QUARTERLY REPORT

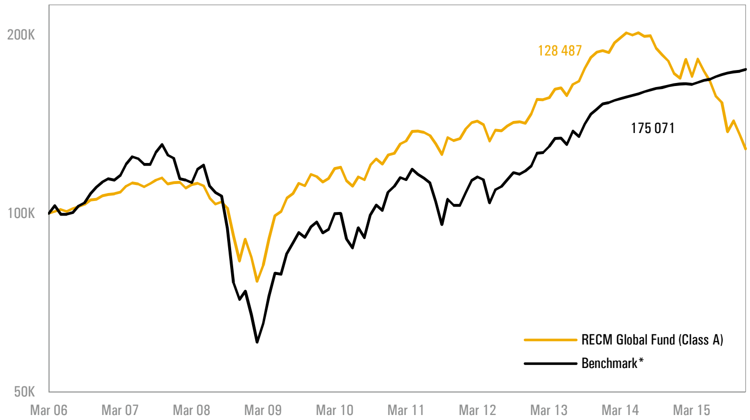
RECM GLOBAL FUND - DECEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Global A	Benchmark*
3 Months	-6.5%	1.4%
1 Year p.a.	-25.4%	6.1%
3 Years p.a.	-4.5%	13.4%
5 Years p.a.	0.5%	10.0%
Since inception (31 March 2006)	2.6%	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.

Positions which benefited returns in the last quarter:

- Russian domestic bank Sberbank
- Russian social media company Mail.ru
- US tech giant Microsoft

Positions which detracted from returns in the last quarter:

- Global diversified miner Anglo American Plc
- UK retailer Tesco
- Platinum producers Implats and Amplats

PERFORMANCE SUMMARY

The Fund returned -6.5% during the quarter, underperforming its benchmark, US CPI + 6% which returned +1.4% over the same period. For the calendar year, the fund returned -25.4%, compared to its inflation-based benchmark return of 6.1% and a comparable aggregate global equities return, as measured by the MSCI All Countries World Index (ACWI) of -1.9%.

Global markets rebounded somewhat during the last quarter with the MSCI ACWI delivering 5.03% for the period. Resource stocks remained under pressure, with the World Basic Resources Index down -4.9% and the Oil & Gas Index down –1.9% as energy prices hit their lowest levels since 2009. The Fund's exposure to resources was the major reason for the negative performance during the period.

Exposure to Russian stocks via Russian domestic bank Sberbank and social media group Mail.ru contributed to returns during the quarter. Mail.ru's stock price rose more than 50% over the past year in USD, with more than half of this in the final quarter. Similarly, Sberbank's share price rose over 40% over the past year in USD terms, and was up just under 20% in the last quarter alone. This is extraordinary given the depreciation of the Russian ruble over the same time period.

The portfolio's returns were dampened by a sizable and growing cash position over the year, providing a buffer to weak performance and preserving capital for that part of the portfolio

MARKET COMMENTARY

Global developed market stock markets rebounded slightly after their third quarter sell-off but this was dampened somewhat by further selling pressure towards the end of the year.

Over the course of 2015, U.S. stocks and U.S. bonds ended slightly positive for the year with the S&P 500 Index up 1.4% and the Barclays Aggregate Bond Index up 0.5% - whereas ex-U.S. stocks and bonds posted negative returns in USD terms due to a strengthening US dollar and global growth concerns. Emerging markets were the worst hit with the MSCI Emerging Market Index falling 14.9% for the year.

Global market volatility was fuelled by evidence of a slowdown of the Chinese economy and ongoing concern about the impact of this on commodity prices and resource-driven emerging markets. The European Central Bank (ECB) announced an extra six months of quantitative easing and a further deposit rate cut but despite this, market expectations for even more aggressive monetary policy were disappointed – leading the euro to strengthen and equity markets to fall at the start of December. Fears also arose, following the first U.S. rate hike after seven years of accommodative monetary policy, that the U.S. economy may not be able to sustain a new tightening regime.

MANAGEMENT ACTIONS

In the last quarter, the Fund increased its exposure to Standard Chartered Plc, a UK listed bank with predominantly Asian and Emerging Markets exposure, global government outsourcing company Serco Group, U.S. bank Wells Fargo and investment company Berkshire Hathaway – all of which have experienced selling pressure over recent months and have become more compelling as a result.

The Fund reduced exposure to Russian energy producer Gazprom, which has rallied strongly over the past quarter, and reduced exposure to U.S. natural gas producer Ultra Petroleum, acknowleging that its high levels of financial gearing at this point in the cycle poses risks to its business model, in favour of better capitalised energy stocks such as Total SA and Inpex.

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 which is better capitalised, has higher quality assets and is now also attractively priced having fallen almost 30% during the fourth quarter. 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 businesses that are assured of surviving the cycle due to access to capital and being on the lowest part of the cost curve.

TOP TEN HOLDINGS (%)

December 2015		September 2015	
Tesco Plc	4.9	Tesco Plc	5.7
American Int'l Group	3.7	Anglo American Plc	5.6
Mail.ru Group Ltd	3.7	Anglo Platinum Ltd	4.7
Serco Group	3.6	Impala Platinum Holdings Ltd	4.5
Wm Morrison Supermarkets	3.6	American Int'l Group	4.2
Inpex Corp	3.5	Sberbank Of Russia Adr	4.2
Standard Chartered Plc	3.4	OAO Gazprom ADS (LON)	3.7
Coach Inc	3.1	Inpex Corp	3.5
Anglo American Plc	2.8	Arcelormittal	3.2
Berkshire Hathaway Inc	2.7	Wm Morrison Supermarkets	3.2
Total	35.0	Total	42.5

ASSET EXPOSURE (%)

December 2015		September 2015	
Equity	61.0	Equity	70.1
Cash	38.9	Cash	29.3
Property	0.1	Property	0.6
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The RECM Global Fund is positioned well for the current market environment. The Fund retains exposure to the most compelling opportunities in the market, with a focus on higher quality businesses that are robust enough to withstand cyclical pressures. Broad market weakness has provided us with an opportunity to diversify further both within sectors and across sectors.

The portfolio also holds a healthy position in cash, which, at 38% of the Fund, is predominantly held in US dollars. In a market environment where risks are high and many assets are overpriced, as is typical after a bull market, our bottom-up value approach often sees cash at higher levels reflecting the scarcity of attractively priced, quality businesses. This 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.

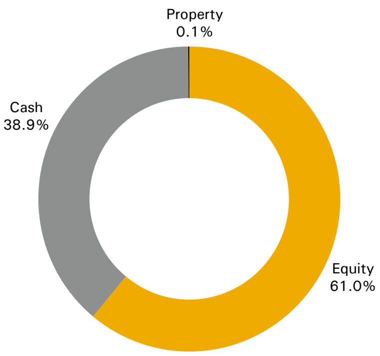
As mentioned last quarter, the commodity cycle has been far more severe and protracted than we anticipated, with some commodity prices such as platinum remaining at extremely low levels for far longer than even our pessimistic view anticipated. A normal capital cycle adjustment involves low commodity prices incentivising companies to ultimately cut back uneconomical production, which leads to capital being "withdrawn" from the industry through a material drop in supply. The imbalance between demand and supply ultimately plays a critical part in causing the cycle to turn.

To date however, although supply has been cut somewhat, producers have not responded as much as one would expect given commodity prices. Presumably producers themselves are hoping commodity prices will turn 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. The unfortunate result is that 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.

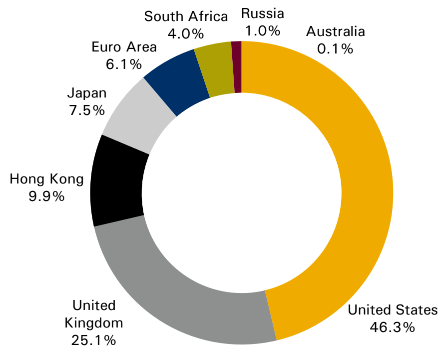
Broad market weakness has also provided us with the opportunity to diversify the portfolio by increasing our exposure to quality businesses outside of the resources space which have become even more attractively priced. These businesses, mentioned earlier in the commentary, also meet our quality criteria. Ultimately one seeks to build a portfolio where a positive outcome is not dependent on getting one singular theme or investment idea right. The portfolio is well-balanced in this regard.

The net result is a robust value portfolio which has exposure to compelling opportunities within resources but increasingly to other sectors, and also has the advantage of a sizable cash component to put to use when opportunities arise.

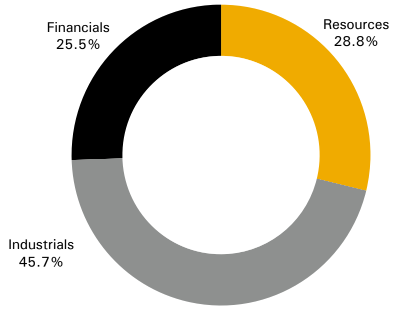
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen, Wilhelm Hertzog & Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	Global Multi Asset Flexible	Annual Fee	1.0%
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 $173.2 million	Total Expense Ratio	1.08% for the period ending 30 September 2015
Benchmark (Bmk)*	US CPI + 6% p.a.	Income Declarations	None

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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