QUARTERLY REPORT

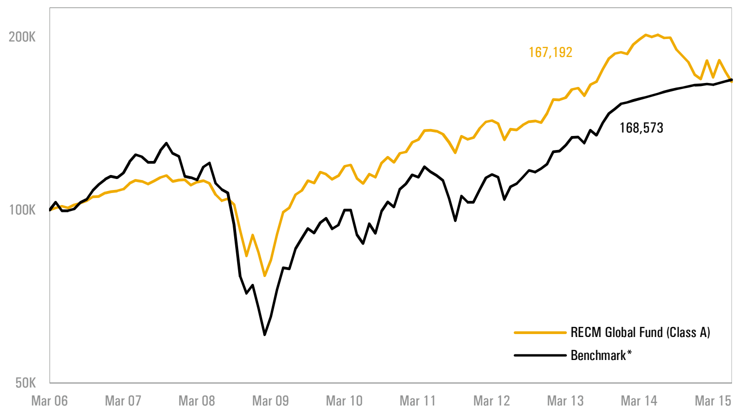
RECM GLOBAL FUND - JUNE 2015

PERFORMANCE TABLE

Gross Returns	RECM Global A	Benchmark*
3 Months	-1.8%	2.0%
1 Year p.a.	-17.2%	5.9%
3 Years p.a.	6.5%	15.4%
5 Years p.a.	8.5%	14.0%
Since inception (31 March 2006)	5.7%	5.8%

*The Fund's benchmark is US CPI + 6% p.a. and the performance fee hurdle is US CPI + 8% p.a. Prior to 1 January 2014, the Fund's benchmark and performance fee hurdle was the MSCI World Index TR and the MSCI World Index TR + 2.5% respectively.

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

The following strategies were positive for quarterly returns:

- A position in Russian Bank Sberbank
- Exposure to American International Group (AIG)
- Exposure to gas producers Gazprom and Inpex

The following strategies were negative for quarterly returns:

- Exposure to natural gas company Ultra Petroleum
- A position in UK retailer Tesco
- Exposure to resource stocks, particularly platinum

PERFORMANCE SUMMARY

The Fund returned -1.86 % during the quarter, underperforming its benchmark, US CPI + 6% which returned +2.03%.

Resources exposure in the Fund came under pressure with commodity prices remaining weak in the face of concerns regarding the knock-on effect of a potential slowdown in China. We believe strongly that these price declines will turn out to be temporary losses which will be recovered, with substantial upside over and above this. This needs to be differentiated from the permanent capital loss investors experience when they buy overpriced securities that fall to realistic levels.

Our fair values for the largest resource positions in the Fund are almost three times the current share prices. This implies an extraordinary margin of safety - even if the discount to fair value turns out to be only half of what we have calculated, the upside is still immense in absolute terms. This stacks the odds hugely in favour of long term investment success.

US-based natural gas producer Ultra Petroleum saw its share price come under renewed pressure despite releasing better-than-expected numbers in their recent quarterly earnings update. The share price performance now matches the natural gas price which has declined steadily over the past few years. UK retailer Tesco, which had rebounded strongly from its lows in December 2014, gave some of this back to the market during the quarter. The latest trading update from the firm was broadly positive however, beating expectations and showing like for like volume growth across all formats in the UK.

The weakness in the above stocks masked many positions which delivered solid returns and thus contributed to performance. Amongst these was US insurer American International Group, technology firm Microsoft and Russian stocks Sberbank and Gazprom – all of which performed well during the quarter. Where prices rose above fair value, positions were sized down and gains realised. This was in stark contrast to positions where price declines may have caused unrealised losses but also offered opportunities to size up positions where appropriate.

MARKET COMMENTARY

The MSCI All Countries World Index (ACWI) reversed its early gains at the beginning of the quarter to return a fairly flat 0.35% for the three months. Financial markets were volatile and skittish throughout the quarter however with the debt crisis in Greece and a market sell-off in China adding to uncertainty amid lingering concerns over lofty stock and bond valuations in general.

European stock markets fell during the quarter as the situation in Greece deteriorated further with the government rejecting another bailout offer from its international creditors, calling for a referendum and subsequently imposing capital controls. Euro zone leaders reached a unanimous agreement on a third bailout deal for Greece in July, with European equities recovering some of the quarter's losses.

Unrelated to this, Chinese stock markets plummeted by more than 30% during the quarter, prompting the authorities to step in to avoid a market meltdown. Despite the collapse, the Shanghai SE Composite Index is still up 21% year-to-date.

A sell-off in US government bonds saw US yields rising to their highest levels for 2015. This was prompted by a US labour-market report showing job openings in April hitting a record high, adding to optimism regarding growth. Similarly, yields on the 10 year German Bund as well as 10 year UK Gilt also rose during the quarter fuelled by waning deflation fears, and expectations of future interest rate hikes.

MANAGEMENT ACTIONS

The Fund initiated new positions in retailers Coach Inc. and J Sainsbury, as well as in BHP Billiton spin-off South32 Ltd. On the disposals front, the Fund sold out of the Ichirizuka Master Fund, as well as exiting both Intel and France Telecom – all of which are no longer attractively priced.

Coach is a luxury leather goods retailer predominantly based in the US and Japan. The company, which had been impacted by increased competition and lack of store investment, has embarked on a substantial restructuring. The investment thesis is that on the back of this, EBIT margins will recover from current lows nearer to their long term average of 27%.

J Sainsbury is the third largest retailer in the UK after Tesco and Asda, and is particularly dominant in the South of England. This gives them cost advantages based on distribution scale and bargaining power with suppliers. Our investment thesis is based on the cycle turning, trade density increasing and multiple expansion.

South32, which was spun out of BHP Billiton, is a globally diversified metals and mining company with a portfolio of assets producing alumina, aluminium, coal, manganese, nickel, silver, lead and zinc. The rationale for the spin-off was that these assets are smaller in scale than BHP's flagship assets and were thus not receiving the requisite attention. A management team focused on these assets should thus be better positioned to maximise value from them. As a spin-off, South32 shares may have been subjected to irrational selling pressure. This, in addition to the commodity cycle being low and sentiment towards resource stocks being negative, has resulted in an attractive buying opportunity. A normalisation in the commodity cycle should see a reversion to more normal margins over time.

TOP TEN HOLDINGS (%)

June 2015		March 2015	
Anglo American Plc	6.9	Tesco Plc	7.8
Tesco Plc	5.7	Ultra Petroleum Corp	5.3
Inpex Corp	5.1	BP Plc	5.2
Ultra Petroleum Corp	5.1	Anglo American Plc	4.9
Anglo Platinum Ltd	5.0	Inpex Corp	4.8
Arcelormittal	5.0	Arcelormittal	4.5
American Int'l Group	4.7	Anglo Platinum Ltd	4.3
Sberbank Of Russia Adr	4.5	American Int'l Group	3.7
Impala Platinum Holdings Ltd	4.1	Impala Platinum Holdings Ltd	3.1
Uralkali GDR Regs	3.9	Sberbank Of Russia Adr	2.9
Total	50.0	Total	46.5

ASSET EXPOSURE (%)

June 2015		March 2015	
Equity	78.6	Equity	77.7
Cash	20.9	Cash	21.2
Property	0.5	Property	1.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund holds 20% in cash with the balance in equities. Our cash position reflects the relative scarcity of undervalued quality businesses in the market today, and gives us valuable optionality as well as acting as a buffer should there be any significant market declines. We continue to avoid fixed income assets as we're still of the firm opinion that current yields present very poor prospects of generating satisfactory long-term real returns.

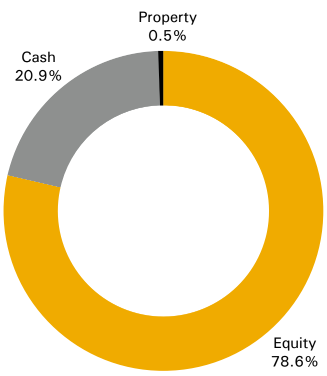
The RECM Global Fund currently has 45% exposure to a diversified group of resource stocks. This exposure is not indiscriminate, but specifically focused on platinum, steel, natural gas and oil. All of these commodities are currently at or near a low point in their cycles and the stocks are trading at incredibly low prices – even relative to the depressed commodity prices themselves. The specific securities have been bought as individual positions, but underlying the valuation of these stocks are higher assumptions for future commodity prices.

Today most commodities are still trading at prices well below their incentive prices, signalling we are at or near a low in the capital cycle. The portfolio has very specific exposure to certain resources, such as platinum, which are at cyclical lows, and already in deficit (global demand is exceeding global supply), however it has little exposure to others such as iron ore where surpluses are likely for some time given prices have only collapsed fairly recently with production still on the upswing. This explains, for example, the conspicuous absence of Vale, Fortescue and BHP Billiton in our portfolio to date.

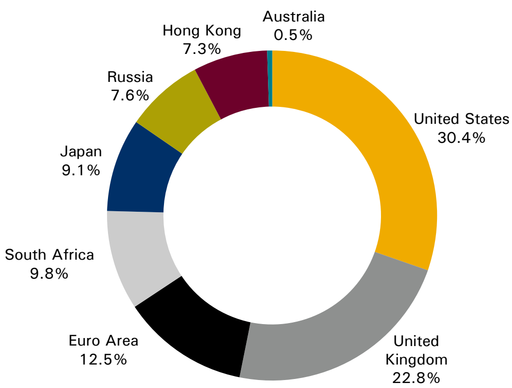
While the commodity price used is a significant input into calculating fair value, this still needs to be compared to the share price of the stock in question. This is relevant because if the share is trading at a 60% discount to our fair value, which implies upside of 150% using the incentive price as one of the key inputs, then the margin of safety is significant. In other words, there is a lot of leeway in terms of our commodity price being too optimistic. Prices of the stocks we own are so low that in most cases, even using the spot commodity prices gives us a fair value similar to the share prices of today. So the upside is too compelling to ignore, while the downside is limited given the bad news is well known and accounts for how low prices currently are (many of the resource stocks we own are trading at less than heavily written down book values). This stacks the odds in favour of long term investment success from this point onwards.

The entire Fund is priced at a 35% discount to fair value currently, including cash. This implies potential upside of 54% in absolute terms for the Fund as a whole. This is particularly attractive in the face of a market that is expensive at the aggregate level, bearing in mind that we still have cash as a buffer in the event of a market decline and to deploy as opportunities present themselves in these volatile times.

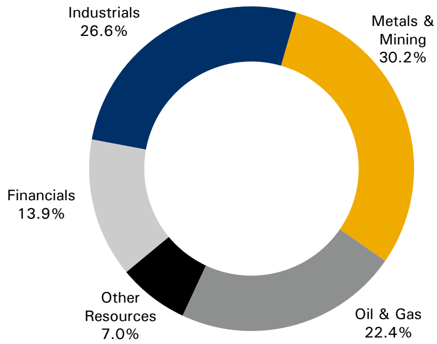
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Wilhelm Hertzog and Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	Global Multi Asset Flexible	Annual Fee	1.0%
Domicile	Guernsey	Performance Hurdle	US CPI + 8% p.a.
Fund Currency	US dollars	Performance Fee	20% of the outperformance of the hurdle over
Fund Launch Date	31 January 2006		5 year rolling periods
Total Fund Size	US $369.3 million	Total Expense Ratio	1.08% for the period ending 31 March 2015
Benchmark (Bmk)*	US CPI + 6% p.a.	Income Declarations	None

Risks associated with investing in the Fund

All investments carry risk. Different investment strategies may carry different levels and kinds of risks depending on the assets held. You should consider the risks listed below in the context of your risk profile, which includes factors such as your investment timeframe, objectives and tolerance for performance volatility, income and age. We do not offer advice, nor does the Fund's investment strategy consider your individual circumstances and we cannot advise that the Fund is suitable for your circumstance.

The Manager does not guarantee the Fund's returns, its liquidity, and repayment of capital, interest nor a rate of return. Assets that are expected to provide the highest long-term returns often have the highest short-term risk. The Funds' investment strategy and the assets it invests in, will determine the Fund's sensitivity to these risk factors.

You should obtain financial advice to determine whether the Fund is suitable for your circumstances before investing in the Fund.

Sharemarket and Business Risk

The Fund may experience losses due to factors that affect the overall performance of the financial markets. The Fund holds securities issued by individual companies and are subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The companies may also have exposure to specific financial risk, liquidity risk, market risk, exchange-rate risk and country-specific risks.

Interest Rate Risk

This is the possibility that fixed-rate debt instruments may decline in value as a result of a rise in interest rates.

Credit Risk

Refers to the possibility that a bond issuer may not be able to make expected interest payments and/or principal repayment.

Liquidity Risk

Refers to the possibility that an investor may not be able to invest or disinvest when they want to. This may occur during a period of adverse market trading conditions where the manager may not be able to buy or sell the Fund's investments because opportunities to do so are limited.

Social/Political/Legislative Risk

Risks associated with the possibility of nationalisation, unfavourable government action or social changes resulting in a loss of value is called social or political risk which may affect the Fund.

Currency/Exchange Rate Risk

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated relative to the currency in which the Fund is denominated may add risk to the value of a security.

International Risks

International investments or investments in foreign securities could be accompanied by additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Inflation Risk

The Fund may invest in cash and bonds, in South Africa or globally, that do not generate sufficient income and capital gains to outperform inflation.

Key Person Risk

The Fund depends on the expertise of RECM and its investment team. The Fund could be negatively impacted if RECM does not retain key staff.

Third Party Operational Risk

The Fund's operations depend on third parties. Investors in the Fund may suffer financial loss or disruption in the event of third party operational failure.

Total Expense Ratio (TER)

The TER reflects the percentage of the average Fund's Net Asset Value that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

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