

# RE:CM Global FLEXIBLE Fund (Class A)

Period ended 31 May 2013

# RE:CM

YOUR CAPITAL FIRST

<b>Portfolio Manager</b>	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
<b>Sector</b>	Worldwide Multi Asset Flexible
<b>Inception Date</b>	3 April 2003
<b>Total Fund Size</b>	R1.6 billion
<b>Fund Size (Class A)</b>	R1.0 billion
<b>Benchmark</b>	Inflation (CPI) + 8%
<b>Min. Investment</b>	R150,000 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>	2.56%
<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

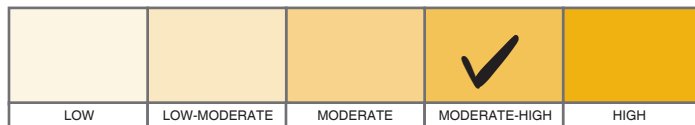
The primary objective of the portfolio is to generate returns greater than inflation over the long term with lower than average risk for investors.

## 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

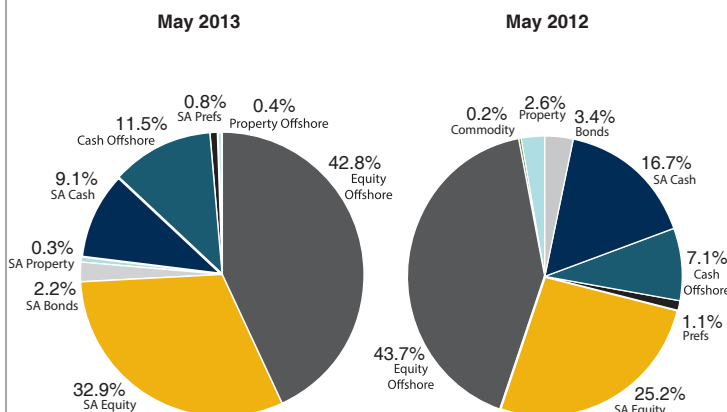
### FUND RISK PROFILE



### TOP HOLDINGS (%)

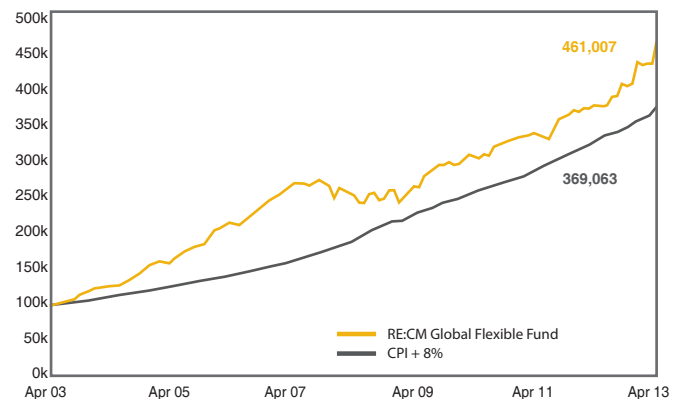
	May 2013		May 2012
Amplats	4.7	Sun International	5.5
Microsoft	4.2	Microsoft	4.0
Carrefour	3.8	Amplats	3.9
Anglo American	3.4	Johnson & Johnson	3.8
Lonmin	3.0	Carrefour	3.5
Arcelor Mittal	3.0	Berkshire Hathaway	3.2
Sun International	2.9	BP	2.8
BP	2.7	Coca-Cola Hellenic	2.7
Ultra Petroleum	2.6	Discovery	2.4
Impala Platinum	2.4	Tokyo Gas	2.0

### ASSET ALLOCATION



## PERFORMANCE AND COMMENTARY

### RETURNS SINCE INCEPTION (after fees)



### RETURNS TO END MAY 2013

	Fund	Benchmark
1 Year	24.5%	13.9%
3 Years	15.3%	13.4%
5 Years	13.1%	14.0%
Since Inception	16.4%	13.8%
Maximum Drawdown*	-11.5%	-1.0%

- \* Returns in ZAR net of fees with distributions re-invested. Source: RE:CM Analyst.
- \* Periods greater than 1 year are annualised
- \* Inception Date, 3 April 2003
- \* Life of Fund

### INVESTMENT COMMENT

Other than our investment in JD Group, the RE:CM Global Flexible Fund carries very little investment exposure to the potential risks of a breaking bubble in unsecured lending practices. In JD Group's case their lending business accounts for about 70% of our valuation appraisal following their business restructuring in 2012. As with any other unfolding problem that could turn into a crisis, we find ourselves drawn to the significant recent price declines in this area of the SA equity market. If there are any investment opportunities we will act on them. We are also keeping a close eye on the price to value developments in the property and bond sectors of the market following recent price declines. But one or two poor months following a very long bull market does not imply or guarantee cheap asset prices. We are ready to act if and when acceptable margins of safety are offered. The Japanese equity market rallied very strongly year to date, coupled with significant Yen currency weakness against the US Dollar. Interestingly it has been a broad based rally across the small, mid and large cap spectrum, fuelled by speculative day-trading activities. We continue to calculate and expect decent prospective investment returns from the quality small and mid-cap equity segments in Japan; more specifically from the Fund's investments in those segments.

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