RE:CM Flexible **EQUITY** Fund (Class B)

Period ended 31 January 2013

RE·CM
YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Piet Viljoen, Paul Whitburn
Sector	South African Multi Asset Flexible
Inception Date	2 March 2005
Total Fund Size	R575.6 million
Fund Size (Class B)	R177.7 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment
Fund Status	Open
Initial Fee	No initial fee
Annual Fee (Class B)	0.5% annual fee (excl. VAT)
Hurdle Rate	JSE All Share Index + 2.5%
Performance Fee	20% above/below hurdle rate
Total Expense Ratio	0.59%
Income Declarations	31 March & 30 September
Regulation 28	Does not comply

About the Fund

The RE:CM Flexible Equity Fund is an SA Equity Fund and has the flexibility to default to cash when we can't find value in equities. It aims to generate better returns than the FTSE JSE All Share Index (including income) over the long term with lower than average risk of capital loss and with less volatility than the index. This fund is suited to investors seeking long-term wealth creation through SA equity exposure, and who are comfortable with short-term volatility.

Fund Objective

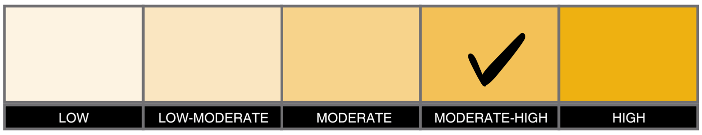
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

Risk Measures

We look at risk in terms 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 hold cash offers additional comfort when equities are expensive.

RISK STATISTICS AND PORTFOLIO DETAIL

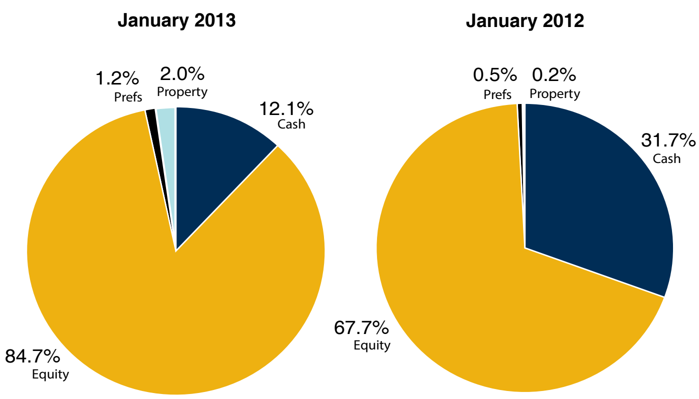
FUND RISK PROFILE



TOP HOLDINGS (%)

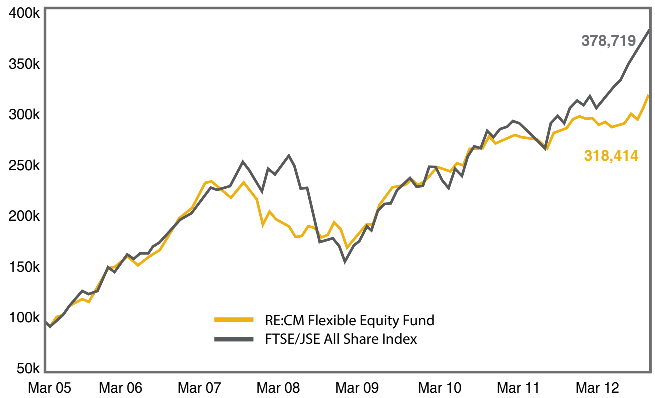
January 2013		January 2012	
Amplats	7.2	Sun International	8.3
Sun International	7.2	Amplats	6.0
HCI	6.0	Discovery	5.9
Anglo American	5.8	Harmony	3.4
Lonmin	5.6	Old Mutual	3.4
Arcelor Mittal	5.1	MMI Holdings	3.4
Sasol	3.4	HCI	3.2
Impala Platinum	3.4	Lonmin	3.2
Discovery	2.9	Telkom	3.1
Grand Parade	2.4	Omnia	2.5

ASSET ALLOCATION



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END JANUARY 2013

	Fund	Benchmark
1 Year	8.5%	23.7%
3 Years	11.4%	18.3%
5 Years	10.7%	11.4%
Since Inception	15.9%	18.5%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised
- Inception Date, 2 March 2005

INVESTMENT COMMENT

Resource and basic materials shares continue to dominate our list of recent purchases, including Arcelor Mittal, Anglo American and Impala Platinum. Arcelor Mittal is the largest steel producer in South Africa and has declined substantially over the last few years as construction activity slowed after the 2010 World Cup. We discussed previously that the discount to intrinsic value was favourable enough at the time to justify a small position. This discount to intrinsic value increased substantially due to price declines over the last six months allowing the Fund to increase the position further. Impala Platinum's share price was adversely affected by the negative sentiment surrounding the platinum sector. This offered us an opportunity to allocate capital to the business well after we had bought the other platinum miners. Impala is the lowest cost producer in South Africa and controls good assets in Zimbabwe (Zimplats). Even though we assumed the worst possible outcome for Zimbabwe, there was a sufficient margin of safety to justify a significant position in the stock. Impala's share price is up more than 20% over the past 6 months, but still remains one of the Fund's Top 10 holdings along with the other large platinum producers, Anglo Platinum and Lonmin. The Fund increased its position in Lonmin by taking up its rights to the deeply discounted rights offer that now allows Lonmin to complete its capital projects using equity rather than debt in this highly cyclical industry.

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