RE:CM Global **FLEXIBLE** Fund

Period ended 31 October 2011

RE·CM
YOUR CAPITAL FIRST

Portfolio Manager	Daniel Malan, Piet Viljoen, Wilhelm Hertzog
Sector	Worldwide Asset Allocation Flexible
Inception Date	3 April 2003
Fund Size	R1.1 billion
Benchmark	Inflation (CPI) + 8%
Min. Investment	R250,000 initial investment
Fund Status	Open
Initial Fee	No initial fee
Annual Fee (Class A)	1% annual fee excl. VAT
Hurdle Rate	CPI + 8%
Performance Fee	20% above/below hurdle rate
Total Expense Ratio	1.96%
Income Declarations	31 March ,30 June, 30 September, 31 December
Regulation 28	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

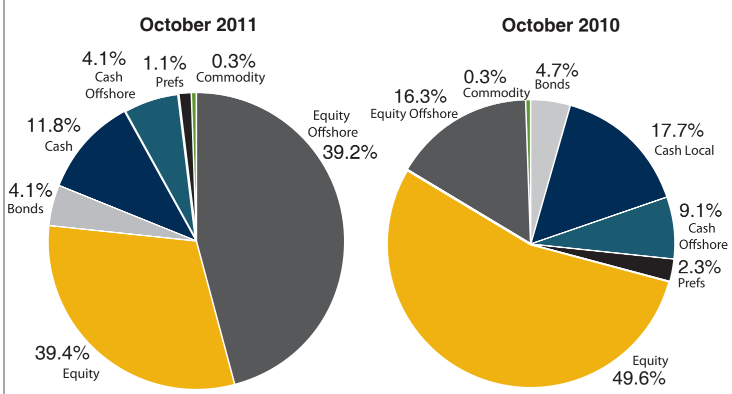
FUND PROFILE

- This fund has a moderate risk profile

TOP HOLDINGS (%)

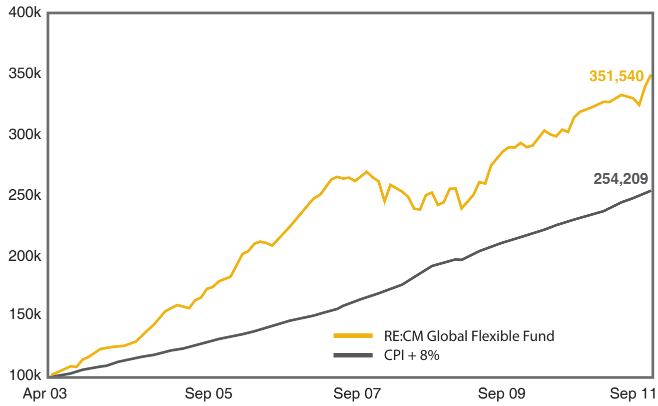
October 2011		October 2010	
Sun International	5.4	Sun International	5.4
Johnson & Johnson	5.2	Discovery	4.3
BP	3.8	Telkom	3.3
Harmony Gold	3.5	Harmony Gold	2.9
Microsoft	3.4	Tiger Brands	2.7
Discovery	3.1	Pick n Pay	2.7
Anglo American	2.8	Omnia	2.6
Old Mutual	2.7	Brait	2.6
Berkshire Hathaway	2.6	Firstrand	2.4
Vodafone	2.6	Metropolitan	2.3

ASSET ALLOCATION



PERFORMANCE AND COMMENTARY

RETURNS SINCE INCEPTION (after fees)



RETURNS TO END OCTOBER 2011 (%)

	Fund	Benchmark
1 Year	10.2%	13.8%
3 Years	13.2%	12.8%
5 Years	8.9%	14.7%
Since Inception	15.9%	13.9%

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

INVESTMENT COMMENT

Over the past month, RE:CM's investment team remained net buyers marginally in the local equity market, allocating fund capital to existing positions in Old Mutual, Sun International, Amplats and JD Group, while reducing the Adcock Ingram and Tiger Brands exposures and a handful of smaller capitalization names that have reached our fair value ranges. In global markets we remain fairly inactive and net buyers of equity, allocating fund capital to existing ideas Berkshire Hathaway and BP PLC, while selling the small remaining exposure to Oracle. An initial position in Oracle was established in 2006 below $20. Fund exposure was increased considerably below $16 during the course of the market meltdown of 2008/9, when it was priced at a double digit free cash flow yield after all capital expenditures (maintenance and expansion); in short, very cheap for a business of such quality. In early 2011 with the share price well above $30 and inside our fair value range, we reduced our exposure culminating in the final sale mentioned above. Doubling your money inside of 5 years in a high quality (i.e. low stress) business is a highly respectable investment outcome. Oracle remains a fantastic business that we will keep on our research radar screens, patiently awaiting a round 2 full ownership cycle.

In closing, as a direct result of the way assets are priced, we remain more excited about the price to value ratio and quality tilt offered by the equity investment opportunity set outside South Africa.

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