QUARTERLY REPORT

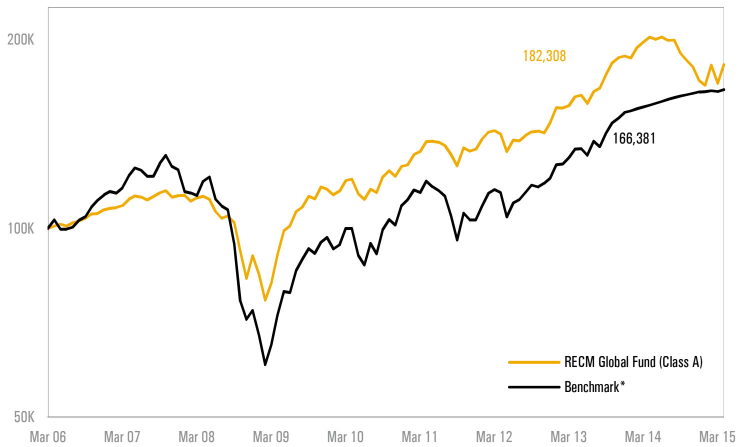
RECM GLOBAL FUND - MARCH 2015

PERFORMANCE TABLE

Gross Returns	RECM Global A	Benchmark*
3 Months	-1.1%	1.7%
1 Year p.a.	-14.0%	5.8%
3 Years p.a.	6.0%	12.8%
5 Years p.a.	7.4%	10.6%
Since inception (31 March 2006)	6.1%	5.7%

*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 large position in Tesco which continued its rebound returning 22% for the quarter
- Exposure to Ultra Petroleum which returned 19% during the quarter
- Exposure to Russian stocks Sberbank, Uralkali and Gazprom which also recovered somewhat

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 followed the same path as the above

PERFORMANCE SUMMARY

The RECM Global Fund returned –1.1% after fees for the quarter, underperforming its benchmark, US inflation (namely CPI) + 6% which delivered 1.7% for the period.

The main contributors to the negative performance during the quarter and year also happen to be the most compelling opportunities we see in the market today with the greatest amount of upside. The top 5 resource stocks in the Fund - Anglo American, platinum producers Amplats, Implats and Lonmin, along with global steel producer Arcelor Mittal - all came under further pressure with commodity prices remaining weak in the face of global growth concerns and a slowing Chinese economy. We believe these are temporary losses which will be recovered, and with substantial upside over and above this.

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 just over 50% - implying 100% potential upside if we are correct. Even if the discount turns out to be half of what we have calculated, the upside is still immense in absolute terms. This is particularly attractive in the face of a market that is expensive at the aggregate level.

The weakness in the above stocks masked many positions which delivered solid returns and thus contributed to performance. Amongst these was UK retailer Tesco, and energy stocks BP, Gazprom and Ultra Petroleum, all of which rebounded strongly from their lows of last year.

MARKET COMMENTARY

The bull market continued its upward trajectory and extended further into its seventh year with solid returns coming from both US and European equity markets. The MSCI All Countries World Index (ACWI) delivered 2.31% in US dollar terms. Eurozone bonds and equities rallied strongly after the ECB announced its long awaited QE program which was larger than anticipated. US stocks performed well on the back of data suggesting that strong economic growth in the US was decoupling from slowing growth in other regions.

Most global bond markets also rallied as monetary policy easing continued, with rates cuts by over 20 central banks globally. Despite being one of the only central banks to indicate a potential rate hike later in the year, continued uncertainty about the pace of growth and low prospects for inflation saw U.S. Treasuries also rallying during the quarter.

Despite the fact that the oil price only reached its low of $45 during the first quarter of 2015, many energy producers saw their share prices bottoming out ahead of this in the last quarter of 2014, with a strong rebound in the first quarter. This is a good reminder that in order to benefit the most from the lowest prices, buying typically has to be done in the midst of the storm.

MANAGEMENT ACTIONS

The most notable purchases in the Fund were additions to existing positions in Sberbank, Tesco and Ultra Petroleum, which are all trading at compelling prices. We also initiated a new position in Russian social media business Mail.ru. On the disposals front, we reduced our allocations to WM Morrison, Alumina and the Ichirizuka Fund.

Mail.ru controls more than 90% share of social media in Russia and is the largest email portal, instant messenger and internet games provider in Russia. The investment thesis involves the monetisation of the social media platforms, with significant upside in terms of Average Revenue per User (ARPU). In direct contrast to similar companies in Asia, the stock is in fact cheap as Russia is out of favour generally, and the advertising market has slowed due to sanctions.

The Ichirizuka Fund represented a position in small cap Japanese stocks which were very attractively priced at the time of investment. The investment has delivered excellent returns over our holding period and the thesis has now played out. Our positions in the aluminium industry, namely Alumina and Norsk Hydro, have also both been reduced following strong increases in both share prices above our fair values for these businesses.

TOP TEN HOLDINGS (%)

March 2015		December 2014	
Tesco Plc	7.8	Tesco Plc	5.8
Ultra Petroleum Corp	5.3	Ichirizuka Master Fund	5.7
BP Plc	5.2	BP Plc	4.7
Anglo American Plc	4.9	Anglo Platinum Ltd	4.6
Inpex Corp	4.8	Anglo American Plc	4.6
Arcelormittal	4.5	Arcelormittal	4.6
Anglo Platinum Ltd	4.3	Inpex Corp	4.1
American Int'l Group	3.7	Wm Morrison Supermarkets Plc	4.1
Impala Platinum Holdings Ltd	3.1	Ultra Petroleum Corp	3.5
Sberbank Of Russia Adr	2.9	Impala Platinum Holdings Ltd	3.5
Total	46.5	Total	45.2

ASSET EXPOSURE (%)

March 2015		December 2014	
Equity	77.7	Equity	75.6
Cash	21.2	Cash	23.7
Property	1.1	Property	0.7
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

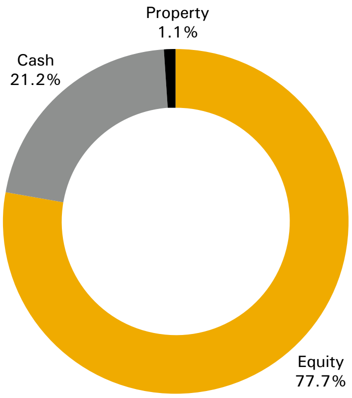
The Fund continues to hold just over 20% in cash with the balance in equities. This is a result of our bottom-up process rather than a specific allocation to the asset class itself. It reflects the reality that although we continue to find new investment ideas, often these businesses are of lower quality than the ones we have sold out of, translating into excess cash as a by-product given we size positions not only on cheapness, but on the quality of the underlying businesses as well. Our cash position thus reflects the relative scarcity of undervalued quality businesses in the overall market today, and gives us valuable optionality as well, 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 generally present very poor prospects of generating satisfactory long-term real returns.

The market is very binary currently, with defensives and "quality" businesses priced very expensively due to desirable characteristics such as stable earnings and dividends, whereas cyclicals – and in particular resource stocks – are being priced inordinately cheaply. This has translated into a dangerous dislocation 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 ultimately 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 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 a good one.

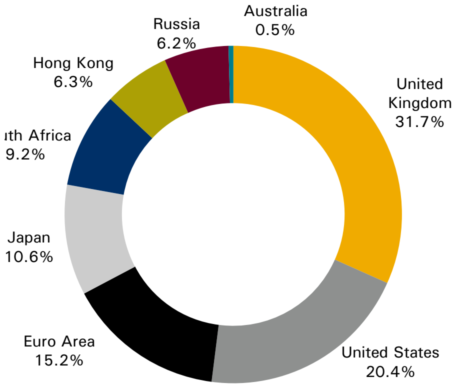
Markets are understandably volatile given the backdrop of expensive overall markets (which means skittish investors), and the dramatic oil price collapse last year. In these circumstances, markets will almost certainly be inefficient and mispricing will occur. As active investors, we are paid to take advantage of these situations. Furthermore, we are paid to avoid excessive risk for our investors. Our firm belief is that the excessive risk is not in beaten down stocks where indiscriminate selling has taken their toll, but in the "comfortable", now 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. To protect our investors' capital, we do not hold these stocks.

The overall Fund, including cash, is currently trading at a discount to fair value of 30% with the implied potential upside in price being 43%. We believe this is very compelling indeed especially given how markets are priced at the aggregate level.

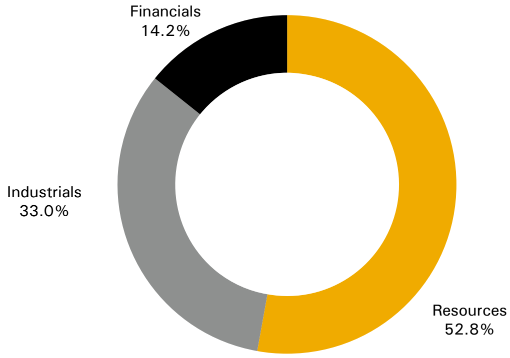
ASSET EXPOSURE (%)



GEOGRAPHIC EXPOSURE (%)



SECTOR EXPOSURE (%)



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 5 year rolling periods
Fund Launch Date	31 January 2006		
Total Fund Size	US $421.7 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 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.

Tel: +27 21 657 3440 **Fax:** +27 21 674 1088 **Email:** info@recm.co.za **Website:** www.recm.co.za