

RECM GLOBAL FLEXIBLE FUND (Class E)

Period ended 31 December 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 (Class E)	2 January 2014
Total Fund Size	R2.1 billion
Fund Size (Class E)	R368.1 million
Benchmark	SA CPI + 6% p.a.
Min. Investment	Subject to the relevant platform

Initial Fee	No initial fee
Annual Fee	0.9% 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 (Annualised)	0.92% for the period ending 31 December 2014
Income Declarations	31 March, 30 June, 30 September, 31 December

PORTFOLIO DETAIL

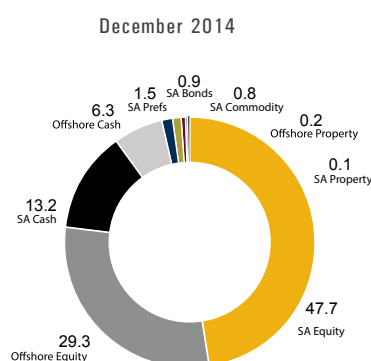
FUND RISK PROFILE

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

December 2014	
Anglo Platinum Ltd	5.9
Anglo American Plc	5.8
Impala Platinum Holdings Ltd	4.2
JD Group Ltd	3.2
Lonmin Plc	3.2
Ichirizuka Master Fund	2.7
Sun International Ltd	2.7
Tesco Plc	2.6
Arcelormittal South Africa Limited	2.3
Hosken Cons Investments Ltd	2.0
Total	34.6

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund class was launched on 2 January 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the class' life.

MONTHLY RETURNS

Month	Fund	Benchmark
Jan '14	2.1%	0.8%
Feb '14	-0.7%	1.1%
Mar '14	1.3%	1.6%
Apr '14	1.9%	1.8%
May '14	-0.6%	0.9%
Jun '14	0.1%	0.7%
Jul '14	1.1%	0.7%
Aug '14	-1.8%	1.3%
Sep '14	-2.4%	0.8%
Oct '14	-3.7%	0.5%
Nov '14	0.9%	0.7%
Dec '14	-1.6%	0.5%
Since Inception	-3.6%	12.0%

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

INVESTMENT COMMENT

Resources and other cyclical businesses feature strongly in our portfolio given these are the businesses out of favour, going through difficult times and thus trading at very low prices relative to what they are worth. Investors often ask us when the share prices, assuming we are correct about them being too low, will go up. Unfortunately we have no crystal ball which allows us to know this precise timing – and this is because prices are often, especially over the short term, driven by sentiment rather than rational logic. As investors, we can only position ourselves given the mispricing we have identified and then wait patiently for the market to recognise and correct this. One of our investment ideas in the resources sector was to purchase a company called Alumina in the aluminium sector. Alumina owns some of the world's best bauxite reserves – the raw material that is ultimately processed into aluminium. The aluminium price has been depressed because of lower global demand for the metal, overcapacity in the industry and high inventory levels built up during the global recession. Using the equilibrium price for aluminium, or the price at which most producers are making economic returns, we calculated that the fair value for Alumina was substantially higher than the price at the time. The same situation exists for platinum producers today, which is why we are invested in platinum stocks. However, in contrast to platinum share prices which remain low, Alumina's share price is up close to 50% since we invested in early 2014. As such, we have lightened our exposure to Alumina over the past month.

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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. 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. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. 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.

RECM EQUITY FUND (Class F)

Period ended 31 December 2014

RECM

The RECM Equity Fund is a unit trust which invests exclusively in South African equities. The Fund's aim is to outperform the South African equity market over the long term by selecting shares based on a value 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn	Annual Fee	0.9% annual fee (excl. VAT)
ASISA Sector	South Africa Equity General*	Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Inception Date (Class F)	2 January 2014	Performance Fee	The performance fees have been suspended in the F class until the performance of the B class matches that of it's benchmark since its inception
Total Fund Size	R429.0 million	Total Expense Ratio (Annualised)	1.08% for the period ending 31 December 2014
Fund Size (Class F)	R6.5 million	Income Declarations	31 March & 30 September
Benchmark	FTSE/JSE All Share Index		
Min. Investment	Subject to the relevant platform		
Initial Fee	No initial fee		

PORTFOLIO DETAIL

*The RECM Equity Fund was classified as South Africa Equity General with effect from 28 February 2014. From inception in March 2005 to June 2009, the Fund was classified as South Africa Equity General and from June 2009 to February 2014 as South Africa Multi Asset Flexible.

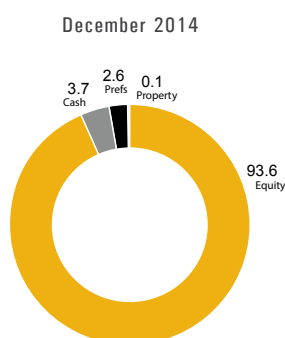
FUND RISK PROFILE

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

December 2014	
Anglo Platinum Ltd	7.7
Anglo American Plc	6.6
Impala Platinum Holdings Ltd	6.1
Sun International Ltd	5.9
JD Group Ltd	5.1
Lonmin Plc	4.6
Arcelormittal South Africa Limited	4.0
Standard Bank Group Ltd	3.5
Aveng Ltd	3.4
Hosken Cons Investments Ltd	3.1
Total	50.0

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund class was launched on 2 January 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the class' life.

MONTHLY RETURNS

Month	Fund	Benchmark
Jan '14	-0.1%	-2.4%
Feb '14	0.5%	4.9%
Mar '14	2.7%	1.8%
Apr '14	2.9%	2.7%
May '14	-0.7%	1.6%
Jun '14	-1.0%	2.8%
Jul '14	1.7%	0.9%
Aug '14	-2.7%	-0.5%
Sep '14	-5.2%	-2.6%
Oct '14	-2.4%	1.0%
Nov '14	0.8%	0.5%
Dec '14	-2.4%	-0.2%
Since Inception	-5.9%	10.9%

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

INVESTMENT COMMENT

We currently calculate the overall weighted discount to fair value for the local equity stocks we hold to be approximately 30%. This means that the overall portfolio is trading at a price of 70 when it is worth 100. This implies more than 40% upside potential for the portfolio from the current prices if we are correct about this, and the market eventually re-prices these assets at fair value. The stocks in the South African market that we don't own we calculate to be 30% overvalued. This indicates that they are expensive – which implies the risk of permanent capital loss for investors holding these assets if the prices fall from current prices to fair value. The irony is that the market perceives the stocks we own to be risky, because they are going through difficult times, and the stocks we don't own to be safe because they have delivered good returns historically. However, as value investors we know that real risk is in the price you pay. The lower the price, the lower the expectations, the less the risk and the more upside from that point. The higher the price, the greater the expectations, the greater the risk and potential downside from that point. The only thing investors have any control over is the price they are willing to buy or sell an asset for. Fortunately it's the only thing that matters in the long run. We continue to buy assets trading at very low prices and avoid those that are expensive, even if that means going against the crowd and appearing foolish in the interim. We do this because we know this works to deliver real growth with protection against capital loss over time.

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RECM GLOBAL FUND (Class C)

Period ended 31 December 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn	Hurdle	US CPI + 8% p.a.
ASISA Sector	Global Multi Asset Flexible	Performance Fee	20% above hurdle subject to high watermark since inception of the Fund
Fund Currency	US dollars	Pricing Frequency	Daily
Inception Date (Class D)	2 January 2014	Total Expense Ratio (1 Year)	0.57% for the period ending 31 December 2014
Total Fund Size	US \$479.3 million	Income Declarations	None
Fund Size (Class D)	US \$176.0 million	Domicile	Guernsey
Benchmark*	US CPI + 6% p.a.	ISIN Code	GG00BH650D25
Min. Investment	US \$50,000 initial investment	SEDOL Code	BH650D2
Initial Fee	No initial fee		
Annual Fee	0.5% annual fee		

PORTFOLIO DETAIL

FUND RISK PROFILE

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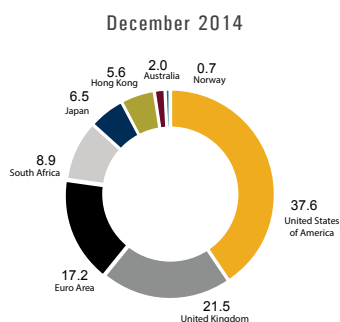
TOP TEN HOLDINGS (%)

December 2014	
Tesco Plc	5.8
Ichirizuka Master Fund	5.7
BP Plc	4.7
Anglo Platinum Ltd	4.6
Anglo American Plc	4.6
Arcelormittal	4.6
Inpex Corp	4.1
Wm Morrison Supermarkets Plc	4.1
Ultra Petroleum Corp	3.5
Impala Platinum Holdings Ltd	3.5
Total	45.2

ASSET ALLOCATION (%)

December 2014	
Equity	75.6
Cash	23.7
Property	0.7
Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund Class was launched on 2 January 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the class' life.

MONTHLY RETURNS

Month	Fund	Benchmark
Jan '14	-0.7%	0.6%
Feb '14	3.9%	0.7%
Mar '14	2.1%	0.6%
Apr '14	1.9%	0.6%
May '14	-0.9%	0.7%
Jun '14	1.0%	0.7%
Jul '14	-1.3%	0.8%
Aug '14	0.2%	0.7%
Sep '14	-4.6%	0.6%
Oct '14	-2.5%	0.3%
Nov '14	-2.4%	0.6%
Dec '14	-4.7%	0.5%
Since Inception	-8.1%	7.8%

* Returns are in USD net of fees. Source: RECM Analyst, Bloomberg.

INVESTMENT COMMENT

Resources and other cyclical businesses feature strongly in our portfolio given these are the businesses out of favour, going through difficult times and thus trading at very low prices relative to what they are worth. Investors often ask us when the share prices, assuming we are correct about them being too low, will go up. Unfortunately we have no crystal ball which allows us to know this precise timing – and this is because prices are often, especially over the short term, driven by sentiment rather than rational logic. As investors, we can only position ourselves given the mispricing we have identified and then wait patiently for the market to recognise and correct this. One of our investment ideas in the resources sector was to purchase a company called Alumina in the aluminium sector. Alumina owns some of the world's best bauxite reserves – the raw material that is ultimately processed into aluminium. The aluminium price has been depressed because of lower global demand for the metal, overcapacity in the industry and high inventory levels built up during the global recession. Using the equilibrium price for aluminium, or the price at which most producers are making economic returns, we calculated that the fair value for Alumina was substantially higher than the price at the time. The same situation exists for platinum producers today, which is why we are invested in platinum stocks. However, in contrast to platinum share prices which remain low, Alumina's share price is up close to 50% since we invested in early 2014. As such, we have lightened our exposure to Alumina over the past month.

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RECM GLOBAL EQUITY FUND (Class D)

Period ended 31 December 2014

RECM

The RECM Global Equity Fund is a US dollar denominated offshore fund which invests exclusively in Global Equities. It aims to generate better returns than the MSCI World All Countries TR Index over the long term by selecting shares based on a value philosophy. Investors in this fund would seek long term outperformance of the passive alternatives which are derived from our stock picking skills, rather than protection against short term market volatility. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Global Equity General
Fund Currency	US dollars
Inception Date (Class D)	13 August 2014
Total Fund Size	US \$63.7 million
Fund Size (Class D)	US \$101.6 thousand
Benchmark	MSCI World All Countries Total Return
Min. Investment	US \$50,000 initial investment
Initial Fee	No initial fee
Annual Fee (Class D)	0.9% annual fee

Hurdle	MSCI World AC TR + 2.5%
Performance Fee	20% above hurdle subject to high watermark since inception of the Fund
Total Expense Ratio (Annualised)	0.56% for the period ending 31 December 2014
Pricing Frequency	Daily
Domicile	Guernsey
Income Declarations	None
ISIN Code	GG00BP8YHC96
SEDOL Code	BP8YHC9

PORTFOLIO DETAIL

FUND RISK PROFILE

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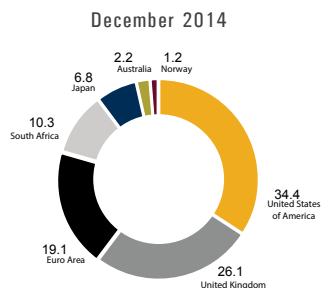
TOP TEN HOLDINGS (%)

December 2014	
Ichirizuka Master Fund	8.7
Tesco Plc	7.8
Anglo American Plc	5.5
Anglo Platinum Ltd	5.4
BP Plc	5.3
Wm Morrison Supermarkets Plc	5.0
Arcelormittal	4.9
American Int'l Group	4.5
Ultra Petroleum Corp	4.2
Impala Platinum Holdings Ltd	4.1
Total	55.4

ASSET ALLOCATION (%)

December 2014	
Equity	95.2
Cash	4.4
Property	0.4
Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund Class was launched on 13 August 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the Fund's life.

MONTHLY RETURNS

Month	Fund	Benchmark
Aug '14	1.6%	2.2%
Sep '14	-5.7%	-3.2%
Oct '14	-3.2%	0.7%
Nov '14	-2.6%	1.7%
Dec '14	-5.6%	-1.9%
Since Inception	-14.8%	-0.7%

• Returns are in USD net of fees. Source: RECM Analyst, Bloomberg.

INVESTMENT COMMENT

Resources and other cyclical businesses feature strongly in our portfolio given these are the businesses out of favour, going through difficult times and thus trading at very low prices relative to what they are worth. Investors often ask us when the share prices, assuming we are correct about them being too low, will go up. Unfortunately we have no crystal ball which allows us to know this precise timing – and this is because prices are often, especially over the short term, driven by sentiment rather than rational logic. As investors, we can only position ourselves given the mispricing we have identified and then wait patiently for the market to recognise and correct this. One of our investment ideas in the resources sector was to purchase a company called Alumina in the aluminium sector. Alumina owns some of the world's best bauxite reserves – the raw material that is ultimately processed into aluminium. The aluminium price has been depressed because of lower global demand for the metal, overcapacity in the industry and high inventory levels built up during the global recession. Using the equilibrium price for aluminium, or the price at which most producers are making economic returns, we calculated that the fair value for Alumina was substantially higher than the price at the time. The same situation exists for platinum producers today, which is why we are invested in platinum stocks. However, in contrast to platinum share prices which remain low, Alumina's share price is up close to 50% since we invested in early 2014. As such, we have lightened our exposure to Alumina over the past month.

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RECM GLOBAL FEEDER FUND (Class E)

Period ended 31 December 2014

RECM

The RECM Global Feeder Fund is a Rand denominated fund that provides local investors with access to the RECM Global Fund. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Global Multi Asset Flexible
Inception Date (Class E)	2 January 2014
Total Fund Size (All Classes)	R1.0 billion
Fund Size (Class E)	R356.1 million
Benchmark	US CPI + 6% p.a. measured in ZAR
Min. Investment	Subject to the relevant platform

Initial Fee	No initial fee
Annual Fee	0.15% annual fee (excl. VAT)
Total Expense Ratio (Annualised)	1.22% (includes the RECM Global Fund fee)
Pricing Frequency	Daily
Income Declarations	None
Fund Status	Closed to retail investors

PORTFOLIO DETAIL

FUND RISK PROFILE

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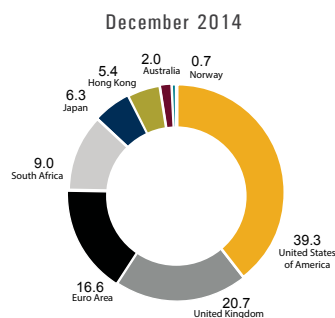
TOP TEN HOLDINGS (%)

December 2014	
Tesco Plc	5.6
Ichirizuka Master Fund	5.5
BP Plc	4.6
Anglo Platinum Ltd	4.5
Anglo American Plc	4.5
Arcelormittal	4.4
Inpex Corp	4.0
Wm Morrison Supermarkets Plc	3.9
Ultra Petroleum Corp	3.4
Impala Platinum Holdings Ltd	3.4
Total	43.8

ASSET ALLOCATION (%)

December 2014	
Offshore Equity	64.5
Offshore Cash	25.8
SA Equity	8.5
Offshore Property	0.7
SA Cash	0.5
Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund Class was launched on 2 January 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the class' life.

MONTHLY RETURNS

Month	Fund	Benchmark
Jan '14	5.6%	8.0%
Feb '14	-2.5%	-2.5%
Mar '14	0.7%	-1.4%
Apr '14	1.6%	0.4%
May '14	-0.3%	1.2%
Jun '14	1.5%	1.3%
Jul '14	0.9%	1.5%
Aug '14	-1.6%	0.4%
Sep '14	1.5%	6.4%
Oct '14	-5.8%	-2.0%
Nov '14	-0.4%	0.7%
Dec '14	-1.1%	4.3%
Since Inception	-0.3%	19.2%

• Returns are in ZAR net of fees. Source: RECM Analyst, Bloomberg.

INVESTMENT COMMENT

Resources and other cyclical businesses feature strongly in our portfolio given these are the businesses out of favour, going through difficult times and thus trading at very low prices relative to what they are worth. Investors often ask us when the share prices, assuming we are correct about them being too low, will go up. Unfortunately we have no crystal ball which allows us to know this precise timing – and this is because prices are often, especially over the short term, driven by sentiment rather than rational logic. As investors, we can only position ourselves given the mispricing we have identified and then wait patiently for the market to recognise and correct this. One of our investment ideas in the resources sector was to purchase a company called Alumina in the aluminium sector. Alumina owns some of the world's best bauxite reserves – the raw material that is ultimately processed into aluminium. The aluminium price has been depressed because of lower global demand for the metal, overcapacity in the industry and high inventory levels built up during the global recession. Using the equilibrium price for aluminium, or the price at which most producers are making economic returns, we calculated that the fair value for Alumina was substantially higher than the price at the time. The same situation exists for platinum producers today, which is why we are invested in platinum stocks. However, in contrast to platinum share prices which remain low, Alumina's share price is up close to 50% since we invested in early 2014. As such, we have lightened our exposure to Alumina over the past month.

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PRESCIENT RECM GLOBAL FEEDER FUND (Class D)

Period ended 31 December 2014

RECM

The Prescient RECM Global Feeder Fund is a Rand denominated fund that provides local investors with access to the RECM Global Fund. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Global Multi Asset Flexible
Inception Date (Class D)	24 July 2014
Total Fund Size	R37.0 million
Fund Size (Class D)	R15.7 million
Master Fund Size (RECM Global Fund)	US \$567.4 million
Benchmark	US CPI + 6% p.a. measured in ZAR

Min. Investment	R10,000 initial investment
Initial Fee	No initial fee
Annual Fee	0.15% annual fee (excl. VAT)
Total Expense Ratio	TBA (includes the RECM Global Fund fee)
Pricing Frequency	Daily
Income Declarations	None

PORTFOLIO DETAIL

FUND RISK PROFILE

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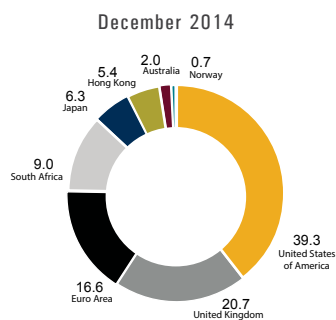
TOP TEN HOLDINGS (%)

December 2014	
Tesco Plc	5.6
Ichirizuka Master Fund	5.5
BP Plc	4.6
Anglo Platinum Ltd	4.5
Anglo American Plc	4.5
Arcelormittal	4.4
Inpex Corp	4.0
Wm Morrison Supermarkets Plc	3.9
Ultra Petroleum Corp	3.4
Impala Platinum Holdings Ltd	3.4
Total	43.8

ASSET ALLOCATION (%)

December 2014	
Offshore Equity	64.5
Offshore Cash	25.8
SA Equity	8.5
Offshore Property	0.7
SA Cash	0.5
Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund Class was launched on 24 July 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the Fund's life.

MONTHLY RETURNS

Month	Fund	Benchmark
Aug '14	-0.6%	0.4%
Sep '14	1.6%	6.4%
Oct '14	-4.8%	-2.0%
Nov '14	-1.0%	0.7%
Dec '14	-0.9%	4.3%
Since Inception	-5.7%	9.9%

• Returns are in ZAR net of fees. Source: RECM Analyst, Bloomberg.

INVESTMENT COMMENT

Resources and other cyclical businesses feature strongly in our portfolio given these are the businesses out of favour, going through difficult times and thus trading at very low prices relative to what they are worth. Investors often ask us when the share prices, assuming we are correct about them being too low, will go up. Unfortunately we have no crystal ball which allows us to know this precise timing – and this is because prices are often, especially over the short term, driven by sentiment rather than rational logic. As investors, we can only position ourselves given the mispricing we have identified and then wait patiently for the market to recognise and correct this. One of our investment ideas in the resources sector was to purchase a company called Alumina in the aluminium sector. Alumina owns some of the world's best bauxite reserves – the raw material that is ultimately processed into aluminium. The aluminium price has been depressed because of lower global demand for the metal, overcapacity in the industry and high inventory levels built up during the global recession. Using the equilibrium price for aluminium, or the price at which most producers are making economic returns, we calculated that the fair value for Alumina was substantially higher than the price at the time. The same situation exists for platinum producers today, which is why we are invested in platinum stocks. However, in contrast to platinum share prices which remain low, Alumina's share price is up close to 50% since we invested in early 2014. As such, we have lightened our exposure to Alumina over the past month.

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RECM GLOBAL EQUITY FEEDER FUND (Class D)

Period ended 31 December 2014

RECM

The RECM Global Equity Feeder Fund is a Rand denominated fund that provides local investors with access to the RECM Global Equity Fund. The RECM Global Equity Fund is a US dollar denominated offshore fund which invests exclusively in Global Equities. It aims to generate better returns than the MSCI World All Countries TR Index over the long term by selecting shares based on a value philosophy. Investors in this fund would seek long term outperformance of the passive alternatives which are derived from our stock picking skills, rather than protection against short term market volatility. 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Global Equity General
Inception Date	1 August 2014
Total Fund Size	R902.1 thousand
Fund Size (Class D)	R9.0 thousand
Benchmark	MSCI World All Countries Total Return measured in ZAR
Min. Investment	R150,000 initial investment
Initial Fee	No initial fee

Annual Fee (Class D)	0.15% annual fee
Hurdle	MSCI World AC TR + 2.5% measured in ZAR
Performance Fee	20% above hurdle subject to high watermark since inception of the Fund
Total Expense Ratio	TBA (includes the RECM Global Equity Fund fee)
Pricing Frequency	Daily
Income Declarations	None

PORTFOLIO DETAIL

FUND RISK PROFILE

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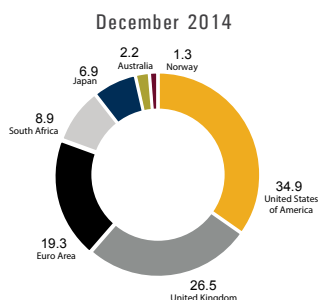
TOP TEN HOLDINGS (%)

December 2014	
Ichirizuka Master Fund	8.7
Tesco Plc	7.8
Anglo American Plc	5.5
Anglo Platinum Ltd	5.4
BP Plc	5.3
Wm Morrison Supermarkets Plc	5.0
Arcelormittal	4.9
American Int'l Group	4.5
Ultra Petroleum Corp	4.2
Impala Platinum Holdings Ltd	4.1
Total	55.4

ASSET ALLOCATION (%)

December 2014	
Equity	95.2
Cash	4.4
Property	0.4
Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund was launched on 1 August 2014. The performance history is provided as monthly returns, compared to those of the benchmark, until the first year of the Fund's life.

MONTHLY RETURNS

Month	Fund	Benchmark
Aug '14	1.6%	1.8%
Sep '14	-0.2%	2.4%
Oct '14	-7.7%	-1.6%
Nov '14	-0.9%	1.8%
Dec '14	-2.8%	1.7%
Since Inception	-9.7%	6.3%

• Returns are in ZAR net of fees. Source: RECM Analyst, Bloomberg.

INVESTMENT COMMENT

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