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
ASISA Sector	South Africa Equity General*
Inception Date (Class F)	2 January 2014
Total Fund Size	R429.0 million
Fund Size (Class F)	R6.5 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	Subject to the relevant platform
Initial Fee	No initial fee
Annual Fee	0.9% annual fee (excl. VAT)
Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
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 Expense Ratio (Annualised)	1.08% 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

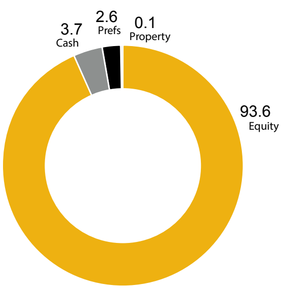
LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH

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 (%)

December 2014



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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