

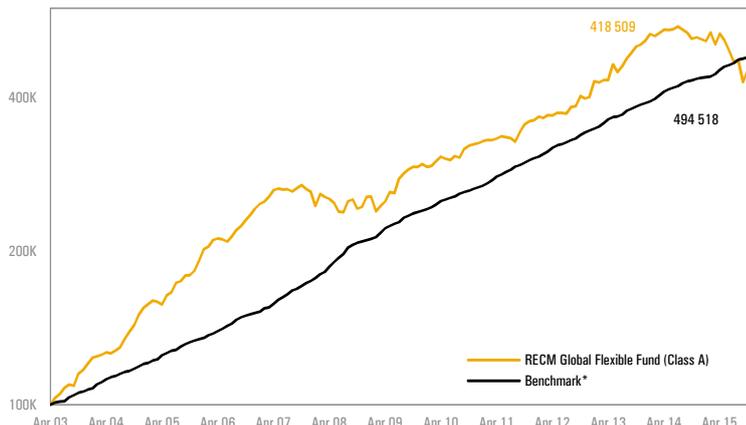
QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND - DECEMBER 2015

PERFORMANCE TABLE

Gross Returns	RECM Global Flexible A	*Benchmark CPIX then CPI + 6%
3 Months	-2.6%	1.8%
1 Year	-19.7%	10.8%
3 Years	1.4%	12.0%
5 Years	5.1%	12.7%
10 Years	8.1%	13.8%
Since inception (7 April 2003)	12.0%	13.4%

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
- Russian domestic bank Sberbank
- SA energy and chemicals company Sasol

Positions which detracted from returns in the last quarter:

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

PERFORMANCE SUMMARY

The Fund returned -2.6% during the quarter, underperforming its benchmark, SA CPI + 6% p.a. which returned +1.8% over the same period. For the calendar year, the Fund returned -19.7% versus its inflation-based benchmark which returned 10.8%.

Global markets rebounded somewhat during the last quarter but resource stocks continued to remain under pressure with the World Basic Resources Index down -4.9% in US Dollars and the Oil & Gas Index down -1.9% in US Dollars 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.

A significant position in Blue Label Telecoms, the leading distributor of prepaid airtime and electricity in South Africa, contributed to returns however. 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.

Exposure to Russian stocks via Russian domestic bank Sberbank and social media group Mail.ru also contributed to returns during the quarter. Mail.ru's stock price is up more 50% over the past year in USD, with more than half of this in the final quarter. Similarly, Sberbank's share price is up over 40% over the past year in USD terms, and was up just under 20% in the last quarter alone. These returns were bolstered further within the Fund by the depreciation of the rand over the same period.

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 hardest hit with the MSCI Emerging Market Index falling 14.9% in USD for the year. Locally, the JSE/FTSE All Share Index fared even worse, returning 1.9% in ZAR for 2015 but down 24% in USD.

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 local banks Nedbank and Standard Bank, which weakened along with the rest of the financial sector following Finance Minister Nene's dismissal. On the global side, the Fund also increased 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 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 Russian energy producer Gazprom, which has rallied strongly over the past quarter, and reduced exposure to U.S. natural gas producer Ultra Petroleum, acknowledging 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, 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	
Anglo American Plc	4.7	Impala Platinum Holdings Ltd	7.6
Impala Platinum Holdings Ltd	4.1	Anglo American Plc	7.2
BHP Billiton Plc	3.9	Anglo Platinum Ltd	7.0
RECM & Calibre Ltd	3.6	RECM & Calibre Ltd	3.3
Tesco Plc	3.3	Tesco Plc	3.3
Anglo Platinum Ltd	3.1	Hosken Cons Investments Ltd	3.2
Hosken Cons Inv Ltd	3.0	Naspers Stub	2.8
Standard Bank Group Ltd	3.0	Sberbank Of Russia Adr	2.3
Blue Label Telecoms	2.5	American Int'l Group	2.2
American Int'l Group	2.4	Blue Label Telecoms	2.2
Total	33.6	Total	41.1

ASSET ALLOCATION (%)

December 2015		September 2015	
SA Equity	41.6	SA Equity	36.2
Global Equity	33.5	Global Equity	37.1
Global Cash	11.1	Global Cash	19.0
SA Cash	6.5	SA Cash	0.9
SA Pref Shares	3.3	SA Pref Shares	3.6
SA Bonds	2.7	SA Bonds	3.1
SA Commodity	1.0	SA Commodity	0.0
Global Property	0.2	Global Property	0.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The RECM Global Flexible Fund currently has 56% exposure to offshore assets, with 19% in offshore cash. The remainder of the Fund includes local equity exposure of 36% with very small allocations to local cash and bonds. Despite rising again this quarter, yields are still not compelling enough to offer an attractive risk-adjusted real return proposition.

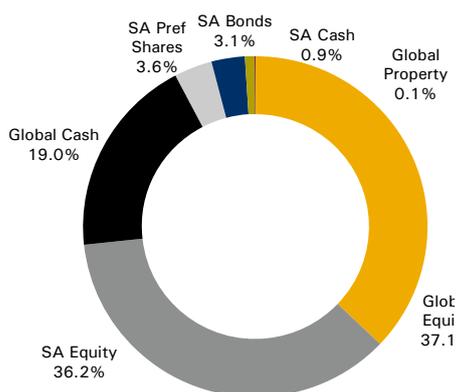
We believe the Global Flexible Fund is positioned well for the current market environment. The Fund retains exposure to the most compelling opportunities both locally and globally, with a focus on higher quality businesses that are robust enough to withstand cyclical pressures. Broad market weakness 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 20% 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 just over 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.

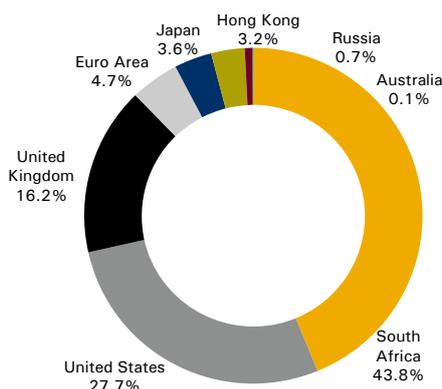
As mentioned last quarter, the commodity cycle has been far more severe than we anticipated. A normal capital cycle adjustment involves low commodity prices incentivising companies to cut back uneconomical production, leading to capital being "withdrawn" through a material drop in supply. The imbalance 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.

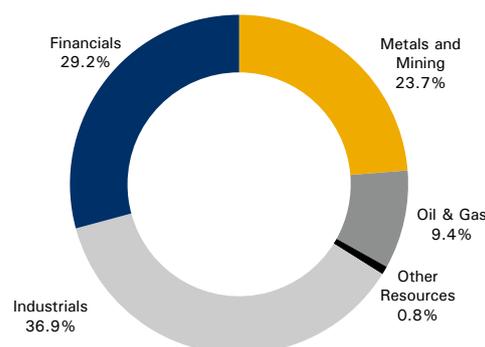
ASSET EXPOSURE (% OF FUND)



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	Worldwide Multi Asset Flexible	Annual Fee	1.0% (excl. VAT)
Fund Launch Date	3 April 2003	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Total Fund Size	R1.198 billion	Total Expense Ratio (1 Year)	-0.99% for the period ending 30 September 2015 (inclusive of a performance fee of -2.24%)
Benchmark (Bmk)*	SA CPI + 6% p.a.	Total Expense Ratio (3 Years)	1.39% for the period ending 30 September 2015 (inclusive of a performance fee of 0.0%)
Performance Hurdle	SA CPI + 8% p.a.		
Domicile	South Africa		

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.

Tel: +27 21 657 3440

Fax: +27 21 674 1088

Email: info@recm.co.za

Website: www.recm.co.za

Disclosures: Collective Investment Schemes in Securities (CIS) should be considered as medium-to long-term investments. The Manager does not provide any guarantee either with respect to the capital or the return of the Fund. The value of participatory interests (units) may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. These portfolios may be closed. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, STT, VAT, Auditor's fees, Bank Charges, Trustee and Custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (units) in issue. A schedule of fees, charges and maximum commissions is available on request from the management company. Commission and incentives may be paid and if so, would be included in the overall costs. These portfolios may be closed. Different classes of units may apply in a portfolio and are subject to different fees and charges.