

RECM GLOBAL FLEXIBLE FUND (Class E)

Period ended 31 August 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 (Class E)	1 January 2014
Total Fund Size (All Classes)	R2.2 billion
Fund Size (Class E)	R384.4 million
Benchmark	SA CPI + 6% p.a.
Min. Investment	Subject to the relevant platform

Initial Fee	No initial fee
Annual Fee	0.9% 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	TBA
Income Declarations	31 March, 30 June, 30 September, 31 December

PORTFOLIO DETAIL

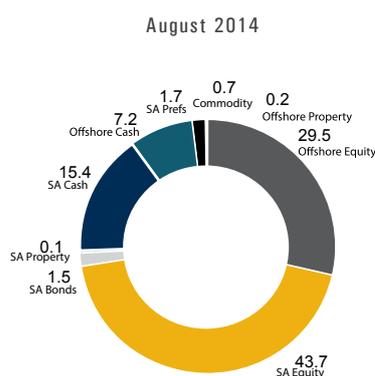
FUND RISK PROFILE

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

August 2014	
Anglo American Platinum Ltd	5.7
Anglo American Plc	5.6
Impala Platinum Holdings Ltd	4.0
Arcelormittal South Africa	3.2
Sun International Ltd	2.8
Lonmin Plc	2.5
BP Plc	2.2
Ichirizuka Master Fund	2.1
Arcelormittal	2.0
JD Group Ltd	2.0
Total	32.1

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

This Fund class was launched on 1 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	2.1%	0.3%
Feb '14	-0.7%	0.7%
Mar '14	1.3%	1.1%
Apr '14	1.9%	1.3%
May '14	-0.6%	0.5%
Jun '14	0.1%	0.2%
Jul '14	1.1%	0.3%
Aug '14	-1.8%	0.8%
Since Inception	3.4%	8.3%

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

INVESTMENT COMMENT

An increased number of announcements regarding significant job cuts in South Africa, collectively numbering in the thousands, does not bode well for the consumer and consumer sector, which is already struggling to cope with high debt levels and inflation. Reported results present mixed signals, with the likes of Shoprite and Massmart coming in below expectations, and Truworths and Cashbuild above expectations. Despite downward pressure on many retailers' share prices due to negative sentiment regarding the health of the consumer, many of these businesses are not yet trading at prices significantly below intrinsic value. Thus the exposure we have to SA retailers is low, with nearly three quarters of it in JD Group – a turnaround thesis under the stewardship of Steinhoff presenting a lucrative prospective investment return profile.

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