

# RE:CM Flexible EQUITY Fund (Class B)

Period ended 31 March 2013

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	South African Multi Asset Flexible
<b>Inception Date</b>	2 March 2005
<b>Total Fund Size</b>	R412.6 million
<b>Fund Size (Class B)</b>	R110.6 million
<b>Benchmark</b>	FTSE/JSE All Share Index
<b>Min. Investment</b>	R150,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class B)</b>	0.5% annual fee (excl. VAT)
<b>Hurdle Rate</b>	JSE All Share Index + 2.5%
<b>Performance Fee</b>	20% above/below hurdle rate
<b>Total Expense Ratio</b>	0.59%
<b>Income Declarations</b>	31 March & 30 September
<b>Regulation 28</b>	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

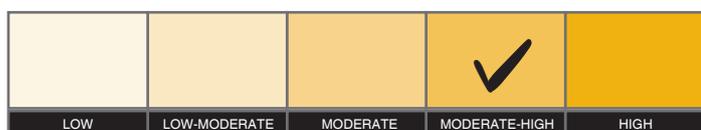
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

## 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

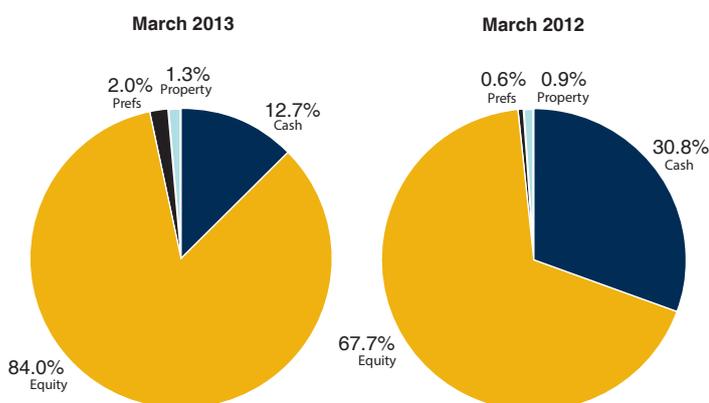
### FUND RISK PROFILE



### TOP HOLDINGS (%)

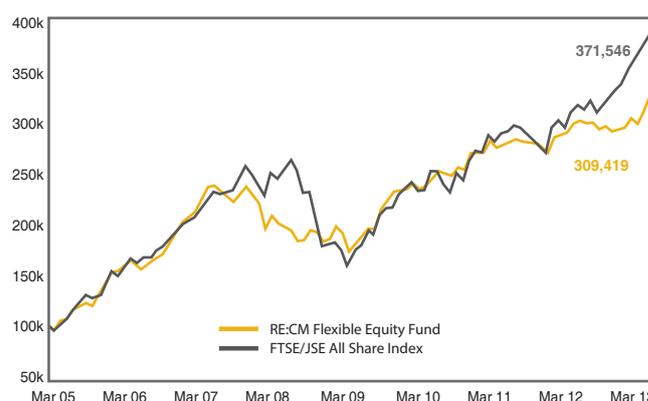
March 2013		March 2012	
Sun International	6.9	Sun International	8.8
Amplats	6.8	Amplats	5.5
HCI	5.6	Discovery	5.0
Anglo American	5.4	HCI	4.5
Arcelor Mittal	4.4	Lonmin	4.4
Lonmin	4.4	MMI Holdings	3.3
Standard Bank	3.4	Harmony Gold	3.0
Impala Platinum	3.4	Telkom	2.9
Sasol	3.2	Old Mutual	2.7
JD Group	3.2	JD Group	2.6

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END MARCH 2013

	Fund	Benchmark
1 Year	4.7%	22.5%
3 Years	8.1%	14.9%
5 Years	9.2%	9.3%
Since Inception	15.1%	18.0%

- 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

Value investing requires patience and discipline, but also the ability to move quickly if an opportunity arises. Our purchase of a substantial interest in the shares of Petmin during the past month was a good example of this. Petmin is a company we have followed for some time now, but with its share price caught up in the excitement of the commodity boom for a long time, we could never justify purchasing the shares. With thermal coal prices globally contracting markedly over the past two years, sentiment at last shifted to an extent that we could justify investing in the company's shares. When the opportunity came to purchase a large percentage of the company's shares in one transaction, we were able to move quickly, having performed all our due diligence on the company well in advance. While Petmin is a small investment for RE:CM clients, it serves as a useful example of opportunity coming to the prepared. We have also been purchasing shares in that rarest of birds: an attractively priced South African industrial share. The share in question is JD Group, which is now trading at less than net asset value. While there are valid concerns about the state of the unsecured lending market, this is not the first credit cycle that JD Group's management are seeing through. On the disposals front, industrials and financials continue to feature prominently. While still featuring as top holdings for RE:CM clients, we have engaged in some selling of the shares of gaming businesses, following strong recent share price performances.

Tel: +27 21 657 3440

Fax: +27 21 674 1088

Email: info@reem.co.za

Website: www.reem.co.za

**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 (RE:CM). 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 RE:CM 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 RE:CM Flexible Equity Fund Class B has a Total Expense Ratio of 0.59%. For the period from 01 January 2012 to 31 December 2012, 0.59% 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 0.59%, a performance fee of 0.0% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.