RE:CM Flexible EQUITY Fund (Class D)

Period ended 28 February 2013

RE·CM
YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Piet Viljoen, Paul Whitburn
Sector	South African Multi Asset Flexible
Inception Date	19 January 2009
Total Fund Size	R542.0 million
Fund Size (Class D)	R30.6 million
Benchmark	FTSE/JSE All Share Index
Min. Investment	R150,000 initial investment
Fund Status	Open
Initial Fee	No initial fee
Annual Fee (Class D)	1% annual fee (excl. VAT)
Hurdle Rate	JSE All Share Index + 2.5%
Performance Fee	20% above/below hurdle rate
Total Expense Ratio	1.15%
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

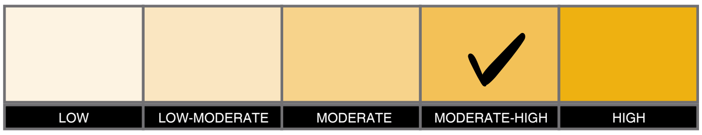
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

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

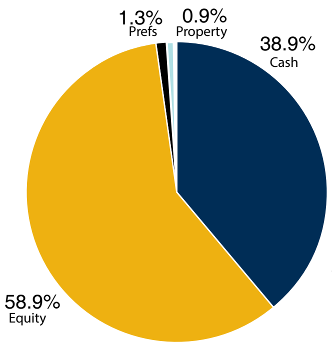


TOP HOLDINGS (%)

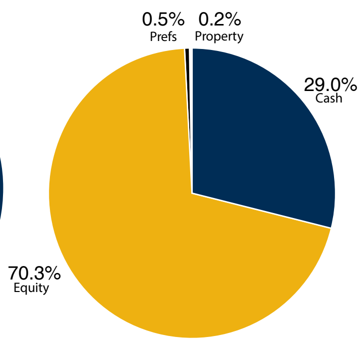
February 2013		February 2012	
Sun International	4.9	Sun International	8.0
Amplats	4.8	Amplats	6.6
Anglo American	3.8	Discovery	6.4
HCI	3.7	MMI Holdings	3.6
Lonmin	3.3	Harmony Gold	3.6
Arcelor Mittal	2.9	Old Mutual	3.4
JD Group	2.4	Lonmin	3.4
Impala Platinum	2.3	HCI	3.3
Sasol	2.1	Telkom	2.8
Peregrine	1.8	Omnia	2.5

ASSET ALLOCATION

February 2013

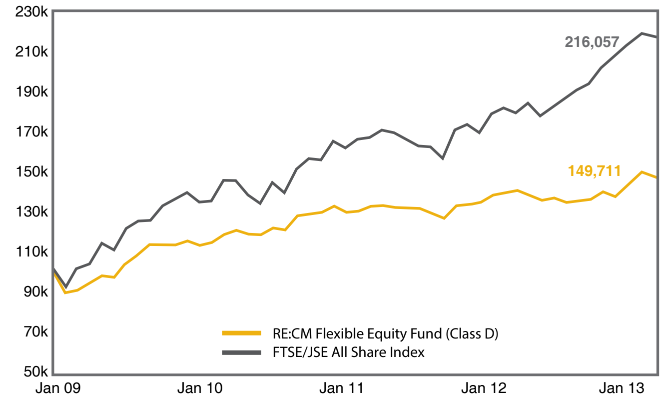


February 2012



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END FEBRUARY 2013

	Fund	Benchmark
1 Year	3.8%	19.3%
3 Years	8.9%	17.4%
Since Inception	10.4%	20.8%

- 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

For true long term value investors, it is important to distinguish between price gains that involve moving from cheap to fair value with price gains from fair value to beyond fair value. At times like these, it pays to go back to the long term achievers in the field of public investing, such as Messrs Graham and Buffett, and be reminded of the first principles of value investing, namely: 1) Don't lose money (by applying a margin of safety) and 2) Never forget the first rule. Over the past 18 months especially, our research shows that the price of large industrial shares have been moving from above fair value to far above fair value. Today, owning any of these in a portfolio does not invite any form of criticism from clients as everyone knows and can easily see what fantastic companies they are. In contrast, the prices of resource shares have been smashed. From late 2011 their prices moved from somewhat cheap to cheap in late 2012. Today, owning any of these in a portfolio invites anything from polite criticism to disbelief and outright ridicule. We recognise that many resources businesses are perhaps not of the highest quality that we would ordinarily prefer, and that while they've been cheap enough for us to buy, they've not been very cheap. These are the two key reasons why we have not maintained a full exposure to equity and why we do not have a full exposure today. Our insistence on building high quality cheap portfolios has kept us out of larger exposures to the resources sector.

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