

# RE:CM Flexible EQUITY Fund (Class D)

Period ended 31 December 2012

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Piet Viljoen, Paul Whitburn
<b>Sector</b>	South African Multi Asset Flexible
<b>Inception Date</b>	19 January 2009
<b>Total Fund Size</b>	R568.1 million
<b>Fund Size (Class D)</b>	R35.1 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 D)</b>	1% 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>	1.15%
<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

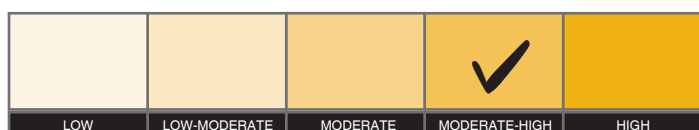
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

## 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

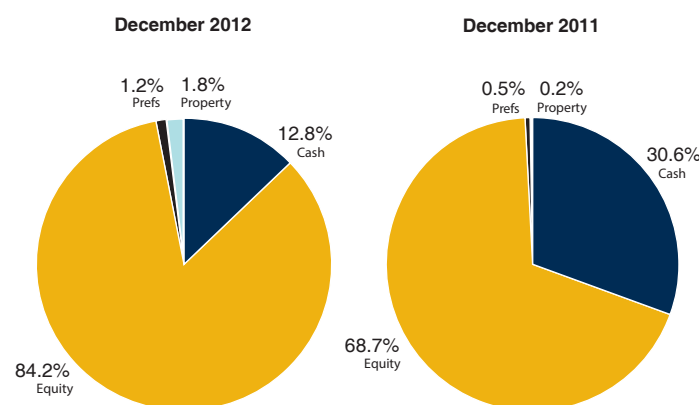
### FUND RISK PROFILE



### TOP HOLDINGS (%)

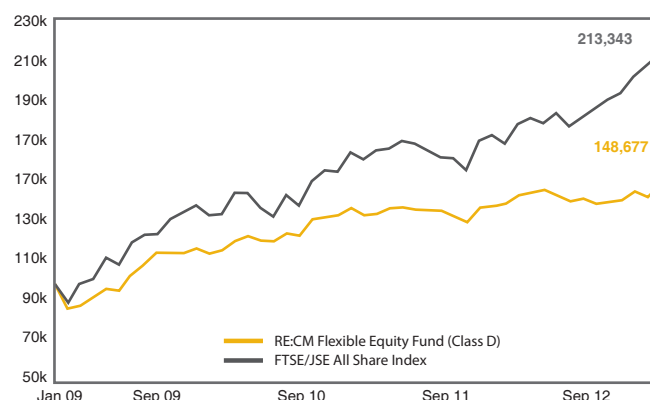
December 2012		December 2011	
Sun International	8.5	Sun International	7.6
Amplats	7.6	Discovery	5.6
Anglo American	5.7	Old Mutual	4.9
HCI	5.5	Amplats	4.9
Arcelor Mittal	5.2	Harmony	3.6
Lonmin	4.8	HCI	3.2
Impala Platinum	3.5	Metropolitan	3.2
Sasol	3.3	Omnia	3.1
Discovery	2.8	Telkom	3.1
Grand Parade	2.5	Lonmin	2.9

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END DECEMBER 2012

	Fund	Benchmark
1 Year	7.1%	26.7%
3 Years	8.4%	15.6%
Since Inception	10.7%	21.3%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised
- Inception Date, 19 January 2009

### INVESTMENT COMMENT

When one looks at the carnage in the JSE construction sector since the absolute and relative highs of late 2007, it comes as no surprise that in early 2010 our analysts sharpened their pencils on all of the listed businesses in this sector. Their work at the time indicated that whilst share prices in the sector had declined to approximate fair value levels, they were not cheap enough to satisfy our minimum margin of safety requirements. Developments since proved them correct as most construction businesses continued to struggle with the back end of problem contracts and late payments by large customers. As share prices continued to tumble during 2012 they finally reached attractive levels. Our portfolio managers have allocated small amounts of fund capital to selected stocks in the sector such as Aveng and Raubex.

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