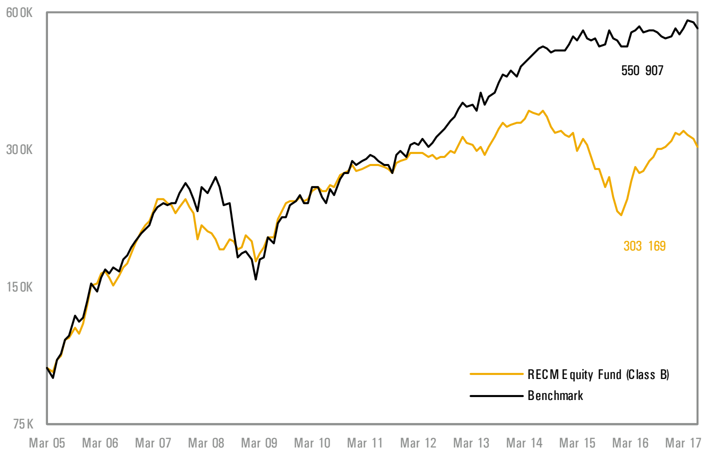
QUARTERLY REPORT

RECM EQUITY FUND - JUNE 2017

PERFORMANCE TABLE

Net Returns	RECM Equity B	Benchmark ALSI
3 Months	-7.8%	-0.4%
1 Year p.a.	12.3%	1.7%
3 Years p.a.	-5.3%	3.4%
5 Years p.a.	0.8%	12.2%
10 Years p.a.	2.8%	9.3%
Since inception (1 March 2005)	9.5%	14.9%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Technology group Altron
- Mining services company Sentula
- Luxury goods company Richemont

Positions which detracted from returns in the last quarter:

- Platinum producer Implats
- Investment Holding Company HCI
- Local bank Nedbank

PERFORMANCE SUMMARY

The Fund returned -7.8% during the quarter underperforming its benchmark, the FTSE/JSE All Share Index which returned -0.4% for the quarter. If one considers that Naspers, which makes up 18% of the index, was up 10%, the rest of the market was down -2.2%. This gives a sense of how narrow the market has become, and shows that outside of a handful of exceptions, the slew of local negative news is taking its toll on the market.

To this end, local "SA Incorporated" type businesses such as Grindrod, Omnia, Hudaco, Raubex and Aveng saw their share prices decline over the quarter with sentiment towards domestic businesses not helped by political uncertainty, and a stronger rand a headwind for these businesses.

Implats saw its share price fall in line with weaker platinum prices in ZAR, and after the platinum producer unveiled plans to raise $400m in a convertible bond.

Most local banking stocks such as Nedbank saw their share prices come under pressure during the quarter following the downgrade of the country's external credit rating to "junk" status.

Hosken Consolidated Investment (HCI) saw its share price down, following that of its single largest asset, Tsogo Sun, with the gaming and leisure business facing tough operating conditions and the market unsure about how to receive news of CEO Marcel van Aulock's sudden departure.

Technology group Altron however continued to benefit from improved sentiment regarding the businesses restructuring and consolidation under the leadership of new CEO Mteto Nyati with the active involvement of new strategic shareholder Value Capital Partners.

MARKET COMMENTARY

Global equity markets were buoyant during the second quarter driven by a strong corporate earnings season in the US, generally positive economic data in both the US and Europe, and diminishing signs of political risk in the euro zone.

As with the first quarter, emerging markets were again the strongest performers, with the MSCI Emerging Markets Index up 5.8% in USD for the quarter. This was driven by a strengthening global economy, solid growth from technology-related companies and a weaker US dollar.

South African equities however underperformed most equity markets significantly. Resource stocks were down on commodity price weakness, especially when converted to stronger rands, financials felt the pressure of the ratings downgrade, and local industrials took strain - not helped by news that the economy fell into its first technical recession since 2009 with GDP contracting by 0.7% in the first quarter.

MANAGEMENT ACTIONS

During the quarter, we introduced a new stock - Life Healthcare Group - into the portfolio.

Life Healthcare Group is the second largest private hospital operator in South Africa and enjoys a competitive advantage in the form of hospital licenses in favourable urban locations. The poor state of public healthcare has historically enabled the business to pass on price increases with margins stable as a result. The business is mature but has grown into its valuation over the last few years, and market concerns around recent offshore transactions, means that at current prices investors are getting excellent cash flow generation at a reasonable multiple.

We took advantage of price weakness in the banking sector to add to our positions in Barclays Africa Group and Nedbank. We also maintained our exposure to industrial stocks that came under pressure for all the reasons mentioned above such as Aveng, Grindrod and Trencor.

Brent crude oil prices fell 9% as OPEC members and other producer nations failed to cut production by as much as the market expected, exacerbated further by rising production in the US. This, combined with the stronger rand, had a knock-on effect on Sasol's share price, allowing us the opportunity to increase our exposure to this quality business.

TOP TEN HOLDINGS (%)

June 2017		March 2017	
Hosken Cons Investments Ltd	8.5	Hosken Cons Investments Ltd	7.7
RECM & Calibre Ltd	7.5	RECM & Calibre Ltd	6.8
MTN Group Ltd	5.5	Impala Platinum Holdings Ltd	5.1
Standard Bank Group Ltd	5.3	MTN Group Ltd	5.1
Allied Electronics Corp Ltd	4.2	Standard Bank Group Ltd	4.5
Sasol Ltd	4.0	Anglo Platinum Ltd	3.6
Impala Platinum Holdings Ltd	3.6	Allied Electronics Corp Ltd	3.5
Anglo Platinum Ltd	3.5	Sasol Ltd	3.4
Compagnie Financiere Richemont	3.2	Sentula Mining Ltd	2.9
Sentula Mining Ltd	3.2	Compagnie Financiere Richemont	2.6
Total	48.5	Total	45.2

SECTOR EXPOSURE (%)

June 2017		March 2017	
Industrials	39.5	Industrials	45.0
Resources	27.6	Resources	26.6
Financials	32.9	Financials	28.4
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's equity allocation fell slightly to 85% primarily as a by-product of falling market prices. The RECM Equity Fund therefore currently holds 15% in cash. Given our asset allocation is a reflection of bottom-up investment decision-making, this is a reflection of the scarcity of high quality businesses that are sufficiently cheap enough to justify a larger allocation. While we do allow a smaller allocation to lower quality companies trading at very attractive prices, we prefer the larger portion of equities in the RECM Equity Fund is invested in high quality, attractively priced businesses such that the portfolio always has a tilt towards the latter from a portfolio construction perspective.

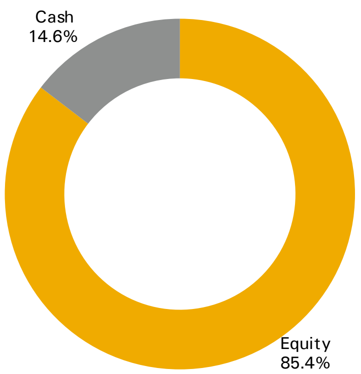
With the World Basic Resources Index up more than 60% in US dollars since early 2016, it should come as no surprise that the biggest shift in the portfolio since early 2016 has been a tilt away from resources stocks, into other areas of the market. The Fund still holds 28% of equities in resource stocks, with the larger exposures being to companies such as Impala Platinum, Anglo Platinum and Sentula which still offer compelling value.

Importantly, the Fund has become increasingly diversified over the past two years. As a result of the opportunity set widening, new investments - while sharing the favourable characteristics of being quality businesses trading at attractive prices - are in more varied industries and sectors and most notably, often where the Fund had limited existing exposure beforehand. A more diversified portfolio is always more desirable because investment success is then not overly reliant on any one particular investment thesis being proven correct within a particular frame of time.

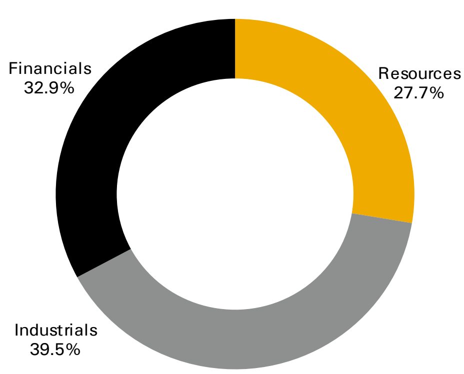
The RECM Equity Fund is a robust, diversified portfolio of unpopular and undervalued stocks, with the advantage of a cash component to put to use as opportunities arise. Markets strongly favoured value strategies during 2016, in stark contrast to the years prior to this, and with the value cycle still in early stages, there is further value to be unlocked by investors who stay the course.

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. Investment success over time favours those who have the patience and willingness to hold stocks trading at prices, for reasons that are often unpalatable to most investors, well below what the underlying companies are fundamentally worth. The RECM Equity Fund offers investors the opportunity to capitalise on this enduring investment truth.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM EQUITY FUND

Quarterly Commentary - Period ended 30 June 2017

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen & Paul Whitburn	Min. Investment	R150,000 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	R63.8 million	Performance Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Benchmark (Bmk)	FTSE/JSE All Share Index	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Total Expense Ratio	1.6% for the 3 year period ending 31 March 2017		

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. An annual performance fee of 20% is levied on returns (net of fees) in excess of the Performance Hurdle. Performance fees are calculated and accrued daily. While the performance fee accrual is calculated daily, for inclusion in the daily unit price, it will only be paid should the Manager outperform the performance fee hurdle over a 60-month rolling period. The performance fee is in addition to the annual management fee. No maximum is set for the performance fee. 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 the performance 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 overleaf; these costs all being VAT inclusive.

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