

RECM GLOBAL FLEXIBLE FUND (Class E)

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 (Class E)	2 January 2014
Total Fund Size	R2.1 billion
Fund Size (Class E)	R368.1 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 (Annualised)	1.03% for the period ending 30 September 2014
Income Declarations	31 March, 30 June, 30 September, 31 December

PORTFOLIO DETAIL

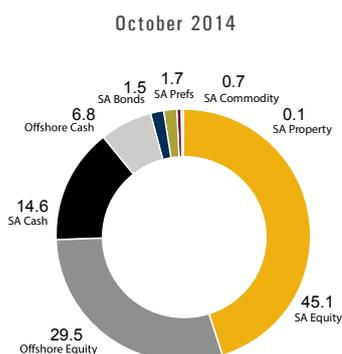
FUND RISK PROFILE

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

October 2014	
Anglo American Plc	5.8
Anglo Platinum Ltd	5.8
Impala Platinum Holdings Ltd	4.3
Lonmin Plc	2.9
Arcelormittal South Africa Ltd	2.8
Sun International Ltd	2.6
Ichirizuka Master Fund	2.5
JD Group Ltd	2.3
Tesco Plc	2.1
BP Plc	2.1
Total	33.2

ASSET ALLOCATION (%)



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	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%
Sep '14	-2.4%	0.4%
Oct '14	-3.7%	0.0%
Since Inception	-2.9%	5.6%

• 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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