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

Period ended 31 October 2012

RE·CM

YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Piet Viljoen, Paul Whitburn
Sector	Domestic Asset Allocation Flexible
Inception Date	2 March 2005
Total Fund Size	R643.6 million
Fund Size (Class B)	R246.6 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.

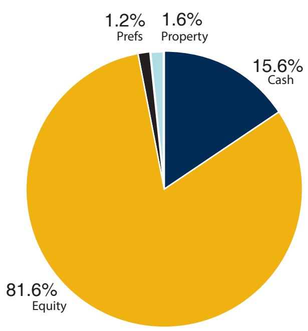
RISK STATISTICS AND PORTFOLIO DETAIL

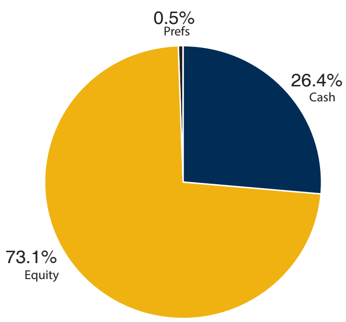
FUND RISK PROFILE

TOP HOLDINGS (%)

October 2012		October 2011	
Sun International	8.6	Sun International	8.3
Amplats	6.8	Discovery	6.2
Anglo American	6.1	Harmony	5.7
HCI	5.9	Amplats	5.7
Lonmin	4.4	Old Mutual	4.4
Arcelor Mittal	4.0	Telkom	3.8
Impala Platinum	3.4	JD Group	3.6
Sasol	3.1	Metropolitan	3.5
Discovery	2.9	HCI	3.4
Adcock	2.3	Omnia	3.3

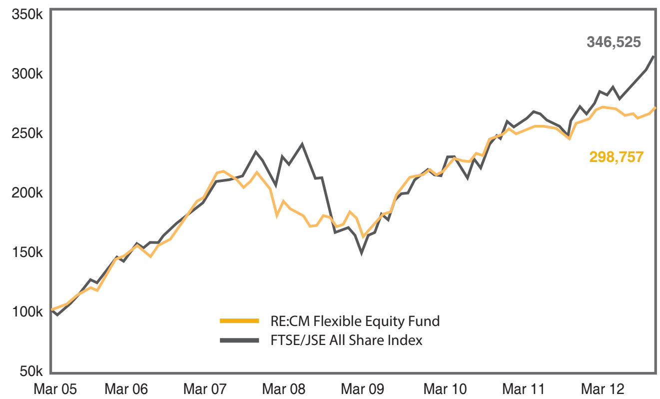
ASSET ALLOCATION





PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END OCTOBER 2012

	Fund	Benchmark
1 Year	6.5%	18.6%
3 Years	9.0%	15.4%
5 Years	5.1%	6.5%
Since Inception	15.5%	17.8%

- 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

The two largest sector exposures in the fund currently are gaming and hotels (directly via investments in Sun International and Tsogo Sun, and indirectly via HCI), and platinum (via investments in most of the major platinum miners, and indirectly via Anglo American). Interesting developments were announced late in October in both sectors. Firstly, Lonmin announced a business update, including it's much anticipated rights issue. Secondly, Sun International released a quarterly trading update. Both announcements sent the respective companies' share prices sharply upward. In Lonmin's case, the positive news was mainly that debt covenants had been renegotiated on what we consider to be favourable terms. Sun International's trading update pointed to improved business conditions overall. Data coming from the gaming and hotels sector recently suggests that the business cycle may finally be improving from the dire conditions experienced in recent years. Sharp upward spikes in share prices, like the ones seen in Lonmin and Sun International, are often indicative of excessive negative pessimism priced into shares. Our work certainly suggests that the market has for some time now been substantially too pessimistic about the longer term prospects of both sectors, and we continue to be very excited about the value on offer in these two sectors.

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