

RE:CM Flexible EQUITY Fund (Class B)

Period ended 31 May 2013

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
Sector	South African Multi Asset Flexible
Inception Date	2 March 2005
Total Fund Size	R387.9 million
Fund Size (Class B)	R100.8 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

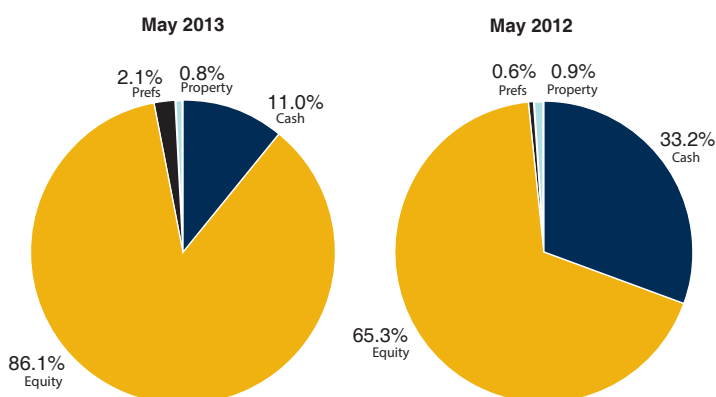
FUND RISK PROFILE



TOP HOLDINGS (%)

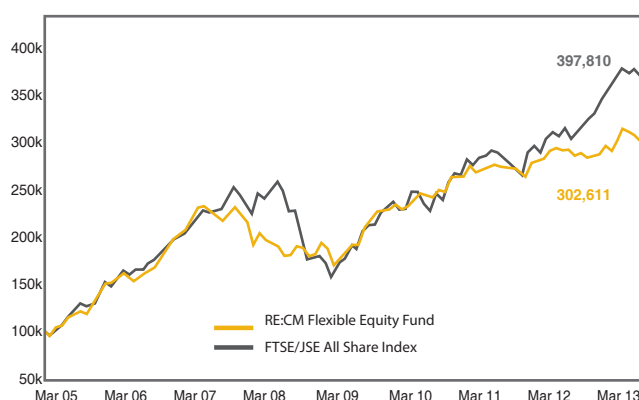
May 2013		May 2012	
Amplats	6.8	Sun International	8.8
Anglo American	6.0	Amplats	6.0
Sun International	5.9	Discovery	4.8
HCI	5.8	HCI	4.7
Lonmin	5.7	Harmony Gold	3.4
Arcelor Mittal	5.6	Lonmin	3.3
Impala Platinum	4.2	MMI Holdings	3.1
Sasol	3.8	Telkom	3.0
Standard Bank	3.8	Old Mutual	2.6
JD Group	3.6	JD Group	2.4

ASSET ALLOCATION



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END MAY 2013

	Fund	Benchmark
1 Year	5.0%	30.7%
3 Years	7.4%	19.2%
5 Years	9.7%	8.9%
Since Inception	14.5%	18.4%
Maximum Drawdown*	-27.1%	-40.4%

- 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
- * Life of Fund

INVESTMENT COMMENT

In May we allocated capital to existing investment ideas JD Group, Amplats, Arcelor Mittal, Implats and Anglo American. Despite the Fund owning many of these over the past 2 years we would classify each of them as 'new' ideas. Our buying programs are designed so that the fund can be fully invested at all-time low valuation multiples for these businesses. So unless we get really lucky, we would typically start with a smaller position and increase it as and when the margin of safety increases. This means that our first purchases could temporarily be 'out of the money', but with each new buying tranche at lower prices we continue averaging down the cost base. These purchases were funded by capital realizations made in HCI, Tsogo, Omnia, Old Mutual and Discovery, all of whom had delivered excellent investment returns over the past year. In addition, we completed our selling program in Peregrine. Our investment thesis had developed fully while the margin of safety closed simultaneously.

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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 (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 April 2012 to 31 March 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.