QUARTERLY REPORT

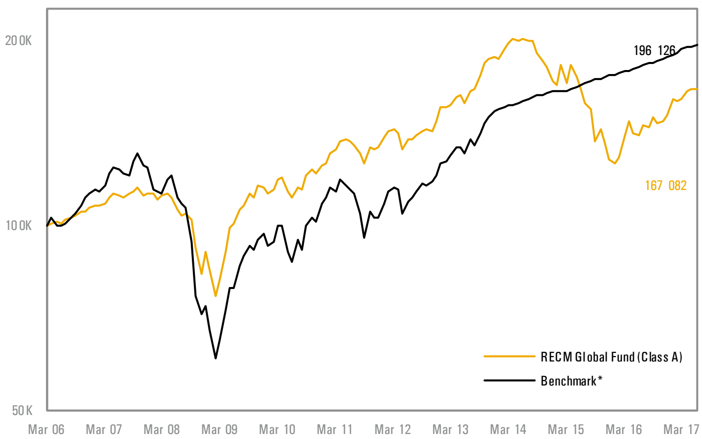
RECM GLOBAL FUND - JUNE 2017

PERFORMANCE TABLE

Net Returns	RECM Global A	Benchmark*
3 Months	3.9%	1.5%
1 Year p.a.	18.9%	8.3%
3 Years p.a.	-6.1%	7.1%
5 Years p.a.	3.9%	12.3%
10 Years p.a.	4.1%	4.7%
Since inception (31 March 2006)	4.7%	6.2%

*The Fund's benchmark is US CPI + 6% p.a. and the performance fee hurdle is US CPI + 8% p.a. Prior to 1 January 2014, the Fund's benchmark and performance fee hurdle was the MSCI World Index TR and the MSCI World Index TR + 2.5% respectively.

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund outperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- British engine manufacturer Rolls Royce
- Russian internet company Mail.ru
- Luxury accessories retailer Coach

Positions which detracted from returns in the last quarter:

- Platinum producer Implats
- British retailer Tesco
- Energy producers Inpex and Gazprom

PERFORMANCE SUMMARY

The Fund returned 3.9% during the quarter outperforming its benchmark of US CPI + 6% which achieved 1.5% over the same period. Global equities, as measured by the MSCI All Countries World Index (ACWI), returned 4.3% in USD for the quarter.

Continued evidence of a broad-based global economic recovery failed to lift out-of favour stocks in the quarter. Instead, accelerated flows into index-tracking funds, as well as strong results from new-era, distruptor companies drove growth-oriented stocks to outpace more defensive company stocks. The health care and information technology sectors were both beneficiaries of this trend.

In our portfolio, Russian internet business Mail.ru performed in line with global IT peers, returning close to 20% in USD during the quarter. Rising business investment bolstered companies in the industrials sector such as Rolls Royce, which has seen its share price surge by more than 40% since it bottomed in January after the company finally agreed to a payment to settle outstanding bribery and corruption claims. Since then the market has focused more favourably on the company's future prospects, backed up by positive news such as the recently announced $1.5 billion deal to supply engines for 10 new aircraft for Ethiopian Airlines.

Luxury accessories retailer Coach saw its share price rise strongly during the quarter, underpinned by continued evidence that its turnaround strategy is gaining traction. Coach has had a stellar year so far, with improved fundamental performance, elevated brand positioning, and the acquisition of fashion design house Kate Spade in the bag (so to speak).

Tesco shares remained under pressure, with the market still critical of the proposed acquisition of UK wholesaler Booker and remaining unconvinced by Tesco's rising underlying sales growth. These doubts were further magnified by Amazon's $13.7 billion acquisition of Whole Foods Market and fears of the impact this might have on global bricks and mortar grocery businesses.

Brent crude oil prices fell 9% as OPEC members and other producer nations failed to cut production by as much as the market expected. This was exacerbated by rising production in the US. This weighed on the share prices of Inpex and Gazprom.

MARKET COMMENTARY

Global equity markets were buoyant 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. US equities were up with the S&P 500 returning 3.1%, despite some uncertainty regarding the ability of the US administration to push through fiscally expansive policies. The Federal Reserve raised rates by a further 0.25%. The US dollar weakened against both the euro and pound.

Eurozone equities were also up in the second quarter with the MSCI Europe Index returning 1.8% amid signs of improving economic growth and reduced political risk. Investor sentiment improved markedly after centrist and pro-EU candidate Emmanuel Macron's convincing victory in the French presidential election. The UK equity market returned 1.4% for the quarter, but was very volatile during the period due to uncertainty regarding the political and economic backdrop.

In a repeat of 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.

Despite the Federal Reserve raising interest rates by 0.25%, most investment grade US bonds enjoyed gains with demand for risk assets seeing investment-grade corporate bond spreads contracting throughout the quarter. Bund and gilt yields were well supported for most of the quarter, but a sell-off triggered by perceived hawkish signalling by central bank leaders reversed earlier gains.

MANAGEMENT ACTIONS

New stocks introduced during the quarter included UK speciality sporting goods retailer Sports Direct International Plc, Brazilian short term insurer Porto Seguro SA and Austrian Insurer Uniqa Insurance Group AG.

Sports Direct, the largest sporting goods retailer in the UK, has seen its business and share price come under pressure over the past 2 years largely as a result of the weaker pound impacting the gross margin of its imported products, and generally negative sentiment towards UK retailers in the face of Brexit. The stock's rating was further not helped by the larger-than-life personality of its founder and returned CEO, Mike Ashley. Assuming a re-rating on the back of a recovery in underlying margins and positive sales growth through store investment and expansion, the current share price represents a compelling buying opportunity.

Porto Seguro SA is the third largest insurance company in Brazil, and is primarily engaged in automobile insurance where it has the largest market share at 30%. Vehicle sales, a good indicator of the auto insurance cycle, have recently hit decade lows in Brazil, resulting in the business trading at close to book value. We expect this to normalise to more normal levels as the cycle plays out.

Uniqa is the second largest insurance company in Austria, with representation in many central and Eastern European markets. The business is undervalued due to the current pressure low interest rates in Europe place on the capital, earnings and growth prospects for insurance companies in the region. Given Uniqa's dividend yield is around 6%, and is sustainable at such levels, investors are being paid to wait for conditions to improve as and when the interest rate cycle turns.

During the quarter we continued to trim exposure to engineering firm Rolls Royce, industrial firm Alfa Laval, Russian internet business Mail.ru. All of these stocks saw their prices rally significantly in USD.

TOP TEN HOLDINGS (%)

June 2017		March 2017	
Tesco PLC	4.8	Tesco PLC	4.9
Inpex Corp	4.3	Sonae	4.4
Aggreko Plc	3.9	Alfa Laval Ab	4.4
Serco Group PLC	3.2	Inpex Corp	4.4
Sonae	3.2	Coach Inc	3.9
Standard Chartered PLC	3.2	Impala Platinum Holdings Ltd	3.6
Berkshire Hathaway Inc	3.1	Mail.ru Group Ltd	3.5
Impala Platinum Holdings Ltd	2.8	Aggreko Plc	3.5
Alfa Laval Ab	2.6	Rolls-Royce Holdings Plc	3.4
Coach Inc	2.6	Berkshire Hathaway Inc	3.4
Total	33.7	Total	39.4

ASSET EXPOSURE (%)

June 2017		March 2017	
Equity	74.7	Equity	83.6
Cash	25.3	Cash	16.4
Property	0.0	Property	0.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's equity allocation reduced to 75% during the quarter as a result of realising more cash than was deployed during the market rally. Cash rose to 25% of the Fund. In terms of our cash allocation, the Fund continues to hold meaningful allocations to British pounds, euros and Japanese yen – all of which have are still undervalued on a purchasing power parity basis versus the US dollar.

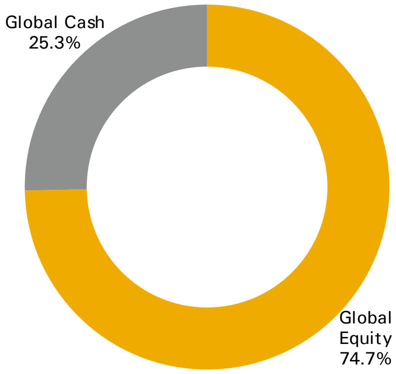
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We continue to believe these assets still do not adequately compensate investors for their commensurate risk.

The portfolio was tilted further away from the resources sector, which has rebounded by more 60% since the start of 2016 as measured by the World Basic Resources Index, in favour of industrial and financial stocks such as those mentioned earlier in diverse, often ignored and neglected areas of the market. The Fund now holds only 21% of equity in resource stocks, with 22% in financial stocks and 57% in a wide array of diverse, quality industrial businesses.

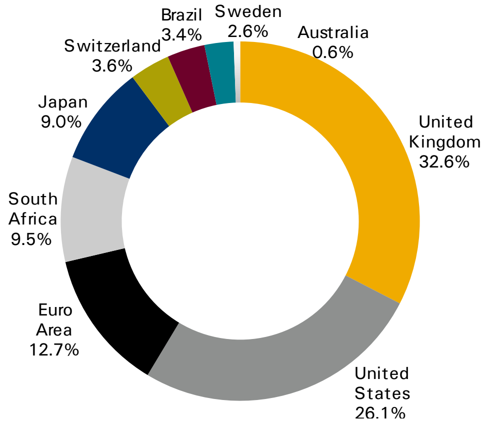
As a result of the opportunity set widening, investments - while sharing the favourable characteristics of being quality businesses trading at attractive prices - are in more varied industries and sectors and most notably, often where the Fund had limited existing exposure beforehand. A more diversified 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 Global 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 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 Global Fund offers investors the opportunity to capitalise on this enduring investment truth.

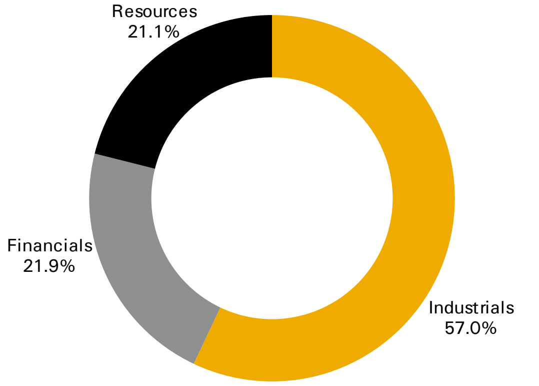
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen & Paul Whitburn	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**	20% of the outperformance of the hurdle over 5 year rolling periods
Fund Launch Date	31 January 2006		
Inception Date (Class A)	31 March 2006	Benchmark (Bmk)*	US CPI + 6% p.a.
Total Fund Size	US $138.4 million	Performance Hurdle	US CPI + 8% p.a.
Min. Investment	US $50,000 initial investment	Total Expense Ratio	1.4% 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.

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.

****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