

# RE:CM Flexible EQUITY Fund (Class D)

Period ended 31 October 2012

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Piet Viljoen, Paul Whitburn
<b>Sector</b>	Domestic Asset Allocation Flexible
<b>Inception Date</b>	19 January 2009
<b>Total Fund Size</b>	R643.6 million
<b>Fund Size (Class D)</b>	R34.0 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

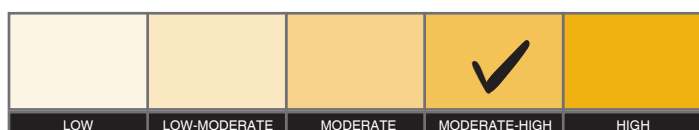
The portfolio objective is to seek long-term capital growth with a level of risk acceptable to the more aggressive investor.

## 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

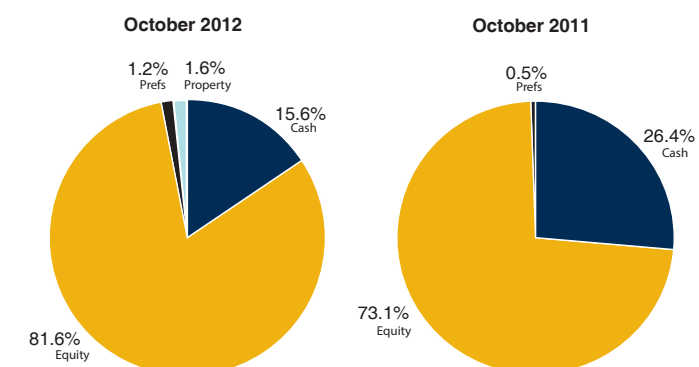
### FUND RISK PROFILE



### TOP HOLDINGS (%)

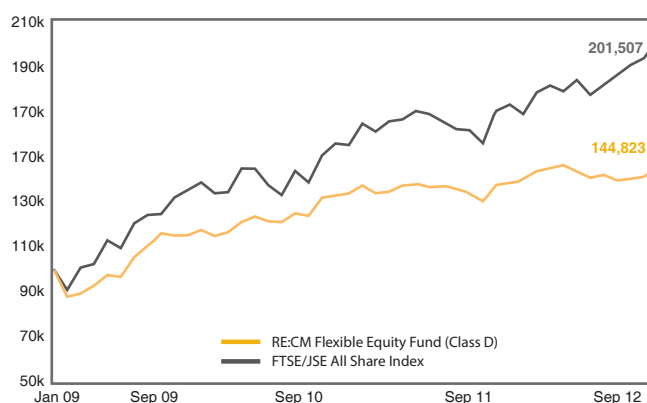
October 2012		October 2011	
Sun International	8.6	Sun International	8.3
Amplats	6.8	Discovery	6.2
Anglo American	6.1	Harmony	5.7
HCI	5.9	Amplats	5.7
Lonmin	4.4	Old Mutual	4.4
Arcelor Mittal	4.0	Telkom	3.8
Impala Platinum	3.4	JD Group	3.6
Sasol	3.1	Metropolitan	3.5
Discovery	2.9	HCI	3.4
Adcock	2.3	Omnia	3.3

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END OCTOBER 2012

	Fund	Benchmark
1 Year	5.8%	18.6%
3 Years	8.2%	15.4%
Since Inception	10.4%	20.5%

- 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

The two largest sector exposures in the fund currently are gaming and hotels (directly via investments in Sun International and Tsogo Sun, and indirectly via HCI), and platinum (via investments in most of the major platinum miners, and indirectly via Anglo American). Interesting developments were announced late in October in both sectors. Firstly, Lonmin announced a business update, including its much anticipated rights issue. Secondly, Sun International released a quarterly trading update. Both announcements sent the respective companies' share prices sharply upward. In Lonmin's case, the positive news was mainly that debt covenants had been renegotiated on what we consider to be favourable terms. Sun International's trading update pointed to improved business conditions overall. Data coming from the gaming and hotels sector recently suggests that the business cycle may finally be improving from the dire conditions experienced in recent years. Sharp upward spikes in share prices, like the ones seen in Lonmin and Sun International, are often indicative of excessive negative pessimism priced into shares. Our work certainly suggests that the market has for some time now been substantially too pessimistic about the longer term prospects of both sectors, and we continue to be very excited about the value on offer in these two sectors.

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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 RE:CM Flexible Equity Fund Class D has a Total Expense Ratio of 1.15%. For the period from 01 October 2011 to 30 September 2012, 1.15% 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 1.15%, a performance fee of 0.0% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.