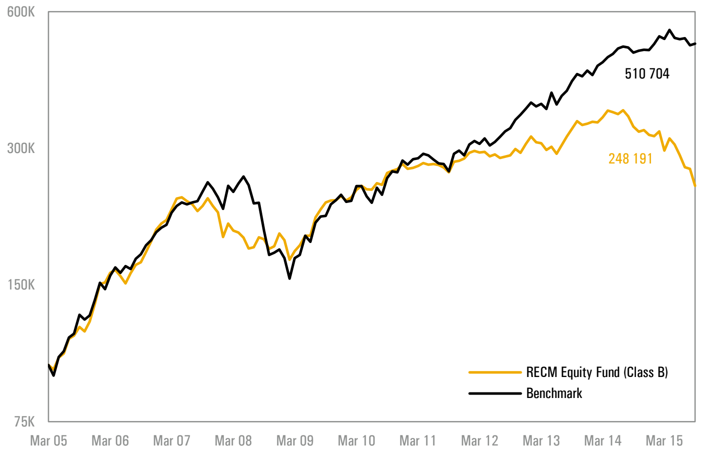
QUARTERLY REPORT

RECM EQUITY FUND - SEPTEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Equity B	Benchmark ALSI
3 Months	-14.4%	-2.1%
1 Year p.a.	-25.9%	4.8%
3 Years p.a.	-5.0%	15.4%
5 Years p.a.	-1.3%	14.6%
10 Years p.a.	7.4%	14.8%
Since inception (1 March 2005)	9.0%	16.8%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

The following strategies were positive for quarterly returns:

- An overweight position in Blue Label Telecoms
- Not holding MTN which fell 19% during the quarter
- Exposure to Iliad Africa which was up 20%

The following strategies were negative for quarterly returns:

- Not having exposure to SABMiller which was up 28%
- A position in Anglo American Plc
- Exposure to platinum producers Implats and Amplats

PERFORMANCE SUMMARY

The Fund returned -14.4 % during the quarter, underperforming its benchmark, the FTSE/JSE All Share Index, which returned -2.1% over the same period.

Resource stocks were the hardest hit with the Resources Index down -17.3% during the quarter. The Fund's exposure to this sector was the major reason for the negative performance during the period.

Volatility has been extremely high over the past few months. At time of writing, more than half the losses experienced in three months had been reversed in 9 days. This extent of price volatility is evidence that the market is very inefficient currently and simply does not know how to price assets. It is important to remember that active management comes to the fore when markets are at their most volatile and thus inefficient, and that this is precisely the type of mispriced market environment which allows value investing to triumph over long periods of time.

We maintain our conviction that the most compelling opportunities today are in the more cyclical parts of the market such as resources, and that we will be vindicated ultimately in having exposure to these businesses at extremely low prices. We thus retain exposure to this part of the market and the upside associated with it, but our new investment ideas are intentionally focused on areas outside of resources to ensure robustness and diversification at the overall portfolio level.

MARKET COMMENTARY

The FTSE/JSE All Share Index, weighed down by negative sentiment towards emerging markets, was down over the quarter returning -2.1% with the Basic Materials sector taking the hardest hit.

Equities, and resource stocks in particular, continue to be hampered by fears of a slowdown in China and other emerging markets, and were heightened further by a shift by the Fed from previously stressing improvement in the US economy to highlighting global growth concerns as a reason to keep rates unchanged.

The global market sell-off was triggered by a surprise devaluation of the yuan in August, in a bid by Chinese authorities to boost exports and stabilise the market. This reinforced fears regarding China's growth prospects, saw Chinese stocks plunging by more than 25%, and commodity prices falling further. This, coupled with concerns about weak domestic growth, also saw the South African rand depreciating by 11% vs the dollar, hitting a record low.

Coupled with US dollar strength, the prospect of a slowing China hit emerging markets the hardest with the MSCI Emerging Market Index down almost 18% in USD.

Yields in in emerging markets such as South Africa rose as investors fled emerging markets and equities in search of a safe haven in US and European government bonds.

MANAGEMENT ACTIONS

The Fund sold out of Lonmin, and switched this exposure into higher quality platinum producers Anglo American Platinum, and Impala Platinum. Lonmin has always been the producer that is the most vulnerable to a prolonged period of depressed platinum prices. This is due to lower quality assets and their position higher up the cost curve. Given the cycle has been more severe and protracted than we anticipated, there is now a very real risk of business failure for this business should this persist for some time further. As such, it makes sense for us to take exposure to the platinum cycle normalising in better businesses which are now also trading at similar discounts to fair value, but which are more robust and thus better able to withstand the strains at the bottom of the cycle.

The Fund introduced new positions in South32, Shoprite, Massmart, Nedbank Group Ltd, Murray and Roberts Holdings Ltd, and Remgro Ltd, which have all pulled back to more attractive levels in recent market volatility.

South32, spun out of BHP Billiton, is a globally diversified metals and mining company with a portfolio of assets producing alumina, aluminium, coal, manganese, nickel, silver, lead and zinc. As a spin-off, South32 shares may have been subjected to irrational selling pressure. More importantly though, a normalisation in the commodity cycle should see a reversion to better margins over time.

TOP TEN HOLDINGS (%)

September 2015		June 2015	
Impala Platinum Holdings Ltd	7.7	Anglo American Plc	8.0
Anglo American Plc	7.5	Anglo Platinum Ltd	7.4
Anglo Platinum Ltd	7.0	Impala Platinum Holdings Ltd	5.5
RECM & Calibre Ltd	6.4	RECM & Calibre Ltd	5.0
Standard Bank Group Ltd	4.9	Hosken Cons Investments Ltd	4.5
Hosken Cons Investments Ltd	4.5	Naspers Stub	3.9
Blue Label Ltd	4.1	Lonmin Plc	3.4
Iliad Africa Ltd	3.3	Blue Label Telecomms	3.1
Wilson Bayly Holmes	3.2	Standard Bank Group Ltd	3.1
Sasol Ltd	2.7	Niveus Investments Limited	2.8
Total	51.3	Total	46.7

SECTOR EXPOSURE (%)

September 2015		June 2015	
Resources	36.6	Resources	50.5
Industrials	39.7	Industrials	30.5
Financials	23.7	Financials	19.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

Within equities, we remain heavily committed and exposed to the resource sector. We still regard it as a once in a generation investment opportunity at current prices.

This commodity cycle has been far more severe and protracted than we anticipated, with commodities such as platinum remaining at lower prices for longer than expected. This places many of the underlying producers, especially those who are highly leveraged, at real risk of business failure. For this reason, we have sold out of Lonmin and switched this exposure into Amplats and Implats, which are trading at similar discounts to fair value but are higher quality businesses with better assets.

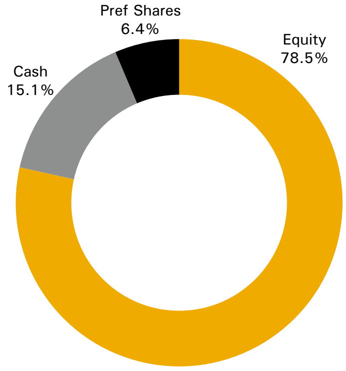
What has been happening at the individual stock level within the Fund is fairly typical in most individual value investment cycles – namely drawdowns initially with significant repricing at an uncertain point in the future. Typically however different investments within a portfolio are at different points in the repricing cycle at any one point in time, so despite negative drawdowns at individual stock level, this leads to a fairly balanced outcome overall.

Clearly this has not been the case over the past 18 months. The main reason for this is that despite differing underlying fundamentals, and being at different points in the various commodity cycles, anything commodity-oriented has been sold down indiscriminately. Despite many investments realising gains over the past 18 months (For example JD Group, Sun International, Capitec, Iliad Africa, Lewis, Blue Label Telecoms, Barclays Africa, Astral Foods, Niveus), this hasn't been enough to compensate for the weakness in other parts of the portfolio. It is important to note however that we have realised the gains in these stocks by selling down or out of the positions, whereas in most cases the positions that have hurt us remain unrealised.

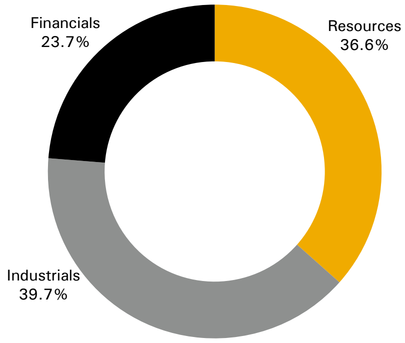
Faced with the reality that the commodity cycle could continue in this manner for quite some time still, we want to retain exposure to the upside inherent in the thesis whilst protecting against the risk of further drawdowns at the Fund level going forwards. To do this, we are improving the underlying quality of the portfolio by switching exposure from lower quality to higher quality in similar businesses where the discount to fair value is comparable. In addition to this, we are diversifying the underlying exposure within the resources sector, as well as consciously sourcing new investment ideas in areas outside of resources.

We have a very inefficient market at our disposal as is evident by the sharp movements in prices one day to the next. This is to the advantage of an active investor. Now is precisely the time to be accessing compelling value opportunities. Importantly however, we need to ensure we are doing this within the framework of a robust portfolio.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Wilhelm Hertzog and Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	South Africa Equity General*	Annual Fee	1.0% (excl. VAT)
Fund Launch Date	2 March 2005	Performance Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Total Fund Size	R69.8 million	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Benchmark (Bmk)	FTSE/JSE All Share Index		
No of participatory interests	1 391 698.77	Total Expense Ratio (1 Year)	1.31% for the period ending 30 September 2015
NAV per Share in ZAR	1 828.48 (cents per unit)		

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 hold investments 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.

Total Expense Ratio (TER)

The TER reflects the percentage of the average Fund's Net Asset Value that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

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