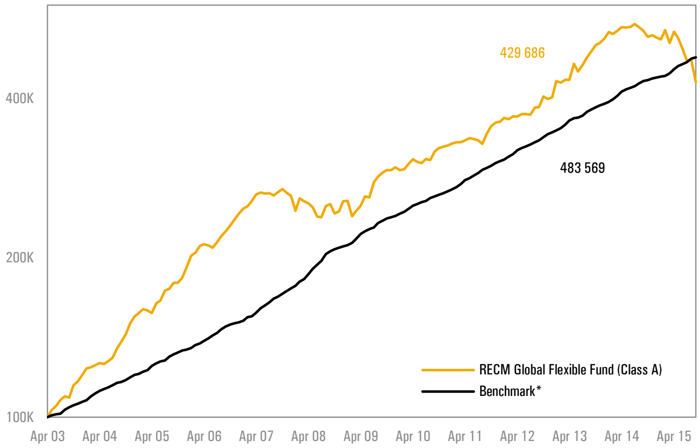
QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND · SEPTEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Global Flexible A	*Benchmark CPIX then CPI +6%
3 Months	-13.2%	3.0%
1 Year	-20.0%	10.6%
3 Years	3.7%	12.6%
5 Years	6.2%	12.8%
10 Years	9.1%	13.8%
Since inception (7 April 2003)	12.5%	13.5%

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 Blue Label Telecoms Ltd
- Exposure to Iliad Africa Ltd
- A position in Russian potash producer Uralkali

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 -13.2% during the quarter, underperforming its benchmark, SA CPI + 6% which returned +3.0% 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, two thirds of 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 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.

European equities took the greatest knock amongst the developed markets 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. Locally, the JSE/FTSE All Share Index returned -2.1% in ZAR but -14.2% in USD.

Yields in the US fell during the quarter while, conversely, yields in emerging markets such as South Africa rose as investors fled emerging markets and equities in search of a safe haven.

MANAGEMENT ACTIONS

The Fund's asset allocation remained broadly unchanged during the quarter save for market movements. There was more activity in the global portion of the Fund than in the local portion.

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 other 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, which can currently be bought at a significant discount to a conservative fair value.

TOP TEN HOLDINGS (%)

September 2015		June 2015	
Impala Platinum Holdings Ltd	7.6	Anglo American Plc	8.0
Anglo American Plc	7.2	Anglo Platinum Ltd	6.3
Anglo Platinum Ltd	7.0	Impala Platinum Holdings Ltd	5.2
RECM & Calibre Ltd	3.3	Lonmin Plc	3.4
Tesco Plc	3.3	Naspers Stub	3.3
Hosken Cons Investments Ltd	3.2	Hosken Cons Investments Ltd	3.0
Naspers Stub	2.8	Tesco Plc	2.7
Sberbank Of Russia Adr	2.3	Arcelormittal	2.3
American Int'l Group	2.2	RECM & Calibre Ltd	2.3
Blue Label Ltd	2.2	Ultra Petroleum Corp	2.3
Total	41.1	Total	38.8

ASSET ALLOCATION (%)

September 2015		June 2015	
SA Equity	41.6	SA Equity	46.9
Global Equity	33.5	Global Equity	32.5
SA Cash	6.5	SA Cash	8.4
Global Cash	11.1	Global Cash	6.9
SA Pref Shares	3.3	SA Pref Shares	2.3
SA Bonds	2.7	SA Bonds	2.1
SA Commodity	1.0	SA Commodity	0.7
Global Property	0.2	Global Property	0.2
SA Property	0.0	SA Property	0.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund current has 45% exposure to offshore assets, with 11% of this in cash. The remainder of the Fund includes local equity exposure of 42%, local cash of 6.5%, and a very small position in local bonds. Despite rising again this quarter, yields are still too low to offer an attractive real return proposition.

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.

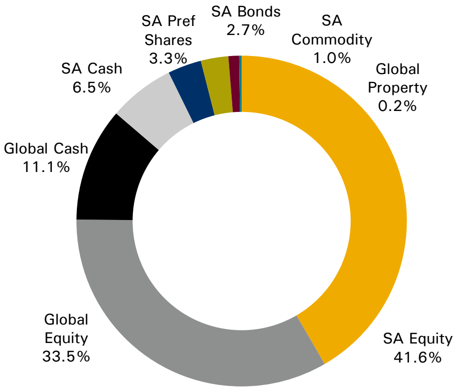
What has been happening at the individual stock level within the Fund is fairly typical in most individual value investment cycles – namely drawdowns initially with significant repricing at an uncertain point in the future. Typically however different investments within a portfolio are at different points 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. There has also 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 JD Group, Sun International, Capitec, Lewis, Blue Label, Intel, Ichirizuka Fund, NTT Docomo, Microsoft, AIG, Wells Fargo, Norsk Hydro, Hewlett Packard), 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 returns remain unrealised.

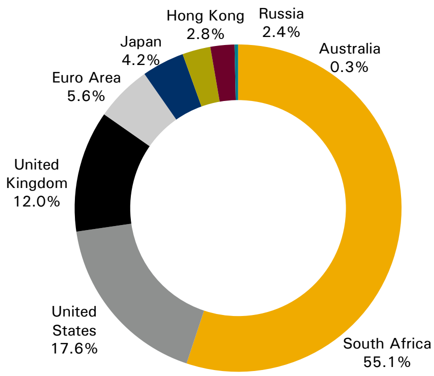
Faced with the reality that the commodity cycle could continue in this manner for quite some time still, we want to retain exposure to the upside inherent in the thesis whilst protecting against the risk of further drawdowns at the Fund level going forwards. To do this, we are improving the underlying 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.

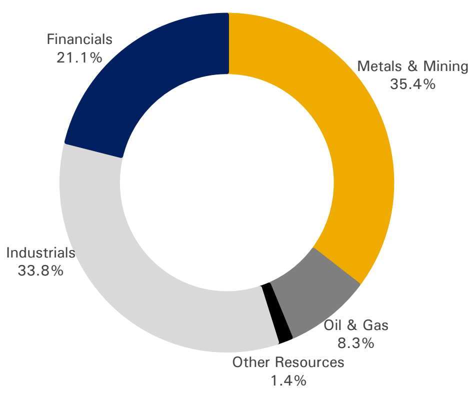
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Wilhelm Hertzog and Paul Whitburn	No of participatory interests	21 719 922.95
ASISA Sector	Worldwide Multi Asset Flexible	NAV per Share in ZAR	3 567.42 (cents per unit)
Fund Launch Date	3 April 2003	Performance Fee	20% of the outperformance of the hurdle over
Total Fund Size	R1.36 billion		5 year rolling periods
Benchmark (Bmk)*	SA CPI + 6% p.a.	Total Expense Ratio (1 Year)	-0.99% for the period ending 30 Sept 2015
Performance Hurdle	SA CPI + 8% p.a.		(inclusive of a perfomance fee of -2.24%)
Domicile	South Africa	Total Expense Ratio (3 Years)	1.39% for the period ending 30 Sept 2015
Initial Fee	No initial fee		(inclusive of a perfomance fee of 0.0%)
Annual Fee	1.0% (excl. VAT)		

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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