

RECM Global FLEXIBLE Fund (Class C)

Period ended 30 November 2013

RE·CM

YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
Sector	Worldwide Multi Asset Flexible
Inception Date	1 June 2005
Total Fund Size	R1.9 billion
Fund Size (Class C)	R704.1 million
Benchmark	Inflation (CPI) + 8%
Fund Status	Open
Initial Fee	No initial fee
Annual Fee (Class C)	1.5% annual fee (excl. VAT)
Hurdle Rate	CPI + 8%
Performance Fee	20% above/below hurdle rate
Total Expense Ratio	5.37%
Income Declarations	31 March ,30 June, 30 September, 31 December
Regulation 28	Does not comply

About the Fund

The RECM Global Flexible Fund is a rand denominated worldwide balanced fund that may invest in equities, bonds, property, cash and offshore assets. Funds are shifted between various asset classes to take advantage of areas of value.

Fund Objective

The primary objective of the portfolio is to generate returns greater than inflation over the long term with lower than average risk for investors.

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 move between asset classes assists in reducing the risk in the fund.

RISK STATISTICS AND PORTFOLIO DETAIL

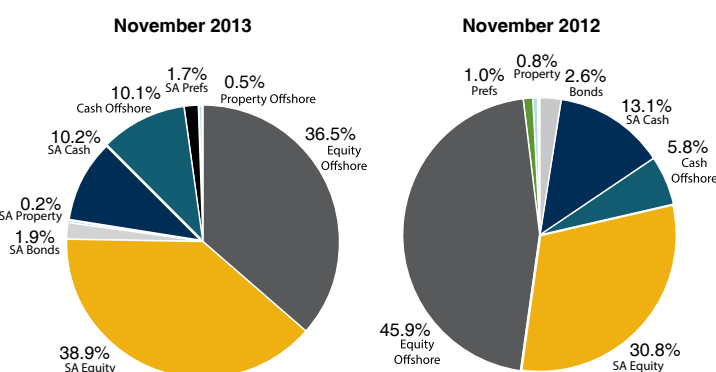
FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH
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TOP TEN HOLDINGS (%)

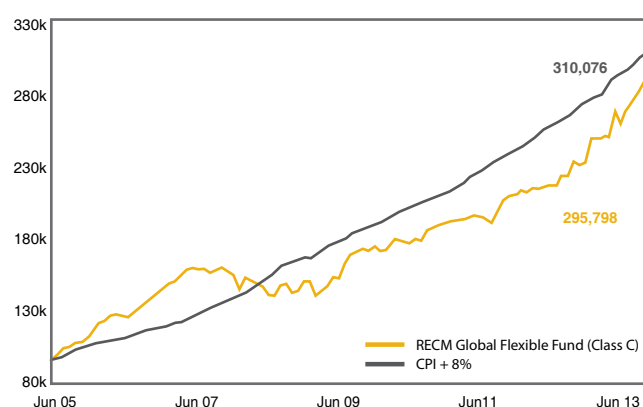
November 2013		November 2012	
Amplats	4.9	Carrefour	6.8
Anglo American	4.4	Sun International	5.3
Arcelor Mittal SA	3.4	Amplats	4.8
Arcelor Mittal	3.3	Anglo American	3.7
Microsoft	3.3	Microsoft	3.3
BP	3.2	Berkshire Hathaway	2.9
Impala Platinum	3.1	BP	2.8
Lonmin	2.7	Dell	2.5
Ultra Petroleum	2.6	Tokyo Gas	2.4
Sun International	2.6	HCI	2.3
Total	33.5	Total	36.8

ASSET ALLOCATION



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END NOVEMBER 2013*

	Fund	Benchmark
1 Year	26.9%	13.5%
3 Years	15.6%	13.7%
5 Years	15.1%	13.4%
Since Inception	13.6%	14.2%
Maximum Drawdown**	-12.0%	0.0%

- Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- Periods greater than 1 year are annualised

* The RECM Global Flexible Fund was reclassified to a fully flexible mandate at the end of June 2009. Prior to this date, the Fund was managed according to Reg.28 guidelines.

** Life of Fund

INVESTMENT COMMENT

In November we allocated fund capital to existing holdings Sun International, Royal Bafokeng Platinum, BP, Ultra Petroleum and 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 of 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. On the selling side of the ledger we reduced fund exposure to Sasol, Microsoft, Carrefour, Titan Cement, OPAP and Hellenic Exchanges.

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