

RECM GLOBAL FLEXIBLE FUND (Class A)

Period ended 31 October 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	3 April 2003
Total Fund Size	R2.1 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)	0.51% for the period ending 30 September 2014 (inclusive of a performance fee of -0.65%)
Total Expense Ratio (3 Years)	1.99% for the period ending 30 September 2014 (inclusive of a performance fee of 0.81%)
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.

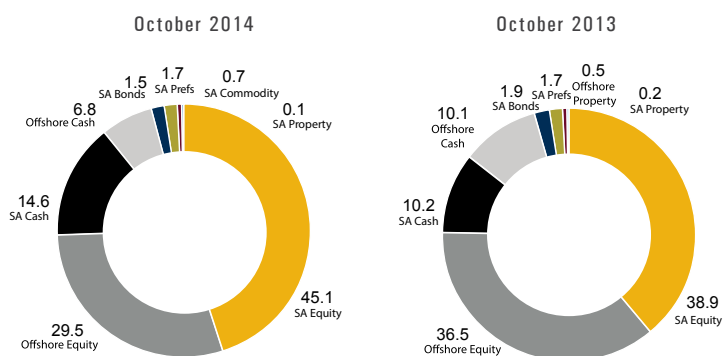
FUND RISK PROFILE

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

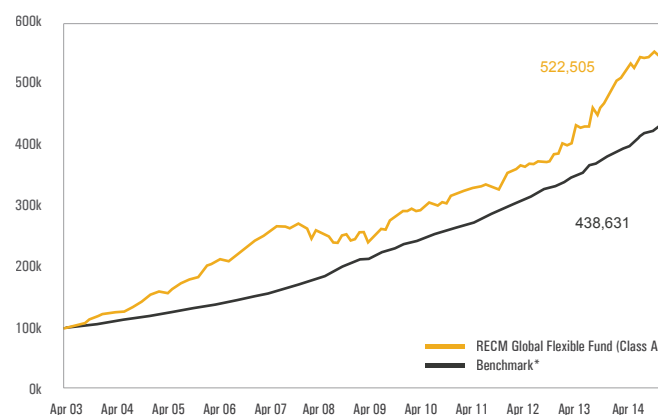
October 2014		October 2013	
Anglo American Plc	5.8	Anglo Platinum Ltd	5.3
Anglo Platinum Ltd	5.8	Anglo American Plc	4.8
Impala Platinum Holdings Ltd	4.3	Microsoft Corp	3.5
Lonmin Plc	2.9	Arcelormittal South Africa Ltd	3.4
Arcelormittal South Africa Ltd	2.8	Impala Platinum Holdings Ltd	3.4
Sun International Ltd	2.6	Arcelormittal	3.2
Ichirizuka Master Fund	2.5	BP Plc	3.0
JD Group Ltd	2.3	Lonmin Plc	2.8
Tesco Plc	2.1	Carrefour SA	2.5
BP Plc	2.1	Sun International Ltd	2.4
Total	33.2	Total	34.3

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

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



ANNUALISED RETURNS TO END OCTOBER 2014

	Fund	Benchmark*
1 Year	3.6%	12.2%
3 Years	13.7%	12.1%
5 Years	12.3%	11.6%
Since Inception	15.5%	13.7%
Maximum Drawdown (Life of Fund)	-11.6%	0.0%

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

INVESTMENT COMMENT

The top ten holdings make up 33.2% of the Fund. This reflects the polarity in the market. Many shares are trading at expensive levels, but a pocket of the market is offering extraordinary value - largely concentrated in cyclical businesses such as resource companies. Our portfolios don't have indiscriminate exposure to resources however. We have specifically selected certain stocks in resources such as platinum where the commodity price is at cyclical lows, and have avoided others such as iron ore which are still coming off their peaks (hence our lack of exposure to BHP Billiton). Importantly, our investment thesis does not rely on peak earnings, prices, margins, or forecasts but rather on what earnings should be when things return somewhat closer to "normal". Whilst one can debate the impact of recycling, substitution effects or structural changes in an industry such as platinum, it is a fact that global demand is officially outstripping global supply including recycling. As long as that is the case, there will ultimately be upward pressure on the platinum price when inventories above the ground are worked through. This year, the production shortage of platinum will be between 1m and 1.5m ounces.

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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 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.

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