

RECM Flexible EQUITY Fund (Class D)

Period ended 30 November 2013

RE·CM

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	R437.9 million
Fund Size (Class D)	R42.7 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	1.19%
Income Declarations	31 March & 30 September
Regulation 28	Does not comply

About the Fund

The RECM 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

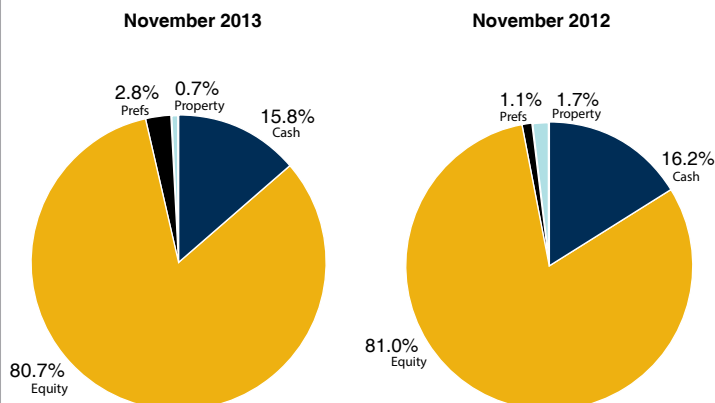
FUND RISK PROFILE



TOP TEN HOLDINGS (%)

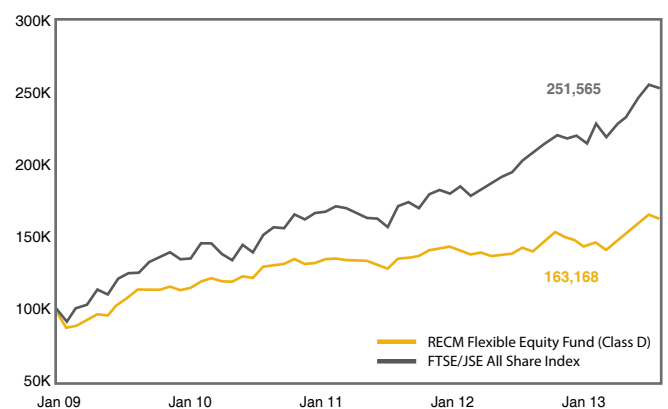
November 2013		November 2012	
Anglo American	6.8	Sun International	8.4
Amplats	6.7	Amplats	6.7
Arcelor Mittal SA	5.7	Anglo American	5.6
HCI	5.5	HCI	5.5
Sun International	5.0	Lonmin	4.3
Impala Platinum	4.9	Arcelor Mittal SA	4.1
Lonmin	4.3	Sasol	3.3
JD Group	3.7	Impala Platinum	3.0
Standard Bank	3.7	Discovery	2.7
Blue Label Telecoms	3.1	Grand Parade	2.3
Total	49.4	Total	45.9

ASSET ALLOCATION



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END NOVEMBER 2013

	Fund	Benchmark
1 Year	14.5%	21.6%
3 Years	7.0%	17.6%
Since Inception	10.7%	21.0%
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

In November we allocated fund capital to existing holding Sun International and also to a newer investment idea, African Bank. The new CEO and COO of Sun International, Graeme Stephens and Steve Sun respectively, strike us as sensible executives who think and talk clearly about capital allocation and optimising the cost base. Time will tell if their actions back their words but we think that Sun International is an example of a decent business temporarily veering a bit off track. Thus a key aspect to our investment thesis is a change in the way the business is managed – provided of course that management does think about and focus on the things that we believe to be sensible and value-accretive. At present we think things are on track and Sun International therefore remains a significant investment in the fund. Our initial fund exposure to African Bank is small and appropriately sized for a business of this size, quality and level of cheapness. We think that the unwinding of the latest unsecured credit bubble in our country has some way to go still.

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Disclaimer: Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. A schedule of fees and charges and maximum commissions is available on request from the management company, RE:CM Collective Investments (Pty) Ltd (RE:CM). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Funds are valued daily at 15h00. Instructions must reach RE:CM before 14h00 to ensure same day value. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Different classes of units apply to these portfolios and are subject to different fees and charges. Unit trust prices are calculated on a net asset value basis, defined as the total market value of all assets in the unit portfolio including any income accruals and less any permissible deductions (brokerage, uncertificated securities tax, VAT, auditors' fees, bank charges, custodian fees, trustee fees, annual management fee and performance fees) from the portfolio divided by the number of units in issue. These portfolios may be closed. RE:CM Collective Investments (Pty) Ltd, Company Registration Number: 2004/027540/07, is a member of the Association for Savings and Investment SA (ASISA). Trustees: The Standard Bank of SA Limited, PO Box 54, Cape Town, 8000. The RECM Flexible Equity Fund Class D has a Total Expense Ratio of 1.19%. For the period from 1 October 2012 to 30 September 2013, 1.19% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's. Inclusive of the TER of 1.19%, a performance fee of 0.0% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.