

RECM

RECM Global Fund Limited

Report and audited financial statements

**For the year ended 31 March 2019
(Company Registered No. 44273)**

**FOLLOW
YOUR
CONVICTION**



RECM Global Fund Limited

CONTENTS

| | |
|---|----|
| Management and Administration | 3 |
| Investment Advisor's Report | 4 |
| Performance Record | 8 |
| Portfolio Statement | 11 |
| Report of the Directors | 14 |
| Report of the Custodian | 16 |
| Report of the Independent Auditors | 17 |
| Statement of Total Return | 19 |
| Statement of Changes in Net Assets Attributable to Participating Redeemable Preference Shareholders | 20 |
| Balance Sheet | 21 |
| Notes to the Financial Statements | 22 |

RECM Global Fund Limited

MANAGEMENT & ADMINISTRATION

Directors:

Benedict Peter Goronwy Morgan
James Bernard Tracey
Johannes Cornelis Van Niekerk
Pieter Gerhardt Viljoen (alternate director)

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

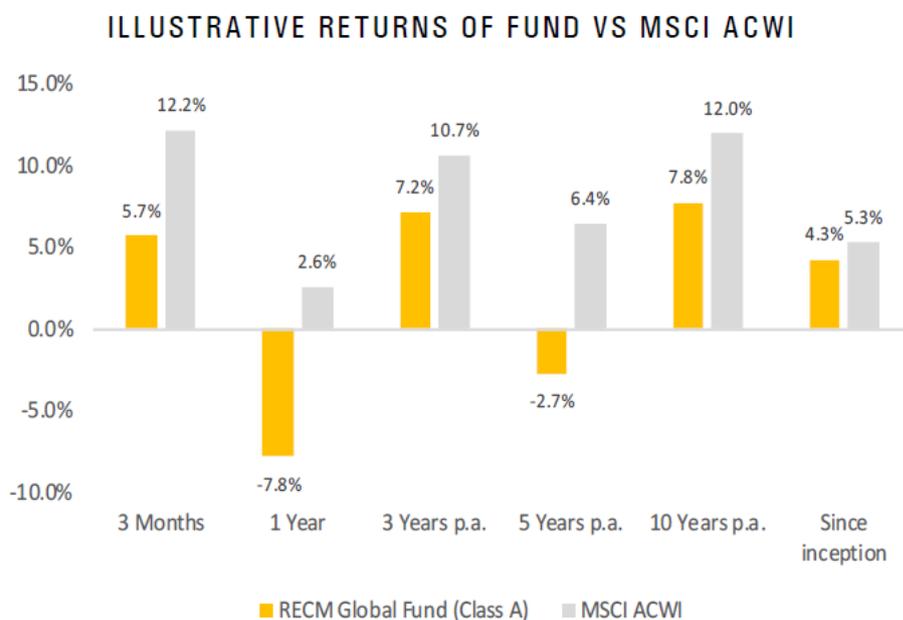
Registered Office:

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 Table

| | Fund | MSCI ACWI* | US CPI+6% |
|-----------------|-------|------------|-----------|
| 3 Months | 5.7% | 12.2% | 1.4% |
| 1 Year | -7.8% | 2.6% | 7.6% |
| 3 Years | 7.2% | 10.7% | 8.2% |
| 5 Years | -2.7% | 6.4% | 7.5% |
| 10 Years | 7.8% | 12.0% | 13.2% |
| Since Inception | 4.3% | 5.3% | 6.4% |

*The MSCI All Countries World Index (ACWI) is an index designed to provide a broad measure of equity-market performance throughout the world and thus serves as a relevant global equity index for the Fund to be compared against.

Performance review

The RECM Global Fund underperformed its benchmark for the year.

Positions which benefited returns:

- British retailer Tesco
- Luxury homeware retailer Williams-Sonoma
- Platinum producer Impala Platinum

Positions which detracted from returns:

- Japanese energy producer Inpex
- Telecoms company Liberty Global Plc
- Brazilian private bank Itau Unibanco

INVESTMENT ADVISOR'S REPORT (continued)

Performance (continued)

The Fund returned -7.8% during the year underperforming its inflation-based benchmark of US CPI + 6% which delivered 7.6% over the same period. The global equity market, as measured by the MSCI All Countries World Index (MSCI ACWI), was up 2.6% during the year.

UK groceries retailer Tesco's share price appeared to enjoy a knock-on effect of an improvement in sentiment towards UK stocks with the market appearing to grow fatigued with the Brexit debacle.

US consumer discretionary stocks such as homeware retailer Williams Sonoma were buoyed by strong consumer confidence numbers and retail sales data showing something of a rebound in consumption after a weaker first quarter in 2018.

Platinum producer Impala Platinum's share price was up over 60% during the first quarter of 2019, with the company's interim results finally showing a return back to profits thanks to a weaker rand, higher platinum group metals prices and increased output.

Japanese natural gas and oil producer Inpex saw its share price fall as the combination of slowing global growth, and oil prices falling weighed on the sector.

Brazil lagged its emerging market peers as slow progress on social security reform and disappointing economic data held back local equities - including that of Fund holding Brazilian private bank Itau Unibanco.

Market commentary

Global equities were up 4% in US dollars during the year, as trade tensions between the US and China eased and the US Fed indicated that they would not be raising rates again for the remainder of the year.

US equities outperformed most other markets with the S&P500 Index returning 9.5%, with cyclical sectors outpaced more defensive sectors, and the technology sector delivering the best sector returns overall.

Eurozone equities were volatile but ended the year fairly flat with the MSCI EMU index delivering 0.5% in local currency terms. Despite ongoing Brexit uncertainty, the UK equity market delivered 6.4% in sterling.

Most emerging markets were down in US dollar terms over the year, with rising US interest rates, weaker commodity prices and heightened US-China trade tensions all compounding emerging market woes. The MSCI Emerging Markets Index was down 7.4% in US dollars for the year ending 31st March 2019.

Management actions

During the year, the Fund introduced positions in financial services company Prudential Plc, and global telecommunications company Liberty Global, as well as a small allocation (2%) to a diversified basket of "net-net" stocks.

Prudential Plc is a multinational insurance and financial services company headquartered in London, UK. It owns Prudential Corporation Asia, which has operations across 14 markets in Asia, Jackson National Life Insurance Company, which is one of the largest life insurance providers in the United States, and M&G Prudential, a leading savings and investments business serving customers in the UK and Europe. The company has top-three share in nine of its target markets (including Hong Kong, Indonesia, Singapore, Malaysia, India and Vietnam) and a strong 50-50 joint venture with CITIC in mainland China that has been driving growth. We believe the company's high-growth Asian operations, better-than-assumed US operation and improving UK operations all contribute to the share offering value at current levels.

INVESTMENT ADVISOR'S REPORT (continued)

Management actions (continued)

Liberty Global is a multinational telecommunications company which holds UK and European cable assets and is one of the largest broadband services companies in the world. The economics of the business model revolves around economies of scale. Providing multiple services or products to consumers reduces consumer churn. This leads to more stable revenue streams and the ability to maximise cost efficiencies. Our investment thesis is that we are buying assets with a margin of safety that have good economics in markets with currently weak currencies (euro and sterling), relative to the reporting currency of the group (US dollar). Furthermore, the group is controlled by an excellent capital allocator (John Malone) with a proven track record, in a sector that is moving from being more fragmented to being more concentrated.

A net-net stock is a company whose share price is trading below the company's current assets (cash or cash equivalents) minus total liabilities - where the share price is effectively trading below an estimate of the company's liquidation value. By buying a small basket of diversified net-net stocks trading at extraordinarily low prices, the Fund is able to capitalise on a situation which stacks the odds very much in favour of the investor, whilst managing the risk through overall position size and diversification.

Fund positioning

The quarter ended with roughly half the Fund invested in equities, and half in cash. The cash portion includes an active allocation to both British pounds and Japanese yen – both of which are trading at compelling discounts to fair value on a purchasing power parity basis versus the US dollar.

Bearing in mind that the cash allocation is entirely a by-product of how many bottom-up investment ideas we find, this large cash position reflects a dearth of quality companies trading at sufficiently low prices to constitute value by our measures. The last time the Fund had such a large cash position was prior to the Financial Crisis in 2007. Today, looking back on one of the US market's most prolonged growth rallies ever, the spread between the valuations of the most expensive decile and cheapest decile of stocks is at the widest it's been since the run-up to the Great Depression and the dot-com bubble. What this widening spread means is that the market continues to buy high (expensive stocks) and sell low (cheap stocks). But long term investment success lies in the opposite trade - buying low and selling high – and in the current context that means buying value and selling growth. This also explains why we have no exposure to technology stocks, and very limited exposure to US market in total – where valuations, by almost any measure, are back at nose-bleed highs. Instead, we are finding better value opportunities in areas that are less popular, such as the UK and various emerging markets.

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. The end result is a robust and diversified portfolio of undervalued assets.

The RECM Global Fund has kept up with a very buoyant global equity market over the past few years, but has done so with a value-based portfolio positioned very differently from the MSCI All Countries World Index. 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 31% in financial stocks and 50% 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 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.

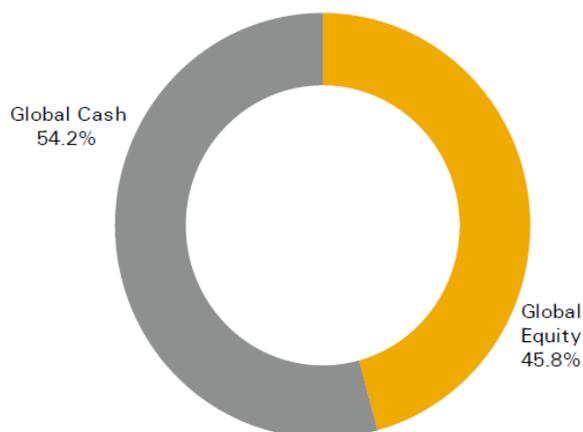
TOP TEN HOLDINGS (%)

March 2019

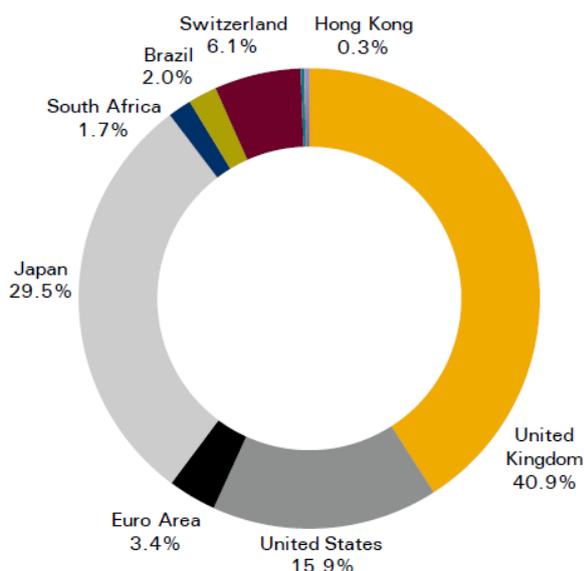
| | |
|--------------------------------|-----|
| Tesco PLC | 5.2 |
| Compagnie Financiere Richemont | 3.2 |
| Swatch Group | 2.9 |
| Sberbank Of Russia | 2.3 |
| Berkshire Hathaway | 2.2 |
| Itau Unibanco | 1.9 |
| Royal Bk Scotland | 1.2 |
| Old Mutual PLC | 1.1 |
| Reinet Investments SCA | 1.1 |
| Prudential PLC | 1.1 |

Total 22.8

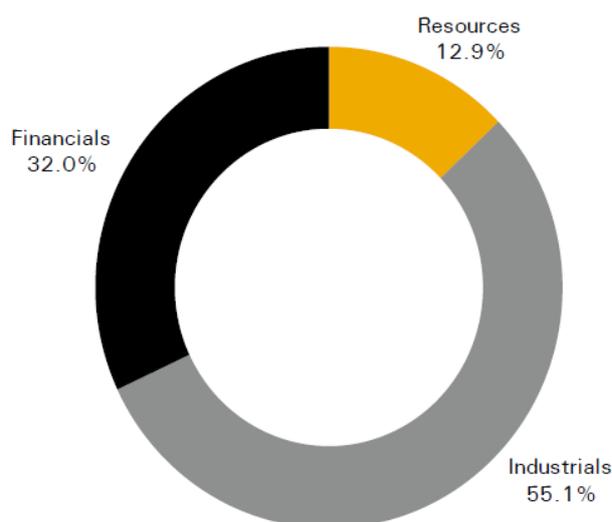
ASSET EXPOSURE (% OF FUND)



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 2019:

| | 31 March 2019 | | | | |
|--|----------------------|----------------|----------------|----------------|----------------|
| | A Class | B Class | C Class | D Class | E Class |
| Change in net asset per share (US\$) | | | | | |
| Opening net asset value per share | 18.69 | 14.47 | 10.14 | 9.52 | 14.56 |
| Income before operating charges ^{1**} | (1.22) | (0.94) | (0.65) | (0.62) | (0.95) |
| Operating charges ² | (0.21) | (0.24) | (0.07) | (0.10) | (0.20) |
| Income after operating charges ³ | (1.43) | (1.18) | (0.72) | (0.72) | (1.15) |
| Closing net asset value per share | 17.26 | 13.29 | 9.42 | 8.80 | 13.41 |
| **After transaction fees of: ⁶ | 0.04 | 0.03 | 0.02 | 0.02 | 0.04 |
| Performance | | | | | |
| Return after charges ⁴ | (7.65%) | (8.16%) | (7.10%) | (7.56%) | (7.90%) |
| Other information | | | | | |
| Closing net asset value (US\$) | 43,174,205 | 9,292,836 | 16,994,920 | 26,801,804 | 87,000 |
| Closing number of shares | 2,501,414 | 699,348 | 1,804,953 | 3,045,611 | 6,487 |
| Operating charges percentage ⁵ | 1.20% | 1.74% | 0.70% | 1.09% | 1.44% |
| Transaction fee ⁷ | 0.23% | 0.24% | 0.24% | 0.25% | 0.26% |
| Prices | | | | | |
| Highest share price | 19.40 | 15.01 | 10.53 | 9.88 | 15.11 |
| Lowest share price | 16.02 | 12.35 | 8.73 | 8.17 | 12.46 |

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 |

RECM Global Fund Limited

PERFORMANCE RECORD (continued)

| | 31 March 2018 | | | | |
|---|---------------|------------|------------|------------|---------|
| | A Class | B Class | C Class | D Class | E Class |
| 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 |
| 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 |

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 2019

| | Holding | Fair Value of Holding US\$ | % of Net Assets |
|-------------------------------------|---------|-------------------------------|-----------------|
| Brazilian Real (2018: 4.47%) | | | |
| Even Construction Incorporated | 60,145 | 92,573 | 0.10 |
| Itau Unibanco Holdings | 211,293 | 1,864,973 | 1.94 |
| | | 1,957,546 | 2.04 |
| Swiss Franc (2018: 3.82%) | | | |
| Richemont Financiere | 42,749 | 3,113,779 | 3.23 |
| Swatch Group | 10,037 | 2,872,322 | 2.98 |
| | | 5,986,101 | 6.21 |
| Euro (2018: 5.98%) | | | |
| Erytech Pharmaceuticals | 5,303 | 42,158 | 0.04 |
| Esprinet SPA | 13,042 | 47,008 | 0.05 |
| Exor NV | 4,027 | 261,446 | 0.27 |
| Hugo Boss AG | 7,433 | 506,444 | 0.53 |
| Renault SA | 7,235 | 478,574 | 0.50 |
| Schaeffler AG | 60,033 | 483,450 | 0.50 |
| Sonae SGPS SA | 897,366 | 929,014 | 0.96 |
| Uniqa Insurance | 54,068 | 537,893 | 0.56 |
| | | 3,285,987 | 3.41 |
| Japanese Yen (2018: 4.33%) | | | |
| Aiphone Co Limited | 3,300 | 51,281 | 0.05 |
| Elematec Corporation | 3,000 | 45,643 | 0.05 |
| First Juken | 4,145 | 47,110 | 0.05 |
| Fj Next Co Limited | 6,494 | 49,988 | 0.05 |
| Fujishoji Co Limited | 5,168 | 45,991 | 0.05 |
| Fujitsu Frontech | 5,700 | 52,115 | 0.05 |
| Funai Electric | 10,344 | 69,717 | 0.07 |
| Goldcrest Co Limited | 3,192 | 42,883 | 0.05 |
| Hagiwara Electric | 1,900 | 52,785 | 0.06 |
| Hakuto Co Limited | 3,912 | 41,352 | 0.04 |
| Hosiden Corporation | 5,830 | 48,722 | 0.05 |
| Icom Incorporated | 2,324 | 46,108 | 0.05 |
| Inpex Corporation | 51,549 | 491,342 | 0.51 |
| Iwaicosmo Hd Incorporated | 3,914 | 43,601 | 0.05 |
| Kato Works Company | 2,342 | 55,141 | 0.06 |
| Komori Corporation | 4,700 | 53,121 | 0.06 |
| Marubun Corporation | 8,088 | 46,474 | 0.05 |
| Nakayama Steel | 10,900 | 49,239 | 0.05 |
| Nihon Eslead Corporation | 3,558 | 48,861 | 0.05 |
| Nisshin Fudosan Co Limited | 10,058 | 41,800 | 0.04 |
| Oyo Corporation | 4,701 | 47,441 | 0.05 |
| Ricoh Leasing Company | 1,872 | 56,404 | 0.06 |
| Ryoden Trading Company | 3,824 | 50,648 | 0.05 |
| Sawai Pharmaceut | 17,300 | 997,190 | 1.03 |
| Shinko Shoji Co Limited | 3,906 | 66,238 | 0.07 |
| Tenma Corporation | 3,300 | 61,537 | 0.06 |
| Tsutsumi Jewelry Co Limited | 3,353 | 56,527 | 0.06 |
| United Incorporated | 3,700 | 50,610 | 0.05 |
| | | 2,809,869 | 2.92 |

RECM Global Fund Limited

PORTFOLIO STATEMENT (continued)

As at 31 March 2019

| | Holding | Fair Value of Holding US\$ | % of Net Assets |
|--|-----------|-------------------------------|-----------------|
| Hong Kong Dollar (2018: nil) | | | |
| Inpex Corporation | 126,500 | 234,631 | 0.24 |
| | | 234,631 | 0.24 |
| South African Rand (2018: 1.06%) | | | |
| Impala Platinum Holdings | 136,408 | 575,853 | 0.59 |
| Motus Holdings Limited | 35,000 | 198,551 | 0.21 |
| Reinet Investments | 64,196 | 1,097,959 | 1.14 |
| | | 1,872,363 | 1.94 |
| United Kingdom Pound (2018: 30.04%) | | | |
| Admiral Group | 17,098 | 483,243 | 0.50 |
| Bhp Billiton | 42,663 | 1,027,563 | 1.07 |
| Bt Group | 327,831 | 952,185 | 0.99 |
| Georgia Capital | 13,146 | 186,682 | 0.19 |
| Imperial Brands 1 | 14,898 | 509,393 | 0.53 |
| Old Mutual Limited | 728,914 | 1,070,248 | 1.11 |
| Prudential | 52,025 | 1,041,951 | 1.08 |
| Quilter | 114,126 | 218,339 | 0.23 |
| Rotork | 136,886 | 504,250 | 0.52 |
| Royal Bank of Scotland Group | 338,622 | 1,089,425 | 1.13 |
| Standard Chartered | 131,378 | 1,012,088 | 1.05 |
| Tesco | 1,686,078 | 5,097,144 | 5.29 |
| | | 13,192,511 | 13.69 |
| United States Dollar (2018: 24.64%) | | | |
| Anglogold Ashanti | 68,642 | 898,524 | 0.93 |
| Apergy Corporation | 4,419 | 181,532 | 0.19 |
| Arcosa Incorporated | 6,691 | 204,410 | 0.21 |
| Barrick Gold Corporation | 50,217 | 688,475 | 0.71 |
| Berkshire Hathaway | 7 | 2,108,967 | 2.19 |
| Equitrans Midstream | 9,565 | 208,421 | 0.22 |
| Frontdoor | 8,496 | 292,347 | 0.30 |
| Garrett Motio | 16,927 | 249,335 | 0.26 |
| Gazprom | 206,777 | 933,185 | 0.97 |
| Liberty Global | 20,281 | 505,200 | 0.52 |
| Liberty Latin America | 30,487 | 589,314 | 0.61 |
| Newmont Mining | 19,083 | 682,790 | 0.71 |
| Nvent Electric | 7,382 | 199,166 | 0.21 |
| Perspecta | 7,779 | 157,291 | 0.16 |
| Philip Morris International | 6,450 | 570,051 | 0.59 |
| Resideo | 9,214 | 177,554 | 0.18 |
| Riviera Resource | 9,227 | 129,086 | 0.13 |
| Sberbank Of Russia | 164,696 | 2,183,045 | 2.27 |
| Tapestry Incorporated | 26,887 | 873,021 | 0.91 |
| Textainer Group Holdings | 38,007 | 366,387 | 0.38 |
| Veoneer Incorporated | 4,100 | 93,767 | 0.10 |
| Williams-Sonoma Incorporated | 17,838 | 1,004,101 | 1.04 |
| Wyndham Hotels | 3,759 | 187,950 | 0.20 |
| X5 Retail Group | 36,314 | 904,219 | 0.94 |
| | | 14,388,138 | 14.93 |

RECM Global Fund Limited

PORTFOLIO STATEMENT (continued)

As at 31 March 2019

| | Fair Value of Holding US\$ | % of Net Assets |
|--------------------------|-------------------------------|----------------------|
| Total Investments | 43,727,146 | 45.38 |
| Other Net Assets | <u>52,623,618</u> | <u>54.62</u> |
| Total Net Assets | <u><u>96,350,764</u></u> | <u><u>100.00</u></u> |

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 2019.

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 2019, the net asset value of the Fund was US\$ 96,350,764 (2018: US\$ 123,425,632) being US\$ 11.96 (2018: US\$ 13.14) per share.

Results and dividend

The results for the year ended 31 March 2019 are set out in the Statement of Total Return on page 19.

No dividend is proposed for the year ended 31 March 2019 (2018: 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

Pieter Gerhardt Viljoen (alternate director) – appointed 11 September 2018

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

Date: 26 July 2019

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 2019 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: 26 July 2019

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 2019 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 2019 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 2019

| | Notes | For the year ended 31 March 2019 US\$ | For the year ended 31 March 2018 US\$ |
|---|--------|--|--|
| Net capital (loss) / gain | 1(e);2 | (9,603,050) | 21,541,429 |
| Revenue | 3 | 2,317,228 | 2,467,334 |
| Expenses | 4 | (1,235,836) | (1,530,778) |
| Net revenue before taxation | | 1,081,392 | 936,556 |
| Taxation – securities tax | 5 | (56,002) | (76,517) |
| Taxation – withholding tax | 5 | (268,745) | (368,626) |
| Net revenue after taxation | | 756,645 | 491,413 |
| Change in net assets attributable to participating redeemable preference shareholders from investment activities | | (8,846,405) | 22,032,842 |
| Basic & diluted earnings per share | | (1.02) | 1.95 |

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 2019

| | Notes | 31 March 2019 US\$ | 31 March 2018 US\$ |
|--|-------|--------------------------|---------------------------|
| Net assets at the beginning of the period | | 123,425,632 | 142,928,273 |
| Amounts received on issue of participating redeemable preference shares | | 2,699,533 | 3,346,368 |
| Amounts paid on redemption of participating redeemable preference shares | | <u>(20,927,996)</u> | <u>(44,881,851)</u> |
| | | (18,228,463) | (41,535,483) |
| Change in net assets attributable to participating redeemable preference shareholders from investment activities | | (8,846,405) | 22,032,842 |
| Net assets at the end of the period | | <u>96,350,764</u> | <u>123,425,632</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 2019

| | Notes | 31 March 2019 US\$ | 31 March 2018 US\$ |
|--|----------|-----------------------|-----------------------|
| Fixed Assets | | | |
| Investments | 1(e), 12 | 43,727,146 | 91,759,035 |
| Current Assets | | | |
| Debtors | 7 | 195,841 | 286,950 |
| Cash and bank balances | | 52,540,259 | 31,517,791 |
| | | 52,736,100 | 31,804,741 |
| Total Assets | | 96,463,246 | 123,563,776 |
| Current liabilities | | | |
| Creditors | 8 | 112,482 | 138,144 |
| | | 112,482 | 138,144 |
| Net assets attributable to participating redeemable preference shareholders | | 96,350,764 | 123,425,632 |
| Equity | | | |
| Management shares | 6 | 1,000 | 1,000 |

The financial statements on pages 18 to 33 were approved by the Board of Directors on 26 July 2019 and signed on its behalf by:

Director: James Tracey

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 2019

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.

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 2019

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 2019.

2 Net capital (loss)/gain

| | For the year ended 31 March 2019 US\$ | For the year ended 31 March 2018 US\$ |
|---|--|--|
| Investments: | | |
| Realised gains | 2,781,808 | 8,455,372 |
| Unrealised (loss) / gain | (10,388,110) | 9,606,773 |
| Transaction fees | (257,159) | (343,494) |
| Realised and unrealised (loss) / gain on currency contracts | (13,240) | 86,566 |
| Movement in unrealised foreign exchange (loss) / gain | (1,643,853) | 2,206,652 |
| Realised foreign exchange (loss) / gain | (82,496) | 1,529,560 |
| | (9,603,050) | 21,541,429 |
| | 2019 | 2018 |
| Average portfolio dealing spread | 0.12% | 0.10% |

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 2019

3 Revenue

| | 31 March 2019 US\$ | 31 March 2018 US\$ |
|-----------------|-----------------------|-----------------------|
| Dividend income | 2,248,650 | 2,448,194 |
| Interest income | 19,410 | 19,140 |
| Other income | 49,168 | - |
| | 2,317,228 | 2,467,334 |

4 Expenses

Payable to principal manager and associates

| | | |
|-----------------|------------------|------------------|
| Management fee | 1,010,464 | 1,287,103 |
| Directors' fees | 26,165 | 26,486 |
| | 1,036,629 | 1,313,589 |

Payable to custodian and associates

| | | |
|---------------|---------------|---------------|
| Custodian fee | 60,392 | 83,438 |
|---------------|---------------|---------------|

Other expenses

| | | |
|-----------------------------|------------------|------------------|
| Auditor's remuneration | 27,338 | 31,360 |
| Insurance expenses | 8,098 | 8,534 |
| General expenses | 36,664 | 23,240 |
| Legal and professional fees | 1,040 | 268 |
| Printing and stationery | - | 149 |
| Regulatory expenses | 5,950 | 5,874 |
| Interest expense | 59,725 | 64,326 |
| | 138,815 | 133,751 |
| | 1,235,836 | 1,530,778 |

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 2019

| | | | |
|----------|--|--------------|--------------|
| 6 | Share capital and share premium | 2019 | 2018 |
| | | 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 2018 | 3,118,682 | 797,491 | 2,224,465 | 3,249,332 | 6,487 | 9,396,457 |
| Issued during the year | 52,448 | 27,145 | 34,509 | 113,330 | - | 227,432 |
| Redemptions during the year | (669,716) | (125,289) | (454,021) | (317,051) | - | (1,566,077) |
| Balance at 31 March 2019 | 2,501,414 | 699,347 | 1,804,953 | 3,045,611 | 6,487 | 8,057,812 |

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 2019

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 | 2019 | 2018 |
|-----------------|----------------|----------------|
| | US\$ | US\$ |
| Dividend income | 175,616 | 271,402 |
| Prepayments | 20,225 | 15,548 |
| | 195,841 | 286,950 |

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

| | | | |
|----------|---------------------------|----------------|----------------|
| 8 | Creditors | 2019 | 2018 |
| | | US\$ | US\$ |
| | Auditors' remuneration | 26,177 | 27,311 |
| | Custodian fees | 7,624 | 5,273 |
| | Directors' fees | 6,371 | 6,957 |
| | Management fees | 72,153 | 98,433 |
| | Other | 157 | 170 |
| | | 112,482 | 138,144 |
| 9 | Earnings per share | 2019 | 2018 |
| | | US\$ | US\$ |
| | | (1.02) | 1.97 |

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 8,690,032 (2018: 11,279,705).

As at 31 March 2019

| | Class A | Class B | Class C | Class D | Class E |
|---|----------------|----------------|----------------|----------------|----------------|
| Profit per share class (US\$) | (1.52) | (1.18) | (0.76) | (0.69) | (1.08) |
| Profit (US\$) | (4,339,794) | (889,187) | (1,432,911) | (2,177,519) | (6,997) |
| Weighted average number of shares per class | 2,855,797 | 752,057 | 1,890,779 | 3,156,630 | 6,487 |

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 |

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.

Performance fee

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

The performance fee shall be levied respectively on the "A" Share class, the "B" Share class and the "D" Share class based on the performance of the Fund relative to that of its hurdle. The performance fee is calculated and accrued daily and can be either positive in the case of outperformance of the Daily Performance Hurdle.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

10 Transactions with related parties (continued)

Performance fee (continued)

The daily performance fee is calculated as an amount equal to 20% of the Fund's Return above/ (below) the Daily Performance Hurdle, after the deduction of the Manager's fee. The performance fee accrual (the "Accrual") due to the Manager is calculated as the sum of all daily performance fees accrued since the inception of the share class. The Accrual will increase or decrease by the Daily performance fee charges or refunds respectively. A daily calculated performance fee refund is only possible to the extent that there is a positive Accrual (a fee owing to the Manager, but not yet paid) in the relevant class of the Fund. The Accrual may never be negative for the Fund (it may not be an asset in the relevant class of the Fund). The Manager shall track any negative amount that develops and any such negative amount must first be offset by a performance fee charge before a positive Accrual can be recognized in the Fund.

Prior to 1 August 2014, the Accrual was calculated as the sum of all daily accruals over the five years immediately prior to the calculation date. As a result of the change to the performance measure period, the accrual for the "A" Shares at 1 August 2014 was rebased to an inception to the date period. There was no change to the "B" Shares and "D" Shares since their inception dates were less than 5 years prior to 1 August 2014.

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. As a result of the change to the Daily Performance Hurdle, the Accrual will be calculated using daily performance fees based on both the old and new hurdles.

The payment of the performance fee to the Manager reduces the outstanding Accrual. Payment of the performance fee can only be made when the following criteria have been met:

1. The Accrual must be positive, and:
2. The share class return must have outperformed its hurdle return over the previous five years.

The value of the performance fee paid to the Manager each month end will be equal to the lesser of the performance fee accrued in the equivalent month five years prior or the total value of the Accrual. If the performance fee accrued in the equivalent month five years prior was negative, then no payment is to be made. Prior to 1 August 2014 the value of the performance fee paid to the Manager at each month end was one twelfth of the Accrual at the end of each month. The first performance fee payment will occur at the end of the sixtieth month following the date on which the relevant class of the Fund first issues Shares. "A" Shares and "B" Shares are currently eligible for the payments of performance fees.

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 2019

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 (2018: 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:

| | 2019 | | 2018 | |
|----------------------|-------------------|------------|--------------------|------------|
| | US\$ | % | US\$ | % |
| Australian Dollar | 6,243 | 0.01 | 6,741 | 0.01 |
| Brazilian Real | 1,977,676 | 2.05 | 5,753,434 | 4.66 |
| British Pound | 38,922,472 | 40.40 | 51,468,958 | 41.70 |
| European Euro | 3,293,565 | 3.42 | 7,400,498 | 6.00 |
| Hong Kong Dollar | 316,384 | 0.33 | - | - |
| Japanese Yen | 28,453,089 | 29.53 | 17,795,906 | 14.42 |
| South African Rand | 1,879,061 | 1.95 | 1,325,071 | 1.07 |
| Swedish Krona | 243,622 | 0.25 | 5,806 | 0.00 |
| Swiss Franc | 5,986,175 | 6.21 | 4,712,867 | 3.82 |
| United States Dollar | 15,272,477 | 15.85 | 34,956,351 | 28.32 |
| | 96,350,764 | 100 | 123,425,632 | 100 |

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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.

| | 2019 | | 2018 | |
|--------------------|------------------|--------------------|------------------|--------------------|
| | +5% US\$ | -5% US\$ | +5% US\$ | -5% US\$ |
| Australian Dollar | 312 | (312) | 337 | (337) |
| Brazilian Real | 98,884 | (98,884) | 287,672 | (287,672) |
| British Pound | 1,946,124 | (1,946,124) | 2,573,448 | (2,573,448) |
| European Euro | 164,678 | (164,678) | 370,025 | (370,025) |
| Hong Kong Dollar | 15,819 | (15,819) | - | - |
| Japanese Yen | 1,422,655 | (1,422,655) | 889,795 | (889,795) |
| South African Rand | 93,953 | (93,953) | 66,254 | (66,254) |
| Swedish Krona | 12,181 | (12,181) | 290 | (290) |
| Swiss Franc | 299,309 | (299,309) | 235,643 | (235,643) |
| | 4,053,915 | (4,053,915) | 4,423,464 | (4,423,464) |

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 2019, 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\$ 4,372,715 (2018: US\$ 9,175,904) 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 2019

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 2019 and 2018, the Fund did not hold any fixed income securities and as such was not exposed to material 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 2019

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), (Level 3).

The following table presents the Fund's financial assets by level within the valuation hierarchy as of 31 March 2019.

| | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total US\$ |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Financial assets | | | | |
| Investments valued at fair value | 43,727,146 | - | - | 43,727,146 |

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 |

RECM Global Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

12 Fair value disclosure (continued)

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

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | US\$ | US\$ |
| Cost at beginning of the year | 80,131,788 | 116,807,583 |
| Purchases | 38,138,246 | 50,446,761 |
| Sales | (78,306,674) | (95,234,434) |
| Transaction costs | (257,159) | (343,494) |
| Realised gain on sales of investments | 2,781,808 | 8,455,372 |
| Unrealised appreciation on investments | 1,239,137 | 11,627,247 |
| Fair value at end of the year | 43,727,146 | 91,759,035 |

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.