

# RE:CM Flexible EQUITY Fund (Class D)

Period ended 30 June 2013

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	South African Multi Asset Flexible
<b>Inception Date</b>	19 January 2009
<b>Total Fund Size</b>	R372.0 million
<b>Fund Size (Class D)</b>	R33.4 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>	1.16%
<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

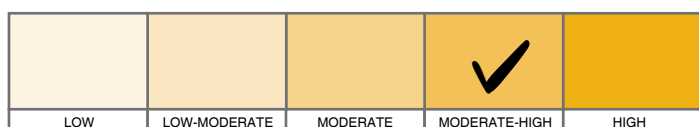
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

## 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

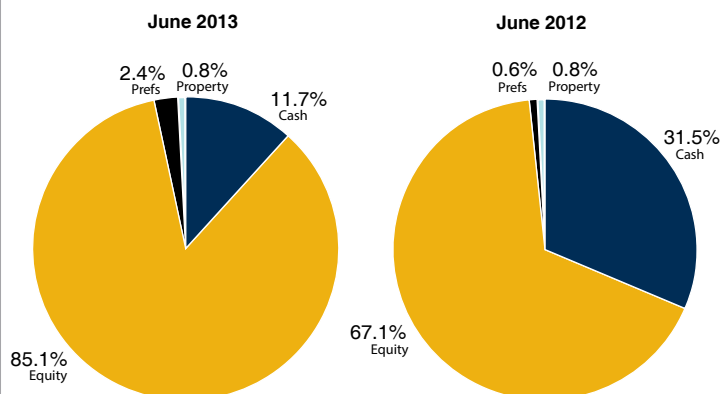
### FUND RISK PROFILE



### TOP HOLDINGS (%)

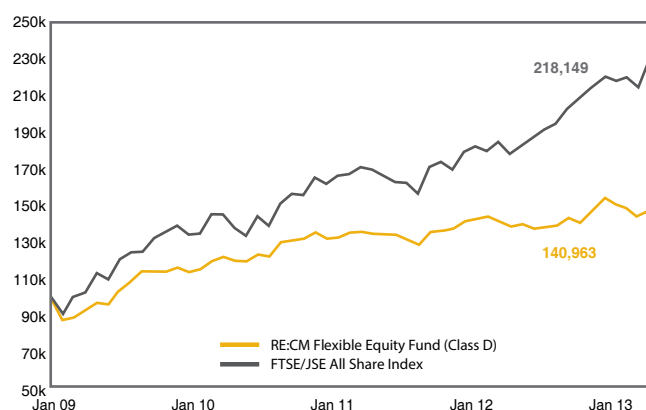
June 2013		June 2012	
Amplats	6.3	Sun International	9.3
Arcelor Mittal	5.9	Amplats	5.9
HCI	5.9	HCI	5.1
Sun International	5.5	Discovery	5.0
Anglo American	5.4	Anglo American	3.8
Lonmin	4.8	MMI Holdings	3.6
Impala Platinum	4.3	Lonmin	3.1
JD Group	4.3	Harmony Gold	2.6
Standard Bank	3.9	Tsogo Sun	2.3
Sasol	3.3	Telkom	2.2

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END JUNE 2013

	Fund	Benchmark
1 Year	-0.2%	21.0%
3 Years	5.4%	18.1%
Since Inception	8.1%	19.3%
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 largest capital allocations in June were to the equity of Implats, Anglo American, JD Group and Amplats. While Anglo American is very cheap at present, BHP Billiton is priced at fair value and not held by the Fund as a result. Furthermore, the commodity mix in these two businesses is very different. Anglo American has significant exposure to platinum, which is hated, and BHP doesn't have any exposure to platinum. And we are impressed with Mr Cutifani's public statements to date. Time will tell, but it appears as if Anglo American may be going back to its roots in terms of being a counter-cyclical capital allocator in the global commodity markets. This could mark an important turning point for the company and its long term shareholders. JD Group now changes hands at the same multiples as the previous trough in mid-2008. The business has changed somewhat during this time with the inclusion of the Unitrans motor retail segment, but it still consists predominantly of its lending business. The observation that it is trading at low multiples is not a guarantee that the price cannot go any lower, but it does provide a healthy perspective and underscores the Fund's positioning and increasing exposure. On the selling side of the ledger, the Fund realized profits in Sasol, Afrox, Adcock Ingram and HCI.

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