QUARTERLY REPORT

RECM BALANCED FUND - MARCH 2020

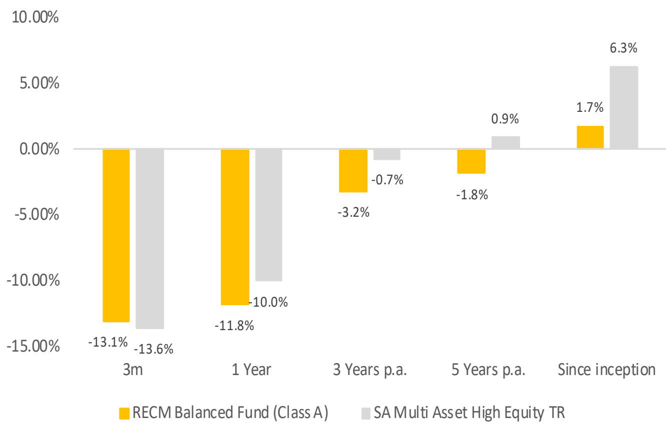
PERFORMANCE TABLE

Net Returns	RECM Balanced A	ASISA Avg	CPI +5%*
3 Months	-13.1%	-13.6%	2.7%
1 Year p.a.	-11.8%	-10.0%	9.6%
3 Years p.a.	-3.2%	-0.7%	9.2%
5 Years p.a.	-1.8%	0.9%	10.2%
Since inception (5 Jul '11)	1.7%	6.3%	10.2%

*The Fund's benchmark is SA Inflation + 5% p.a. Prior to 1 February 2014 the Fund's benchmark was SA Inflation + 6% p.a.

PERFORMANCE NET OF FEES AND EXPENSES

ILLUSTRATIVE RETURNS OF FUND VS ASISA SECTOR AVERAGE



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Offshore (non-rand) exposure
- Gold miner Anglogold Ashanti
- US grocer Kroger Co

Positions which detracted from returns in the last quarter:

- Investment holding company HCI
- Healthcare provider Netcare
- Telecoms company MTN Group

PERFORMANCE SUMMARY

The Fund returns -13.1% for the quarter, underperforming its inflation-based benchmark. This was against a backdrop of rapidly declining equities both locally and globally, as well as bonds. The rand also depreciated markedly, which helped to mitigate the fall of non-rand equities in the Fund.

During the first quarter, South African equities fell significantly more than most other emerging markets. The quarter was highly volatile and dominated by rapidly decreasing appetite for risk assets in general and emerging market equities more specifically. Domestically oriented equities, most notably those in the small cap space, were sold off indiscriminately with valuations now incredibly cheap relative to history. The biggest detractors from the Fund's returns during the quarter were stocks such as HCI, Netcare and MTN.

The significant decline in domestic equity valuations now discounts very low expectations and represents a multi-decade opportunity for investors to participate in the recovery on a more rational basis. Current valuations are reminiscent of the early 2000's, when negative sentiment towards domestic small and mid-caps provided a platform for high prospective returns in the ensuing years.

With regards to positive contributors to relative returns, stocks such as Anglogold Ashanti provided a buffer against the market decline, aided by an increase in gold prices. Other contributors included US grocer Kroger Co, which outperformed along with many other food retailers, as consumers panic-bought groceries.

MARKET COMMENTARY

The first quarter of 2020 saw a COVID-19 induced freefall in equity markets. Rapidly increasing risk-aversion fuelled a sustained decline across most asset classes, as market participants responded to narratives of escalating virus infections and a prolonged economic shutdown.

The US Fed stepped in aggressively with a series of unprecedented interventions. Central banks across the world also responded aggressively to provide stimulus ahead of a significant economic slowdown. Central bank support has now become the overriding narrative and time will tell whether policy intervention can mute the impact of deteriorating fundamentals.

For the quarter, most major asset classes declined, with relatively few winners. Gold surged by 7.4%, in line with declining nominal yields and despite US dollar strength. Gold appears to be trading in line with an increasing demand for safety, in an environment of rising uncertainty. The MSCI Emerging Market Index fell by 23.6% over the quarter, accompanied by sustained weakness of EM currencies relative to the dollar.

Global market contagion had a knock-on effect on SA risk assets, including bonds and the rand. In addition to the Covid-19 induced economic slowdown, Moody's added insult to injury by downgrading the country to junk status, during the quarter. The country faces severe economic headwinds and the downgrade is likely to raise the cost of capital, in addition to the potential negative impact on the currency via outflows from the bond market.

Domestic fixed income securities had an abysmal quarter. The All Bond Index declined by 8.7%, with longer-dated bonds falling by 11.2%. SA Listed Property had the worst ever quarter, declining by a massive 51.8%.

MANAGEMENT ACTIONS

Domestic equity valuations remain attractive relative to long-term growth prospects. The rand is likely to remain range bound and could stage a comeback, as the US dollar weakens. SA Inc equities are undoubtedly cheap and are discounting very weak prospects. We continue to believe that we are entering a prolonged period that will suit stock-pickers and active managers.

The probability is high that equities, as an asset class, will generate inflation beating returns from current levels. Risk assets are set to recover after the recent bout of risk-aversion. For that reason, we have started the process of deploying cash into the myriad of opportunities that have become available after the sell-off. We continue to favour strong balance sheets and cheaper valuations.

We steadily reduced foreign exposure in anticipation of less foreign currency tailwinds, and used the sell-off in the bond market to increase our exposure to bonds after yields blew out dramatically. The SARB stepped in with measures to stem the market illiquidity, offering to buy government bonds, which eased pressure inducing a rapid recovery rally.

We initially increased bond exposure as yields increased on EM contagion. We then reduced exposure ahead of the Moody's announcement, rebuilding our position towards the end of the quarter. Our increased activity is symptomatic of underlying conditions and not our normal approach to fixed income. We remain vigilant and are inclined to buy into any renewed weakness in bonds.

TOP TEN HOLDINGS (%)

March 2020		December 2019	
Naspers Ltd	5.0	Hosken Cons Investments Ltd	6.1
Impala Platinum Holdings Ltd	4.6	Netcare Ltd	4.7
AngloGold Ashanti Ltd	4.0	Shoprite Holdings Ltd	3.5
NewGold Issuer Ltd	4.0	Aspen Pharmacare	3.1
Netcare Ltd	2.0	Assore Ltd	2.8
Gold Fields Ltd	2.0	Truworths International Ltd	2.6
RECM and Calibre (Pty) Ltd	1.9	Richemont	2.4
Barrick Gold	1.4	Firstrand Ltd	2.4
British American Tobacco	1.3	RECM and Calibre Ltd	2.3
Berkshire Hathaway	1.3	MTN Group Ltd	2.3
Total	27.5	Total	32.2

ASSET EXPOSURE (%)

March 2020		December 2019	
SA Equity	35.0	SA Equity	54.5
SA Bonds	26.2	SA Bonds	8.8
Global Cash	24.4	Global Cash	9.6
Global Equity	13.3	Global Equity	21.5
SA Cash	0.9	SA Cash	5.6
SA Commodity	0.2		
Total	100.0	Total	100.0

RECM BALANCED FUND

Quarterly Commentary - Period ended 31 March 2020

PORTFOLIO POSITIONING

Once we understood that the pandemic would have a significant knock-on effect – where businesses, which might otherwise have been perfectly fine, would be severely impacted - we needed to assess the Fund with fresh eyes. Overnight, businesses without the balance sheets to survive a complete shutdown of their productive capacity for months, faced failure – no matter how low their valuations were at the outset.

Given the new reality, we re-evaluated every holding in our Fund for robustness. We sold stocks where we had material concerns. This included stocks in banks, who are likely to have everyone else's problems migrating onto their balance sheets over time, and any other companies with debt levels rendering them vulnerable.

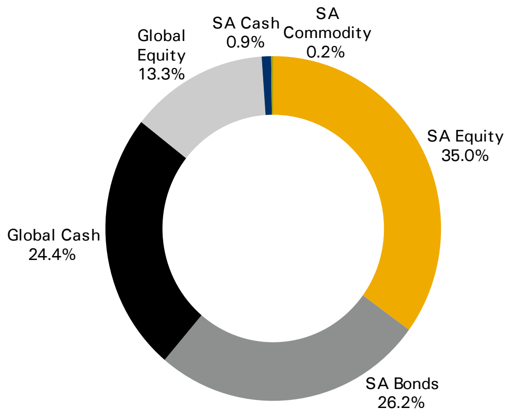
We added better-bolstered businesses trading at even lower valuations, including an array of quality, domestically oriented businesses across the large, mid and small cap space. This speaks directly to what we believe to be a strong competitive advantage for us: our size. The broad opportunity set available to us by virtue of being a smaller asset manager allows us to capitalise on all value opportunities available in the local market, and to significantly diversify risk across a more diverse range of investment ideas.

We continue to hold significantly higher than average cash reserves, which provides us with liquidity and optionality. Having liquidity today ensures that you can act tomorrow. Being a 'liquidity provider' in times of stress and distress is a certain way to survive and thrive as the dust settles. We are excited about the potential to deploy the cash in our Fund. Owning gold also helps us to hedge and manage risk.

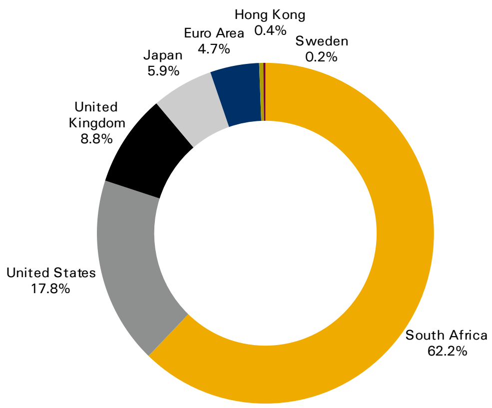
We will continue to implement our value investment philosophy consistently. This means we will always be on the lookout for assets where their share price is well below their fundamental value. Our fixed Income exposure is inherently conservative, of lower duration and adequately diversified. We remain underweight relative to the average fund, based on fiscal considerations. We have no parastatal or SOE debt exposure.

We agree with Howard Marks when he said: All great investments begin in discomfort. In the long run it has been proven that over multiple market cycles there is no factor as important to subsequent investment returns as starting valuations – the price paid at the outset. Investment success over time favours those who have the ability and willingness to buy stocks at prices, for reasons that are often uncomfortable at the time, well below what the underlying companies are fundamentally worth. The RECM Balanced Fund offers investors the widest opportunity to capitalise on this investment truth.

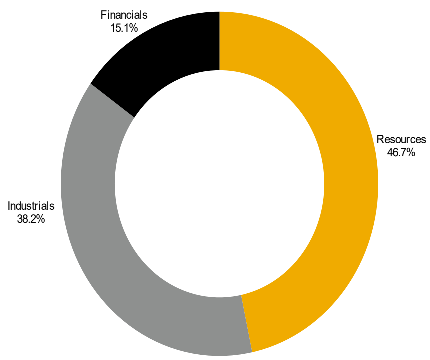
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Manager	Piet Viljoen, Sam Houlie, Alex Pestana	Initial Fee	No initial fee
ASISA Sector	South African Multi Asset High Equity	Annual Fee	0.9% (excl. VAT)
Regulation 28	Complies	Performance Fee	Not Applicable
Fund Launch Date	15 February 2010	Total Expense Ratio	1.6% for the 3 year period ending 30 June 2019
Total Fund Size	R 90.5 million	Income Declarations	31 March, 30 June, 30 September, 31 December
Benchmark (Bmk)*	SA CPI + 5% p.a.		

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) and Transaction Costs**

The TER reflects the percentage of this Fund's Net Asset Value that was incurred as expenses relating to the administration of this Fund, including the annual fee and intermediary fee if applicable. A Higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction costs are a necessary cost in administering this Fund and impacts this Fund's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The TER and Transaction costs are a measure of the actual expenses incurred by this Fund over a 3 year period (annualised). If this Fund is between 1 and 3 years old, the TER and Transaction Costs are calculated using the actual expenses incurred since the inception of this Fund. The sum of the TER and Transactions Costs is shown as the Total Investment Charge; these costs all being VAT inclusive.

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