

RECM GLOBAL FLEXIBLE FUND (Class A)

Period ended 30 September 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)	R1.3 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.

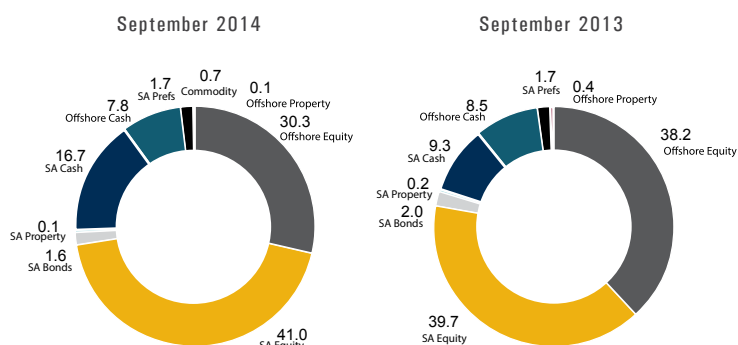
FUND RISK PROFILE

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

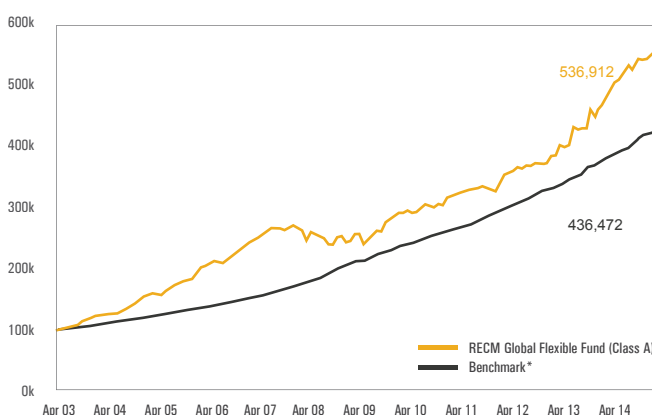
September 2014		September 2013	
Anglo American Plc	5.4	Anglo American Platinum Ltd	6.5
Anglo American Platinum Ltd	4.8	Anglo American Plc	5.4
Impala Platinum Holdings Ltd	3.7	Carrefour SA	4.0
Sun International Ltd	2.9	Impala Platinum Holdings Ltd	3.7
Arcelormittal South Africa	2.9	Microsoft Corp	3.3
Ichirizuka Master Fund	2.3	Arcelormittal South Africa	3.1
Lonmin Plc	2.2	Lonmin Plc	2.9
BP Plc	2.2	BP Plc	2.4
JD Group Ltd	2.1	Sun International Ltd	2.4
Arcelormittal	2.1	JD Group Ltd	2.3
Total	30.6	Total	36.0

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	9.6%	12.9%
3 Years	16.1%	12.4%
5 Years	13.1%	11.8%
Since Inception	15.9%	13.8%
Maximum Drawdown (Life of Fund)	-11.6%	0.0%

• 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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