RE:CM Flexible EQUITY Fund (Class D)

Period ended 31 July 2013

YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
Sector	South African Multi Asset Flexible
Inception Date	19 January 2009
Total Fund Size	R388.2 million
Fund Size (Class D)	R35.3 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	1.17%
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

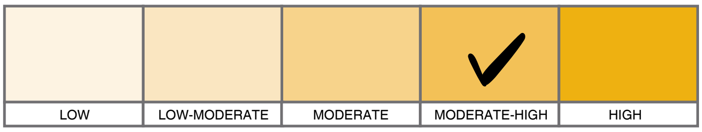
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

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

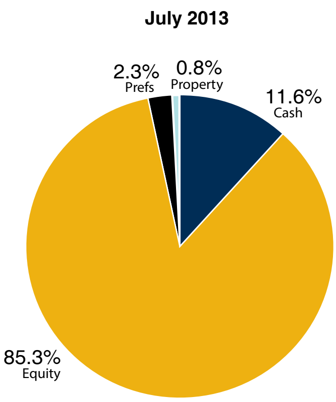
FUND RISK PROFILE

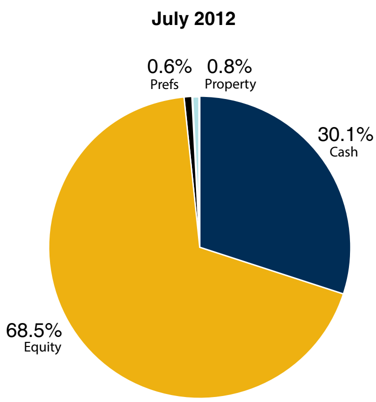


TOP HOLDINGS (%)

July 2013		July 2012	
Amplats	8.0	Sun International	8.4
Anglo American	7.2	Amplats	6.3
HCI	6.1	HCI	5.2
Arcelor Mittal	5.5	Anglo American	4.4
Lonmin	5.3	Discovery	4.3
Sun International	5.1	MMI Holdings	3.3
Impala Platinum	4.6	Lonmin	3.2
JD Group	4.0	Sasol	2.5
Standard Bank	3.8	Harmony Gold	2.4
Blue Label Telecoms	3.4	Tsogo Sun	2.2

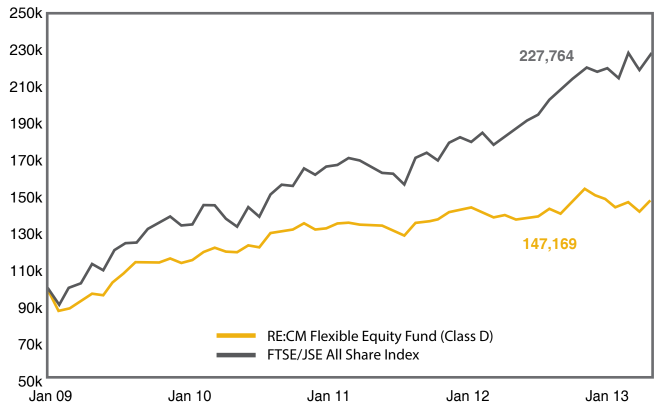
ASSET ALLOCATION





PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END JULY 2013

	Fund	Benchmark
1 Year	6.0%	23.0%
3 Years	5.8%	16.8%
Since Inception	9.0%	20.1%
Maximum Drawdown*	-13.0%	-10.0%

- 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

* Life of Fund

INVESTMENT COMMENT

The Fund's top purchases over the last six months have included Standard Bank, JD Group, Impala Platinum and Petmin. Standard Bank is a high quality business that has scale in the South African market, funded through cheap deposits with a sticky customer base. Over the last few years the bank decided to expand across emerging markets such as Russia, Argentina, Brazil and parts of Africa. Unfortunately, they lacked scale in these new markets and were unable to gain traction. Their returns in these markets were below expectations and these markets proved more difficult than they anticipated. This resulted in another change in strategy where they decided to focus on the South African market and neighbouring sub Saharan markets, regions where the bank has a strong position. We think this 'back to basics' focus on the local market is the right approach. The largest sales over the six month period were Sun International,Peregrine and Adcock Ingram. The Fund has held Sun International for many years, but the hotel and leisure cycle has improved from its lows in 2011, as have the gaming numbers for their casinos, resulting in strong earnings growth over the last couple of reporting periods. The sizing of the position has thus changed substantially as the discount to intrinsic value narrows.

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