QUARTERLY REPORT

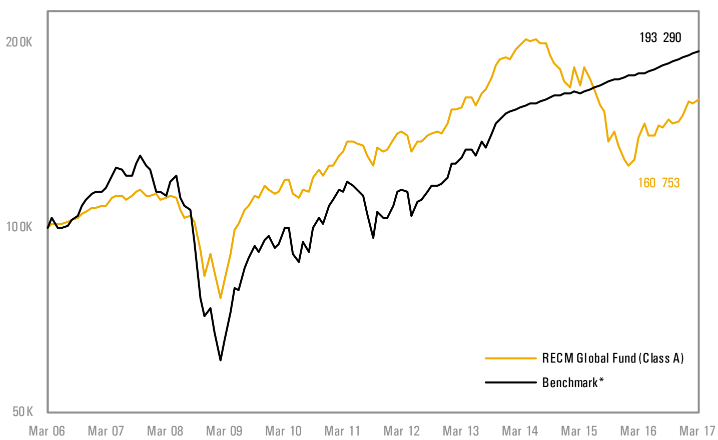
RECM GLOBAL FUND - MARCH 2017

PERFORMANCE TABLE

Net Returns	RECM Global A	Benchmark*
3 Months	6.1%	2.5%
1 Year p.a.	14.6%	8.7%
3 Years p.a.	-6.7%	7.3%
5 Years p.a.	2.4%	10.9%
10 Years p.a.	4.0%	5.2%
Since inception (31 March 2006)	4.4%	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:

- Russian internet company Mail.ru
- Global emerging markets bank Standard Chartered
- Luxury accessories retailer Coach

Positions which detracted from returns in the last quarter:

- Global outsourcing firm Serco Group
- British retailer Tesco
- Energy producers Inpex, BP and Gazprom

PERFORMANCE SUMMARY

The Fund returned 6.1% during the quarter outperforming its benchmark of US CPI + 6% which delivered 2.5% over the same period. Global equities, as measured by the MSCI All Countries World Index (ACWI), returned a buoyant 6.9% in USD over the quarter.

Continued optimism regarding growth expectations and surging business confidence saw the information technology sector up 13% and the top performing sector 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.

Standard Chartered's share price staged a strong rally in the past quarter. With more emerging markets exposure than most other global banks, Standard Chartered's share price benefited from reassuring economic data from China, higher prices for industrial metals and a weaker US dollar – all of which contributed to higher expectations for emerging markets in general.

Luxury accessories retailer Coach saw its share price rise strongly during the quarter, underpinned by improving fundamentals and recent financial results which indicate their turnaround strategy may be working. Notably, EBIT margins started moving in the right direction from lows of 14% to 18%, with growth still fairly buoyant in most areas.

Serco Group, the British outsourcing company, which provides transport, health, justice, defence and security services to governments around the world, saw its share price negatively impacted by uncertainty over Brexit which has caused delays to contract decisions.

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.

Brent crude oil prices fell 7% 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.

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, with the S&P500 returning 6.1% supported by positive economic data and Trump's plans to cut taxes and regulations – and most notably driven by a handful of technology stocks. 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 also 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.

MANAGEMENT ACTIONS

The Fund exited its small remaining position in Russian domestic bank Sberbank, with the share price having more than tripled in USD since its lows in late 2014.

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

Similarly, we pulled back exposure to stocks in other sectors such Standard Chartered, which had a strong run on the back of improved sentiment towards emerging markets.

We took advantage of price weakness to add to our positions in Tesco, and added to our exposures in Portuguese retailer Sonae as well as UK bank Royal Bank of Scotland.

TOP TEN HOLDINGS (%)

March 2017		December 2016	
Tesco PLC	4.9	Tesco PLC	4.9
Sonae	4.4	Alfa Laval Ab	4.2
Alfa Laval Ab	4.4	Inpex Corp	4.0
Inpex Corp	4.4	Aggreko Plc	3.7
Coach Inc	3.9	Berkshire Hathaway Inc	3.6
Impala Platinum Holdings Ltd	3.6	Impala Platinum Holdings Ltd	3.4
Mail.ru Group Ltd	3.5	Sonae	3.3
Aggreko Plc	3.5	Serco Group PLC	3.2
Rolls-Royce Holdings Plc	3.4	Standard Chartered PLC	3.2
Berkshire Hathaway Inc	3.4	Coach Inc	3.1
Total	39.4	Total	36.6

ASSET EXPOSURE (%)

March 2017		December 2016	
Equity	83.6	Equity	83.4
Cash	16.4	Cash	16.6
Property	0.0	Property	0.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

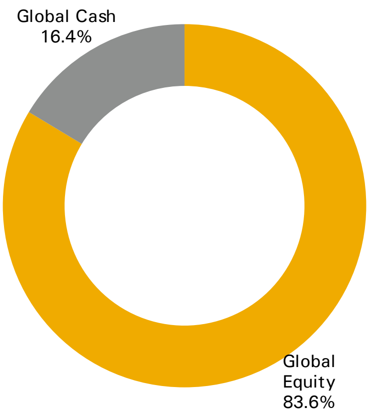
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We continue to believe these assets still do not adequately compensate investors for their commensurate risk.

The mix of the equity component has shifted somewhat with recent changes. The portfolio continues to be tilted away from the resources sector, in favour of industrial stocks in sectors such as consumer goods. This has been a result of finding opportunities in other parts of the market as valuation discrepancies goes through its cycles. The Fund now has a 24% allocation of equities to resource stocks, with the larger exposures being to companies such as Impala Platinum which still offer compelling value.

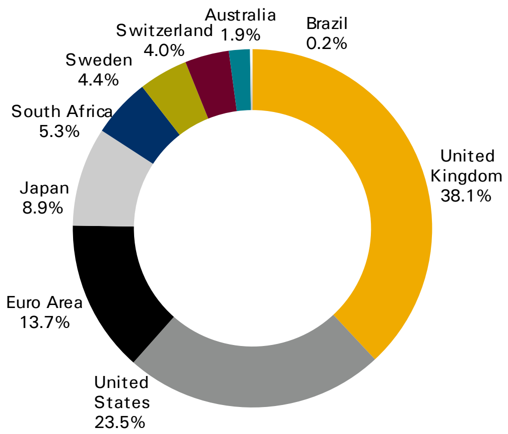
As a result of the opportunity set widening, investments - while sharing the favourable characteristics of being quality businesses trading at attractive prices - are in more varied industries and sectors and most notably, often where the Fund had limited existing exposure beforehand. Two years ago, the market was very concentrated with resources being by far the most attractive sector from a valuation perspective. Today, this is no longer the case and the portfolio is less concentrated as a result. 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.

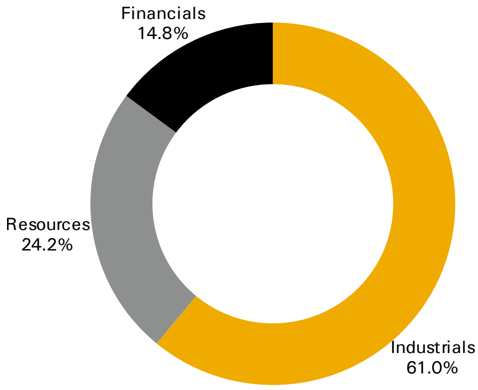
ASSET EXPOSURE (%OF FUND)



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
Fund Launch Date	31 January 2006		rolling periods
Inception Date (Class A)	31 March 2006	Benchmark (Bmk)*	US CPI + 6% p.a.
Total Fund Size	US $142.9 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 December 2016

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