

RECM GLOBAL FLEXIBLE FUND (Class A)

Period ended 31 May 2014

RECM

The RECM Global Flexible Fund is a unit trust that may invest in equities, bonds, property, cash and offshore assets without any restrictions. The Fund's aim is to generate returns significantly greater than inflation over the long term while protecting capital against permanent loss through a rigorous adherence to a value-based philosophy. We consider risk as the possibility 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.

Portfolio Managers	Daniel Malan, Wilhelm Hertzog, Paul Whitburn
ASISA Sector	Worldwide Multi Asset Flexible
Inception Date	3 April 2003
Total Fund Size	R2.1 billion
Fund Size (Class A)	R1.3 billion
Benchmark*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment

Initial Fee	No initial fee
Annual Fee	1.0% annual fee (excl. VAT)
Hurdle	SA CPI + 8% p.a.
Performance Fee	20% above hurdle subject to high watermark over rolling 5 years
Total Expense Ratio (1 Year)	4.56%
Total Expense Ratio (3 Years)	2.98%
Income Declarations	31 March, 30 June, 30 September, 31 December

PORTFOLIO DETAIL

*The Fund's benchmark is SA Inflation + 6% p.a. Prior to 1 January 2014 the Fund's benchmark was SA Inflation + 8% p.a.

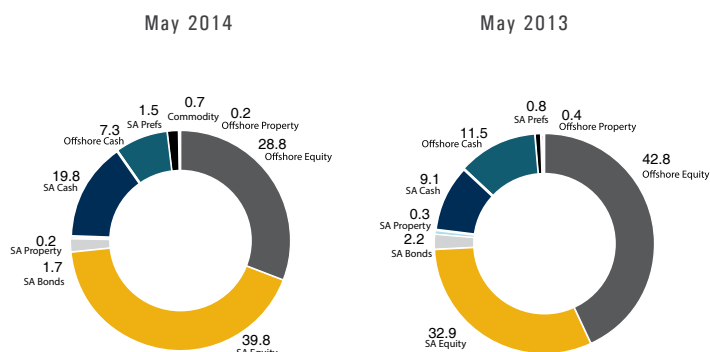
FUND RISK PROFILE

LOW	LOW-MODERATE	MODERATE	MODERATE-HIGH	HIGH
-----	--------------	----------	---------------	------

TOP TEN HOLDINGS (%)

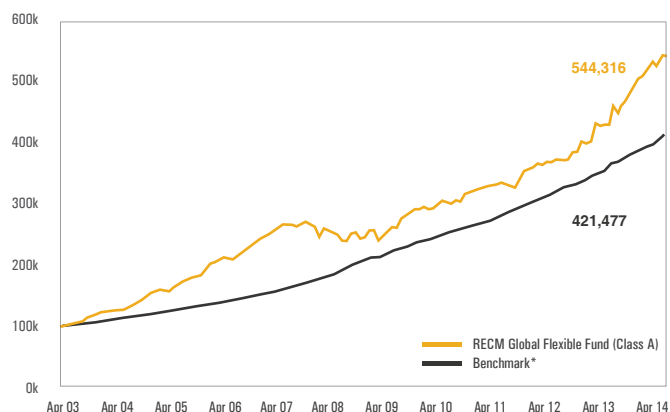
May 2014		May 2013	
Anglo American Platinum Ltd	5.8	Anglo American Platinum Ltd	4.7
Anglo American Plc	5.0	Microsoft Corp	4.2
Impala Platinum Holdings Ltd	3.5	Carrefour SA	3.8
Arcelormittal South Africa	2.8	Anglo American Plc	3.4
Sun International Ltd	2.5	Lonmin Plc	3.0
Lonmin Plc	2.3	Arcelormittal South Africa	3.0
Hosken Cons Investments Ltd	2.1	Sun International Ltd	2.9
BP Plc	2.0	BP Plc	2.7
Arcelormittal	2.0	Ultra Petroleum Corp	2.6
JD Group Ltd	1.9	Impala Platinum Holdings Ltd	2.4
Total	29.9	Total	32.7

ASSET ALLOCATION (%)



PERFORMANCE NET OF ALL FEES AND EXPENSES

VALUE OF R100,000 INVESTED AT INCEPTION WITH ALL DISTRIBUTIONS REINVESTED



ANNUALISED RETURNS TO END MAY 2014

	Fund	Benchmark*
1 Year	17.0%	13.3%
3 Years	17.4%	13.2%
5 Years	15.8%	12.6%
Since Inception	16.5%	13.9%
Maximum Drawdown (Life of Fund)	-11.6%	0.0%

• Returns in ZAR net of fees with distributions reinvested. Source: RECM Analyst.

INVESTMENT COMMENT

In May we allocated fund capital to investment ideas Astrapak, Astral Foods and Stefanutti Stocks, while raising capital from partial sales of Merafe, Blue Label Telecommunications, Iliad and Grand Parade. All the businesses on the selling side of our ledger had delivered strong price advancements ahead of their fundamental business value gains over the past year, thereby significantly reducing their respective margins of safety. No fund positions were closed out completely during May. An important development in the gambling & hotel industries was formally announced during May, involving an asset restructuring between four major industry participants; Tsogo, Sun International, HCI and Grand Parade. This is particularly relevant because these four businesses cumulatively represent a significant investment exposure in the fund. To briefly summarize, a matter of material uncertainty was resolved around a 2nd casino license being based in the Cape Town metropole and the future of GrandWest casino, a key and highly profitable asset in the Sun International stable. In the process Grand Parade have exited their gambling interests entirely for what appears to be approximately fair value and they now have the capital to pursue aggressive growth with their Burger King expansions.

Tel: +27 21 657 3440

Fax: +27 21 674 1088

Email: info@recm.co.za

Website: www.recm.co.za

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, RECM Collective Investments (Pty) Ltd (RECM). 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 RECM 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. RECM 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 RECM Global Flexible Fund Class A has a Total Expense Ratio of 4.56%. For the period from 1 April 2013 to 31 March 2014, 4.56% 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 4.56%, a performance fee of 3.22% of the Net Asset Value of the class of participatory interest in the portfolio was recovered.