

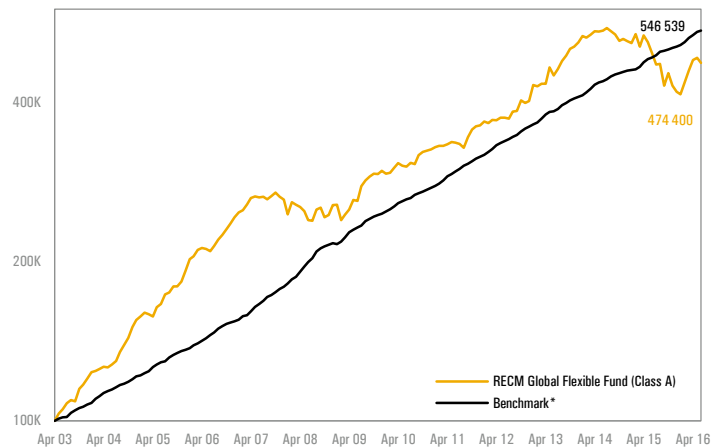
QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND - JUNE 2016

PERFORMANCE TABLE

| Gross Returns | RECM Global Flexible A | *Benchmark CPIX then CPI + 6% |
|--------------------------------|------------------------|-------------------------------|
| 3 Months | 3.4% | 3.2% |
| 1 Year | -4.2% | 12.5% |
| 3 Years | 1.8% | 12.4% |
| 5 Years | 7.2% | 13.1% |
| 10 Years | 8.5% | 14.2% |
| Since inception (7 April 2003) | 12.6% | 13.8% |

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund outperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Diversified global miner Anglo American
- Investment company RECM & Calibre
- Ferrochrome producer Merafe

Positions which detracted from returns in the last quarter:

- South African banks Standard Bank and Nedbank
- Oil and chemicals producer Sasol
- Leading UK food retailer Tesco

PERFORMANCE SUMMARY

The Fund returned 3.4% during the quarter, outperforming its inflation-based benchmark, CPI + 6%, which returned 3.2% over the same period. Global equities, as measured by the MSCI All Countries World Index returned 0.8% in ZAR over the same period. South African equities, as measured by the FTSE/JSE All Share Index, returned 0.4% for the period.

Anglo American was a leading contributor to returns in the first quarter of the year, and continued its strong performance into the second quarter. This has been driven by improved diamond sales, the announcement of sales of assets at better prices than what the market was expecting, and a concomitant easing of concerns about the group's balance sheet pressures.

RECM & Calibre, the listed investment company managed by us, announced pleasing full year results during the past quarter, with most of the underlying investments progressing strongly. In addition, the company announced a material transaction in which it will increase its interest in one of its key assets, Goldrush (a leading South African alternative gaming company) substantially, in a transaction structured in a very beneficial way for all parties concerned.

Merafe, the leading global ferrochrome producer, benefitted from a substantial increase in the ferrochrome price during the quarter. With steady demand for stainless steel and a number of smaller ferrochrome producers going out of business, Merafe is set to enjoy the benefits of being the largest and one of the lowest cost producers of ferrochrome globally.

Continued concern about the prospects of the South African economy, and the impact that will have on credit losses in banks' lending books, have weighed on the share prices of South African banks. Sasol announced that the construction of its Louisiana ethane cracker is set to cost more than initially expected, confirming the fears held by many market participants, which drove its share price down markedly during the quarter.

Tesco is the largest non-South African holding of the Fund. Management's comments at the release of the company's full year results dampened hopes that the intense price war in the UK food retail market will be easing in the short term. This depressed the share price during the quarter.

MARKET COMMENTARY

Global markets were fairly range bound until late in the quarter. Britain's announcement that the country has voted to leave the European Union gave global markets a severe jolt in the last few days of June. The flight to safety that this announcement triggered also resulted in a sharp drop in developed market government bond yields.

The South African equity market exhibited much the same behaviour as global equity markets did during the quarter, and also fell sharply on the announcement of Britain's planned exit from the European Union, only to recover

in short order. The South African bond market faced the prospect of a government credit rating downgrade early in June, but this was avoided, to the relief of local markets.

The Rand was quite volatile during the quarter, moving along with market perceptions about the likelihood of a sovereign ratings downgrade, but finished the quarter in line with where it started.

MANAGEMENT ACTIONS

During the past quarter we continued to decrease exposure to offshore assets in favour of South African assets. Our assessment remains that the Rand is unsustainably weak on a purchasing power parity basis. Historically, cheap currencies offering positive interest rate differentials have been the most attractive currencies to invest in. The Rand offers both of these attributes today.

Locally, the most notable purchases were in a number of new positions, none of which are large holdings at this stage (all less than 1% of the fund).

Investment holding company Remgro was the largest purchase in the fund. With a number of the underlying businesses in the group suffering from tough cyclical conditions, the Remgro share price has started to reflect an attractive discount to our assessment of the underlying value of the group's businesses.

PPC is another small new investment for the fund. PPC has turned into a textbook case study of capital allocation gone

awry. The board and management lavished dividends onto shareholders at the top of the cycle in the mid to late 2000's, and followed this with an ambitious and capital hungry African expansion strategy. The result has been under-investment in the company's local operations, leaving the door open for competitors to enter the market and engage in a price war which has now brought the company to its knees. The share price has been decimated, and the announcement of a large capital raise by means of a discounted share issue drove the stock to levels last seen in the early 2000's. After incorporating a rights issue at a very dilutive price in our fair value, our assessment is that PPC's share price offers long term value at these low levels, and hence we have purchased a small holding for the Fund.

As for disposals, Anglo American ranks top of the list, followed closely by Blue Label Telecoms. While we maintain holdings in these shares, it is at much reduced levels, following very strong share price performance in recent months.

TOP TEN HOLDINGS (%)

| June 2016 | | March 2016 | |
|------------------------------|-------------|------------------------------|-------------|
| Impala Platinum Holdings Ltd | 4.6 | Anglo American Plc | 4.7 |
| RECM & Calibre Ltd | 3.9 | Impala Platinum Holdings Ltd | 4.6 |
| Hosken Cons Investments Ltd | 3.6 | Hosken Cons Investments Ltd | 3.7 |
| BHP Billiton Plc | 3.5 | Bhp Billiton Plc | 3.4 |
| Standard Bank Group Ltd | 3.4 | Anglo Platinum Ltd | 3.3 |
| Anglo Platinum Ltd | 2.3 | RECM & Calibre Ltd | 3.3 |
| Tesco Plc | 2.2 | Standard Bank Group Ltd | 3.1 |
| Anglo American Plc | 2.1 | Blue Label | 3.0 |
| Nedbank Group Ltd | 2.1 | Sasol Ltd | 2.2 |
| Niveus Investments Ltd | 2.0 | Nedbank Group Ltd | 2.1 |
| Total | 29.7 | Total | 33.4 |

ASSET ALLOCATION (%)

| June 2016 | | March 2016 | |
|----------------|--------------|----------------|--------------|
| SA Equity | 40.7 | SA Equity | 42.2 |
| Global Equity | 25.8 | Global Equity | 19.3 |
| SA Cash | 14.7 | SA Cash | 11.6 |
| Global Cash | 8.3 | Global Cash | 16.8 |
| SA Bonds | 6.4 | SA Bonds | 6.7 |
| SA Pref Shares | 3.9 | SA Pref Shares | 3.3 |
| SA Commodity | 0.1 | SA Commodity | 0.1 |
| Total | 100.0 | Total | 100.0 |

PORTFOLIO POSITIONING

The RECM Global Flexible Fund currently has 34% exposure to offshore assets, with 8% in offshore cash. The remainder of the Fund includes local equity exposure (including local preference shares) just under 45%, local cash at 15% and local bonds at 6%.

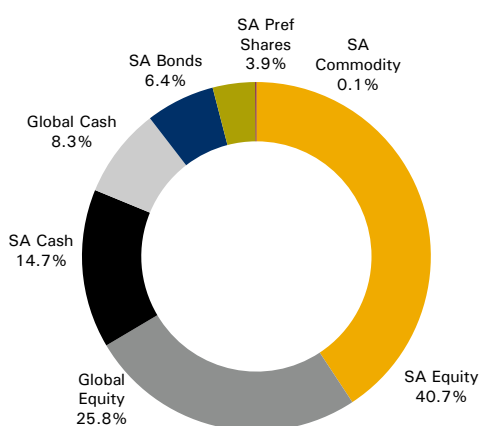
The fund's regional exposure shows a diminishing allocation to the United States, as a strong dollar and generally high asset prices continue to steer us towards other markets, notably the UK most recently. In these markets we have been finding high quality businesses supplying to the depressed oil and gas and global mining sectors trading at attractive discounts to fair value – businesses like Rotork, Aggreko and Alfa Laval count among these. Despite their country of listing the global nature of these businesses means that we don't expect the British decision to leave the European Union to have a material impact on their prospects.

Global cash balances reduced meaningfully over the past quarter, as the global equity allocation picked up on the back of purchases of new positions and foreign cash was repatriated to South Africa. Overall cash holdings of 23% is down from the last quarter, but still material. We continuously search for and evaluate global and local market dislocations that offer us an opportunity to deploy this cash, and have been keeping a close eye on developments in markets post the British decision to leave the European Union.

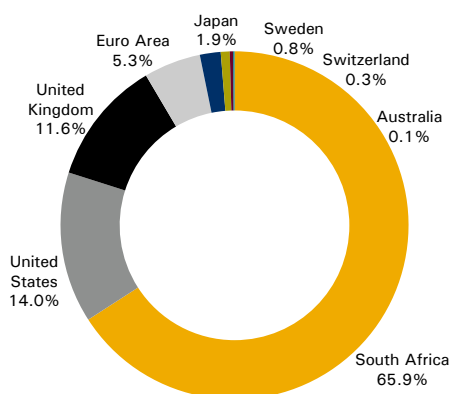
The Fund's exposure to bonds remains modest. While we view developed market bond yields – and all asset prices closely associated therewith – with great caution, we view South African government bond yields in excess of 9% as quite reasonable, and worth allocating some capital to.

Sectoral exposure to equities has shifted somewhat in favour of industrials, with mining sector exposure being reduced following the sharp share price increases in the sector during the early months of 2016. Within the industrial sector, we are starting to see some attractive investment propositions in so-called 'SA Inc.' businesses, with substantial exposure to the South African domestic market, and limited global exposure. Business conditions for these companies are undeniably tough at the moment, and without the benefit of offshore earnings that has been bolstered by the weak Rand, the market has taken a dim view of the value of these assets. In both South African financial markets and amongst company management teams, we detect a frenzied rush to own assets not exposed to South Africa. In this process our sense is that some local businesses of high quality are being sold off without due regard for their long term earnings power, and we have been allocating some capital to such assets.

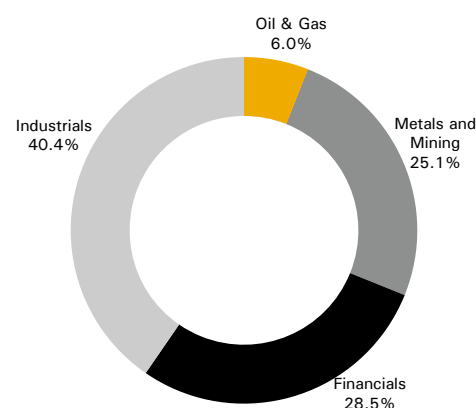
ASSET EXPOSURE (% OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FLEXIBLE FUND

Quarterly Report - Period ended 30 June 2016

RECM

PORTFOLIO OVERVIEW

| | | | |
|--------------------------|---|--------------------|---|
| Portfolio Managers | Piet Viljoen, Wilhelm Hertzog & 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 | R1.23 billion | Benchmark (Bmk)* | SA CPI + 6% p.a. |
| Min. Investment | R150,000 initial investment | Performance Hurdle | SA CPI + 8% p.a. |
| Total Expense Ratio | 1.4% for the 3 year period ending 31 March 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. The Fund may invest in the Guernsey-domiciled RECM Global Fund and RECM Global Equity Fund, which are associated collective investment schemes, however there will be no additional investor fees connected with these investments.

**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.

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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.