

RECM GLOBAL FLEXIBLE FUND (Class C)

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 C)	1 June 2005
Total Fund Size	R2.1 billion
Fund Size (Class C)	R431.1 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)	-0.40% for the period ending 31 December 2014 (inclusive of a performance fee of -2.13%)
Total Expense Ratio (3 Years)	2.34% for the period ending 31 December 2014 (inclusive of a performance fee of 0.57%)
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.

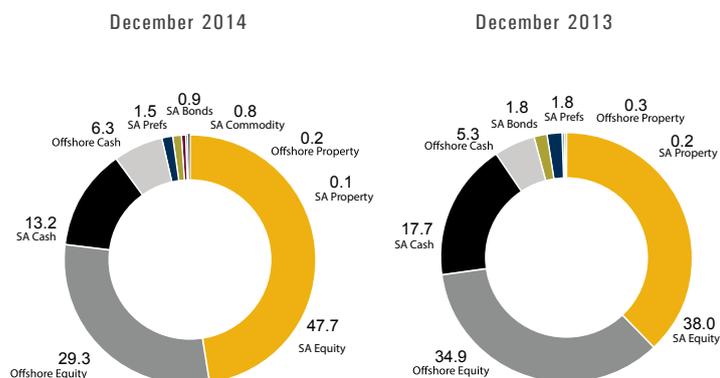
FUND RISK PROFILE

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

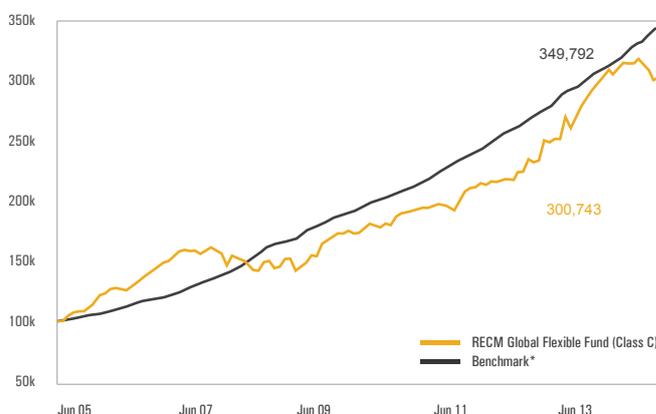
December 2014		December 2013	
Anglo Platinum Ltd	5.9	Anglo Platinum Ltd	4.8
Anglo American Plc	5.8	Anglo American Plc	4.3
Impala Platinum Holdings Ltd	4.2	Arcelormittal	3.4
JD Group Ltd	3.2	BP Plc	3.2
Lonmin Plc	3.2	Impala Platinum Holdings Ltd	3.1
Ichirizuka Master Fund	2.7	Microsoft Corp	3.1
Sun International Ltd	2.7	Arcelormittal South Africa Ltd	3.0
Tesco Plc	2.6	Ultra Petroleum Corp	2.9
Arcelormittal South Africa Limited	2.3	Lonmin Plc	2.7
Hosken Cons Investments Ltd	2.0	Sun International Ltd	2.5
Total	34.6	Total	33.0

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

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



ANNUALISED RETURNS TO END DECEMBER 2014

	Fund	Benchmark*
1 Year	-0.1%	12.0%
3 Years	12.3%	11.8%
5 Years	11.3%	11.5%
Since Inception	12.2%	14.0%
Maximum Drawdown (Life of Fund)	-12.0%	0.0%

* 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 TERs. 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. A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA

RECM EQUITY FUND (Class D)

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
ASISA Sector	South Africa Equity General*
Inception Date (Class D)	19 January 2009
Total Fund Size	R429.0 million
Fund Size (Class D)	R68.4 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.5% annual fee (excl. VAT)
Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio (1 Year)	1.77% for the period ending 31 December 2014
Total Expense Ratio (3 Years)	1.40% for the period ending 31 December 2014
Income Declarations	31 March & 30 September

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.

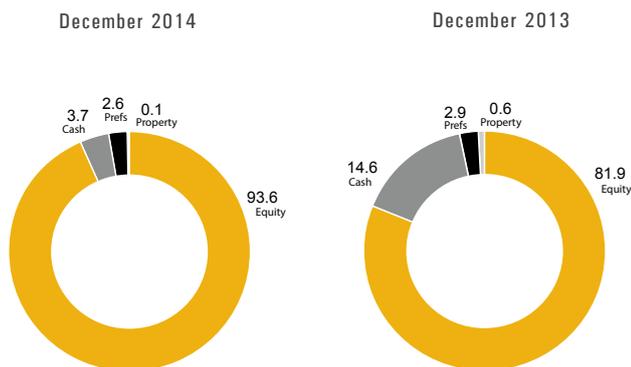
FUND RISK PROFILE

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

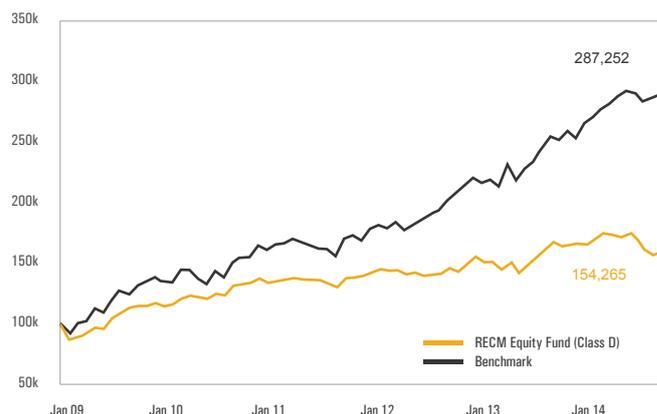
December 2014		December 2013	
Anglo Platinum Ltd	7.7	Anglo American Plc	7.3
Anglo American Plc	6.6	Anglo Platinum Ltd	6.6
Impala Platinum Holdings Ltd	6.1	Arcelormittal South Africa	5.2
Sun International Ltd	5.9	Impala Platinum Holdings Ltd	5.0
JD Group Ltd	5.1	Sun International Ltd	4.9
Lonmin Plc	4.6	Hosken Cons Investments Ltd	4.4
Arcelormittal South Africa Limited	4.0	Lonmin Plc	4.3
Standard Bank Group Ltd	3.5	Standard Bank Group Ltd	4.1
Aveng Ltd	3.4	JD Group Ltd	3.9
Hosken Cons Investments Ltd	3.1	Blue Label Telecoms Ltd	3.4
Total	50.0	Total	49.1

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

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



ANNUALISED RETURNS TO END DECEMBER 2014

	Fund	Benchmark
1 Year	-6.0%	10.9%
3 Years	3.5%	19.5%
5 Years	5.7%	15.8%
Since Inception	7.6%	19.5%
Maximum Drawdown (Life of Fund)	-13.0%	-10.0%

• 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 FEEDER FUND (Class C)

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	17 February 2009
Total Fund Size	R1.0 billion
Fund Size (Class C)	R249.2 million
Benchmark*	US CPI + 6% p.a. measured in ZAR
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	0.75% annual fee (excl. VAT)
Total Expense Ratio	1.93% for the period ending 31 December 2014 (includes the RECM Global Fund fee)
Pricing Frequency	Daily
Income Declarations	None
Fund Status	Closed to retail investors

PORTFOLIO DETAIL

*The Fund's benchmark is US CPI + 6% p.a. measured in ZAR. Prior to 1 January 2014 the Fund's benchmark was the MSCI World Index TR measured in ZAR

FUND RISK PROFILE

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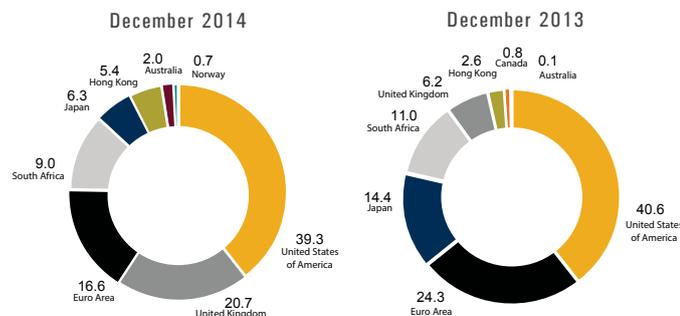
TOP TEN HOLDINGS (%)

December 2014		December 2013	
Tesco Plc	5.6	Arcelormittal	5.6
Ichirizuka Master Fund	5.5	Ichirizuka Master Fund	5.3
BP Plc	4.6	BP Plc	4.6
Anglo Platinum Ltd	4.5	Ultra Petroleum Corp	4.4
Anglo American Plc	4.5	Intel Corp	4.2
Arcelormittal	4.4	Anglo Platinum Ltd	4.1
Inpex Corp	4.0	Microsoft Corp	3.2
Wm Morrison Supermarkets Plc	3.9	Impala Platinum Holdings Ltd	3.1
Ultra Petroleum Corp	3.4	Vivendi SA	2.9
Impala Platinum Holdings Ltd	3.4	Wells Fargo and Co	2.9
Total	43.8	Total	40.3

ASSET ALLOCATION (%)

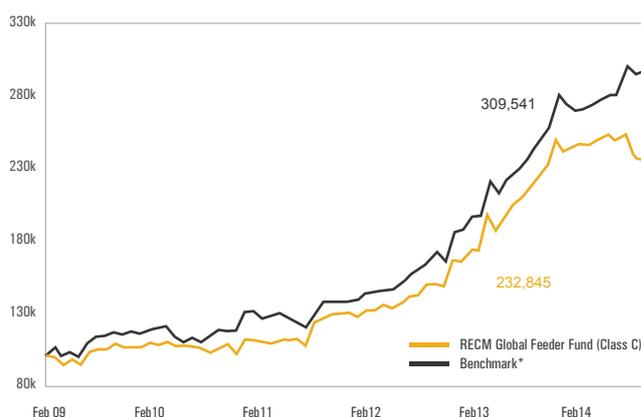
December 2014		December 2013	
Offshore Equity	64.5	Offshore Equity	66.6
Offshore Cash	25.8	Offshore Cash	21.2
SA Equity	8.5	SA Equity	10.8
Offshore Property	0.7	Offshore Property	1.2
SA Cash	0.5	SA Cash	0.2
Total	100.0	Total	100.0

GEOGRAPHICAL ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

VALUE OF R100,000 INVESTED AT INCEPTION



ANNUALISED RETURNS TO END DECEMBER 2014

	Fund	Benchmark*
1 Year	0.4%	19.2%
3 Years	21.6%	31.4%
5 Years	17.1%	21.4%
Since Inception	15.6%	21.4%
Maximum Drawdown (Life of Fund)	-7.6%	-9.2%

* 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 B)

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	Min. Investment	R10,000 initial investment
ASISA Sector	Global Multi Asset Flexible	Initial Fee	No initial fee
Inception Date (Class B)	24 July 2014	Annual Fee	0.75% annual fee (excl. VAT)
Total Fund Size	R37.0 million	Total Expense Ratio	Not yet applicable (includes the RECM Global Fund fee)
Fund Size (Class B)	R10.0 million	Pricing Frequency	Daily
Master Fund Size (RECM Global Fund)	US \$567.4 million	Income Declarations	None
Benchmark	US CPI + 6% p.a. measured in ZAR		

PORTFOLIO DETAIL

FUND RISK PROFILE

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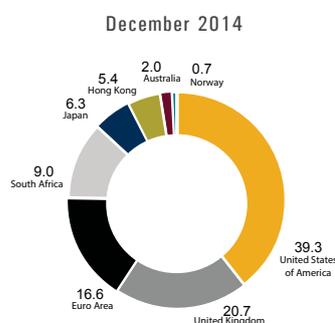
TOP TEN HOLDINGS (%)

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	-0.7%	0.4%
Sep '14	1.5%	6.4%
Oct '14	-4.1%	-2.0%
Nov '14	-1.1%	0.7%
Dec '14	-0.9%	4.3%
Since Inception	-5.3%	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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PRESCIENT

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RECM GLOBAL EQUITY FEEDER FUND (Class C)

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 C)	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 C)	0.75% 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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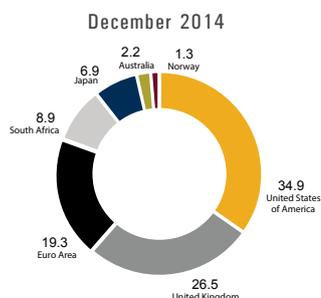
TOP TEN HOLDINGS (%)

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	-0.3%	2.4%
Oct '14	-7.7%	-1.6%
Nov '14	-0.9%	1.8%
Dec '14	-2.8%	1.7%
Since Inception	-10.0%	6.3%

• 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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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. A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. Forward pricing is used. 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 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
ASISA Sector	Global Multi Asset Flexible
Fund Currency	US dollars
Inception Date (Class D)	2 January 2014
Total Fund Size	US \$479.3 million
Fund Size (Class D)	US \$176.0 million
Benchmark*	US CPI + 6% p.a.
Min. Investment	US \$50,000 initial investment
Initial Fee	No initial fee
Annual Fee	0.5% annual fee

Hurdle	US CPI + 8% p.a.
Performance Fee	20% above hurdle subject to high watermark since inception of the Fund
Pricing Frequency	Daily
Total Expense Ratio (1 Year)	0.57% for the period ending 31 December 2014
Income Declarations	None
Domicile	Guernsey
ISIN Code	GG00BH650D25
SEDOL Code	BH650D2

PORTFOLIO DETAIL

FUND RISK PROFILE

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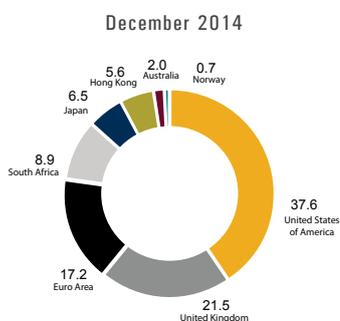
TOP TEN HOLDINGS (%)

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 B)

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	Annual Fee (Class B)	1.5% annual fee
ASISA Sector	Global Equity General	Hurdle Rate	MSCI World AC TR + 2.5%
Fund Currency	US dollars	Performance Fee	20% above hurdle subject to high watermark since inception of the Fund
Inception Date (Class B)	2 January 2014	Total Expense Ratio (Annualised)	0.80% for the period ending 31 December 2014
Total Fund Size	US \$63.7 million	Pricing Frequency	Daily
Fund Size (Class B)	US \$87.5 thousand	Domicile	Guernsey
Benchmark	MSCI World All Countries Total Return	Income Declarations	None
Min. Investment	US \$50,000 initial investment	ISIN Code	GG00BH65QX21
Initial Fee	No initial fee	SEDOL Code	BH65QX2 GGG

PORTFOLIO DETAIL

FUND RISK PROFILE

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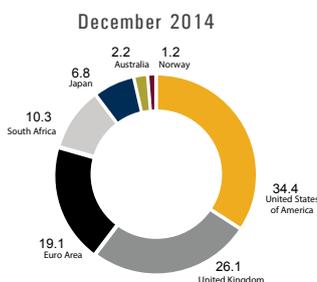
TOP TEN HOLDINGS (%)

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 2 January 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
Jan '14	-1.8%	-4.0%
Feb '14	4.6%	4.8%
Mar '14	2.4%	0.4%
Apr '14	0.9%	1.0%
May '14	-0.7%	2.1%
Jun '14	1.0%	1.9%
Jul '14	-2.0%	-1.2%
Aug '14	0.2%	2.2%
Sep '14	-5.8%	-3.2%
Oct '14	-3.3%	0.7%
Nov '14	-2.6%	1.7%
Dec '14	-5.7%	-1.9%
Since Inception	-12.5%	4.2%

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

INVESTMENT COMMENT

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