RECM GLOBAL FLEXIBLE FUND (Class A)

Period ended 28 February 2015

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	3 April 2003
Total Fund Size	R2.0 billion
Fund Size (Class A)	R1.2 billion
Benchmark*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment
Initial Fee	No initial fee
Annual Fee	1.0% 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)	-1.80% for the period ending 31 December 2014 (inclusive of a perfomance fee of -2.95%)
Total Expense Ratio (3 Years)	1.33% for the period ending 31 December 2014 (inclusive of a perfomance fee of 0.16%)
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 February 2014 the Fund's benchmark was SA Inflation + 8% p.a.

FUND RISK PROFILE

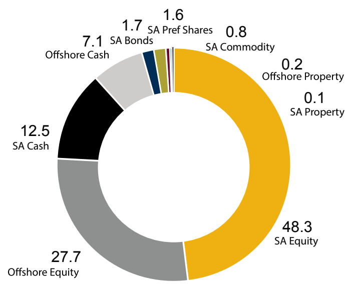
LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH

TOP TEN HOLDINGS (%)

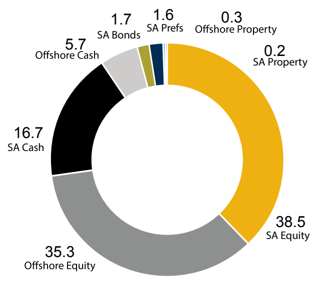
February 2015		February 2014	
Anglo Platinum Ltd	6.2	Anglo Platinum Ltd	5.3
Anglo American Plc	6.0	Anglo American Plc	4.9
JD Group Ltd	4.4	Ultra Petroleum Corp	3.7
Impala Platinum Holdings Ltd	4.1	BP Plc	3.3
Tesco Plc	3.1	Arcelormittal South Africa Ltd	3.1
Lonmin Plc	2.8	Arcelormittal	2.9
Sun International Ltd	2.8	Impala Platinum Holdings Ltd	2.8
Iliad Africa Ltd	2.4	Microsoft Corp	2.8
Arcelormittal South Africa Limited	2.2	Lonmin Plc	2.6
Ultra Petroleum Corp	2.2	Inpex	2.4
Total	36.4	Total	33.8

ASSET ALLOCATION (%)

February 2015

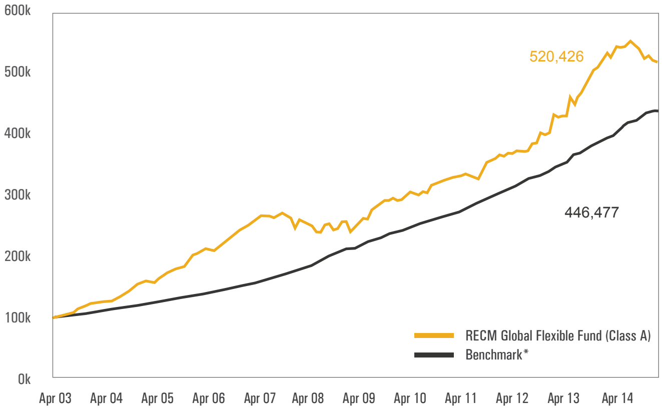


February 2014



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	1.6%	11.5%
3 Years	12.0%	11.6%
5 Years	12.0%	11.4%
Since Inception	15.0%	13.6%
Maximum Drawdown (Life of Fund)	-11.6%	-0.6%

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

INVESTMENT COMMENT

Despite the fact that our portfolios are skewed towards resource counters, where we have been finding the biggest discrepancies between price and value for some time now, we also own many shares unrelated to that sector that are unloved for issues specific to that company. Examples of such current portfolio holdings include Tesco (Largest UK retailer bashed by years of unrelenting competition of discounters, compounded by revelations of accounting scandal and subsequent change in management), Adcock Ingram (supposedly with weak product portfolio and poor management – especially in comparison to market darling Aspen), Blue Telecom (lack of trust in the management team and scepticism about their business model), JD Group (investor fatigue after years of disappointing results, and lack of interest due to a small free float), Standard Bank (the one South African bank that regularly seems to get caught out by foreign ventures such as Russia in '98, the London gold price fixing investigation and recently losses due to fraud in Aluminum stock piles in China) and Capitec (cheap as a result of the fear around companies operating in the micro-lending market after the ABIL collapse).

The reasons for these businesses being out of favour may be varied, but the common theme is that they are all trading at substantially less than we calculate them to be worth. Buying them at these prices translates into low investment risk, and substantial upside for our investors.

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