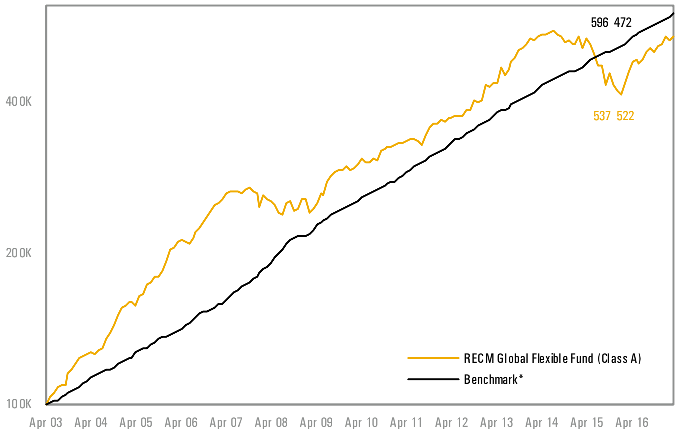
QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND - MARCH 2017

PERFORMANCE TABLE

Net Returns	RECM Global Flexible A	*Benchmark CPIX then CPI +6%
3 Months	3.8%	3.6%
1 Year	17.2%	12.6%
3 Years	0.1%	12.1%
5 Years	7.7%	12.8%
10 Years	7.7%	14.2%
Since inception (7 April 2003)	12.8%	13.7%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund outperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Platinum producers Implats and Amplats
- Mining services company Sentula Mining Ltd
- Russian internet business Mail.ru

Positions which detracted from returns in the last quarter:

- Local bank Standard Bank Group Ltd
- UK retailer Tesco Plc
- Energy producers Inpex, BP and Gazprom

PERFORMANCE SUMMARY

The Fund returned 3.8% during the quarter outperforming its benchmark of CPI + 6% which delivered 3.6% over the same period. Global equities, as measured by the MSCI All Countries World Index (ACWI), returned a buoyant 6.9% in USD and 4.6% in ZAR, with the rand still having strengthened overall during the quarter despite the sell-off following minister Gordhan's dismissal. South African equities, as measured by the FTSE/JSE All Share Index, returned 3.8% for the quarter.

Continued optimism regarding growth expectations and surging business confidence saw the information technology sector being the top performer in most markets during the quarter. With stocks like Amazon and Facebook up strongly, Russian internet business Mail.ru bucked the trend in Russia where most stocks were down, and instead, performed in line with its global IT peers, returning over 20% in USD.

Most industrial metal prices rose during the quarter on the back of renewed optimism regarding global growth, boosting the share prices of industrial metal miners in particular. Local miner Sentula saw its prices up more than 30%.

Precious metals also rose during the quarter. Platinum stocks, with their dual precious metal and industrial metal status were up during the quarter, with Implats and Amplats contributing to returns.

In contrast to most other commodities, Brent crude oil prices fell 7% during the quarter as oil inventories and production in the US increased at a faster rate than expected. This saw the entire sector under pressure during the quarter, and weighed on energy shares in the portfolio such as Inpex, BP and Gazprom.

Most banking stocks such as Standard Bank in South Africa saw their share prices come under pressure during the quarter following the dismissal of the finance minister and in anticipation of downgrades to the country's credit rating.
Tesco shares continued to remain under pressure in the first quarter despite the business already showing tentative signs of a turnaround. The market appears concerned regarding the merits of Tesco's proposed acquisition of UK wholesaler Booker.

MARKET COMMENTARY

Most stocks rallied during the first quarter amid signs of an improving outlook for the global economy, and despite increased political uncertainty in the UK and Europe. US equities rose to fresh highs – most notably driven by a handful of technology stocks - with the S&P500 returning 6.1% supported by positive economic data and Trump's plans to cut taxes and regulations. The Federal Reserve raised rates by a further 0.25%. Despite this, the US dollar weakened against most currencies including the euro, British pound and Japanese yen.

The MSCI Europe Index returned a robust 7.4% in USD with the euro's appreciation contributing 1% towards this. Economic data released during the period was largely positive with the flash composite purchasing managers' index reaching a near six-year high of 56.7 in March. The UK's FTSE All-Share Index also fared well rising 4% in USD with the UK domestic economy proving more resilient than expected and pound sterling gaining versus the US dollar. Led by Asia and Latin America, emerging markets were the star performers for the quarter, with local returns further boosted by US dollar weakness and the MSCI Emerging Markets Index returning an impressive 11.7% in USD over the quarter.

Despite the Federal Reserve raising interest rates by 0.25%, and expectations for at least two more rate hikes this year, bond returns for the quarter were fairly flat. The US 10-year Treasury bond yield ended the quarter at 2.4%, roughly where it began. The European central bank kept rates steady. However, signs of higher inflation and improving economic growth in Europe triggered a selloff in euro-zone government bonds. South African bonds initially performed well, but sold off after fears of a credit rating downgrade surfaced.

MANAGEMENT ACTIONS

New investments during the quarter included a small allocation to Barclays Africa Group Ltd, which saw its share price fall along with most other banking stocks after Gordhan's dismissal, to a level which we believe warrants an initial allocation.

A small position in Grand Parade Investments Ltd was also added to the portfolio. The stock has been plagued for some time with management issues and concerns regarding their ability to deliver acceptable returns on their investments into brands such as Burger King, Dunkin' Donuts and Baskin-Robbins. We believe the market is being overly pessimistic and that current prices provide an opportunity with an appropriate margin of safety.

During the quarter we continued to trim exposure to resources companies such as Anglo American, Antofagasta, Merafe Resources, BHP Billiton and Impala Platinum where share prices were fuelled by rising commodity prices.

Similarly, we reduced our exposure to Standard Chartered, which had a strong run on the back of improved sentiment towards emerging markets. For similar reasons, luxury goods company Richemont also saw its share price rise significantly during the quarter. We trimmed exposure to take into account the reduced discount to fair value.

We took advantage of price weakness to add to our positions in Tesco, and continued to build our positions in UK bank Royal Bank of Scotland, as well as local technology group Altron.

TOP TEN HOLDINGS (%)

March 2017		December 2016	
Hosken Cons Investments Ltd	5.3	RECM & Calibre Ltd	5.3
RECM & Calibre Ltd	5.0	Impala Platinum Holdings Ltd	4.9
Impala Platinum Holdings Ltd	4.7	Hosken Cons Investments Ltd	4.8
MTN Group Ltd	3.1	MTN Group Ltd	3.3
Standard Bank Group Ltd	3.0	Standard Bank Group Ltd	2.9
Anglo Platinum Ltd	2.8	Anglo Platinum Ltd	2.3
Tesco PLC	2.4	Bhp Billiton Plc	2.3
Allied Electronics Corporation Ltd	2.2	Tesco PLC	2.2
Sonae	2.0	Niveus Investments Limited	2.0
Mail.ru Group Ltd	1.9	Allied Electronics Corporation Ltd	1.7
Total	32.4	Total	31.7

ASSET ALLOCATION (%)

March 2017		December 2016	
SA Equity	41.5	SA Equity	46.1
Global Equity	26.9	Global Equity	26.8
SA Cash	16.1	SA Cash	11.0
SA Bonds	6.0	SA Bonds	6.2
SA Pref Shares	5.0	SA Pref Shares	5.3
Global Cash	4.5	Global Cash	4.5
		SA Commodity	0.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's allocation to South African equity decreased slightly, as a by-product of continuing to sell down many of the resource counters in the portfolio. This saw the equity allocation reducing from 78% to 73% overall, with South African equity at 46% and global equity remaining at around 27% of the total portfolio.

As such, the Fund still remains tilted towards local equities over global equities. This is mostly a reflection of the scarcity of global businesses that meet the dual criteria of qualifying as quality by RECM's measures, and being sufficiently cheap enough to justify a larger allocation.

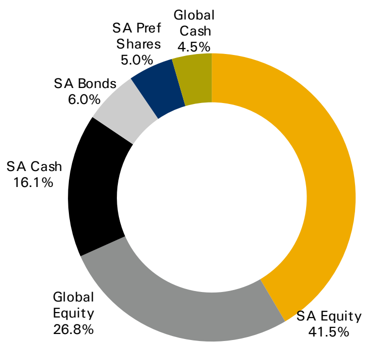
The RECM Global Flexible Fund maintained its 4.5% position in offshore cash, invested in a combination of euro, yen and sterling, but saw an increase in local cash to 16% of the overall portfolio. Local bonds remained around 6%.

The Fund continues to remain cautious about increasing exposure to traditional interest-bearing investments such as bonds and property. Despite the rise in yields over the quarter, we believe these assets still do not adequately compensate investors for their commensurate risk.

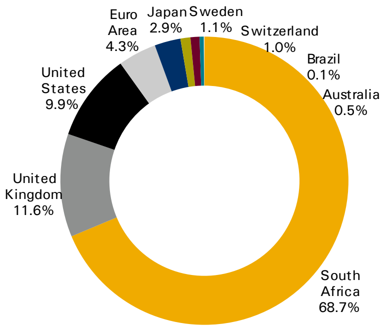
The continuing surge in most resource share prices has prompted us to further reduce our exposure to those companies where the corresponding margin of safety between the rising share price and fair value has been eroded. The Fund now has a 25% allocation of equities to resource stocks, with the larger exposures being to companies such as Impala Platinum which still offer compelling value.
Importantly, the Fund has become increasingly diversified. 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, should the opportunity set allow, 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 Global Flexible Fund is a robust, diversified portfolio of unpopular and undervalued stocks, with the advantage of a meaningful cash component to put to use as opportunities arise. Global and local 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 Global Flexible Fund offers investors the opportunity to capitalise on this enduring investment truth.

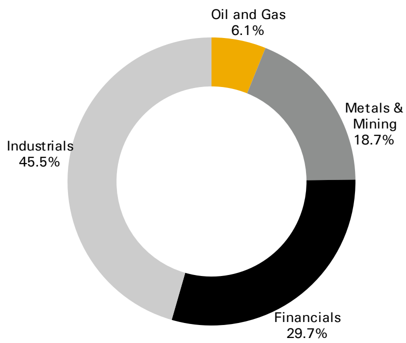
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FLEXIBLE FUND

Quarterly Report - Period ended 31 March 2017

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen & Paul Whitburn	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	R1.29 billion		
Min. Investment	R150,000 initial investment	Benchmark (Bmk)*	SA CPI + 6% p.a.
Total Expense Ratio	0.2% for the 3 year period ending 31 December 2016	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 overleaf; these costs all being VAT inclusive.

Tel: +27 21 657 3440 **Fax:** +27 21 674 1088 **Email:** info@recm.co.za **Website:** www.recm.co.za