QUARTERLY REPORT

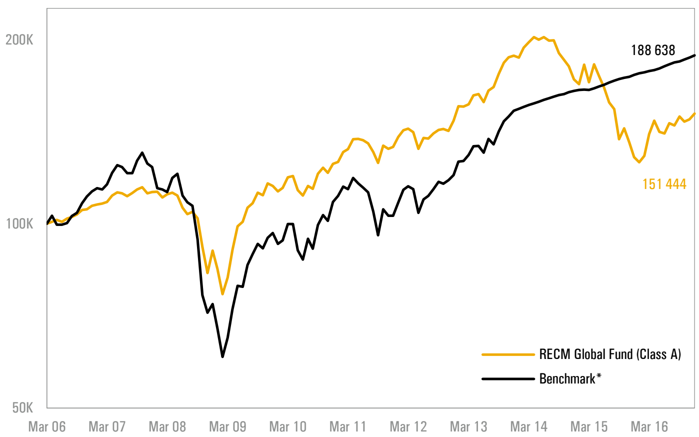
RECM GLOBAL FUND - DECEMBER 2016

PERFORMANCE TABLE

Net Returns	RECM Global A	Benchmark*
3 Months	1.1%	2.3%
1 Year p.a.	17.9%	7.7%
3 Years p.a.	-7.0%	7.2%
5 Years p.a.	2.5%	12.8%
10 Years p.a.	3.5%	5.3%
Since inception (31 March 2006)	3.9%	6.1%

*The Fund's benchmark is US CPI + 6% p.a. and the performance fee hurdle is US CPI + 8% p.a. Prior to 1 January 2014, the Fund's benchmark and performance fee hurdle was the MSCI World Index TR and the MSCI World Index TR + 2.5% respectively.

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Chilean Copper producer Antofagasta Plc
- Portuguese retailer Sonae
- Japanese energy producer Inpex

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 1.1% during the quarter, and 17.9% for the full year. Although the Fund marginally underperformed its benchmark of US CPI + 6% for the quarter, it outperformed strongly over the 12 months with the benchmark delivering only 7.7% in 2016. Global equities, as measured by the MSCI All Countries World Index (ACWI), returned 1.3% in USD over the quarter, and 8.5% for the full year.

Copper producer Antofagasta saw its share price rise by over 20% during the quarter on the back of higher copper prices which were boosted by expectations of higher fiscal spending in the US, triggering a surge in many industrial metals prices. Similarly, Japanese energy producer Inpex benefited from a recovery in energy prices following the agreement of production cuts by OPEC, and ten non-OPEC members including Russia. Brent crude oil was up 13.1% during the quarter.

Portuguese retailer Sonae saw its share price rise along with many other retailers, including UK retailer Tesco, as sentiment shifted in favour of economically sensitive stocks driven by bullish expectations of improved US and global growth.

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 and 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 equity market 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 as well as German Bunds. This lead to a positive knock-on effect for most financial stocks in these markets.

MANAGEMENT ACTIONS

New investments in the Fund over the past quarter included two banks, Royal Bank of Scotland and Itau Unibanco Holding SA, as well as American media company Scripps Networks Interactive.

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 position in Itau, Brazil's largest and most profitable private bank - a high quality business with exceptional management.

Scripps owns and operates several lifestyle channels on cable TV such as Food Network and the Travel Channel, which it then sells on to cable distributors such as cable and telecommunication companies. Our investment thesis is based on improved advertising revenue as the cable TV advertising spend cycle (which is low) turns, while assuming a decline in Pay-TV subscribers at a rate faster than the industry is expecting. Even with these inputs, the fair value calculated implies a margin of safety at current prices.

During the quarter we trimmed exposure to resources companies such as BHP Billiton and Antofagasta where share prices were fuelled by rising commodity price rises, 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, continue to offer value.

TOP TEN HOLDINGS (%)

December 2016		September 2016	
Tesco PLC	4.9	Tesco PLC	5.1
Alfa Laval Ab	4.2	Inpex Corp	4.7
Inpex Corp	4.0	Impala Platinum Holdings Ltd	4.6
Aggreko Plc	3.7	Berkshire Hathaway Inc	3.4
Berkshire Hathaway Inc	3.6	Standard Chartered PLC	3.3
Impala Platinum Holdings Ltd	3.4	Bhp Billiton Plc	3.1
Sonae	3.3	Serco Group PLC	3.1
Serco Group PLC	3.2	X5 Retail	3.1
Standard Chartered PLC	3.2	Alfa Laval Ab	3.0
Coach Inc	3.1	Coach Inc	3.0
Total	36.6	Total	36.4

ASSET EXPOSURE (%)

December 2016		September 2016	
Equity	83.6	Equity	78.0
Cash	16.4	Cash	22.0
Property	0.0	Property	0.0
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund saw an increase its equity allocation, which moved from 78% to 83% during the quarter as a by-product of the new investments above. The residual cash is held in a combination of British pounds, euros and Japanese yen – all of which have become even further undervalued on a purchasing power parity basis versus the US dollar as the latter strengthened in anticipation of "Trumponomics" and tightening US rates.

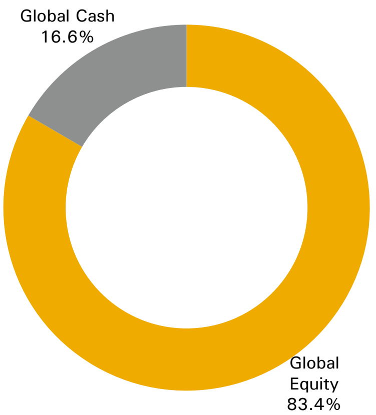
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. Despite the rise in yields over the quarter, we believe these assets still do not adequately compensate investors for their commensurate risk.

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 29% allocation of equities to 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.

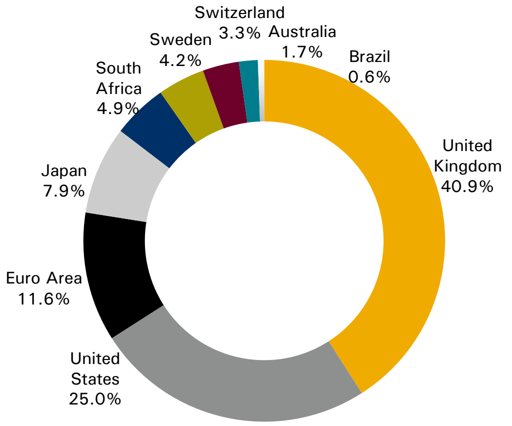
Importantly, the Fund has become increasingly diversified. As a result of the opportunity set widening, new investments - while sharing the favourable characteristics of being quality businesses trading at attractive prices - are in more varied industries and sectors and most notably, often where the 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 Global 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 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 Global Fund offers investors the opportunity to capitalise on this enduring investment truth.

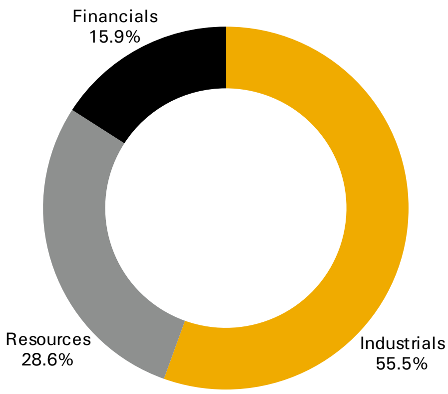
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL 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	Global Multi Asset Flexible	Annual Fee**	1.0%
Domicile	Guernsey	Intermediary Fee**	0.0 %
Fund Currency	US dollars	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Fund Launch Date	31 January 2006		
Inception Date (Class A)	31 March 2006	Benchmark (Bmk)*	US CPI + 6% p.a.
Total Fund Size	US $153.7 million	Performance Hurdle	US CPI + 8% p.a.
Min. Investment	US $50,000 initial investment	Total Expense Ratio	1.3% for the 3 year period ending 30 September 2016

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.

****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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