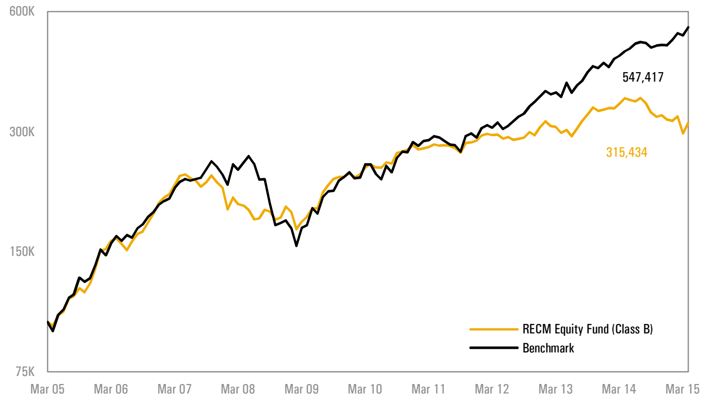
QUARTERLY REPORT

RECM EQUITY FUND - MARCH 2015

PERFORMANCE TABLE

Gross Returns	RECM Equity B	Benchmark ALSI
3 Months	-7.6%	5.9%
1 Year p.a.	-15.5%	12.5%
3 Years p.a.	0.3%	19.4%
5 Years p.a.	4.1%	16.1%
10 Years p.a.	11.5%	18.0%
Since inception (1 March 2005)	18.0%	18.0%

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 significant position in JD Group which returned 10% for the quarter
- Exposure to Capitec which delivered a 54% return
- Exposure to Eqstra Holdings which returned in excess of 30% during the quarter
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The following strategies were negative for quarterly returns:

- Exposure to platinum stocks Impala Platinum, Lonmin and Amplats
- Exposure to Arcelor Mittal which also came under pressure
- A position in Anglo American which weakened in line with commodity prices

PERFORMANCE SUMMARY

The Fund returned –7.6% during the quarter, underperforming the FTSE/JSE All Share Index which returned 5.9% over the same period.

The main contributors to the negative performance during the quarter and year also happen to be some of the most compelling opportunities we see in the market today with the greatest amount of upside. Some of the biggest resource stocks in the Fund - Anglo American, platinum producers Amplats, Implats and Lonmin, along with global steel producer Arcelor Mittal - came under further pressure with commodity prices remaining weak in the face of global growth concerns and a slowing Chinese economy.

Our fair values for these stocks, with conservative assumptions and reviewed regularly for soundness, are all more than twice the current share prices. The combined discount to fair value for these top 5 resource stocks, in the ratio in which they are found in the Fund, is 64% which implies 176% potential upside if we are correct. Hopefully this gives some perspective to the recent negative returns. Even if the discount turns out to be only half of what we have calculated, the upside is still immense in absolute terms. As such, we believe the odds are firmly on our side in terms of not only recovering recent losses, but in achieving significant real returns going forwards. One also needs to view this in the face of a market that is expensive at the aggregate level with risk of downside.

The weakness in the above stocks masked many positions which delivered solid returns and contributed to performance. Amongst these were local stocks Eqstra, Capitec and JD Group all of which delivered impressive returns for the quarter.

MARKET COMMENTARY

Astonishingly, the solid bull markets witnessed both locally and globally in equity markets continued their upward trajectories and extended into their seventh years. The South African JSE/FTSE All Share Index delivered 5.85% for the quarter, and the MSCI All Countries World Index (ACWI) delivered 2.31% in US dollar terms.

Within equities, the theme remained the same as it has been throughout this particular bull market: cyclical businesses, and in particular those linked to the commodity cycle, continued to take strain with more defensive, "safer" businesses being priced at even loftier valuations than they were previously.

Locally, large multinational industrials, considered to be "ex-SA" businesses, continued to be favoured by investors over those with more of a local flavour.

MANAGEMENT ACTIONS

The Fund increased its exposure to JD Group, Standard Bank and RECM & Calibre. On the disposals side we reduced our allocation to the likes of Capitec and Adcock Ingram.

In 2014 RECM turned down an offer from Steinhoff to exchange JD Group shares for Steinhoff shares at a price of R27 per JD Group share. At the time our calculations indicated that JD Group was substantially undervalued, while Steinhoff was trading close to fair value. During April it was announced that Steinhoff would extend another offer to buy remaining JD Group shares at R34, and we have indicated our intention to accept this offer.

Standard Bank is an above average business and has traditionally enjoyed competitive advantages by way of sticky customers and switching costs leading to cheap long term funding. Our investment thesis remains intact: re-allocating capital from offshore ventures back into SA will improve profitability for the group overall which will result in an improvement of the multiple the market places on the company.

Adcock Ingram's share price was driven up significantly by the news of an offer by Bidvest to acquire 100% of the business at R52 per share. The rise in the share price translated into a reduced margin of safety and we have trimmed our position accordingly.

TOP TEN HOLDINGS (%)

March 2015		December 2014	
JD Group Ltd	8.2	Anglo Platinum Ltd	7.7
Anglo American Plc	7.2	Anglo American Plc	6.6
Anglo Platinum Ltd	7.1	Impala Platinum Holdings Ltd	6.1
Impala Platinum Holdings Ltd	5.7	Sun International Ltd	5.9
Sun International Ltd	4.4	JD Group Ltd	5.1
Standard Bank Group Ltd	4.2	Lonmin Plc	4.6
Hosken Cons Investments Ltd	4.2	Arcelormittal SA Limited	4.0
RECM & Calibre Ltd	4.0	Standard Bank Group Ltd	3.5
Iliad Africa Ltd	3.8	Aveng Ltd	3.4
Lonmin Plc	3.2	Hosken Cons Investments Ltd	3.1
Total	52.1	Total	55.4

SECTOR EXPOSURE (%)

March 2015		December 2014	
Resources	42.5	Resources	45.0
Industrials	38.8	Industrials	38.0
Financials	18.7	Financials	17.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

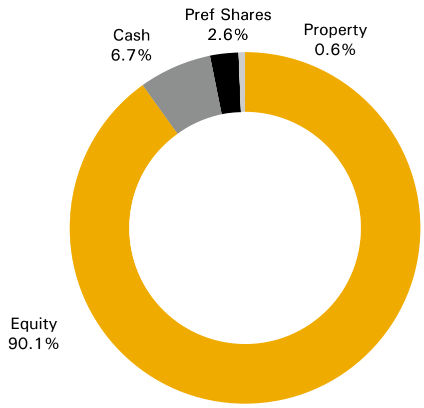
The extreme dislocation in the markets has translated into some confusion between perceived risk and real risk in the market. The perceived risk is in businesses such as mining companies that feel risky because they are going through difficult times, but with extraordinarily low share prices as a result of the market's unwillingness to look through the cycle. Buying these businesses is uncomfortable, especially when prices fall further, however the risk of any investment is in the price you pay for it. If you pay too high a price for even the best business, the investment outcome is likely to be poor and permanent capital losses may even be incurred. However, if you pay a low price to start with, and recognise further declines as temporary opportunities to increase your position at even better prices - the odds are on your side that the investment outcome will ultimately be good.

Markets are understandably volatile given the backdrop of expensive markets at the overall level (which means skittish investors), and the dramatic oil price collapse last year. In these circumstances, markets will almost certainly be inefficient and mispricing will occur. As active investors, we are paid to take advantage of these situations. Furthermore, we are paid to avoid excessive risk on behalf of our investors – and our firm belief is that the excessive risk is not in beaten down cyclical stocks where indiscriminate selling has taken their toll, but in the "comfortable", but overpriced quality businesses trading at extreme valuations. They may feel safe but we believe they represent the biggest risk of permanent capital loss for investors today.

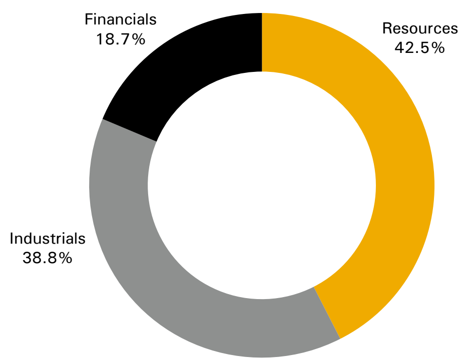
Looking simplistically at the price/book ratio of the South African market, relative to its 20 year average, it is at least 20% overvalued. It follows that the reason the market is overvalued is not because of resource stocks which have fallen in price, but because of over-priced industrial stocks such as Naspers and SAB which have continued their upward trajectories into even more expensive territory, and should be avoided. Our investment process, which is disciplined and rigorous, exposes investors unemotionally to opportunities which give them the best possible chances of achieving their investment objectives over full market cycles, while at the same time steering away from those positions with the biggest risk of permanent capital loss.

The overall Fund, including cash, is currently trading at a discount to fair value of 35% with the implied potential upside in price being 54%. We believe this is very compelling indeed.

ASSET EXPOSURE (%)



SECTOR EXPOSURE (%)



PORTFOLIO OVERVIEW

Portfolio Managers	Wilhelm Hertzog and Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	South Africa Equity General*	Annual Fee	1.0% (excl. VAT)
Fund Launch Date	2 March 2005	Performance Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Total Fund Size	R88.6 million	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Benchmark (Bmk)	FTSE/JSE All Share Index		
		Total Expense Ratio (1 Year)	1.21% for the period ending 31 March 2015

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 the 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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