited	Sabvest Capital Limited
Fossil Group, Inc. 7% Senior Notes	South African Government Bond (R2048) Futures Contract
Goldrush Holdings Limited	Undisclosed Compounder

\*in alphabetical order

## TER AND TRANSACTION COSTS\*\*

30 Sep 2024	1 Year
TER	1.0%
Performance Fee (incl. in TER)	-0.4%
Transaction Costs	0.1%
<b>Total Investment Charge</b>	<b>1.2%</b>

## REGIONAL EXPOSURE

	Sep 2024	Jun 2024
South Africa	89.5%	89.1%
Global	10.5%	10.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## INVESTMENT OBJECTIVES

The RECM Flexible Value Prescient QI Hedge Fund aims to achieve medium to long-term capital growth for investors. The fund seeks to capitalise on all investment opportunities across all asset classes and sectors. The fund has maximum flexibility to invest in a diversified range of instruments including, but not limited to, equities, money market instruments, bonds, property, debentures, options, warrants, convertible debt securities, debt instruments, commodities, repurchase agreements, over the counter securities, swaps, forward rate agreements (FRAs), futures and any other listed and unlisted financial instrument in line with conditions as determined by legislation from time to time. The leverage will not be more than 3:1 (being adjusted gross exposure to net asset value). The manager shall use the commitment method to calculate the Fund's total exposure.

## FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH

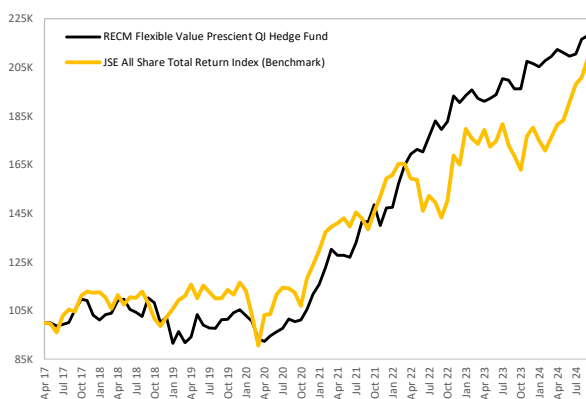
The Fund has a high risk profile as it is actively managed across South African and global multi asset classes.

## ASSET EXPOSURE (%)

	Sep 2024	Jun 2024
<b>Long Equity</b>	<b>31.7</b>	<b>35.6</b>
- Compounders	19.6	21.5
- Deep Value	12.1	13.9
- Opportunistic	-	0.1
- Other Strategies	0.0	0.0
<b>Short Equity</b>	<b>-12.3</b>	<b>-14.5</b>
- Funding Shorts	-3.8	-3.9
- Outright Shorts	-8.6	-10.6
<b>Long Credit</b>	<b>36.0</b>	<b>46.7</b>
<b>Long Commodity</b>	<b>0.0</b>	<b>0.0</b>
<b>Short Commodity</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash</b>	<b>45.1</b>	<b>41.0</b>
<b>Long Currency</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>100.5</b>	<b>108.7</b>
Gross Equity Exposure	44.0	50.1
Net Equity Exposure	19.3	21.0
Net Credit Exposure	36.0	46.7
Net Commodity Exposure	0.0	0.0
Net Currency Exposure	0.0	0.0

## PERFORMANCE NET OF FEES AND EXPENSES

### ILLUSTRATIVE VALUE OF FUND vs. FTSE/JSE ALSI



Source: RECM

## RETURNS NET OF FEES (ZAR)

	Fund	Benchmark
Year to Date	5.6%	15.9%
1 Year	11.2%	23.9%
3 Year	15.3%	13.2%
5 Year	16.4%	12.8%
Since Inception	11.1%	10.5%

All periods longer than a year are annualised

Total	Fund	Date Range
Highest Annual Return	46.8%	Nov 2020 - Oct 2021
Lowest Annual Return	-13.7%	May 2018 - Apr 2019

Highest/Lowest - reflects the Fund's highest and lowest 12-month performance reported during the given period.

## MONTHLY RETURNS FOR THE PAST 12 MONTHS

Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24
0.0%	5.8%	-0.4%	-0.6%	1.2%	0.8%
Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24
1.4%	-0.6%	-0.7%	0.5%	2.9%	0.7%

Tel: +27 21 203 2805

Email: info@recm.co.za

Website: 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. 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 Service Charge) 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. These portfolios may be closed. Different classes of units may apply in a portfolio and are subject to different fees and charges. The investment performance is for illustrative purposes only. Investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown.

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## FUND NET RETURNS - MONTHLY HISTORY

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund Total	JSE/ALSI Total
2017					0.0%	-1.4%	0.8%	0.9%	5.1%	4.2%	-0.4%	-5.7%	3.0%	12.5%
2018	-1.7%	2.1%	0.5%	5.0%	0.5%	-3.8%	-1.2%	-1.6%	7.5%	-1.8%	-7.5%	2.2%	-0.7%	-9.0%
2019	-10.5%	5.4%	-4.8%	2.5%	9.8%	-4.2%	-1.2%	-0.2%	3.7%	0.1%	2.8%	1.1%	3.0%	13.9%
2020	-2.2%	-2.4%	-7.2%	-1.1%	2.4%	1.9%	1.4%	3.9%	-1.0%	0.7%	4.3%	6.1%	6.2%	6.3%
2021	3.4%	6.0%	6.1%	-1.8%	0.0%	-0.6%	4.6%	6.7%	-0.2%	5.1%	-5.7%	5.1%	31.6%	28.7%
2022	0.2%	6.6%	4.8%	2.8%	1.1%	-0.6%	3.7%	3.7%	-2.0%	1.8%	5.8%	-1.4%	29.5%	3.6%
2023	1.5%	1.2%	-1.9%	-0.6%	0.6%	0.8%	3.3%	-0.3%	-1.7%	0.0%	5.8%	-0.4%	8.4%	9.3%
2024	-0.6%	1.2%	0.8%	1.4%	-0.6%	-0.7%	0.5%	2.9%	0.7%				5.6%	15.9%

### \*\*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 TERs. 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. This sum of the TER and Transaction Costs is shown as the Total Investment Charge overleaf; these costs all being VAT inclusive. Performance is calculated using net NAV to NAV numbers with income reinvested. The performance for each period is reflected in the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

### 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 Fund's investment strategy and the assets it invest 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.

### Adherence to Policy Objective

The portfolio adhered to its investment policy objective as stated in the Supplemental Deed.

### Investment 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 is subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The company 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 invest in cash and bonds, in South Africa or globally, 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

A service charge (determined by the investor's selected unit class above) is levied monthly on the market value of the Fund.

### Commitment Method

"Commitment approach" means a methodology for calculating exposure that considers the effective exposure of derivatives to, and takes an aggregate view of, securities with the same or similar underlying exposure, where the total commitment is considered to be the sum of the absolute value of the commitment of each individual position, including the derivatives after taking into account netting and hedging.

### Leverage

The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment.

### Annualised Performance

Annualised performance show longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.

### Highest and Lowest Return

The highest and lowest return for any 1 year over the period since inception have been shown.

### Net Asset Value (NAV)

The net asset value represents the assets of the Fund less its liabilities.

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# RECM

## Management Company

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

## Additional Documentation

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

## JSE Code

RFVAL

## ISIN

ZAE000244497

## Transaction Cut Off Time

14h00, 2 (two) business days  
before month end

## Document Issue Date

23 October 2024

## Disclaimer

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that Hedge Funds are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14h00, 2 (two) business days before the preceding month end.

Redemptions: Hedge Fund redemptions are processed at the end of each month and require a months' notice. In order to receive month end prices, your redemption must be submitted to Prescient before 14h00, 1 business day of the preceding month end, for processing at the end of the following month.

Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Prices are published monthly and are available on the Prescient website.

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