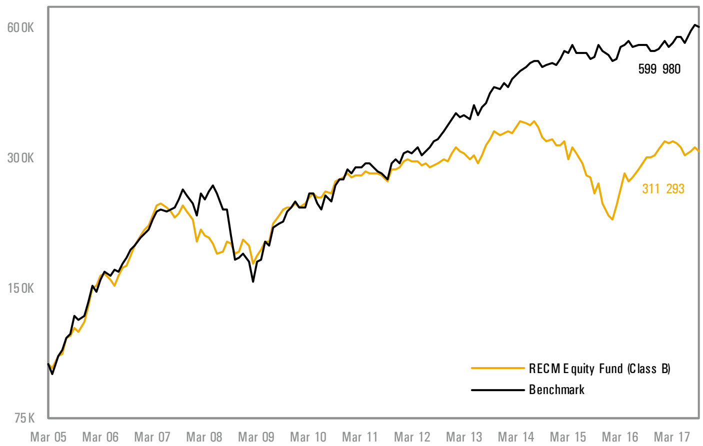
QUARTERLY REPORT

RECM EQUITY FUND - SEPTEMBER 2017

PERFORMANCE TABLE

Net Returns	RECM Equity B	Benchmark ALSI
3 Months	2.7%	8.9%
1 Year p.a.	3.4%	10.2%
3 Years p.a.	-2.4%	7.2%
5 Years p.a.	1.4%	12.5%
10 Years p.a.	3.3%	9.5%
Since inception (1 March 2005)	9.5%	15.4%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Mobile telecommunications firm MTN
- Mining companies BHP Billiton and Anglo American
- Luxury goods company Richemont

Positions which detracted from returns in the last quarter:

- Platinum producer Implats
- Investment holding company Remgro
- SA industrials such as Aveng and Inpex

PERFORMANCE SUMMARY

The Fund returned 2.7% during the quarter underperforming its benchmark, the FTSE/JSE All Share Index, which returned 8.9% for the quarter.

South African equities, as measured by the FTSE/JSE All Share Index, returned 12.6% for the year-to-date. Naspers, which is 18% of the index, was up 45% during this time, making up almost two thirds of this return. Richemont, which is 6% of the ALSI, is also up 36% this year. Together, these two stocks make up almost 80% of the ALSI return year-to-date. This shows that outside of a handful of "global" businesses, the slew of local negative news is taking its toll on the local market. To this end, local "SA Incorporated" type businesses such as Aveng, Raubex and Invicta, saw their share prices under pressure.

Mobile telecoms company MTN saw its share price rise almost 10% on news that it would swing back to profit in the first half of its financial year after a substantial fine to Nigerian regulators caused headline losses in the prior period.

Supply disruptions in the Gulf of Mexico and a faster-than-expected fall in US crude inventories caused energy prices to rise, boosting energy stocks such as Inpex and BP. Industrial metals also rose with economic momentum in China remaining firm. This boosted most resource stocks in the Fund.

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

Investment holding company Remgro saw its share price down slightly during the quarter, after Mediclinic, in which it has a 44.6% stake, saw its share fall due to expectations that the next trading statement may disappoint.

MARKET COMMENTARY

Global equities advanced on the back of a brighter outlook for the global economy and better-than-expected corporate earnings. US stock indices reached record highs, with the S&P500 returning 4.5% supported by generally positive macroeconomic data and a robust quarterly reporting season.

Eurozone Equities also performed very well, with the MSCI EMU Index returning 4.3% against a backdrop of improving economic activity, and diminishing political uncertainty. UK equities as measured by the FTSE All-Share Index rose by a more muted 2.1%, with the appreciation in the sterling negatively weighing on the Internationally diversified defensive UK stocks.

Emerging market equities outperformed yet again driven by steady global growth, US dollar weakness, continued momentum in the Chinese economy and a pickup in commodity prices. For the year, the MSCI Emerging Markets Index is up 28% in US dollars.

The South African equity market was boosted by the resources sector, which rose with industrial metal prices, as well as large rand-hedge businesses that are more global in nature such as Naspers (up 15%) and Richemont (up 16%) - with the weakness in the rand contributing to these returns. Financials and local industrials continued to lag.

MANAGEMENT ACTIONS

During the quarter, we sold our position in Niveus, switched our exposure in Barclays Africa Group and Nedbank into local bank Firstrand and introduced retailer Spar into the portfolio.

The SA banking sector is currently struggling, with credit demand remaining muted. At the current price to book ratio, and given its excess returns over cost of equity, the market is expecting around 10-12% growth from Firstrand, which appears reasonable from this low point in the cycle. As such, Firstrand is our preferred exposure amongst the local banking stocks.

We have held Niveus shares in our portfolios consistently over the last number of years, having been of the view that the market was undervaluing the gaming assets in the company. Recently Niveus announced a transaction where Tsogo Sun/HCI would buy the gaming assets out of Niveus. This would happen in a way that would result in the return of capital to our funds in the form of dividends.

Since this transaction is of benefit to investors with capital gains tax liabilities, the Niveus share price rose to around R40, which also happened to be our fair value for the business. As such, we sold our Niveus shares, the bulk of which were bought at around R18/share, at a price just over R40/share.

Spar is a wholesaler of food, liquor and building supplies with operations primarily in South Africa (65%), Ireland (25%) and Switzerland (10%). Spar has scale in distribution with large and sophisticated distribution centres and regional retail footprints. This creates cost efficiency and buying power. Growth has slowed in SA retail in the last 6 months close to 0% real growth, which is what the market is pricing in for this business over the long term. In addition, the Euro and CHF have weakened which has also negatively impacted sales in rands. Our investment case is based 2.5% real growth after 2017, a recovery in the currencies mentioned and marginal improvement in margins outside of South Africa.

TOP TEN HOLDINGS (%)

September 2017		June 2017	
Hosken Cons Investments Ltd	9.3	Hosken Cons Investments Ltd	8.5
RECM and Calibre Ltd	8.9	RECM & Calibre Ltd	7.5
Standard Bank Group Ltd	6.1	MTN Group Ltd	5.5
MTN Group Ltd	6.0	Standard Bank Group Ltd	5.3
Firstrand Ltd	6.0	Allied Electronics Corp Ltd	4.2
Sentula Mining Ltd	4.1	Sasol Ltd	4.0
Sasol Ltd	3.3	Impala Platinum Holdings Ltd	3.6
Afrimat Ltd	3.3	Anglo Platinum Ltd	3.5
Metair Investments Ltd	3.1	Compagnie Financiere Richemont	3.2
Remgro Ltd	3.1	Sentula Mining Ltd	3.2
Total	53.2	Total	48.5

SECTOR EXPOSURE (%)

September 2017		June 2017	
Industrials	39.9	Industrials	39.5
Resources	25.0	Resources	27.6
Financials	35.1	Financials	32.9
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's equity allocation increased from 85% to 89% during the quarter, with a cash position of 10.6%. This was a result of allocating further capital to stocks, particularly those that are more domestically-focused, which saw their share prices come under pressure during the quarter.

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 within our wide 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 the Fund to comprise of as many investment ideas as possible, across as many sectors and industries as possible, such that investment success is never overly reliant on any one particular investment thesis being proven correct within a particular frame of time.

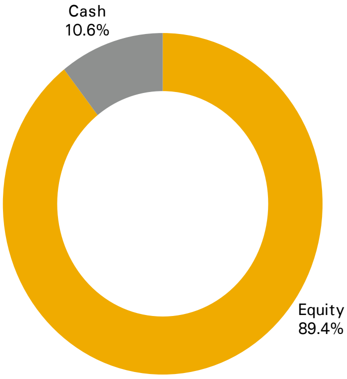
Fortunately, over the past two years, local markets have offered up a number of interesting and diverse opportunities to own decent businesses trading at attractive prices, often because they have simply been overlooked in favour of the bigger, headline-grabbing stocks of the moment. As this opportunity set has opened up, the Fund has been able to introduce many new and varied investment ideas since the beginning of 2015, whilst at the same time reducing exposure to the resources sector, which has rebounded by more than 70% since the beginning of 2016.

The end result is a portfolio of assets which is more diversified than before, in higher quality companies than before. The Fund now holds 25% of equity in resource stocks, with 35% in financial stocks and 40% in a wide array of diverse industrial businesses.

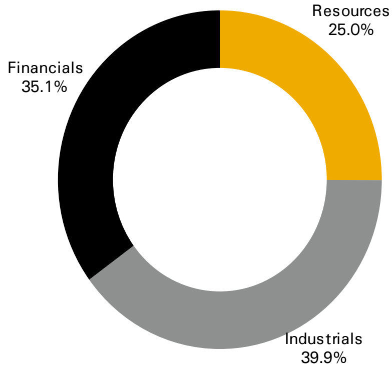
The RECM Equity Fund is a robust, diversified portfolio of unpopular and undervalued stocks, with the advantage of a cash component to put to use as opportunities arise. Markets strongly favoured value strategies during 2016, in stark contrast to the years prior to this, and with the value cycle still 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 Equity Fund offers investors the opportunity to capitalise on this enduring investment truth.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM EQUITY FUND

Quarterly Commentary - Period ended 30 September 2017

RECM

PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen	Min. Investment	R150,000 initial investment
ASISA Sector	South Africa Equity General*	Initial Fee	No initial fee
Fund Launch Date	2 March 2005	Annual Fee**	1.0% (excl. VAT)
Inception Date (Class B)	2 March 2005	Intermediary Fee**	0.0% (excl. VAT)
Total Fund Size	R52.9 million	Performance Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Benchmark (Bmk)	FTSE/JSE All Share Index	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Total Expense Ratio	1.6% for the 3 year period ending 31 March 2017		

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.

Inflation Risk

The Fund may hold investments 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, which is a associated collective investment scheme, however there will be no additional investor fees connected with thisw investment.

****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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