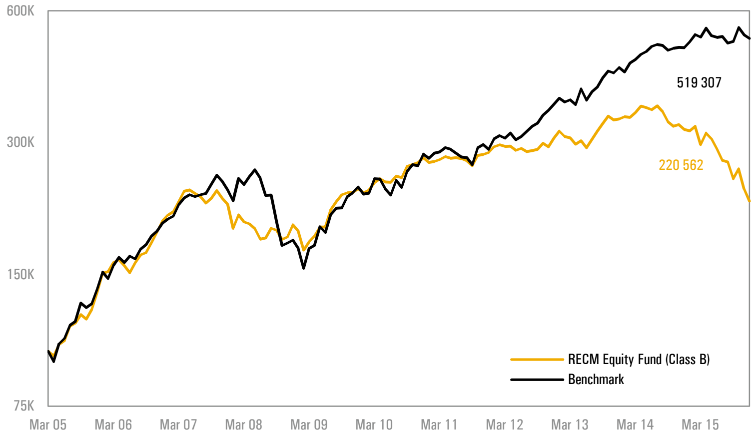
QUARTERLY REPORT

RECM EQUITY FUND - DECEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Equity B	Benchmark ALSI
3 Months	-11.1%	1.7%
1 Year p.a.	-31.4%	5.1%
3 Years p.a.	-10.5%	12.3%
5 Years p.a.	-4.5%	13.0%
10 Years p.a.	4.9%	14.1%
Since inception (1 March 2005)	7.6%	16.6%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Secure electronic token distributor Blue Label Telecoms
- SA energy and chemicals company Sasol
- Hotel and leisure group Sun International

Positions which detracted from returns in the last quarter:

- Global diversified miner Anglo American Plc
- Platinum producers Implats and Amplats
- Local SA Bank Standard Bank Group Ltd

PERFORMANCE SUMMARY

The Fund returned -11.1% during the quarter, underperforming its benchmark, the FTSE/JSE All Share Index which returned +1.7% over the same period.

During the fourth quarter, the SA Basic Materials Index was down 26.1%. The Fund's exposure to resources has been the main reason for the negative performance during the last quarter and for the year 2015.

A significant position in Blue Label Telecoms, the leading distributor of prepaid airtime and electricity in South Africa, contributed to returns. The share price was up over 20% during the quarter after the company released favourable results driven by expanded offerings and additional distribution channels, while managing to confine operational costs.

A position in energy and chemicals company Sasol was also positive for returns during the quarter. The share price was up 8% during the quarter despite energy prices continuing their decline.

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

As mentioned earlier the FTSE/JSE All Share Index was broadly flat over the last quarter, and returned 5.1% for the year. These numbers do not reflect the extent of volatility during the course of the year however. The All Share Index initially rose by 12% until April, then fell 13% to August, only to rise by 16% until November, fell again by 12% following Nene's dismissal, and then recovered by 6% by year end after Gordhan's appointment.

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.

Commodity prices continued their decline with oil down a further 24%, palladium 16% and copper down 8% in US dollars during the quarter. This weighed heavily on the resources stocks with the local resources index down 37% during the course of 2015, in comparison to the industrials index which returned 15% and the financials index which returned around 4% for the year.

MANAGEMENT ACTIONS

In the last quarter, the Fund increased its exposure to local banks Nedbank and Standard Bank, which weakened along with the rest of the financial sector following Finance Minister Nene's dismissal.

The Fund introduced a small position in MTN after the announcement of the Nigerian fine. The share had already sold off on the back of the oil price collapse given the Nigerian business, and is now attractively priced - even assuming they pay in full the fines levied by the Nigerian Communications Commission – which is unlikely given talks already to settle outside of court.

The Fund reduced exposure to diversified miner Anglo American, as well as platinum producers Anglo Platinum and Impala Platinum, in favour of higher quality exposure in the sector such as diversified miner BHP Billiton, as well as to local energy and chemicals business Sasol – which are now both also attractively priced. Although resource stocks remain incredibly cheap, risks have increased substantially given the protracted nature of the cycle. As such, exposure is best taken in the higher quality businesses that are assured of surviving the cycle.

TOP TEN HOLDINGS (%)

December 2015		September 2015	
RECM & Calibre Ltd	7.1	Impala Platinum Holdings Ltd	7.7
Standard Bank Group Ltd	5.7	Anglo American Plc	7.5
Anglo American Plc	5.4	Anglo Platinum Ltd	7.0
Blue Label Telecom	5.3	RECM & Calibre Ltd	6.4
Impala Platinum Holdings Ltd	4.9	Standard Bank Group Ltd	4.9
Hosken Cons Inv Ltd	4.7	Hosken Cons Investments Ltd	4.5
Sasol Ltd	4.5	Blue Label	4.1
Iliad Africa Ltd	4.0	Iliad Africa Ltd	3.3
Anglo Platinum Ltd	3.4	Wilson Bayly Holmes	3.2
BHP Billiton Plc	3.1	Sasol Ltd	2.7
Total	48.1	Total	51.3

SECTOR EXPOSURE (%)

December 2015		September 2015	
Industrials	42.3	Industrials	39.8
Resources	31.0	Resources	36.5
Financials	26.7	Financials	23.7
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

We believe the Equity Fund is positioned well for the current market environment. The Fund retains exposure to the most compelling opportunities, with a focus on higher quality businesses that are robust enough to withstand cyclical pressures. Broad market weakness has provided us with the opportunity to diversify further both within sectors and across sectors. The portfolio also holds a healthy position in cash, which at 17% of the Fund, not only provides protection in the form of a buffer when markets decline, but also acts as a source of 'dry powder' to buy high quality assets at bargain prices at the bottom of the market. The combination of these two features, which both minimise risk and maximise return, contributes to the success of the value approach over full market cycles.

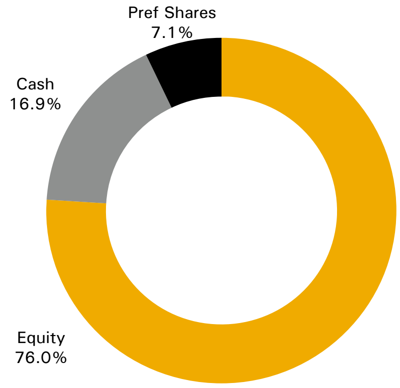
Within equities, we continue to believe that the resources sector offers a once in a generation investment opportunity at current prices, as reflected by the fact that almost a third of our equity exposure is to resource businesses. The cycle will not be without its casualties however, particularly given the protracted nature of this particular cycle, and it is thus critical that our exposure is focused on the higher quality businesses that have less leverage and the best assets. The latter typically translates into these businesses being the lowest cost producers and thus best positioned to endure extraordinarily low commodity prices for some time.

As mentioned last quarter, the commodity cycle has been far more severe than we anticipated. A normal capital cycle adjustment involves low commodity prices incentivising companies to cut back uneconomical production, leading to capital being "withdrawn" through a material drop in supply. The imbalance between demand and supply plays a critical part in causing the cycle to turn. To date, producers have not cut supply as much as one would expect given commodity prices. Presumably they are hoping commodity prices will turn in the short term and spare them the cumbersome headache of dialling back loss-making production only to ramp it back up when prices normalise – not to mention the pain of having to deal with labour unions in the process. Ready access to cheap capital has allowed producers to wait out the cycle for longer. This draws the capital cycle out further and places many of the underlying producers at real risk of business failure. If capital is not withdrawn voluntarily, the market will force producers' hands with far heavier consequences. For this reason, our focus is on retaining exposure to those resource companies that are best positioned to survive through the cycle and then prosper as it turns.

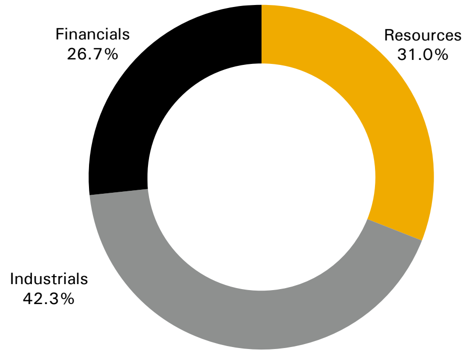
Broad market weakness has also provided us with the opportunity to diversify the portfolio by increasing our exposure to quality businesses outside of the resources space. These businesses, mentioned earlier in the commentary, importantly meet our quality criteria and are now attractively priced.

The net result is a robust portfolio which is still very much value-based, which still has exposure to compelling opportunities within resources but increasingly to other sectors as well, and also has a significant advantage in terms of a cash component to put to use as opportunities arise.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM EQUITY FUND

Quarterly Commentary - Period ended 31 December 2015

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen, Wilhelm Hertzog & 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	R49.7 million	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Benchmark (Bmk)	FTSE/JSE All Share Index		
		Total Expense Ratio (1 Year)	1.31% for the period ending 30 September 2015

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 circuwmstances 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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