

RECM EQUITY FUND (Class B)

Period ended 28 February 2015

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 B)	2 March 2005
Total Fund Size	R317.9 million
Fund Size (Class B)	R68.9 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.0% 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)	1.19% for the period ending 31 December 2014
Total Expense Ratio (3 Years)	0.74% 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.

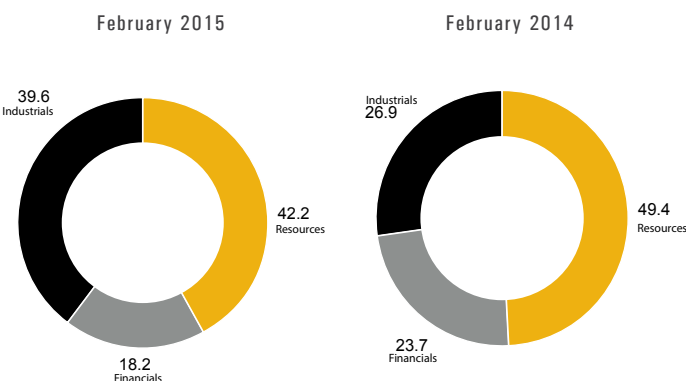
FUND RISK PROFILE

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

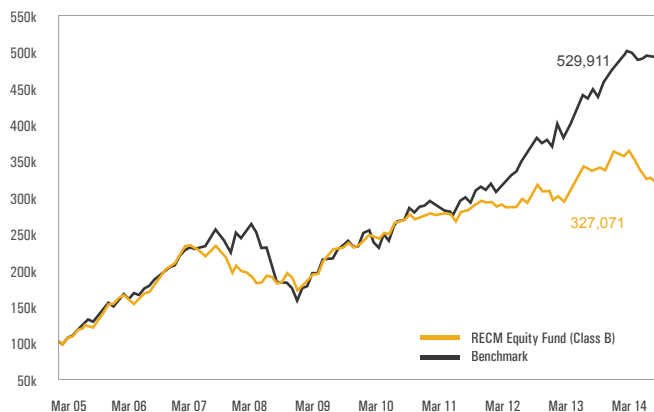
February 2015		February 2014	
JD Group Ltd	8.0	Anglo American Plc	8.6
Anglo Platinum Ltd	7.3	Anglo Platinum Ltd	7.6
Anglo American Plc	6.8	Arcelormittal South Africa	5.6
Impala Platinum Holdings Ltd	5.6	Sun International Ltd	4.9
Iliad Africa Ltd	5.0	Impala Platinum Holdings Ltd	4.8
Sun International Ltd	4.3	Lonmin Plc	4.4
Lonmin Plc	3.9	Hosken Cons Investments Ltd	4.3
Arcelormittal South Africa Limited	3.8	Standard Bank Group Ltd	3.9
Hosken Cons Investments Ltd	3.7	Blue Label	3.6
RECM and Calibre Ltd	3.7	JD Group Ltd	3.4
Total	52.0	Total	51.1

SECTOR ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

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



ANNUALISED RETURNS TO END FEBRUARY 2015

	Fund	Benchmark
1 Year	-4.5%	16.1%
3 Years	3.3%	19.4%
5 Years	6.9%	18.2%
Since Inception	12.7%	18.3%
Maximum Drawdown (Life of Fund)	-27.1%	-40.4%

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

INVESTMENT COMMENT

Does RECM have too much exposure to resource stocks? Seven years ago resource stocks made up over 50% of the SA market. They were also the most expensive part of the market, with a price to book ratio of 4 times. At the time, RECM had a small weighting towards resource stocks, both in relative and absolute terms. Over the next 5 years, this sector proved to be the worst performing sector, despite appearing to have a very bright outlook in 2008. Many fund managers were overweight the sector at the time, implying a weighting of over 50% in resource stocks.

Today however, the resource sector makes up less than a quarter of the SA market and it is the cheapest sector trading at a price to book ratio of about 1.5 times. By comparison, the financial and Industrial sectors look increasingly expensive. RECM currently has significantly more exposure to resource stocks than the market. Despite being very underweight the industrial sector in absolute terms given its increase as a percentage of the overall market, our position size in industrial stocks is almost on par with that of resource stocks. However it is worth mentioning that the industrial stocks we own are very different to those that are the largest and most expensive in the index. From the above, we think a fair conclusion would be that we are not too concentrated in the resource sector. Additionally, the sector presents a good value investment proposition. The corollary bears questioning. If the Industrial index is 56% of the market, and a manager is overweight Industrials, are they not too concentrated in an expensive sector?

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Disclaimer: Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. A schedule of fees and charges and maximum commissions is available on request from the management company, RECM Collective Investments (Pty) Ltd (RECM). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Funds are valued daily at 15h00. 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.