

# RECM FLEXIBLE EQUITY FUND (Class D)

Period ended 31 January 2014

# RECM

The RECM Flexible Equity Fund is a unit trust which invests exclusively in South African equities. The Fund's aim is to outperform the South African equity market over the long term by selecting shares based on a value 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	South African Multi Asset Flexible
Inception Date	19 January 2009
Total Fund Size	R440.6 million
Fund Size	R32.6 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.5% annual fee (excl. VAT)
Hurdle Rate	FTSE/JSE All Share Index + 2.5% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio	1.19%
Income Declarations	31 March & 30 September

## PORTFOLIO DETAIL

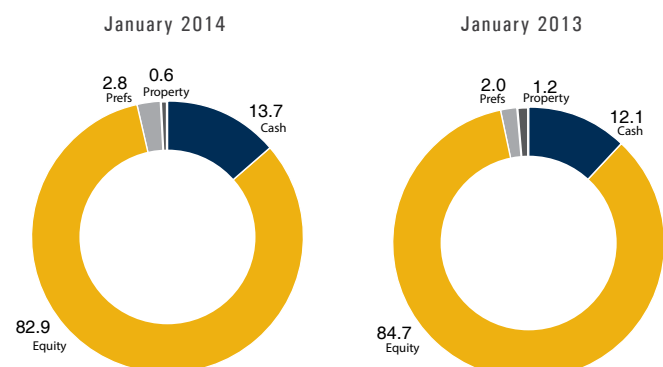
### FUND RISK PROFILE

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

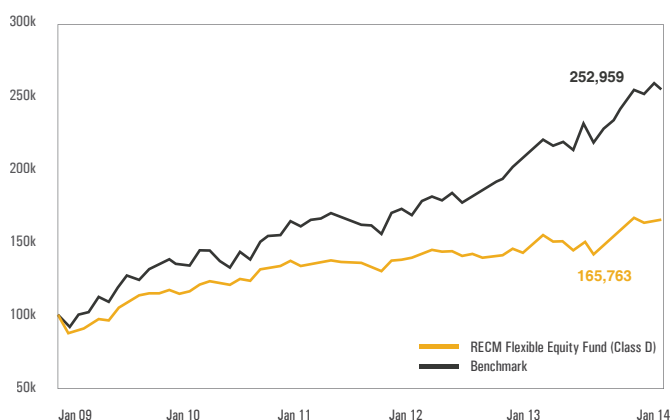
January 2014		January 2013	
Anglo American	8.3	Amplats	7.2
Amplats	7.5	Sun International	7.2
Arcelor Mittal SA	5.4	HCI	6.0
Sun International	5.0	Anglo American	5.8
Impala Platinum	4.7	Lonmin	5.6
Lonmin	4.5	Arcelor Mittal SA	5.1
HCI	4.3	Sasol	3.4
JD Group	3.8	Impala Platinum	3.4
Standard Bank	3.7	Discovery	2.9
Blue Label Telecoms	3.4	Grand Parade	2.4
<b>Total</b>	<b>50.6</b>	<b>Total</b>	<b>49.0</b>

### ASSET ALLOCATION (%)



## PERFORMANCE NET OF ALL FEES AND EXPENSES

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



### ANNUALISED RETURNS TO END JANUARY 2014

	Fund	Benchmark*
1 Year	7.2%	14.9%
3 Years	7.5%	16.3%
5 Years	10.6%	20.4%
Since Inception	10.6%	20.4%
Maximum Drawdown (Life of Fund)	-13%	-10%

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

### INVESTMENT COMMENT

Following a dismal first six months of 2013, in which the platinum price declined sharply, the share prices of most platinum miners recovered strongly in the second half of 2013. Volatility has been par for the course in the sector and the platinum miners still feature prominently in our top holdings. Smaller holdings liid and RECM & Calibre (full disclosure: RECM manages RECM & Calibre) also put in strong share price performances in the latter half of 2013. As a building materials wholesale and retail operation, liid faces difficult industry conditions. But it appears that the rebranding of the company's stores has gone well and management is making the most of the hand it was dealt. After a slow start, investment activity in RECM & Calibre picked up dramatically during 2013 and the capital raised when the company listed in 2010 has now been fully committed to investments. The portfolio is an interesting collection of assets that we're excited about and the market appears to share our excitement and bid up the shares strongly during 2013.

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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, RE:CM Collective Investments (Pty) Ltd (RECM). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Funds are valued daily at 15h00. Instructions must reach RECM before 14h00 to ensure same day value. 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. RE:CM 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. The RECM Equity Fund Class B has a Total Expense Ratio of 1.19%. For the period from 1 January 2012 to 31 December 2013, 1.19% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's. Inclusive of the TER of 1.19%, a performance fee of 0.0% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.