QUARTERLY REPORT

RECM GLOBAL FUND - MARCH 2020

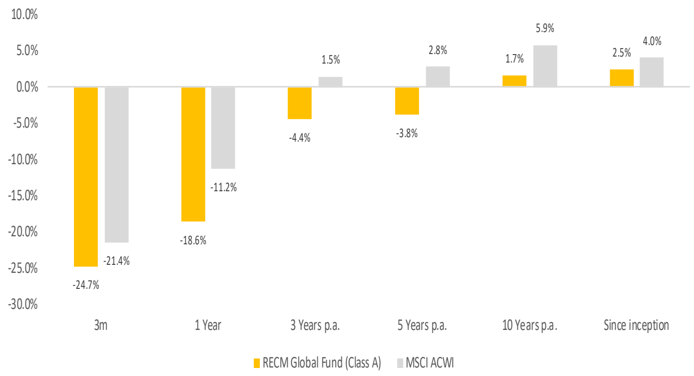
PERFORMANCE TABLE

	Fund	MSCI ACWI*
3 Months	-24.7%	-21.4%
1 Year	-18.6%	-11.2%
3 Years	-4.4%	1.5%
5 Years	-3.8%	2.8%
10 Years	1.7%	5.9%
Since Inception	2.5%	4.0%

*The MSCI All Countries World Index (ACWI) is an index designed to provide a broad measure of equity-market performance throughout the world and thus serves as a relevant global equity index for the Fund to be compared against.

PERFORMANCE NET OF FEES AND EXPENSES

ILLUSTRATIVE RETURNS OF FUND VS MSCI ACWI



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Tank storage company Vopak
- US grocer Kroger Co
- Gold miner Newmont Mining

Positions which detracted from returns in the last quarter:

- Alternative asset manager Brookfield
- Russian energy producer Gazprom
- Warren Buffet's Berkshire Hathaway

PERFORMANCE SUMMARY

On 19 February 2020 the S&P500 Index reached an all-time high after the longest bull market in US history. From that peak, the US market plummeted 34% in the fastest decline since the Great Depression. Over the next 3 days, it bounced back by more than 17%, the biggest 3-day gain since 1931. This extreme volatility indicates the levels of uncertainty around the pandemic's implications.

The RECM Global Fund was not immune to this market decline. The Fund fell 25% in US dollars over the quarter - in line with the MSCI All Countries World Index, which was down a similar amount returning -22%.

Prior to the sell-off, there was a dramatic distortion between the most expensive and the cheapest stocks in the market – particularly in the US. The gap between the two extremes was wider than in the run up to the Great Depression, and before the Dotcom bubble burst. As value investors, knowing that long term success involves buying low (cheap stocks) and selling high (expensive stocks), we avoided the overvalued parts of the market believing that this protected our investors from potential destruction of capital. This meant avoiding the popular technology stocks and other quality businesses that had run up to very expensive levels. Despite this, the Fund managed to broadly keep pace with the market over the past few years.

The disappointment for value investors during this decline was that the specific nature of this negative surprise, being a global pandemic, saw investors seek safety in those parts of the market that were already overvalued, for reasons that are only obvious in hindsight. This included pharmaceuticals, healthcare, and technology stocks. The fact that the negative surprise was exogenous (from outside the system) and happened to favour these overvalued stocks, which we had avoided for good reason, was entirely coincidental. This meant we did not benefit, as we usually do, from the relative outperformance that undervalued stocks typically enjoy in falling markets. Instead, we saw the fund's overall returns down in line with the broader market sell-off.

MARKET COMMENTARY

The first quarter of 2020 saw a COVID-19 induced freefall in equity markets. The US, together with China and Japan maintained strong relative momentum while emerging market and European equities lagged global 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.

An additional feature of the quarter was the decline in developed market bond yields.

Global Bonds advanced by 2.7% as market participants sought safety in anticipation of deflation and a synchronised slowdown. Emerging market bonds declined in line with the weakness in emerging currencies and general risk aversion. The signal from bond markets is one of declining risk-appetite. For the moment, yield considerations have taken a back seat to perceived safety.

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 safe havens, 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.

MANAGEMENT ACTIONS

Going into the market decline, RECM held close to 25% in cash, as well as 5% in a basket of gold stocks. Over the last few years, we had re-oriented the Fund away from cyclical, lower quality businesses such as resources, which have more than doubled since the start of 2016, towards a diversified array of higher quality businesses trading at attractive prices. This didn't offer the support we expected in the market decline, but stands us in very good stead in terms of prospective returns from this point.

Once we understood that this exogenous event 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 this reality, we re-evaluated every holding in our Fund for robustness. We sold stocks where we had material concerns. This included the likes of IBM, Renault, Dixons and Aspen Pharmacare. In the process we raised cash levels to close to 50% of the Fund. The quarter-end cash position thus reflected a point in time as we transitioned out of companies we had concerns, or where we felt the valuations were elevated given what might lie ahead of them fundamentally, and bought others that had been sold down disproportionately such as Berkshire Hathaway.

TOP TEN HOLDINGS (%)

March 2020		December 2019	
Berkshire Hathaway	4.9	Tesco PLC	4.3
Philip Morris International Inc	4.0	Itau Unibanco	4.1
Brookfield Asset Management	3.6	Sberbank of Russia	4.1
Tocqueville Bullion Reserve	3.2	Brookfield Asset Management	4.0
Vopak	2.6	Prudential PLC	3.3
Boskalis Westminster	2.0	Kroger Co	3.2
Gazprom	1.7	Richemont	3.1
Barrick Gold	1.4	Tocqueville Bullion Reserve	2.2
Exor NV	1.3	Berkshire Hathaway	2.2
Newmont Mining	1.3	Tapestry Inc	2.1
Total	26.0	Total	32.6

ASSET EXPOSURE (%)

March 2020		December 2019	
Equity	48.4%	Equity	79.0
Cash	51.6%	Cash	21.0
Total	100.0	Total	100.0

This document should be read in conjuction with the Minimum Disclosure Document (MDD) applicable to the relevant fund and share class which is available at www.recm.co.za.

PORTFOLIO POSITIONING

The Fund's cash position is now closer to 30% at the time of writing. Like Warren Buffett, we believe there is a lot to be said for having options. To have options, you need liquidity. Having liquidity today ensures that you can act tomorrow. 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.

The market has rallied from its lows of mid-March, but we remain cautious and disciplined in our buying. Ben Carlson of Ritholtz Wealth pointed out that many of history's great crashes had rallies before they eventually bottomed – giving investors false hope that proved to be fleeting. During the Great Depression there was a 47% rally from late-1929 until early 1930 - It didn't last. Before that rally stocks had fallen 45%. The 1973-1974 bear market that saw the market halve bounced 20% before it finally ended. The 2007-2009 market crash gave a gain of more than 25% before rescinding these returns. The bear market from 2000-2002 saw three separate rallies of around 20% before finally settling in at a bottom more than 50% lower than the peak. Things could well get worse before they get better. Or perhaps markets have already bottomed in anticipation of better times ahead. No one has any way of knowing for sure.

How do we protect, invest and grow your capital against this uncertain backdrop?

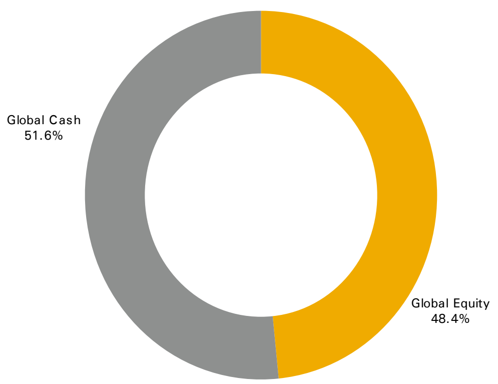
We have built an all-terrain portfolio. In addition to holding cash and gold, which provides us with liquidity and optionality, every stock in the Fund has the following attributes:

- A solid balance sheet
- The ability to survive the next 12 -18 months
- An attractive valuation (implying high prospective returns)
- Management teams with the track record and ability adapt (many of whom are owner-managers)
- The ability to grow free cash flow and dividends on a sustainable basis

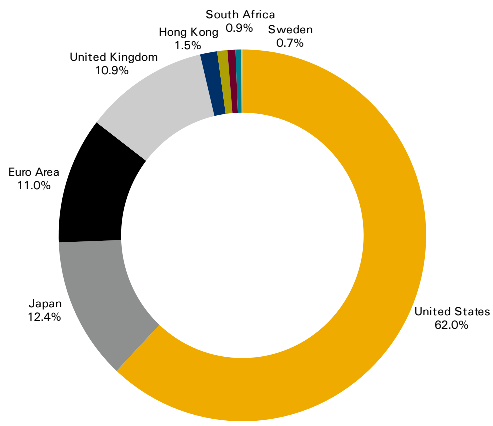
As investors, it's important to remember that market declines come with the territory. Since 1928, the S&P 500 has experienced 12 different declines of 30% or worse. These losses have occurred once every 7-8 years on average. Nonetheless, the world market has given investors 6% real returns above inflation per year since 1900. The US market even more than this. This time period includes the Great Depression, wars, recessions, rising interest rates, falling interest rates, bear markets, economic booms, economic busts, inflation, deflation and everything in-between.

Importantly, this is the kind of market environment value investors such as ourselves get really excited about - because it provides a compellingly attractive entry point for those with the ability and willingness to take advantage of lower prices. As every market decline in history has demonstrated, there is no factor as important to subsequent investment returns as the price you pay at the outset of your investment. The RECM Global Fund offers investors the opportunity to capitalise on this enduring investment truth.

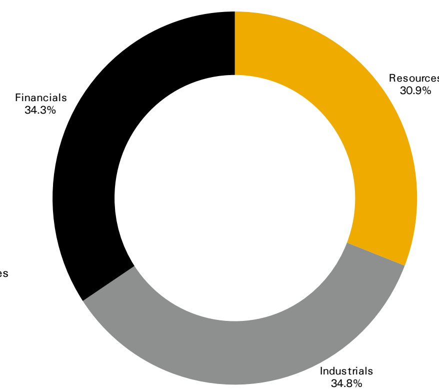
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



This document should be read in conjuction with the Minimum Disclosure Document (MDD) applicable to the relevant fund and share class which is available at www.recm.co.za.

RECM GLOBAL FUND

Quarterly Commentary - Period ended 31 March 2020

RECM | Becoming COUNTERPOINT™

PORTFOLIO OVERVIEW

Portfolio Manager	Piet Viljoen	Initial Fee	No initial fee
ASISA Sector	Global Multi Asset Flexible	Annual Fee*	1.0%
Domicile	Guernsey	Intermediary Fee*	0.0 %
Fund Currency	US dollars	Performance Fee*	None
Fund Launch Date	31 January 2006	Benchmark (Bmk)*	US CPI + 6% p.a.
Inception Date (Class A)	31 March 2006	Performance Hurdle	Not Applicable
Total Fund Size	US 67.4$ million	Total Expense Ratio	1.4% for the 3 year period ending 31 December 2020
Min. Investment	US $50,000 initial investment		

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.

***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.

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

Disclosures: Collective Investment Schemes in Securities (CIS) should be considered as medium-to long-term investments. The Manager does not provide any guarantee either with respect to the capital or the return of the Fund. The value of participatory interests (units) may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. These portfolios may be closed. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, STT, VAT, Auditor's fees, Bank Charges, Trustee and Custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (units) in issue. A schedule of fees, charges and maximum commissions is available on request from the management company. Commission and incentives may be paid and if so, would be included in the overall costs. These portfolios may be closed. Different classes of units may apply in a portfolio and are subject to different fees and charges.

A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA