QUARTERLY REPORT

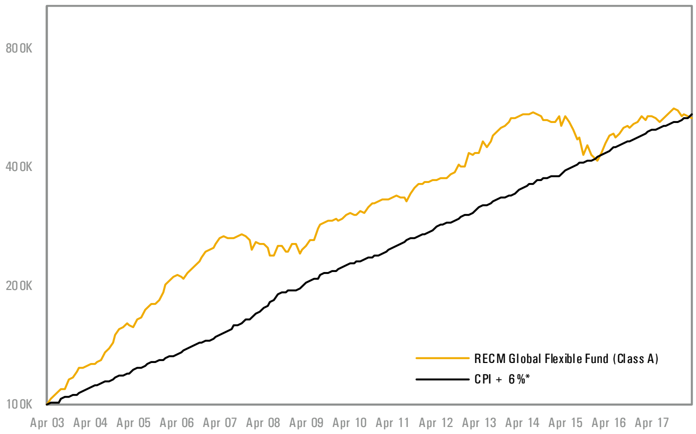
RECM GLOBAL FLEXIBLE FUND - MARCH 2018

PERFORMANCE TABLE

Net Returns	RECM Global Flexible A	Benchmark*
3 Months	-1.2%	3.0%
1 Year	-1.6%	10.3%
3 Years	1.2%	12.1%
5 Years	4.0%	12.0%
10 Years	7.5%	13.4%
Since inception (7 April 2003)	11.8%	13.5%

*The Fund's benchmark is SA Inflation + 6% p.a. Prior to 1 January 2014 the Fund's benchmark was SA Inflation + 8% p.a.

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Furniture retailer Lewis Group
- Local bank Standard Bank
- Hosken Consolidated Investments (HCI)

Positions which detracted from returns in the last quarter:

- Offshore exposure to non-rand stocks
- Telecommunications company MTN
- Shipping container lessor Textainer

PERFORMANCE SUMMARY

The Fund returned -1.2% during the quarter underperforming its inflation-based benchmark of CPI + 6%, which delivered 3.0%, but outperforming both local and global equity markets over the same period.

South African equities, as measured by the FTSE/JSE All Share Index, returned -6% for the first quarter, while global equities, as measured by the MSCI All Countries World Index (ACWI), also came under pressure returning -5.3% in South African rand terms. As such, the Fund held its ground well and did an effective job of protecting investors' capital during this time, as you would expect from a value-oriented portfolio.

The rand continued to strengthen, buoyed by positive sentiment after Cyril Ramaphosa's election as South African president. This sense of optimism was directed particularly towards the more domestically oriented areas of the market such as the banks, and other local "SA Incorporated" type businesses. This saw local furniture retailer Lewis Group, Standard Bank and gaming and leisure investor Hosken Consolidated Investments (HCI) all contributing to returns. However, non-rand exposure, which makes up half of the Fund, was a detractor given the rand's strength.

The decline in Naspers - the SA index's biggest constituent - of 16% during the quarter, highlighted again the benefit of having at least a portion of one's portfolio invested with an investor which does not use the market index as a starting point when constructing a portfolio, and is thus positioned very differently from most peers.

MARKET COMMENTARY

US equities started the year strongly, buoyed by positive economic data and news of tax reforms, with US business confidence reaching a multi-decade high in March. However, towards the end of the quarter, investors began to anticipate inflation and the possibility of higher than expected rate increases, causing US equity returns to end in negative territory.

Despite signs of ongoing improvements in their economies, European and UK equities were also down amid investor worries about a global market sell-off, rising interest rates, as well as euro and sterling strength. The MSCI Europe Index fell 2% in dollar terms while the FTSE All Share Index was down 3.4% for the quarter.

Emerging Market equities bucked the negative trend however, with the MSCI Emerging Markets index up 1.3% in US dollars, having risen for a fifth consecutive quarter. Emerging markets were boosted by steady economic growth in China and other developing countries, higher oil prices and a weaker dollar. Unfortunately, South African equity markets did not follow suit, returning -6% in the first quarter.

Rising interest rates drove US bond losses, with the Fed raising the Fed funds target by 0.25% to 1.75% - the sixth hike since it began tightening in late 2015. Yields rose not only in the US, but in Europe and the UK as well – with all three yield curves flattening in expectation of rising short-term interest rates. In contrast, local bonds performed well, with South African bond yields down after Moody's kept SA's local currency rating at BBB- and improved the outlook from negative to stable.

MANAGEMENT ACTIONS

The Fund initiated new investments in Reinet Investments, as well as in two telecommunications companies: BT Group and Liberty Latin America.

Reinet Investments is an investment vehicle, the principal asset of which is the former Richemont's interest in British American Tobacco (BAT). Global tobacco stocks have come under severe price pressure since the global interest rate cycle started to turn, weighing heavily on defensive stocks that had previously benefited from the low interest rate environment. This shift has seen BAT's share price down almost 50% from its peak, with Reinet an effective entry point into this high quality business, now being offered at a discount.

BT Group (formerly British Telecom) already provides approximately 80% of the telecommunications infrastructure in the UK. Furthermore, given their acquisition of EE mobile in 2016, they are able to offer customer bundles, which cover a full suite of products including broadband, mobile, pay TV and landlines. We expect that this integration and harnessing of revenue synergies should help to increase customer retention, and increase margins and returns to shareholders over time.

Liberty Latin America (LILA) was spun out of Liberty Global in 2018. LILA is already a leading telecommunications operator in Latin America and is poised to benefit from increased penetration and consolidation in the industry due to its positioning in the market, and its physical infrastructure. Another advantage is that shareholders have no expectation of dividends, allowing the company to invest in the expansion of the business.

TOP TEN HOLDINGS (%)

March 2018		December 2017	
Hosken Cons Investments Ltd	6.0	Hosken Cons Investments Ltd	5.5
RECM and Calibre Ltd	4.8	Firstrand Ltd	5.5
MTN Group Ltd	4.5	Standard Bank Group Ltd	5.0
Standard Bank Group	4.2	MTN Group Ltd	4.7
Anglo American PLC	3.9	RECM and Calibre Ltd	4.4
Firstrand Ltd	3.8	Sasol Ltd	3.2
Tesco PLC	3.7	Anglo American PLC	2.7
Mediclinic International PLC	3.5	BHP Billiton PLC	2.7
Sasol Ltd	3.1	Remgro Ltd	2.3
BHP Billiton PLC	2.6	Berkshire Hathaway Inc	1.9
Total	40.1	Total	37.9

ASSET ALLOCATION (%)

March 2018		December 2017	
SA Equity	47.5	SA Equity	50.9
Global Equity	25.6	Global Equity	18.3
Global Cash	24.4	Global Cash	28.7
SA Cash	2.5	SA Cash	2.2
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's allocation between South African assets and offshore assets is now split exactly 50/50. Within the offshore portion of the portfolio, roughly half of this (24% of the total portfolio) is held in a combination of Japanese yen and British sterling - both of which remain undervalued on a purchasing power parity basis relative to the South African rand.

The rest of the offshore allocation consists of a diverse array of quality global businesses, trading at significant discounts to fair value. Within the local equity portfolio of the portfolio, the emphasis is on more domestically-oriented businesses, which up until very recently, have been out of favour. The Fund currently has 73% in equities and 27% in cash overall.

Being bottom-up value investors first and foremost, we make our allocations on a case-by-case basis depending on where quality and value collide within our wide opportunity set. From a portfolio construction perspective however, we ensure too that the resulting portfolio is as diversified as possible when viewed in totality. Ideally, we want as many investment ideas as possible, across as many geographies, sectors and industries, such that investment success is never overly reliant on any one particular investment thesis being proven correct within a particular frame of time.

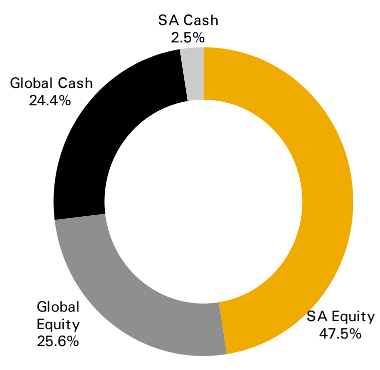
Fortunately, over the past two years, global and local markets have offered up a number of interesting and diverse opportunities to own good businesses trading at attractive prices, often because they have simply been overlooked in favour of the bigger, headline-grabbing stocks of the moment. As this opportunity set has opened up, the Fund has been able to introduce many new and varied investment ideas locally and globally, whilst at the same time reducing exposure to the resources sector, which has rebounded by close to 100% since the beginning of 2016.

The end result is a portfolio of assets which is more diversified than before, invested in higher quality companies than before. The Fund now holds only 26% of equity in resource stocks, with 35% in financial stocks and 39% in a wide array of diverse, quality industrial businesses around the world.

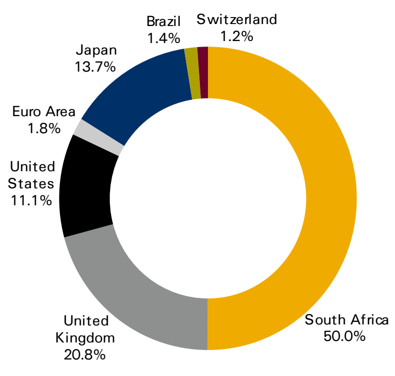
The Fund remains cautious about increasing exposure to traditional interest-bearing investments such as bonds and property. We believe current yields still do not adequately compensate investors for their commensurate risk.

The RECM Global Flexible Fund is a robust, diversified portfolio of high quality but undervalued stocks, with the advantage of a meaningful cash component to put to use as opportunities arise. 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 well below what the underlying companies are fundamentally worth. The RECM Global Flexible Fund offers investors the opportunity to capitalise on this enduring investment truth.

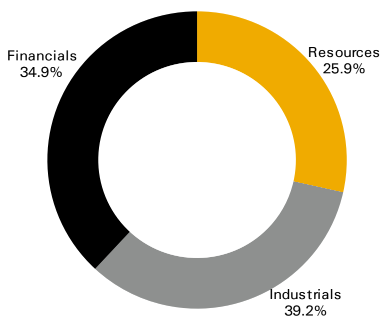
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FLEXIBLE FUND

Quarterly Report - Period ended 31 March 2018

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen	Initial Fee	No initial fee
ASISA Sector	Worldwide Multi Asset Flexible	Annual Fee**	1.0% (excl. VAT)
Fund Launch Date	3 April 2003	Intermediary Fee**	0.0% (excl. VAT)
Inception Date (Class A)	3 April 2003	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Total Fund Size	R653.0 million		
Min. Investment	R150,000 initial investment	Benchmark (Bmk)*	SA CPI + 6% p.a.
Total Expense Ratio	1.0% for the 3 year period ending 31 December 2017	Performance Hurdle	SA CPI + 8% 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.

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 an associated collective investment scheme, however there will be no additional investor fees connected with this 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; these costs all being VAT inclusive.

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