

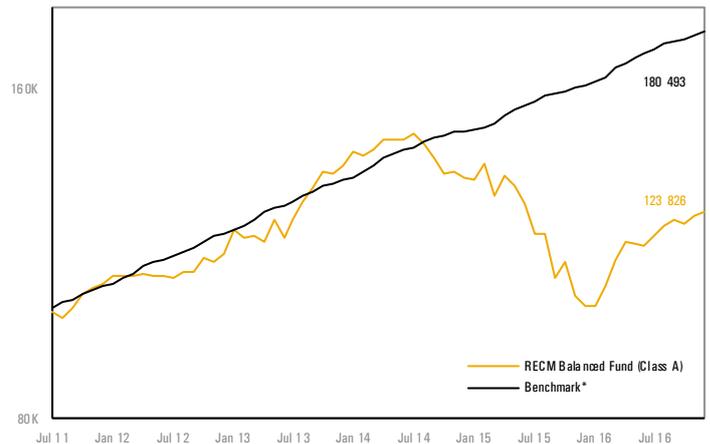
QUARTERLY REPORT

RECM BALANCED FUND - DECEMBER 2016

PERFORMANCE TABLE

Net Returns	RECM Balanced A	Benchmark CPI + 5%p.a.
3 Months	1.7%	2.2%
1 Year p.a.	22.2%	11.9%
3 Years p.a.	-3.1%	11.0%
5 Years p.a.	3.1%	11.3%
Since inception (5 July 2011)	4.0%	11.3%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Diversified mining company Sentula
- Packaging manufacturer Astrapak
- Ferrochrome producer Merafe Resources

Positions which detracted from returns in the last quarter:

- Platinum producers Implats and Amplats
- British engine manufacturer Rolls Royce
- E-commerce retailer Amazon

PERFORMANCE SUMMARY

The Fund returned 1.7% during the quarter, and 22.2% for the full year. Although the Fund marginally underperformed its benchmark of CPI + 5% for the quarter, it outperformed strongly over the 12 months with the benchmark delivering 11.9% in 2016. Global equities, as measured by the MSCI All Countries World Index (ACWI) returned -4.4% for the full year in rands. South African equities, as measured by the FTSE/JSE All Share Index, were down 2.1% in the quarter and returned only 2.6% for the full year.

Despite posting very poor results, diversified mining company Sentula's share price rose sharply on the back of an increase in coal prices, and the market positively receiving their move away from contract mining.

Plastic packaging company Astrapak saw its share price surge during the quarter after an announcement that the firm is to be acquired by RPC Group Plc, one of Europe's largest suppliers of plastic packaging.

Ferrochrome producer Merafe saw its share price boosted by expectations of higher fiscal spending in the US, triggering a surge in many industrial metals prices. Ferrochrome is a metal alloy used in the making of stainless steel.

In contrast to metals such as copper and iron ore, platinum prices fell in the fourth quarter, with the market ignoring generally strong auto data and moving in sympathy with weaker gold prices putting pressure on the share prices of platinum producers Amplats and Implats.

Rolls Royce's share price fell dramatically in November after the company announced a change in accounting policy which may see downward revisions to their numbers.

Amazon's share price fell more than 10% during the quarter after the online retailer fell short of consensus earnings estimates for the third quarter.

MARKET COMMENTARY

The fourth quarter saw the US and most other developed country equity markets end the year on a high note. Newly-elected president Trump's plans to reduce taxes and regulation and increase infrastructure spending shifted expectations of domestic growth and inflation higher. The Fed also raised rates in December and signalled three rate hikes in 2017.

Emerging market equities fared less well with tightening US interest rates and uncertainty over US trade and foreign policy causing sentiment towards emerging markets to sour. The S&P 500 rose by 3.8% during the quarter, in contrast to the MSCI Emerging Markets Index which returned -4.1% in

USD over the same period.

European and UK equity markets rose in local currency terms, fuelled by central bank stimulus and a more optimistic global growth outlook. However, USD strength on the back of rising US rates erased these gains causing the returns in USD to be flat to slightly down for the quarter.

Most government bond yields rose during the quarter, with yield curves steepening. This was the case for US Treasury bonds, UK gilts, German Bunds and South African government bonds. This led to a positive knock-on effect for most financial stocks in these markets.

MANAGEMENT ACTIONS

During the course of the quarter, new investments included local stocks Clientele, and Altron, and on the global side to Royal Bank of Scotland and Brazilian bank Itau Unibanco SA.

Clientele, the market leader in direct sales of life insurance in South Africa, is cheap because the market is overly concerned about the short term impact of the tough local economic conditions on Clientele's low income target market. We believe, looking through the cycle, that current prices offer a compelling opportunity to buy a highly profitable business at a substantial discount to long term fair value.

Allied Electronics Corporation Limited (Altron), the struggling technology group, has been in the process of a massive restructuring over the past year to refocus the business, cut costs and move from a family-controlled business to an independent management structure. We believe this unlock value and with the share very cheap at current levels, there is substantial upside.

Royal Bank of Scotland (RBS), still majority-owned by the UK government following the financial crisis bailout in 2008, is focused on returning to being a core UK franchise bank. This,

along with a reduction in litigation and restructuring costs over time, and a renewed emphasis on client satisfaction and service, should see the company improving its profitability in future.

The Brazilian banking cycle, measured using year-on-year changes in Brazilian loan growth, as well as banking profitability indicators such as the direction of interest rates and unemployment, appears low. This provided us with an opportunity to start building a small position in Itau, Brazil's largest and most profitable private bank - a high quality business with exceptional management.

During the quarter we trimmed exposure to resources companies such as BHP Billiton and Antofagasta where share prices were fuelled by rising commodity price, and added instead to indirect exposure to this sector through our existing investments in industrial companies such as Alfa Laval and Aggreko. These businesses, which provide specialist products and services to the energy and resources sector, still continue to offer value.

TOP TEN HOLDINGS (%)

December 2016		September 2016	
Hosken Cons Investments Ltd	4.6	Impala Platinum Holdings Ltd	5.7
Impala Platinum Holdings Ltd	4.0	Hosken Cons Investments Ltd	3.5
RECM & Calibre Ltd	3.3	RECM & Calibre Ltd	3.0
MTN Group Ltd	3.1	Standard Bank Group Ltd	2.9
Standard Bank Group Ltd	2.8	Bhp Billiton Plc	2.8
Anglo Platinum Ltd	2.0	MTN Group Ltd	1.5
Bhp Billiton Plc	1.7	Anglo Platinum Ltd	1.4
Sasol Ltd	1.5	Anglo American Plc	1.4
Compagnie Financiere Richemont	1.5	Inpex Corp	1.3
Allied Electronics Corp Ltd	1.4	Merafe Resources Ltd	1.2
Total	25.9	Total	24.7

ASSET EXPOSURE (%)

December 2016		September 2016	
SA Equity	40.0	SA Equity	34.3
SA Cash	35.1	SA Cash	43.8
Global Equity	15.3	Global Equity	12.0
SA Pref Shares	3.3	SA Pref Shares	3.0
SA Bonds	3.2	SA Bonds	3.3
Global Cash	2.7	Global Cash	3.0
SA Commodity	0.4	SA Commodity	0.6
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund increased its equity allocation, which moved from 49% to 59% during the quarter as a by-product of new investments, with a tilt towards local equities. This is a function of the undervalued rand, as well as a reflection of the scarcity of global businesses that meet the dual criteria of qualifying as quality by RECM's measures, and being sufficiently cheap enough to justify a larger allocation.

The RECM Balanced Fund current has 18% exposure to offshore assets, with only 2.7% of that in offshore cash. The remainder of the Fund includes local equity exposure of just under 44%, local cash at 35% and local bonds at 3%.

The continuing surge in most resource share prices has prompted us to further reduce our exposure to those companies where the corresponding margin of safety between the rising share price and fair value has been eroded. Nonetheless, the Fund still holds a meaningful 32% of equities in resource stocks, with the larger exposures being to companies such as Impala Platinum which did not enjoy the same rally in the fourth quarter, and thus still offer compelling value.

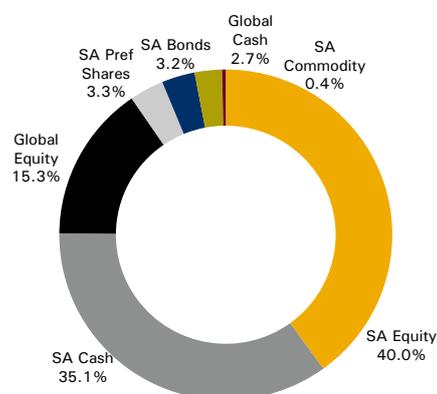
Importantly, the Fund has become increasingly diversified. As a result of the opportunity set widening, new investments - while sharing the favourable characteristics of being quality businesses trading at attractive prices - are in more varied industries and sectors and most notably, often where the Fund had limited existing exposure beforehand. Two years ago, the market was very concentrated with resources being

by far the most attractive sector from a valuation perspective. Today, this is no longer the case and the portfolio is less concentrated as a result. A more diversified portfolio, should the opportunity set allow, is always more desirable because investment success is then not overly reliant on any one particular investment thesis being proven correct within a particular frame of time.

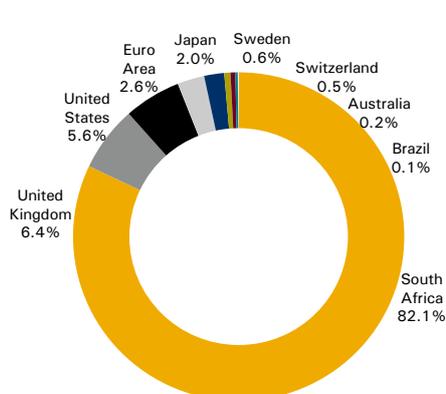
The Fund's allocation to bonds remains modest despite a rise in yields during the fourth quarter. We would look for yields to rise above 9% before allocating further capital to this asset class.

The RECM Balanced Fund is a robust, diversified portfolio of unpopular and undervalued stocks, with the advantage of a meaningful cash component to put to use as opportunities arise. Global and local markets strongly favoured value strategies during 2016, in stark contrast to the years prior to this, and 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, for reasons that are often unpalatable to most investors, well below what the underlying companies are fundamentally worth. The RECM Balanced Fund offers investors the opportunity to capitalise on this enduring investment truth.

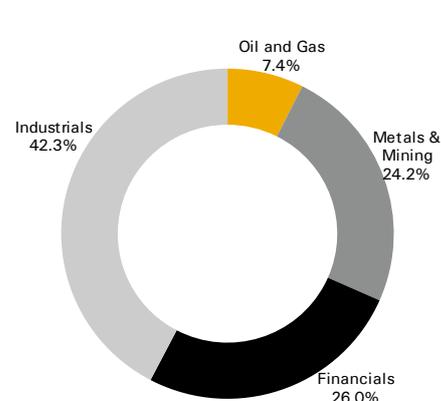
ASSET EXPOSURE (% OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM BALANCED FUND

Quarterly Commentary - Period ended 31 December 2016

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen, Wilhelm Hertzog & Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	South African Multi Asset High Equity	Annual Fee	1.0% (excl. VAT)
Regulation 28	Complies	Performance Hurdle	SA CPI + 6% p.a.
Fund Launch Date	15 February 2010	Performance Fee	20% of the outperformance of the hurdle over 5 year rolling periods
Total Fund Size	R53.4 million	Total Expense Ratio	3.9% for the 3 year period ending 30 September 2016
Benchmark (Bmk)*	SA CPI + 5% p.a.	Income Declarations	31 March, 30 June, 30 September, 31 December

Risks associated with investing in the Fund

All investments carry risk. Different investment strategies may carry different levels and kinds of risks depending on the assets held. You should consider the risks listed below in the context of your risk profile, which includes factors such as your investment timeframe, objectives and tolerance for performance volatility, income and age. We do not offer advice, nor does the Fund's investment strategy consider your individual circumstances and we cannot advise that the Fund is suitable for your circumstance.

The Manager does not guarantee the Fund's returns, its liquidity, and repayment of capital, interest nor a rate of return. Assets that are expected to provide the highest long-term returns often have the highest short-term risk. The Funds' investment strategy and the assets it invests in, will determine the Fund's sensitivity to these risk factors.

You should obtain financial advice to determine whether the Fund is suitable for your circumstances before investing in the Fund.

Sharemarket and Business Risk

The Fund may experience losses due to factors that affect the overall performance of the financial markets. The Fund holds securities issued by individual companies and are subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The companies may also have exposure to specific financial risk, liquidity risk, market risk, exchange-rate risk and country-specific risks.

Interest Rate Risk

This is the possibility that fixed-rate debt instruments may decline in value as a result of a rise in interest rates.

Credit Risk

Refers to the possibility that a bond issuer may not be able to make expected interest payments and/or principal repayment.

Liquidity Risk

Refers to the possibility that an investor may not be able to invest or disinvest when they want to. This may occur during a period of adverse market trading conditions where the manager may not be able to buy or sell the Fund's investments because opportunities to do so are limited.

Social/Political/Legislative Risk

Risks associated with the possibility of nationalisation, unfavourable government action or social changes resulting in a loss of value is called social or political risk which may affect the Fund.

Currency/Exchange Rate Risk

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated relative to the currency in which the Fund is denominated may add risk to the value of a security.

International Risks

International investments or investments in foreign securities could be accompanied by additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Inflation Risk

The Fund may invest in cash and bonds, in South Africa or globally, that do not generate sufficient income and capital gains to outperform inflation.

Key Person Risk

The Fund depends on the expertise of RECM and its investment team. The Fund could be negatively impacted if RECM does not retain key staff.

Third Party Operational Risk

The Fund's operations depend on third parties. Investors in the Fund may suffer financial loss or disruption in the event of third party operational failure.

Fees

An annual management fee (determined by the investor's selected unit class above) is levied monthly on the market value of the Fund. An annual performance fee of 20% is levied on returns (net of fees) in excess of the Performance Hurdle. Performance fees are calculated and accrued daily. While the performance fee accrual is calculated daily, for inclusion in the daily unit price, it will only be paid should the Manager outperform the performance fee hurdle over a 60-month rolling period. The performance fee is in addition to the annual management fee. No maximum is set for the performance fee. The Fund may invest in the Guernsey-domiciled RECM Global Fund and RECM Global Equity Fund, which are associated collective investment schemes, however there will be no additional investor fees connected with these investments.

**Total Expense Ratio (TER) and Transaction Costs

The TER reflects the percentage of this Fund's Net Asset Value that was incurred as expenses relating to the administration of this Fund, including the annual fee and the performance fee and intermediary fee if applicable. A Higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction costs are a necessary cost in administering this Fund and impacts this Fund's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The TER and Transaction costs are a measure of the actual expenses incurred by this Fund over a 3 year period (annualised). If this Fund is between 1 and 3 years old, the TER and Transaction Costs are calculated using the actual expenses incurred since the inception of this Fund. The sum of the TER and Transactions Costs is shown as the Total Investment Charge overleaf; these costs all being VAT inclusive.

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