QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND - MARCH 2019

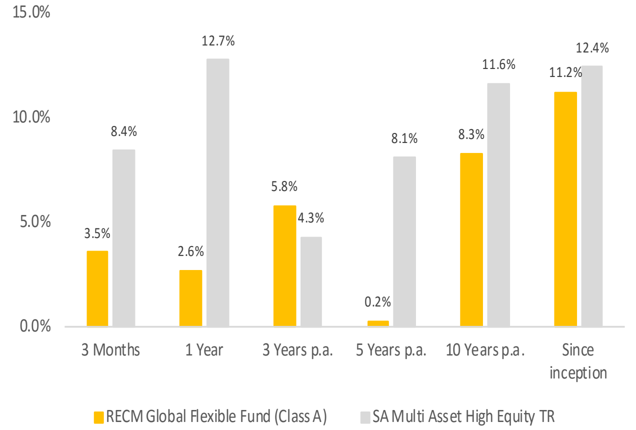
PERFORMANCE TABLE

Net Returns	RECM Global Flexible A	ASISA Avg	CPI+6%*
3 Months	3.5%	8.4%	1.9%
1 Year	2.6%	12.7%	10.1%
3 Years	5.8%	4.3%	10.8%
5 Years	0.2%	8.1%	11.1%
10 Years	8.3%	11.6%	11.3%
Since inception (7 Apr '03)	11.2%	12.4%	11.5%

*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. The blended benchmark reflects this combined history.

PERFORMANCE NET OF FEES AND EXENSES

ILLUSTRATIVE RETURNS OF FUND VS ASISA SECTOR AVERAGE



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Platinum producer Impala Platinum
- Luxury retailer Richemont
- UK grocery retailer Tesco Plc

Positions which detracted from returns in the last quarter:

- Investment holding company HCI
- Construction company Stefanutti Stocks
- Insurance company Clientele Limited

PERFORMANCE SUMMARY

The Fund returned +3.5% during the quarter outperforming its inflation-based benchmark of CPI + 6% per annum which delivered 1.9%. Over the past 3 years the Fund has outperformed the average of its peer group category – the Worldwide Multi Asset Flexible category – achieving 5.8% per annum after fees with the average for the category being 4.3% per annum. Since inception in 2003, the Fund has returned 11.2% per year, in line with its objective of returns of at least 6% above inflation per year.

Most industrial metal prices rose during the quarter on the back of renewed optimism regarding US/China trade talks, boosting resource stocks in the Fund such as Anglo American and BHP Billiton. Platinum producer Impala Platinum's share price was up over 60% during the quarter, with the company's interim results finally showing a return back to profits thanks to a weaker rand, higher platinum group metals prices and increased output.

Outside of a handful of "global" businesses such as Naspers, Richemont and the big resource stocks, the slew of local negative news and uncertainty ahead of elections continued to take its toll on local businesses. To this end, domestically focused "SA Incorporated" type businesses such as Stefanutti Stocks, Hosken Consolidated Investments and Clientele Limited all saw their share prices under pressure.

With investor sentiment regarding the Chinese economy improving, Richemont's successful repositioning of Cartier (which accounts for over half of Richemont's group profit,) in the Chinese market helped boost its share price during the quarter.

Despite ongoing Brexit uncertainty, the British pound strengthened slightly and the UK equity market rallied along with most other global markets, with UK grocery retailer Tesco's share price surging more than 20%.

MARKET COMMENTARY

Global equities rallied strongly during the first quarter of the year, as trade tensions between the US and China eased and the US Fed indicated that they would not be raising rates again for the remainder of the year.

US equities outperformed most other markets with the S&P500 Index returning 13.6%, making the first quarter of 2019 the highest first quarter return since 1998. Cyclical sectors outpaced more defensive sectors, with the technology sector delivering the best sector returns overall.

Eurozone equities rose in tandem with the US market despite signs of slowing economic growth, with the MSCI EMU Index up 12% in local currency. UK equities fared surprisingly well despite ongoing Brexit-related uncertainty, with the FTSE All-Share Index up 9.4% in local currency and 12% in US dollars due to the pound strengthening slightly after a weak fourth quarter of 2018.

Most emerging markets also enjoyed strong gains during the first quarter, fuelled mainly by optimism regarding a trade agreement between the US and China. The MSCI Emerging Markets Index rose 10% in US dollars after sharp declines in 2018.

The South African equity market was up 8% during the quarter, boosted by the resources sector and other businesses that are more global in nature such as Naspers and Richemont. The resources sector delivered 17.8%, followed by industrials which returned 7.4% with the financial sector lagging with -0.4%.

MANAGEMENT ACTIONS

On the local side, the Fund introduced small positions in poultry producers Astral Foods (R7 billion market cap) and Quantum Food (R700 million market cap) as well as to printing company Novus Holdings (R1.2 billion market cap). All three of these investment ideas speak to one of our main competitive advantages within the local market: our size. Currently half of the South African equities in the Fund are in the mid and small cap space – where much of the value can be found in the South African market currently. This opportunity set is simply not available to larger asset managers, even if they are value-oriented in terms of their philosophy.

On the global side, the Fund introduced new positions in Tobacco producers Philip Morris and Imperial Brands plc, as well as to French car manufacturer Renault.

Once considered stable investments, tobacco producers have seen their share prices come under intense pressure as the industry struggles with the global shift away from smoking due to health concerns and increased regulation. However, both Philip Morris and Imperial Brands, now trading at attractive prices, are still highly profitable and cash flow generative with very compelling dividend yields.

Negative expectations surrounding car industry have translated into very low market valuations for French car maker Renault, trading at only three times earnings. Renault produces approximately 3.7 million cars annually and combines these manufacturing operations with profitable sales financing operations. Additionally, Renault owns 43% of Japanese car maker Nissan Motors - a larger and more profitable car maker than Renault. Our valuation assumptions do not have to be too optimistic before we arrive at a scenario where the value of Renault's investment in Nissan is greater than Renault's entire market capitalisation. This implies that an investor is paying for Renault's stake in Nissan Motors and effectively getting Renault's car manufacturing and sales financing operations for free.

TOP TEN HOLDINGS (%)

March 2019		December 2018	
Hosken Cons Investments Ltd	5.6	Hosken Cons Investments Ltd	5.9
Tesco PLC	4.9	Standard Bank Group Ltd	5.6
RECM and Calibre Ltd	4.9	RECM and Calibre Ltd	5.1
Standard Bank Group Ltd	3.1	Tesco PLC	4.6
Firstrand Ltd	3.0	The Spar Group Ltd	4.4
Mediclinic International PLC	2.6	Firstrand Ltd	3.3
The Spar Group Ltd	2.5	Berkshire Hathaway	3.2
MTN Group Ltd	2.5	Williams-Sonoma	2.9
Compagnie Financiere Richemont	2.4	Mediclinic International PLC	2.8
Berkshire Hathaway	2.4	Reinet Investments SCA	2.7
Total	33.9	Total	40.5

ASSET ALLOCATION (%)

March 2019		December 2018	
SA Equity	44.4	SA Equity	51.5
Global Equity	25.2	Global Equity	33.3
Global Cash	24.7	Global Cash	13.4
SA Cash	5.2	SA Cash	1.8
SA Bonds	0.5	SA Bonds	0.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's allocation between local assets and offshore assets is roughly evenly split. Within the offshore portion of the portfolio, roughly half of this is held in cash in a combination of Japanese yen and British pounds - both of which remain significantly undervalued on a purchasing power parity basis.

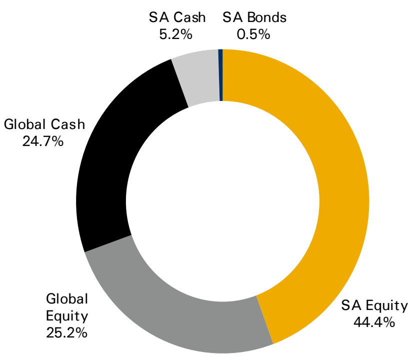
This sizeable offshore cash position reflects a dearth of quality companies trading at sufficiently low prices to constitute value by our measures. Today, looking back on one of the US market's most prolonged growth rallies ever, the spread between the valuations of the most expensive decile and cheapest decile of stocks is at the widest it's been since the run-up to the Great Depression and the dot-com bubble. This also explains why we have no exposure to global technology stocks, and very limited exposure to the US market in total – where valuations, by almost any measure, are back at nose-bleed highs. Instead, we are finding better global value opportunities in areas that are less popular, such as the UK and various emerging markets.

Within the local equity portfolio of the portfolio, the emphasis is on more domestically-oriented businesses, which have been out of favour for some time. The Fund currently has 70% in equities 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. The end result is a portfolio of diversified assets with 14% of equity in resource stocks, 45% in financial stocks and investment holding vehicles, and 41% in a wide array of diverse, quality industrial businesses around the world.

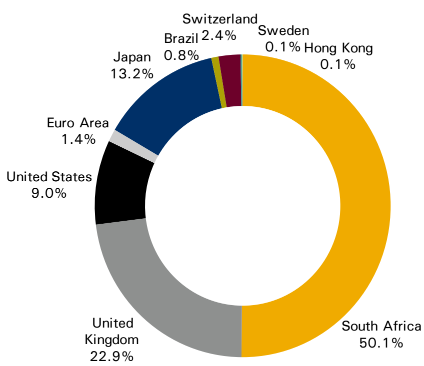
The Fund remains cautious about increasing exposure to traditional interest-bearing investments such as bonds and property. We believe current yields still do not adequately compensate investors for their commensurate risk.

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 – or 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 Global Flexible Fund offers investors the opportunity to capitalise on this enduring investment truth.

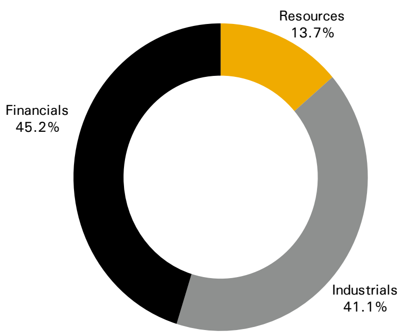
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FLEXIBLE FUND

Quarterly Report - Period ended 31 March 2019

RECM

PORTFOLIO OVERVIEW

Portfolio Manager	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*	None
Total Fund Size	R 565.3 million	Benchmark (Bmk)	SA CPI + 6% p.a.
Min. Investment	R10,000 initial investment	Performance Hurdle	Not Applicable
Total Expense Ratio	1.2% for the 3 year period ending 31 December 2018		

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. 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 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.