QUARTERLY REPORT

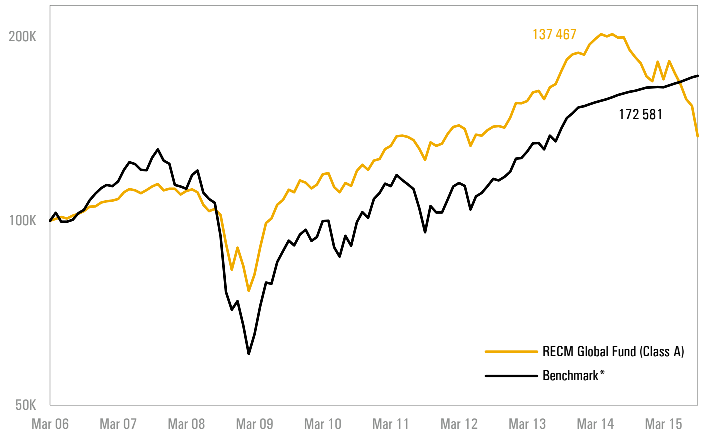
RECM GLOBAL FUND - SEPTEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Global A	Benchmark*
3 Months	-17.8%	2.4%
1 Year p.a.	-27.7%	6.2%
3 Years p.a.	-1.2%	13.8%
5 Years p.a.	2.6%	11.6%
Since inception (31 March 2006)	3.4%	5.9%

*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 underperformed its benchmark for the quarter.

The following strategies were positive for quarterly returns:

- A position in Russian potash producer Uralkali
- Exposure to Microsoft Corporation
- Exposure to Italian REIT IGD

The following strategies were negative for quarterly returns:

- Exposure to diversified miner Anglo American Plc
- Exposure to platinum producers Implats and Amplats
- Exposure to energy producers Ultra Petroleum, Inpex, Gazprom and BP

PERFORMANCE SUMMARY

The Fund returned -17.8% during the quarter, underperforming its benchmark, US CPI + 6% which returned +2.4% over the same period.

Global markets came under intense pressure during the quarter with the MSCI All Countries World Index (ACWI) delivering -9.5% for the period. Resource stocks were the hardest hit with the World Basic Materials Index down -25.4% and Oil & Gas down -19.8%. The Fund's exposure to these sectors was the major reason for the negative performance during the period. Even the more defensive sectors of the market felt some pain however with World Healthcare returning -9% and World Utilities -5% for the quarter.

Volatility has been very high over the past few months with the S&P500 Volatility Index (VIX) spiking close to levels last seen at the start of the European sovereign debt crisis. 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

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 the growth prospects of the world's second largest economy, saw Chinese stocks plunging by more than 25% during the quarter, and commodity prices falling to their lowest levels since 2008.

European equities took the greatest knock amongst the developed markets, given the negative impact of a devalued yuan and stronger euro on exporters, with the German DAX Index returning -11.6% in comparison to the S&P 500's -6.4% for the quarter. However, 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 on 10-year bonds in the US, United Kingdom, Europe and Japan all fell during the quarter as risk aversion rose and investors searched for a safe haven.

MANAGEMENT ACTIONS

The Fund initiated new positions in Standard Chartered, Amazon, Admiral, and Playtech. On the disposals front, the Fund switched exposure from Lonmin into higher quality businesses Amplats and Implats, and sold out of Japanese mobile telecoms company NTT Docomo, which had doubled in price since we initiated a position in 2012.

Standard Chartered PLC's focus on Asia and exposure to commodity-oriented institutional clients has weighed heavily on the share price which is now trading at an exceptionally low price to book value ratio of 0.6, despite remaining highly profitable. Our investment thesis is based on new management lead by Bill Winters successfully taking returns closer to historic levels as credit losses normalise.

Online retailer Amazon's share price is currently cheap because it is misunderstood (it has yet to report an accounting profit) and difficult to value. The investment case plays out as Amazon matures and the underlying profitability of the business becomes apparent. Founder and manager Jeff Bezos is the largest single shareholder which also bodes well for alignment of interests with investors.

UK motor insurer Admiral is primarily cheap because of the weak pricing environment in the UK motor insurance industry. As the insurance cycle turns, Admiral, which has much lower loss and expense ratios than the market, is set to benefit from a return to higher UK motor insurance prices.

Playtech, the largest Business-to-Business online gambling software supplier, is a quality company with growing scale advantage in an industry growing at more than 10% per annum, that can currently be bought at a significant discount to a conservative fair value.

TOP TEN HOLDINGS (%)

September 2015		June 2015	
Tesco Plc	5.7	Anglo American Plc	6.9
Anglo American Plc	5.6	Tesco Plc	5.7
Anglo Platinum Ltd	4.7	Inpex Corp	5.1
Impala Platinum Holdings Ltd	4.5	Ultra Petroleum Corp	5.1
American Int'l Group	4.2	Anglo Platinum Ltd	5.0
Sberbank of Russia Adr	4.2	Arcelormittal	5.0
OAO Gazprom ADS (LON)	3.7	American Int'l Group	4.7
Inpex Corp	3.5	Sberbank of Russia Adr	4.5
Arcelormittal	3.2	Impala Platinum Holdings Ltd	4.1
Wm Morrison Supermarkets	3.2	Uralkali GDR Regs	3.9
Total	42.5	Total	50.0

ASSET EXPOSURE (%)

September 2015		June 2015	
Equity	70.1	Equity	78.6
Cash	29.3	Cash	20.9
Property	0.5	Property	0.5
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund holds close to 30% in cash with the balance in equities. This cash acts as an important buffer and gives us valuable optionality in the event of good businesses being available at attractive prices during current market volatility or through a large-scale market decline.

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 some commodity prices such as platinum remaining at far lower levels than we expected for longer than we expected. This places many of the underlying producers, on the back of an already prolonged period of low commodity prices, at real risk of business failure. This applies particularly to those businesses that are highly leveraged at this point in the cycle. 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 later but 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, and despite negative drawdowns at individual stock level, this leads to a fairly balanced outcome overall.

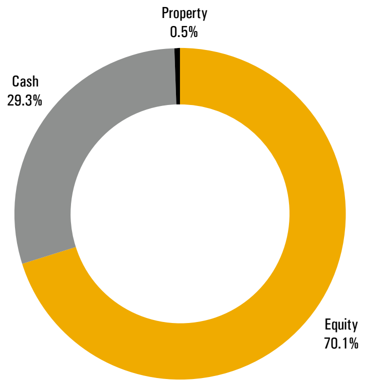
Clearly this has not been the case over the past 18 months. The main reason for this is that despite differing underlying fundamentals for individual businesses, and being at different points in the various commodity cycles, anything commodity-oriented has been sold down indiscriminately. In addition to this, there has been a spurious correlation between the price movements of the resource stocks and a few unrelated but material positions in the Fund such as retailers Tesco and Morrison. Despite many investments realising gains over the past 18 months (For example Intel, Ichirizuka, NTT Docomo, Microsoft, AIG, Wells Fargo, Norsk Hydro, Hewlett Packard), this has not 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.

Put simply, the significant margin of safety at the individual stock level has not been enough to protect investors at the overall portfolio level. This does not mean the stocks in themselves are not compelling individually, but it does cause us to reflect on how we can improve the characteristics of the portfolio as a whole.

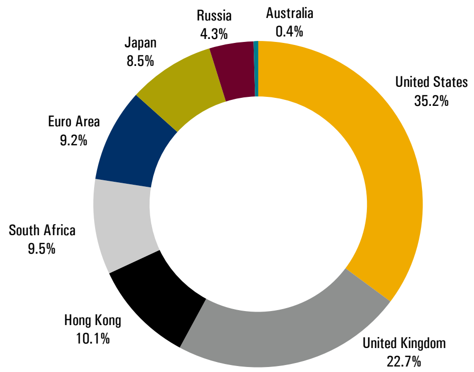
Faced with the reality that the commodity cycle could continue in this manner for quite some time still, we want to retain exposure to the upside inherent in the current prices at the individual level whilst protecting against the risk of seeing similar drawdowns at the Fund level going forwards. To do this, we are firstly improving the underlying quality of the portfolio where we are able to by switching exposure from lower quality to higher quality in similar businesses where the discount to fair value is similar. 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 share 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.

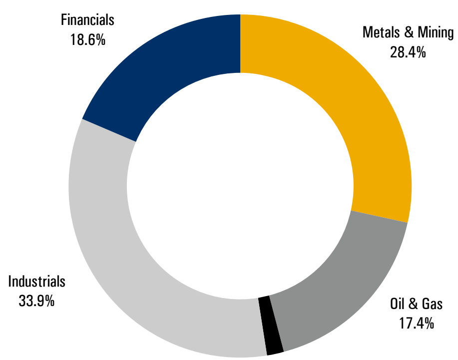
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Wilhelm Hertzog and Paul Whitburn	No of participatory interests	9 086 290.28
ASISA Sector	Global Multi Asset Flexible	NAV per Share in USD	13.75 ($ per unit)
Domicile	Guernsey	Performance Hurdle	US CPI + 8% p.a.
Fund Currency	US dollars	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Fund Launch Date	31 January 2006		
Total Fund Size	US $264.8 million	Total Expense Ratio	1.08% for the period ending 30 September 2015
Benchmark (Bmk)*	US CPI + 6% p.a.		
Initial Fee	No initial fee	Income Declarations	None
Annual Fee	1.0%		

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.

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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