

# RE·CM Global FLEXIBLE Fund

Period ended 31 March 2011

<b>Portfolio Manager</b>	Daniel Malan, Piet Viljoen, Wilhelm Hertzog
<b>Sector</b>	Worldwide Asset Allocation Flexible
<b>Inception Date</b>	3 April 2003
<b>Fund Size</b>	R1.2 billion
<b>Benchmark</b>	Inflation (CPI) + 8%
<b>Min. Investment</b>	R250,000 initial investment
<b>Fund Status</b>	Open
<b>Initial Fee</b>	No initial fee
<b>Annual Fee (Class A)</b>	1% annual fee excl. VAT
<b>Hurdle Rate</b>	CPI + 8%
<b>Performance Fee</b>	20% above/below hurdle rate
<b>Total Expense Ratio</b>	2.04%
<b>Income Declarations</b>	31 March ,30 June, 30 September, 31 December
<b>Regulation 28</b>	Does not comply

## About the Fund

The RE·CM 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 PROFILE

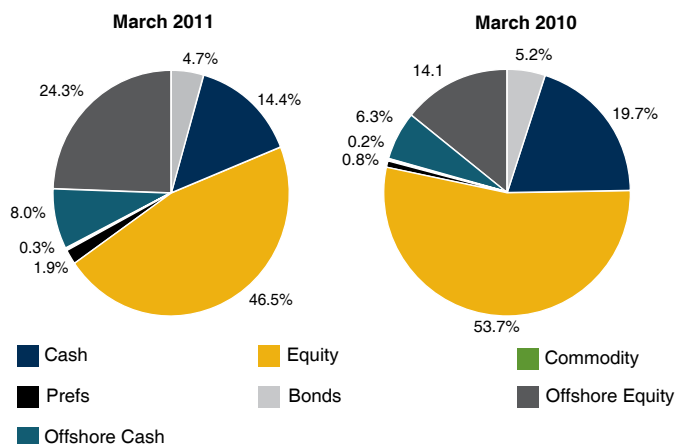


• This fund has a moderate risk profile

### TOP HOLDINGS (%)

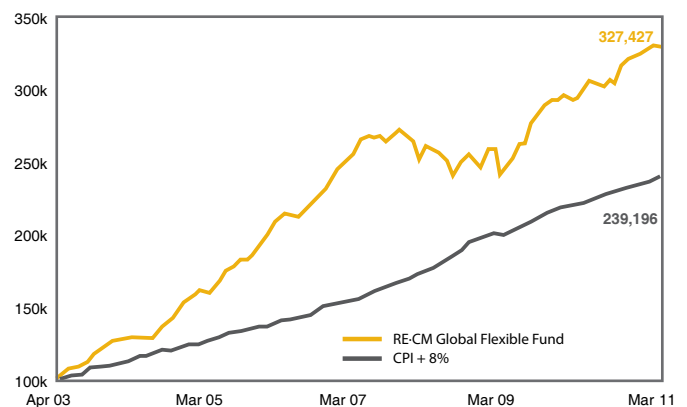
March 2011		March 2010	
Sun International	5.3	Sun International	4.7
Discovery	3.5	Discovery	4.7
Harmony Gold	3.5	Imperial	3.5
Telkom	3.3	Adcock Ingram	3.4
Tiger Brands	3.0	Old Mutual	3.1
Old Mutual	2.3	Pick n Pay	3.1
Adcock Ingram	2.0	Metropolitan	3.0
Omnia	1.8	FirstRand	3.0
Vividend Income	1.8	Telkom	2.9
MMI Holdings	1.5	Remgro	2.8

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END MARCH 2011 (%)

	Fund	Benchmark
1 Year	9.9%	11.7%
3 Years	8.6%	14.3%
5 Years	9.3%	14.6%
Since Inception	16.2%	13.7%

- in ZAR net of fees with distributions re-invested.
- Periods greater than 1 year are annualised
- Inception Date, 3 April 2003

### INVESTMENT COMMENT

The most interesting development we took note of was the significant change in the business model of Brait, causing a substantial decrease in our estimate of its intrinsic value. This resulted in it being our largest sale by value in the month of March. Brait essentially changed from managing a combination of client capital and on-balance sheet capital, thereby capturing the attractive economics of the asset management industry (and valued accordingly), to managing only on-balance sheet capital, which demands a wholly different valuation methodology. This was an especially surprising change from our perspective given the large increase in the addressable client base effective July 1st on the back of the new Regulation 28 pension fund legislation. Our sell discipline involves three scenarios: 1) we made a mistake, 2) the asset reached fair value and 3) an event results in a significant decrease in fair value, as in this case.

This is our second ownership cycle of Brait in the past 10 years. The latest development is a disappointment, but despite that our clients have received good returns on this capital allocation over the years. This was principally due to our insistence on a healthy margin of safety to a conservative estimate of fair value, combined with sizeable purchases while a very steep discount to fair value was on offer in the midst of the global financial crisis. In the next RE·VIEW one of our portfolio managers produced a thought piece covering Brait in more detail. Please refer to previous RE·VIEWS for historical information.

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