

RECM

RECM Global Fund Limited

Report and financial statements

**For the year ended 31 March 2018
(Company Registered No. 44273)**

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RECM Global Fund Limited

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RECM Global Fund Limited

MANAGEMENT & ADMINISTRATION

Directors:

Benedict Peter Goronwy Morgan
James Bernard Tracey
Johannes Cornelis van Niekerk

Custodian:

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Principal Manager:

RECM Global Management Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Legal Advisors:

Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Investment Advisor:

Regarding Capital Management Proprietary
Limited
6th Floor, Claremont Central
8 Vineyard Road
Claremont, 7700
Cape Town
South Africa

Independent Auditors:

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4AF

**Administrator, Secretary, Designated
Manager and Registrar:**

JTC Fund Solutions (Guernsey) Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

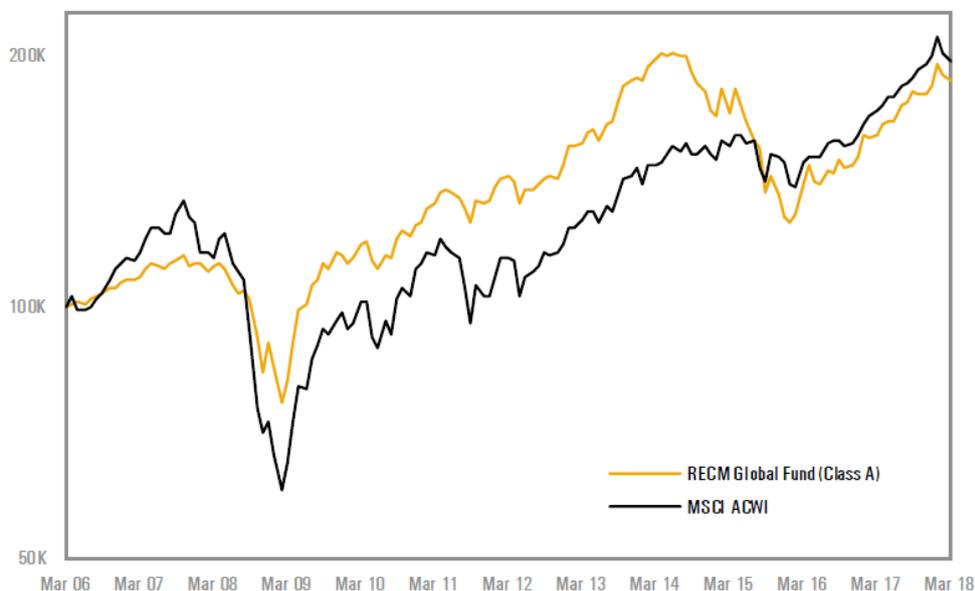
Registered Office:

Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

RECM Global Fund Limited

INVESTMENT ADVISOR'S REPORT

Performance net of fees and expenses



Performance review

The RECM Global Fund outperformed its benchmark for the year.

Positions which benefited returns:

- British retailer Tesco
- Luxury accessories retailer Tapestry
- Energy producers Inpex and BP

Positions which detracted from returns:

- Platinum producer Implats
- Outsourcing firm Serco Group
- Telecoms company Liberty Latin America

Performance Table

Net Returns	RECM Global A	Benchmark*
3 Months	-1.2%	3.0%
1 Year p.a.	16.5%	8.3%
3 Years p.a.	3.2%	8.1%
5 Years p.a.	3.6%	10.0%
10 Years p.a.	5.3%	6.4%
Since inception (31 March 2006)	5.4%	6.3%

*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.

INVESTMENT ADVISOR'S REPORT (continued)

Performance (continued)

The Fund returned 16.5% during the year outperforming its benchmark of US CPI + 6% which delivered 8.3% over the same period.

British retailer Tesco's share price continued to affirm evidence of the company's turnaround, with the share price up over 20% in US dollars, bolstered by a strengthening pound.

Luxury accessories retailer Tapestry (formerly known as Coach) saw its share price rise strongly during the year, underpinned by continued evidence that its turnaround strategy is gaining traction. Tapestry had a stellar year, with improved fundamental performance, elevated brand positioning, and the acquisition of fashion design house Kate Spade being bedded down.

Crude oil prices rose over 70% during the year from \$40 to \$70 per barrel after OPEC-led production cuts were extended into 2018, and with the global cycle appearing to be in full swing. This boosted energy stocks in the Fund such as Inpex and BP.

Platinum producer Implats remained under pressure however after reporting a full-year loss of R8bn. CEO Muller once again reduced targets on output, and extended timing on the ramp-up of the Rustenburg lease area, with indication of further restructuring and job cuts to come.

The collapse of UK construction firm Carillion caused greater scrutiny of other private contractors to the UK government such as Serco, who maintain railways and run immigration detention centres, putting pressure on Serco's share price.

Market commentary

US equities continued to rally with the S&P500 Index up 14% over the year, buoyed by positive economic data and news of tax reforms, with US business confidence reaching a multi-decade high in March. However, towards the end of the first quarter, there was an increase in volatility as investors began to anticipate inflation, and with this the possibility of higher than expected rate increases, in addition to concerns over the impact of new trade tariffs.

European and UK equities also performed well with the MSCI Europe Index up 17.4% and the FTSE All Share Index up 13.6% for the year in dollar terms.

Emerging market equities were the top performers however, as measured by the MSCI Emerging Markets Index which returned 24.9% for the year driven by steady global growth, US dollar weakness, continuing momentum in the Chinese economy and the sustained pickup in commodity prices.

Rising interest rates halted US bond returns, with the Fed raising the Fed funds target to 1.75% with its sixth hike since it began tightening in late 2015. Yields rose not only in the US, but in Europe and the UK as well – with all three yield curves flattening in expectation of rising short-term interest rates.

Management actions

New stocks introduced during the year included retailers Williams-Sonoma and Next Plc as well as telecommunications companies BT Group and Liberty Latin America.

Williams-Sonoma is a specialty homeware retailer in the US, and a world leader in omni-channel sales with more than half their sales coming from online. A depressed US retail environment effectively afforded us the opportunity to buy this high quality, well-run business at a PE of around 13. For a company with a track record of generating returns on equity (ROE) in excess of 18%, paying a 3.4% dividend yield, and with a long growth runway left, this is a bargain.

INVESTMENT ADVISOR'S REPORT (continued)

Management actions (continued)

Next Plc is the UK's largest clothing retailer on the high street, as well as online, having grown organically with bargaining power supported by good merchandising and capital allocation. Next has faced pressure due to zero real wage growth weighing heavily on clothing sales. Margins should improve from current levels as the cycle turns, with online growth remaining in the double digits.

BT Group (formerly British Telecom) already provides approximately 80% of the telecommunications infrastructure in the UK. Furthermore, given their acquisition of EE mobile in 2016, they are able to offer customer bundles which cover a full suite of products including broadband, mobile, pay TV and landlines. We expect that this integration and harnessing of revenue synergies should help to increase customer retention, and increase margins and returns to shareholders.

Liberty Latin America (LILA) was spun out of Liberty Global in 2018. The company represents the Latin American and Caribbean assets of John Malone's Liberty empire. LILA is already a leading telecommunications operator in Latin America and is poised to benefit from tailwinds due to its positioning in the market, and its physical infrastructure. Another factor which works in the company's favour is that shareholders have no expectation of dividends, allowing the company to invest instead in the expansion of the business. Given still low levels of penetration and the fragmented nature of this market, we believe LILA will prove to be a good investment at current prices.

Fund positioning

The Fund's equity allocation ended the year at 75%, with the cash portion of the portfolio making up 25%. This includes a 10% position in Japanese yen, and an 11% position in sterling. Despite the fact that both of these currencies strengthened somewhat during the quarter, they still significantly undervalued on a purchasing power parity basis versus the US dollar.

Being bottom-up value investors first and foremost, we make our allocations on a case-by-case basis depending on where quality and value collide in the global opportunity set. From a portfolio construction perspective however, we ensure too that the resulting portfolio is as diversified as possible when viewed in totality. Ideally, we want as many investment ideas as possible, across as many geographies, sectors and industries, such that investment success is never overly reliant on any one particular investment thesis being proven correct within a particular frame of time.

Fortunately, over the past two years, the global market has offered up a number of interesting and diverse opportunities to own good businesses that are trading at attractive prices, often because they have simply been overlooked in favour of the bigger, headline-grabbing stocks of the moment. As this opportunity set has opened up, the Fund has been able to introduce a significant amount of new investments to the portfolio, whilst at the same time reducing exposure to the resources sector, which has more than doubled since the beginning of 2016. The end result is a portfolio of assets which is more diversified than before, and increasingly, in higher quality companies than before.

The RECM Global Fund has kept up with a very buoyant global equity market over the past 2 years, but has done so with a value-based portfolio positioned very differently from the MSCI AC World Index. This is significant because if value investors are correct about the current distortions and overvaluations in the global market, being positioned similarly to the market at this point in time carries with it significant risk of permanent capital loss. The Fund now holds 19% of equity in resource stocks, with 26% in financial stocks and 55% in a wide array of diverse, quality industrial businesses around the world.

The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We continue to believe these assets still do not adequately compensate investors for their commensurate risk.

RECM Global Fund Limited

INVESTMENT ADVISOR'S REPORT (continued)

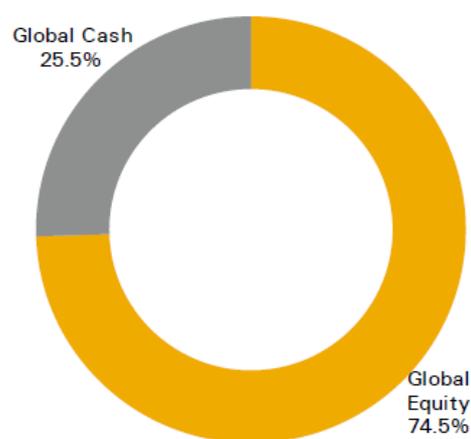
Fund positioning (continued)

The Global Fund is a robust, diversified portfolio of high quality but undervalued stocks, with the advantage of a meaningful cash component to put to use as opportunities arise. With the value cycle still in early stages, there is further value to be unlocked by investors who stay the course. In the long run it has been proven that over multiple market cycles there is no factor as important to subsequent investment returns as starting valuations. Investment success over time favours those who have the patience and willingness to hold stocks trading at prices well below what they are fundamentally worth. The Global Fund offers investors the opportunity to capitalise on this enduring investment truth.

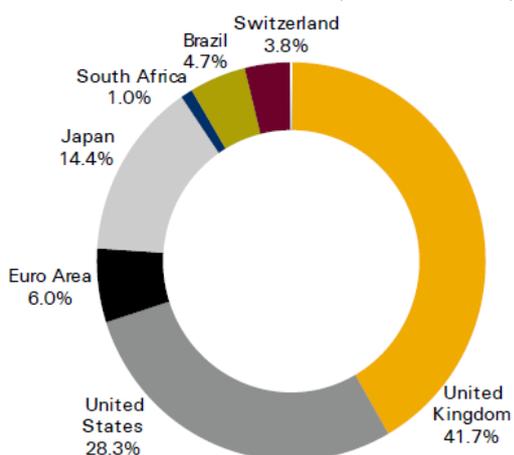
TOP TEN HOLDINGS (%)

March 2018	
Tesco PLC	7.0
Berkshire Hathaway	6.1
Williams-Sonoma	4.6
Tapestry Inc	4.4
Hugo Boss	3.6
Inpex Corp	3.4
Standard Chartered PLC	3.3
Anglo American PLC	3.0
Swatch Group	2.7
BHP Billiton PLC	2.5
Total	40.6

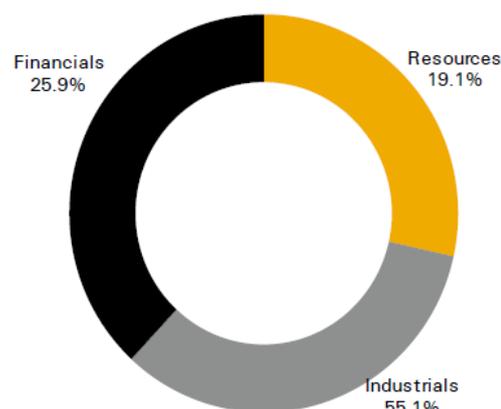
ASSET EXPOSURE (% OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF FUND)



Regarding Capital Management (Pty) Ltd

Date:

RECM Global Fund Limited

PERFORMANCE RECORD

The table below summarises the financial highlights per share class, per share in issue for the year ended 31 March 2018:

	31 March 2018				
	A Class	B Class	C Class	D Class	E Class
Change in net asset per share (US\$)					
Opening net asset value per share	16.08	12.51	8.68	8.18	12.55
Income before operating charges ^{1**}	2.82	2.19	1.55	1.44	2.20
Operating charges ²	(0.21)	(0.23)	(0.09)	(0.10)	(0.19)
Income after operating charges ³	2.61	1.96	1.46	1.34	2.01
Closing net asset value per share	18.69	14.47	10.14	9.52	14.56
**After transaction fees of: ⁶	0.05	0.03	0.03	0.02	0.03
Performance					
Return after charges ⁴	16.23%	15.67%	16.82%	16.38%	16.02%
Other information					
Closing net asset value (US\$)	58,300,676	11,536,179	22,564,799	30,929,544	94,434
Closing number of shares	3,118,682	797,491	2,224,465	3,249,332	6,487
Operating charges percentage ⁵	1.16%	1.69%	0.65%	1.05%	1.40%
Transaction fee ⁷	0.26%	0.24%	0.22%	0.23%	0.22%
Prices					
Highest share price	19.80	15.34	10.73	10.08	15.42
Lowest share price	16.03	12.47	8.65	8.15	12.51

The table below summarises the financial highlights per share class, per share in issue for the year ended 31 March 2017:

	31 March 2017				
	A Class	B Class	C Class	D Class	E Class
Change in net asset per share (US\$)					
Opening net asset value per share	14.02	10.97	7.53	7.12	10.96
Income before operating charges ^{1**}	2.23	1.73	1.20	1.14	1.75
Operating charges ²	(0.17)	(0.19)	(0.05)	(0.08)	(0.16)
Income after operating charges ³	2.06	1.54	1.15	1.06	1.59
Closing net asset value per share	16.08	12.51	8.68	8.18	12.55
**After transaction fees of: ⁶	0.04	0.03	0.01	0.02	0.03

RECM Global Fund Limited

PERFORMANCE RECORD (continued)

	31 March 2017				
	A Class	B Class	C Class	D Class	E Class
Performance					
Return after charges ⁴	14.63%	14.03%	15.21%	14.77%	14.36%
Other information					
Closing net asset value (US\$)	73,434,348	12,026,075	28,654,919	28,731,530	81,401
Closing number of shares	4,568,151	961,696	3,301,634	3,513,891	6,487
Operating charges percentage ⁵	1.42%	1.94%	0.78%	1.32%	1.65%
Transaction fee ⁷	0.27%	0.27%	0.17%	0.28%	0.26%
Prices					
Highest share price	16.15	12.57	8.71	8.21	12.61
Lowest share price	13.20	10.31	7.10	6.71	10.32

The table below summarises the financial highlights per share class, per share in issue for the year ended 31 March 2016:

	31 March 2016				
	A Class	B Class	C Class	D Class	E Class*
Change in net asset per share (US\$)					
Opening net asset value per share	17.04	13.40	9.11	8.65	10.00
Income before operating charges ^{1**}	(2.85)	(2.23)	(1.52)	(1.45)	1.01
Operating charges ²	(0.17)	(0.20)	(0.06)	(0.08)	(0.05)
Income after operating charges ³	(3.02)	(2.43)	(1.58)	(1.53)	0.96
Closing net asset value per share	14.02	10.97	7.53	7.12	10.96
**After transaction fees of: ⁶	0.06	0.03	0.02	0.02	0.00
Performance					
Return after charges ⁴	(17.69%)	(18.12%)	(17.27%)	(17.60%)	9.74%
Other information					
Closing net asset value (US\$)	101,644,405	12,827,335	3,527,318	53,536,718	71,185
Closing number of shares	7,248,206	1,169,650	432,402	7,513,511	6,487
Operating charges percentage ⁵	1.10%	1.63%	0.59%	1.00%	0.37%
Transaction fee ⁷	0.39%	0.24%	0.27%	0.26%	0.04%
Prices					
Highest share price	18.57	14.59	9.93	9.43	11.07
Lowest share price	11.73	9.19	6.30	5.96	9.19

*The performance of the E Class shares is for the period from 23 December, 2015 to 31 March 2016.

PERFORMANCE RECORD (continued)

Notes

1. Income before operating charges:
Calculated as the “Return after operating charges” plus “operating charges.”
2. Operating charges:
The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year.
3. Income after operating charges:
Calculated as the “closing net asset value per share” plus the “distributions” minus the “opening net asset value per share.” The Fund is not a distributing fund therefore no distributions have been taken into account.
4. Return after charges:
Calculated as the “income after operating charges” per share divided by the “opening net asset value per share.”
5. Operating charges percentage:
The Operating Charges shows the relevant annualised operating expenses from the most recent reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
6. Total direct transaction costs expressed by reference to the average of the number of units in issue at each valuation point during the financial year.
7. Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the financial year.

RECM Global Fund Limited

PORTFOLIO STATEMENT

As at 31 March 2018

	Holding	Fair Value of Holding US\$	% of Net Assets
Brazilian Real (2017: 0.72%)			
Itau Unibanco Holdings	163,329	2,521,486	2.04
Kroton Educacional	391,300	1,598,825	1.29
Porto Seguro	95,800	1,399,413	1.13
		5,519,724	4.47
Swiss Franc (2017: 3.99%)			
Richemont Financiere	15,849	1,419,392	1.15
Swatch Group	7,484	3,293,398	2.67
		4,712,790	3.82
Euro (2017: 9.20%)			
Hugo Boss AG	50,571	4,400,902	3.57
Sonae SGPS SA	1,111,062	1,496,252	1.21
Uniqqa Insurance	128,662	1,488,200	1.20
		7,385,354	5.98
Japanese Yen (2017: 4.26%)			
Inpex Corporation	339,349	4,132,176	3.35
Sawai Pharmaceutical	27,800	1,214,208	0.98
		5,346,384	4.33
South African Rand (2017: 5.15%)			
Reinet Investments	67,131	1,302,365	1.06
		1,302,365	1.06
United Kingdom Pound (2017: 31.16%)			
Admiral Group	96,721	2,501,265	2.03
Anglo American	156,385	3,643,411	2.95
BHP Billiton	159,018	3,130,571	2.54
BP	208,545	1,401,885	1.14
BT Group	379,621	1,211,245	0.98
Carpetright	544,023	311,367	0.25
Next	23,794	1,588,136	1.29
Playtech	127,824	1,313,636	1.06
Randgold Resources	7,700	635,132	0.51
Rolls Royce Holdings	110,313	1,348,466	1.09
Rotork	387,731	1,545,790	1.25
Royal Bank of Scotland Group	805,137	2,921,877	2.37
Serco Group	1,165,150	1,440,787	1.17
Sports Direct International	273,722	1,411,116	1.14
Standard Chartered	406,491	4,063,427	3.29
Tesco	2,983,598	8,613,535	6.98
		37,081,646	30.04

RECM Global Fund Limited

PORTFOLIO STATEMENT (continued)

As at 31 March 2018

	Holding	Fair Value of Holding	% of Net Assets
		US\$	
United States Dollar (2017: 22.40%)			
Anglogold Ashanti	68,642	651,413	0.53
Barrick Gold Corporation	50,217	625,202	0.51
Berkshire Hathaway	25	7,490,000	6.07
Gazprom	524,839	2,553,342	2.07
Liberty Latin America	143,314	2,786,024	2.26
Mail.Ru Group	36,653	1,281,389	1.04
Newmont Mining	19,083	745,764	0.60
Tapestry Incorporated	101,802	5,354,785	4.34
Textainer Group Holdings	114,779	1,939,765	1.57
Williams-Sonoma Incorporated	107,214	5,656,611	4.58
X5 Retail Group	39,502	1,326,477	1.07
		30,410,772	24.64
Total Investments		91,759,035	74.34
Other Net Assets		31,666,597	25.66
Total Net Assets		123,425,632	100.00

All of the above investments are listed investments on a recognised stock exchange.

RECM Global Fund Limited

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31 March 2018.

Activities

The Fund is an open-ended investment company registered with limited liability in Guernsey on 31 January, 2006 with registration number 44273 and has obtained authorisation from the Guernsey Financial Services Commission under the Authorised Collective Investment Schemes (Class B) Rules, 2013 (the “new Class B Rules”) (previously; Collective Investment Schemes (Class B) Rules, 1990) and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The registered office is disclosed on page 3.

The Fund was established to achieve long-term capital appreciation primarily through investing in securities listed on recognised exchanges around the world; these assets will primarily consist of listed equity investments.

The name of the Fund was changed from RE:CM Global Fund Limited to RECM Global Fund Limited on 18 December, 2013. On 2 January, 2014 RECM Global Management Limited (“the Principal Manager”) was appointed Principal Manager of the Fund. Under the terms of the Management Agreement between the Fund and the Principal Manager, the Principal Manager will receive fees from the Fund as set out in Note 10 of the Financial Statements.

Net asset value

At 31 March 2018 the net asset value of the Fund was US\$ 123,425,632 (2017: US\$ 142,928,273) being US\$ 13.14 (2017: US\$ 11.57) per share.

Results and dividend

The results for the year ended 31 March 2018 are set out in the Statement of Total Return on page 18.

No dividend is proposed for the year ended 31 March 2018 (2017: US\$ Nil).

Directors

The Directors who held office during the year and up to the date of this report are:

Benedict Peter Goronwy Morgan
James Bernard Tracey
Johannes Cornelis van Niekerk

Directors’ and other interests

The Directors are also directors of the Principal Manager. Advocate Morgan is a partner in the firm of Carey Olsen (Guernsey) LLP, Legal Advisors to the Fund. Mr Tracey is a director of JTC Fund Solutions (Guernsey) Limited who acted as Administrator and Secretary during the year. Mr van Niekerk is the co-owner, Chief Executive Officer and Chief Investment Officer of Regarding Capital Management (Pty) Ltd, the Investment Advisor of the Fund and he is a director of RECM Global Management Limited, the appointed Manager of the Fund.

REPORT OF THE DIRECTORS (continued)

Disclosure of information to auditors

The Directors who held office at the date of approval of this directors' report confirm that, in so far as they are each aware, there is no relevant audit information of which the Fund's auditors are unaware; and each Director has taken all the necessary steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

Going concern

The financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Fund has significant net assets, minimal creditors and is not dependent on any external finance or support from other group companies.

The Directors have reviewed the cash flow and projected income and expenses over the next twelve months and deemed that the Fund has adequate financial resources to meet its obligations.

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and United Kingdom Accounting Standards. The Companies (Guernsey) Law 2008, as amended requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the profit or loss of the Fund for that year. In preparing those financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors confirm that they have complied with the above when preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008, the Protection of Investors (Bailiwick of Guernsey) Law, 1987, the Authorised Collective Investment Schemes (Class B) Rules, 2013 and the Principal Documents. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution to reappoint Ernst & Young LLP as auditors of the Fund will be proposed at the next Annual General Meeting.

Director: James Tracey

Director: Benedict Morgan

Date: 19 July 2018

RECM Global Fund Limited

REPORT OF THE CUSTODIAN

In our opinion, the Principal Manager of the Company, RECM Global Management Limited has in all material respects managed the Company for the year ended 31 March 2018 in accordance with the provisions of the principal documents, scheme particulars and the Authorised Collective Investment Schemes (Class B) Rules, 2013.

Northern Trust (Guernsey) Limited
as Custodian of
RECM Global Fund Limited

Date: 20 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECM GLOBAL FUND LIMITED

Opinion

We have audited the financial statements of RECM Global Fund Limited (“the Company”) for the year ended 31 March 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets attributable to Participating Redeemable Preference Shareholders, the Balance Sheet and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Ireland”.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the Company’s affairs as at 31 March 2018 and of the Company’s total return for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Ireland”; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECM GLOBAL FUND LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the Company; or
- ▶ the financial statements are not in agreement with the Company's accounting records and returns;
or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and Paragraph 4.02(3) of the Authorised Collective Investment Schemes (Class B) Rules, 2013. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or the opinions we have formed.

RECM Global Fund Limited

STATEMENT OF TOTAL RETURN

For the year ended 31 March 2018

	Notes	For the year ended 31 March 2018 US\$	For the year ended 31 March 2017 US\$
Net capital gain	1(e);2	21,541,429	22,216,790
Revenue	3	2,467,334	1,872,389
Expenses	4	(1,530,778)	(1,867,955)
Net revenue before taxation		936,556	4,434
Taxation – securities tax	5	(76,517)	-
Taxation – withholding tax	5	(368,626)	(325,201)
Net revenue after taxation		491,413	(320,767)
Change in net assets attributable to participating redeemable preference shareholders from investment activities		22,032,842	21,896,023
Basic & diluted earnings per share		1.95	1.50

The attached notes form an integral part of these financial statements.

RECM Global Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTICIPATING REDEEMABLE PREFERENCE SHAREHOLDERS

For the year ended 31 March 2018

	Notes	31 March 2018 US\$	31 March 2017 US\$
Net assets at the beginning of the period		142,928,273	171,336,961
Amounts received on issue of participating redeemable preference shares		3,346,368	28,767,167
Amounts paid on redemption of participating redeemable preference shares		<u>(44,881,851)</u>	<u>(79,071,878)</u>
		(41,535,483)	(50,304,711)
Change in net assets attributable to participating redeemable preference shareholders from investment activities		22,032,842	21,896,023
Net assets at the end of the period		<u>123,425,632</u>	<u>142,928,273</u>

The results for the year are derived from continuing operations.

The attached notes form an integral part of these financial statements.

RECM Global Fund Limited

BALANCE SHEET

At 31 March 2018

	Notes	31 March 2018 US\$	31 March 2017 US\$
Fixed Assets			
Investments	1(e), 12	91,759,035	118,828,058
Current Assets			
Debtors	7	286,950	122,097
Cash and bank balances		31,517,791	24,764,754
		31,804,741	24,886,851
Total Assets		123,563,776	143,714,909
Current liabilities			
Creditors	8	138,144	147,570
Bank overdraft		-	639,066
		138,144	786,636
Net assets attributable to shareholders of Participating Redeemable Preference shares		123,425,632	142,928,273
Equity			
Management shares	6	1,000	1,000

The financial statements on pages 18 to 32 were approved by the Board of Directors on 19 July 2018 and signed on its behalf by:

Director: James Tracey

Director: Benedict Morgan

The attached notes form an integral part of these financial statements.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 Principal Accounting Policies

a) The Fund

The Fund is an open-ended investment company with limited liability registered in Guernsey on 31 January, 2006 with registration number 44273 and has been authorised by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended. The registered office is disclosed on page 3.

The Fund was established to achieve long-term capital appreciation primarily through investing in securities listed on recognised exchanges around the world; these assets will primarily consist of listed equity investments.

b) Basis of Preparation

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, as modified in accordance with the Statement of Recommended Practice “Financial Statements of Authorised Funds”, issued by the Investment Association, (the “IA SORP”) in May, 2014.

The Financial Reporting Council issued “Amendments to FRS 102” in March 2016 which amends the valuation hierarchy disclosures in section 34 to align with the existing International Financial Reporting Standard (“IFRS”) 13. These changes are effective for periods commencing on or after 1 January 2017.

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments.

The financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Fund has significant net assets, minimal creditors and is not dependent on any external finance or support from other group companies.

c) Revenue

Dividend income is recognised when the Fund’s right to receive payment is established and is shown gross of withholding taxes.

Interest income is recognised as interest accrues using the effective interest method.

d) Expenses

Expenses are accounted for on an accrual basis.

e) Investments at fair value through profit or loss

In accordance with the "IA SORP", listed investments are stated at bid-market prices ruling at the balance sheet date. Unrealised gains and losses on valuation of investments are recorded in the Statement of Total Return. Realised gains and losses on disposals of investments are also shown in the Statement of Total Return.

f) Foreign currencies

These financial statements are presented in U.S. Dollars which is the functional and presentation currency of the Fund.

Monetary assets and liabilities, including investments at valuation, are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date. Investment transactions and income and expenditure items are translated at the rate of exchange ruling at the date of the transactions. Differences on foreign exchange are recorded in the Statement of Total Return.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

1 Principal Accounting Policies (continued)

g) Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

h) Cash flow statement

The Fund is exempt from the requirement to produce a cash flow statement in accordance with Section 7 of FRS 102.

i) Participating Redeemable Preference Shares (“Participating Shares”)

In accordance with Section 22 of FRS 102 redeemable participating shares are classified as financial liabilities. Distributions on these shares are recognised as in the Statement of Total Return as finance costs.

j) Valuation date

The valuation date of the Fund was 29 March 2018.

2 Net capital gain

	For the year ended 31 March 2018 US\$	For the year ended 31 March 2017 US\$
Investments:		
Realised gains / (loss)	8,455,372	(1,650,895)
Unrealised gain	9,606,773	26,283,920
Transaction fees	(343,494)	(436,030)
Realised and unrealised gain / (loss) on currency contracts	86,566	(127,636)
Movement in unrealised foreign exchange gain / (loss)	2,206,652	(1,885,317)
Realised foreign exchange gain	1,529,560	32,748
	21,541,429	22,216,790
	2018	2017
Average portfolio dealing spread	0.10%	0.13%

This spread is the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

3 Revenue

	31 March 2018 US\$	31 March 2017 US\$
Dividend income	2,448,194	1,855,618
Interest income	19,140	16,771
	2,467,334	1,872,389

4 Expenses

Payable to principal manager and associates

Management fee	1,287,103	1,575,498
Directors' fees	26,486	26,136
	1,313,589	1,601,634

Payable to custodian and associates

Custodian fee	83,438	91,909
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Other expenses

Auditor's remuneration	31,360	15,747
Insurance expenses	8,534	8,585
General expenses	23,240	20,089
ADR fees	-	5,857
Legal and professional fees	268	51,216
Printing and stationery	149	895
Regulatory expenses	5,874	5,665
Interest expense	64,326	66,358
	133,751	174,412
	1,530,778	1,867,955

5 Taxation

As the Fund has been granted exemption from Guernsey Income Tax by States of Guernsey Income Tax, their only liability is an annual fee which was fixed at £1,200 per annum. As a publicly available fund, it will continue to be eligible to apply for exempt status, and liable for the annual fee if it chooses to do so.

All income is included in the financial statements gross of any withholding tax in accordance with Section 29 of FRS 102, Income Tax.

Withholding tax on investment income is imposed by certain countries.

As per Decree 6,306/2007, Brazil imposes Tax on Financial Operations "IOF", which is a federal tax levied on credit (including intercompany loans), foreign exchange, insurance and securities transactions.

The tax base varies according to the taxable event and the financial nature of the transaction, and rates vary depending on the type of transaction and maturity terms, if applicable.

For securities transactions, the IOF tax rate varies from 0% to 1.5% per day, depending on the type of investment. Generally, IOF on securities is charged at 1% per day on the value of redemption, cession or refinancing, limited to the gains of the operation.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

6	Share capital and share premium	2018	2017
		US\$	US\$
	Authorised and issued share capital		
	1,000 Management Shares of US\$ 1.00 each	1,000	1,000
		1,000	1,000

There are also an unlimited number of Authorised Participating Shares of No Par Value.

Issued:

**Participating shares of
US\$ nil each**

No. of shares

	Class A	Class B	Class C	Class D	Class E	Total
Balance at 31 March 2017	4,568,151	961,696	3,301,634	3,513,891	6,487	12,351,859
Issued during the year	38,921	36,634	87,821	145,496	-	308,872
Redemptions during the year	(1,488,390)	(200,839)	(1,164,990)	(410,055)	-	(3,264,274)
Balance at 31 March 2018	3,118,682	797,491	2,224,465	3,249,332	6,487	9,396,457

Management Shares

The Management Shares may only be issued at par and to the principal manager for the time being of the Fund. The rights attaching to the Management Shares are as follows:-

(i) **Voting Rights:**

Management Shares carry no right to vote unless there are no other shares then in issue.

(ii) **Dividends and distribution of assets on winding up:**

The Management Shares carry no right to receive any distribution whether by way of dividend, return of capital or otherwise other than the return (on a winding up) of the issue price paid on such Management Shares.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

6 Share capital and share premium (continued)

Management Shares (continued)

(iii) Redemption:

The Management Shares are not redeemable and may be compulsorily repurchased, at a price equivalent to their par value, if they are not held by the Principal Manager.

Participating Shares

The rights attaching to the Participating Shares are as follows (all these conditions are applicable to Classes A, B, C, D and E):

(i) Voting Rights:

On a show of hands, every holder of Participating Shares who (being an individual) is present in person or by proxy or by a duly authorised representative shall have one vote and, on a poll, every holder of Participating Shares present in person or by proxy or by a duly authorised representative shall have one vote for every whole Participating Share held by him and a further part of one vote proportionate to any fraction of a Participating Share held by him.

(ii) Dividends:

The shareholders may from time to time by Ordinary Resolution declare dividends payable to holders of Participating Shares up to an amount recommended by the Directors. The Directors may from time to time if they think fit pay interim dividends on Participating Shares as appear to the Directors to be justified by the profits of the Fund. The rate of dividend on the Participating Shares in respect of any Annual Accounting Period of the Fund (as defined in the Articles) shall be calculated by the Directors and shall be arrived at by dividing the amount of income after tax attributable to the Participating Shares which the Directors deem advisable for distribution divided by the number of Participating Shares entitled to the dividend.

(iii) Winding Up:

On a winding up, the assets available for distribution shall be paid to the shareholders of Participating Shares in proportion to the number of Participating Shares held subject to the payment to the holders of the Management Shares of the nominal amount paid up thereon.

(iv) Redemption:

The Participating Shares may be redeemed by Shareholders on any Dealing Day at a price based on the Net Asset Value of such Participating Shares.

7 Debtors	2018	2017
	US\$	US\$
Dividend income	271,402	105,374
Prepayments	15,548	16,723
	286,950	122,097

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

8	Creditors	2018	2017
		US\$	US\$
	Auditors' remuneration	27,311	18,907
	Custodian fees	5,273	6,415
	Directors' fees	6,957	3,126
	Management fees	98,433	118,968
	Other	170	154
		138,144	147,570

9	Earnings per share	2018	2017
		US\$	US\$
		1.97	1.50

The Earnings Per Share is based on the net increase in amounts due to Shareholders from investment activities and on the Weighted Average Number of Shares in issue for the year 11,279,705 (2017: 14,566,689).

As at 31 March 2018

	Class A	Class B	Class C	Class D	Class E
Profit per share class (US\$)	14.25	(4.26)	(19.50)	4.62	6.53
Profit (US\$)	55,160,383	(3,693,361)	(44,750,000)	15,273,438	42,381
Weighted average number of shares per class	3,871,444	867,791	2,294,587	3,305,653	6,487

As at 31 March 2017

	Class A	Class B	Class C	Class D	Class E
Profit per share class (US\$)	2.02	1.58	0.98	1.06	1.48
Profit (US\$)	12,504,623	1,656,496	713,521	7,011,789	9,594
Weighted average number of shares per class	6,178,266	1,048,390	731,303	6,642,420	6,487

10 Transactions with related parties

Management fees

The Fund pays the Principal Manager a management fee equal to 1% per annum of the Net Asset Value of the "A" share class, 1.50% of the Net Asset Value of the "B" share class, 0.50% of the Net Asset Value of the "C" share class, 0.90% of the Net Asset Value of "D" share class and 1.25% of the Net Asset Value of the "E" share class. The management fee is calculated daily on each valuation day and shall be paid pro-rata for any period shorter than the month in respect of which such fee is payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

10 Transactions with related parties (continued)

Performance fee

The Principal Manager is also entitled to a performance fee in respect of the “A” Share class and “B” Share class. There is no performance fee payable in respect of the “C” Share class, “D” Share class and “E” Share class.

From the date on which the Fund first issues Shares of any class, a performance related charge is levied based on the return of the relevant class of the Fund. The performance related charge is positive in the case of out performance of the Daily Performance Hurdle (in which case, a fee is charged to the relevant class of the Fund) or negative in the case of under performance of the Daily Performance Hurdle (in which case, a fee is refunded to the relevant class of the Fund). The payment of this performance fee is withheld for sixty months, allowing the fund to build up a performance fee accrual (“the Accrual”). Shareholders are refunded performance fees out of the Accrual should the Principal Manager under perform the Daily Performance Hurdle.

The daily performance fee charge/refund is calculated as an amount equal to 20% of any increase/(decrease) in the Fund’s Return above/(below) the Daily Performance Hurdle, after the deduction of the Principal Managers fee. A daily calculated performance fee refund is only possible to the extent that there is a positive Accrual (a fee owing to the Principal Manager, but not yet paid) in the relevant class of the Fund. The Accrual may never be negative (it may not be an asset in the relevant class of the Fund). The Accrual increases and decreases with the daily performance fee charges or refunds respectively.

Prior to 2 January, 2014, the Daily Performance Hurdle was based on the MSCI World Index plus 2.5% per annum and the accrual was calculated since inception of the Fund. From 2 January, 2014, the Daily Performance Hurdle is based on the US Consumer Price Index for All Urban Consumers plus 8% per annum and the performance measurement period is based on a rolling 5 year period.

The payment of the performance fee to the Principal Manager reduces the Accrual. The value of the Performance Fee paid to the Principal Manager each month end will be equal to one twelfth of the accrued performance fee at the end of each month. The first performance fee payment (if any such payment is due) will occur at the end of the sixtieth month following the date on which the relevant class of the Fund first issued Shares.

The Directors are permitted to write back into the relevant class of the Fund any part of the performance fee accrual that the Directors believe will not become payable.

Investment Advisor fee

The Investment Advisor’s fee and the Administration fee of the Fund are payable by the Principal Manager at no additional cost to the Fund.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

10 Transactions with related parties (continued)

Directors' fees

The Directors are entitled to receive a fee for acting as directors of the Fund which in aggregate shall not exceed US\$100,000 in any financial year or such higher amount as may be approved by an Ordinary Resolution of the Shareholders in a general meeting. James Tracey and Ben Morgan currently each receive a fee of £10,000 per annum. Jan van Niekerk has waived his entitlement to a director's fee. All Directors are reimbursed for any reasonable travel and other expenses relating to the management of the Fund.

General

The Principal Manager is entitled to reimbursement of out-of-pocket expenses reasonably incurred in the performance of its duties for the Fund. During the year no out-of-pocket expenses were incurred by the manager (2017: US\$ nil).

11 Financial instruments and risk profile

The primary objective of the Fund is to achieve long-term capital appreciation for its shareholders primarily through investing in securities listed on recognised exchanges around the world; these assets will primarily consist of listed equity investments.

The main risks arising from the Fund's financial instruments are price risk, exchange rate risk, interest rate risk, liquidity risk and credit risk, those risks associated with fixed income securities and finally portfolio companies and management risks. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below and have remained unchanged during the year under review.

Foreign currency considerations

The Net Asset Value of the Fund is calculated in US Dollars whereas the investments held for the account of the Fund may be acquired in other currencies. The value in terms of US Dollars of the investments of the Fund, which may be designated in any currency, may rise and fall due to exchange rate fluctuations of individual currencies. Adverse movements in currency exchange rates can result in a decrease and loss of capital.

As at 31 March the Fund's net currency exposure was as follows:

	2018		2017	
	US\$	%	US\$	%
British Pound	51,468,958	41.70	54,162,930	37.90
United States Dollar	34,956,351	28.32	33,418,300	23.38
European Euro	7,400,498	6.00	19,647,783	13.75
Japanese Yen	17,795,906	14.42	12,649,740	8.85
South African Rand	1,325,071	1.07	7,359,775	5.15
Swedish Krona	5,806	0.00	6,333,860	4.43
Swiss Franc	4,712,867	3.82	5,706,778	3.99
Australian Dollar	6,741	0.01	2,621,037	1.83
Brazilian Real	5,753,434	4.66	1,028,070	0.72
	123,425,632	100	142,928,273	100

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

11 Financial instruments and risk profile (continued)

Sensitivity analysis

The following table details the Fund's sensitivity to a 5% strengthening of the functional currency against each of the relevant foreign exchange currencies. A 5% weakening of the functional currency against each of the relevant foreign exchange currencies would have the opposite effect. This analysis assumes that all other variables, in particular interest rates remain constant.

	2018		2017	
	+5% US\$	-5% US\$	+5% US\$	-5% US\$
British Pound	2,573,448	(2,573,448)	2,708,147	(2,708,147)
European Euro	370,025	(370,025)	982,389	(982,389)
Japanese Yen	889,795	(889,795)	632,487	(632,487)
South African Rand	66,254	(66,254)	367,989	(367,989)
Swedish Krona	290	(290)	316,693	(316,693)
Swiss Franc	235,643	(235,643)	285,339	(285,339)
Australian Dollar	337	(337)	131,052	(131,052)
Brazilian Real	287,672	(287,672)	51,403	(51,403)
	4,423,464	(4,423,464)	5,475,499	(5,475,499)

Market risk

The Fund's Net Asset Value will increase or decrease with changes in the market value of the Fund's investments. Shares are subject to market, economic and business risks that cause their prices to fluctuate. The Fund is also subject to the risk that the investment advisor's judgment about the potential of a particular company's shares is incorrect and the perceived value of such shares is not realised by the market or the Net Asset Value of the Fund will decline. An investment in the Fund is not guaranteed and an investor could lose some or the entire amount invested in the Fund.

Equity securities represent ownership interest in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. The principal risk of investing in the Fund is equity risk. Equity risk is the risk that the prices of the securities held by the Fund will change due to general market and economic conditions, perceptions regarding the industries in which the companies issuing the securities participate and the issuer company's particular circumstances. Investment in equity securities in general are subject to market risks that may cause their prices to fluctuate over time. The value of convertible equity securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. Fluctuations in the value of equity securities in which the Fund invests would cause the Net Asset Value of the fund to fluctuate.

Price sensitivity

At 31 March 2018, if the market prices of the securities had been 10% higher with all other variables held constant, the increase in net assets attributable to holders of participating shares for the year would have been US\$ 9,175,904 (2017: US\$ 11,882,806) higher, arising due to the increase in the fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

11 Financial Instruments and Risk Profile (continued)

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liabilities are short-term in nature and are payable in the normal operating cycle.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. The maximum extent of the Fund's exposure to credit risk in respect of the financial assets is equal to the carrying amount in the Fund's balance sheet.

The Fund holds cash and cash equivalents for operational use with Northern Trust (Guernsey) Limited with a stable Moody's financial strength rating, who is also the custodian of all the investment holdings. The Fund also holds cash and cash equivalents with Lloyds Bank and Santander UK PLC through JCAP Treasury Services.

Credit risk related to accounts receivable is considered to be minimal. All transactions in listed securities are settled upon delivery using approved brokers.

Interest rate risk

Fixed Income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The fixed income securities in which the Fund will invest are interest rate sensitive. An increase in interest rates will generally reduce the value of fixed-income securities while a decline in interest rates will generally increase the value of fixed-income securities.

The performance of the Fund will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates and to utilise appropriate strategies to maximise returns while attempting to minimise the associated risks to investment capital.

At 31 March 2018 and 2017 the Fund did not hold any fixed income securities and as such was not exposed to interest rate risk.

Portfolio companies and management risks

The success of the Fund with respect to its investments will depend largely on the ability of the Investment Advisor to identify suitable investment opportunities for capital growth and to assess those opportunities. Identification and exploration of the investment opportunities to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Investment Advisor will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets in the securities markets and therefore there can be no assurance that the Fund's investment objective or investment strategy will be successful.

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

11 Financial Instruments and Risk Profile (continued)

Capital management

The capital structure of the Fund at year end consists of equity attributable to equity holders of the Fund, comprising issued capital and retained earnings. The Fund's capital benchmark is the spliced MSCI World Index and US CPI + 6%.

The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Fund is not subject to any external capital requirements.

The Fund has the power to borrow, but any borrowings will be limited to 10% of the aggregate Net Asset Value of all the classes at the time of borrowing and will only be used to fund redemptions when in the opinion of the Investment Advisor it is in the interests of the shareholders to borrow rather than liquidate investments.

12 Fair value disclosure

In the opinion of the principal manager there is no material difference between the book values and the fair values of the other financial assets and liabilities.

Section 11 of FRS 102 establishes a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The table below shows financial instruments recognised at fair value, analysed between those whose fair values is based on:

- (1) Quoted price in active markets for the identical assets or liabilities (Level 1).
- (2) Those involving inputs other than the quoted prices including in Level 1 that are observables for the asset or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2).
- (3) Those with inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the Fund's financial assets by level within the valuation hierarchy as of 31 March 2018.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investments valued at fair value	91,759,035	-	-	91,759,035

The following table presents the Fund's financial assets by level within the valuation hierarchy as of 31 March 2017.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investments valued at fair value	118,828,058	-	-	118,828,058

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

12 Fair value disclosure (continued)

The table below shows the movement in investments during the year:

	2018	2017
	US\$	US\$
Cost at beginning of the year	116,807,583	136,932,249
Purchases	50,446,761	100,522,844
Sales	(95,234,434)	(118,560,584)
Transaction costs	(343,494)	(436,030)
Realised gain/(loss) on sales of investments	8,455,372	(1,650,896)
Unrealised appreciation on investments	11,627,247	2,020,475
Fair value at end of the year	91,759,035	118,828,058

13 Ultimate controlling party

In the opinion of the Directors there is no controlling party as defined by the Section 33 of FRS 102, Related Party Disclosures, as no one party has the ability to direct the financial and operating policies of the Fund with a view to gain economic benefits from their direction.

14 Post balance sheet events

There were no significant subsequent events.