QUARTERLY REPORT

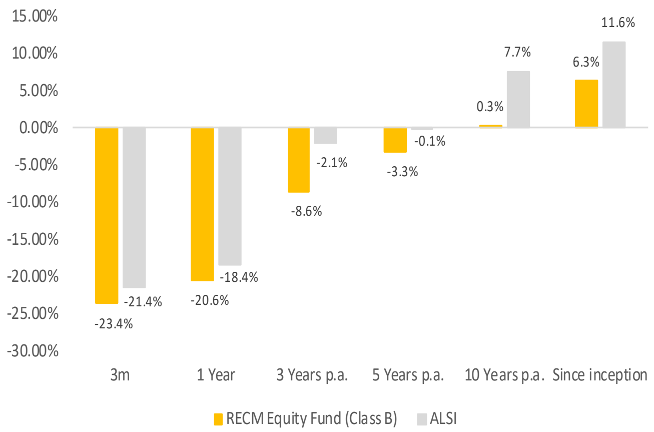
RECM EQUITY FUND - MARCH 2020

PERFORMANCE TABLE

Net Returns	RECM Equity B	ALSI
3 Months	-23.4%	-21.4%
1 Year p.a.	-20.6%	-18.4%
3 Years p.a.	-8.6%	-2.1%
5 Years p.a.	-3.3%	-0.1%
10 Years p.a.	0.3%	7.7%
Since inception (1 March 2005)	6.3%	11.6%

PERFORMANCE NET OF FEES AND EXPENSES

ILLUSTRATIVE RETURNS OF FUND VS ALL SHARE INDEX



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Iron ore producer Assore
- Gold miner Anglogold Ashanti
- Food retailer Shoprite

Positions which detracted from returns in the last quarter:

- Investment holding company HCI
- Healthcare provider Netcare
- Clothing retailer Truworths

PERFORMANCE SUMMARY

The Fund returned -23.4% for the quarter slightly underperforming its benchmark, the FTSE/JSE All Share Index, which returned -21.4% for the quarter.

During the first quarter, South African equities fell significantly more than most other emerging markets. The quarter was highly volatile and was dominated by rapidly decreasing appetite for risk assets in general and emerging market equities more specifically. Domestically-oriented equities, most notably small caps, 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 Truworths.

With regards to positive contributors to relative returns, gold stocks such as Anglogold Ashanti provided a buffer against the market decline, aided by an increase in gold prices. Other contributors included Shoprite, which outperformed as consumers panic-bought groceries, and Assore, the family-controlled iron ore business, which surged by more than 80% in March after minorities were made a buyout offer at a 90% premium to the share price at the time.

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.

RECM EQUITY FUND

Quarterly Commentary - Period ended 31 March 2020

RECM | Becoming COUNTERPOINT™

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.

MANAGEMENT ACTIONS

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 also provides us with liquidity and optionality. 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.

TOP TEN HOLDINGS (%)

March 2020		December 2019	
Steinhoff Inv-Prefs	6.7	Hosken Cons Investments Ltd	5.1
Shoprite Holdings Ltd	4.2	Steinhoff Inv-Prefs	4.9
Netcare Ltd	4.0	Netcare Ltd	3.8
Assore Ltd	3.4	Shoprite Holdings Ltd	3.2
Newgold Platinum Debentures	3.3	Truworths International Ltd	2.9
Bowler Metcalf Ltd	3.2	Bowler Metcalf Ltd	2.6
AngloGold Ashanti Ltd	3.1	Clientele Limited	2.6
Gold Fields Ltd	2.7	Reinet Investments SCA	2.5
Sibanye Stillwater Ltd	2.7	Assore Ltd	2.3
Truworths International Ltd	2.4	RECM and Calibre Ltd	2.2
Total	35.7	Total	32.1

SECTOR EXPOSURE (%)

March 2020		December 2019	
Industrials	52.4	Industrials	54.4
Resources	29.4	Resources	21.3
Financials	18.2	Financials	24.3
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

In the South African market, it is now possible to buy good quality businesses, with excellent management teams, at single digit multiples and high free cash flow yields. These opportunities do not come around very often; and are always accompanied by massive negative sentiment. Years of political and economic mis-management, has resulted in widespread negativity around the economy and the rand. Prospective returns are very attractive; the price to pay to achieve those returns is fortitude and patience. SA Inc. equities are undoubtedly cheap and discounting very weak prospects. We continue to believe that we are entering a prolonged period that will suit stock-pickers and active managers.

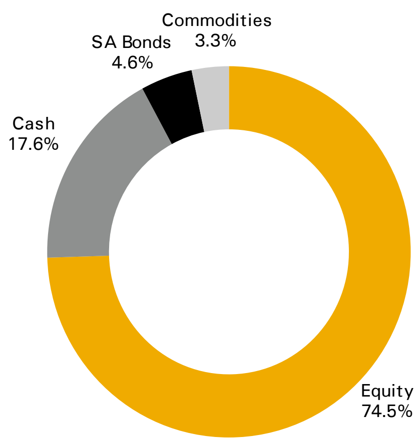
The probability is high that equities, as an asset class, will generate inflation-beating returns from current levels. Risk assets are set to recover after the recent bout of risk aversion. For that reason, we have reduced our conservatism and have started the process of deploying cash into the myriad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

Importantly, we are only buying stocks with strong balance sheets. Surviving the impact of COVID-19, has become an important shorter-term criteria for us. Every single holding is well positioned to survive the next 12-18 months and is likely to thrive beyond that, as many of their competitors fall by the wayside or fight to survive. We are attracted to mid and small-caps. South African small cap valuations are depressed and we are finding exceptional opportunities in that space. The recent spate of stocks being taken private is further confirmation of the significant undervaluation in the small cap sector.

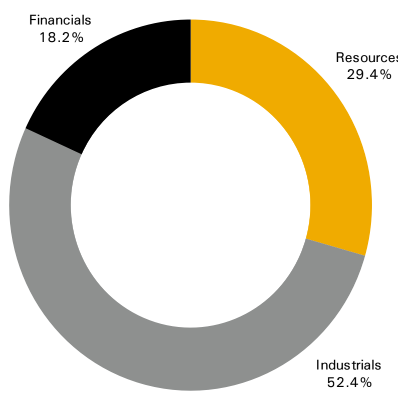
We will continue to implement our value investment philosophy consistently. This means we will always be on the lookout for assets where their share price is well below their fundamental value. The best way of stacking the odds in favour of growing capital and limiting permanent capital losses is to pay low prices for the businesses you invest in – when the business is out of favour, and expectations are low. If the business continues to report disappointing news, the effect on the share price is often minimal: The market has already anticipated bad news and has no need to knock the price down much further. Conversely, when things turn out to be rosier than expected, the price can rise quickly and dramatically. This asymmetrical payoff profile stacks the odds in the investors' favour, mitigating the risk of permanent capital loss and giving capital the best chance to compound off a low base

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 Equity Fund offers investors the widest opportunity to capitalise on this investment truth.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Manager	Piet Viljoen, Sam Houlie	Min. Investment	R10,000 initial investment
ASISA Sector	South Africa Equity General*	Initial Fee	No initial fee
Fund Launch Date	2 March 2005	Annual Fee**	1.0% (excl. VAT)
Inception Date (Class B)	2 March 2005	Intermediary Fee**	0.0% (excl. VAT)
Total Fund Size	R 104.3 million	Performance Hurdle	Not Applicable
Benchmark (Bmk)	FTSE/JSE All Share Index	Performance Fee**	None
Total Expense Ratio	1.7% for the 3 year period ending 31 December 2019		

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.

Inflation Risk

The Fund may hold investments 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.

Fees

An annual management fee (determined by the investor's selected unit class above) is levied monthly on the market value of the Fund. The Fund may invest in the Guernsey-domiciled RECM Global Fund, which is a associated collective investment scheme, however there will be no additional investor fees connected with thisw investment.

****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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