

RECM EQUITY FUND (Class D)

Period ended 30 September 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	R426.5 million
Fund Size (Class D)	R35.8 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)	1.60% for the period ending 30 September 2014
Total Expense Ratio (3 Years)	1.34% for the period ending 30 September 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.

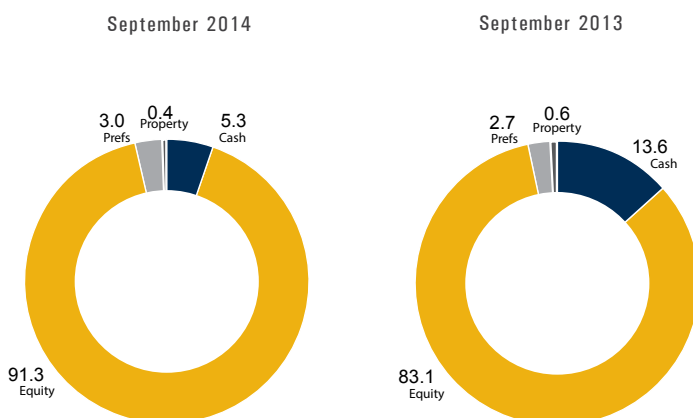
FUND RISK PROFILE

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

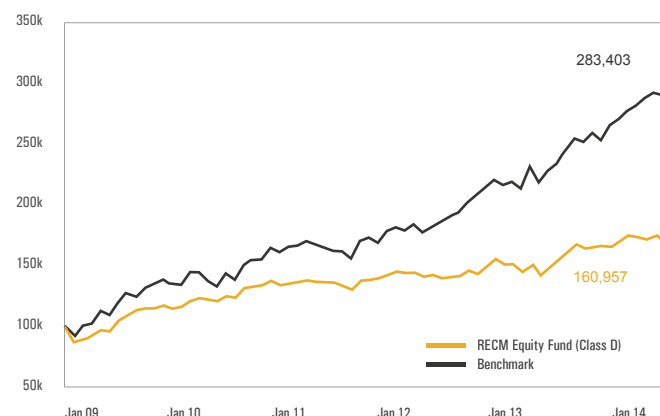
September 2014		September 2013	
Anglo American Plc	7.1	Anglo American Platinum Ltd	7.8
Anglo American Platinum Ltd	6.8	Anglo American Plc	7.6
Sun International Ltd	6.4	Hosken Cons Investments Ltd	5.5
Arcelormittal South Africa	5.8	Impala Platinum Holdings Ltd	5.4
Impala Platinum Holdings Ltd	5.2	Arcelormittal South Africa	5.0
JD Group Ltd	4.9	Sun International Ltd	4.7
Standard Bank Group Ltd	3.6	Lonmin Plc	4.4
Hosken Cons Investments Ltd	3.5	JD Group Ltd	3.9
Lonmin Plc	3.4	Standard Bank Group Ltd	3.8
Aveng Ltd	3.2	Blue Label Telecoms Ltd	3.0
Total	49.9	Total	51.1

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

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



ANNUALISED RETURNS TO END SEPTEMBER 2014

	Fund	Benchmark
1 Year	0.4%	15.4%
3 Years	7.4%	22.2%
5 Years	7.3%	18.0%
Since Inception	8.8%	20.2%
Maximum Drawdown (Life of Fund)	-13.0%	-10.0%

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

INVESTMENT COMMENT

Sun International has been a top holding in the Fund for some time. The investment case is based primarily on margins going back to more normal levels through a recovery in the hotel cycle and trimming of excess fat in the business by new management. The business possesses barriers to entry in the form of casino licenses in a highly regulated industry and although Sun City is likely to continue to be a drag on returns on capital, there have been a few positive developments within the group recently. These include Sun International selling a 40% stake in GrandWest and Worcester casinos to Tsogo in a deal worth almost R2,2bn reducing the probability of a competing casino in the area, changes to the border between Mpumalanga and Gauteng allowing Sun International to move its licence from the Morula Sun to Menlyn Park, Pretoria (a very lucrative largely untapped casino market), and the sale of most of its African hotel operations to Minor International (MINT) at a reasonable price, with a resulting improvement in the quality of earnings going forwards. Despite the share rising on the back of this news, the stock still represents good value at these levels.

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