

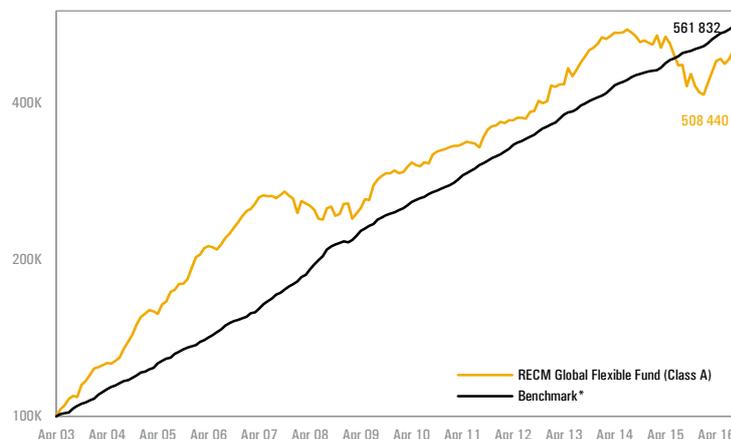
QUARTERLY REPORT

RECM GLOBAL FLEXIBLE FUND - SEPTEMBER 2016

PERFORMANCE TABLE

Gross Returns	RECM Global Flexible A	*Benchmark CPIX then CPI + 6%
3 Months	7.1%	2.8%
1 Year	18.3%	12.3%
3 Years	1.2%	12.1%
5 Years	8.2%	12.9%
10 Years	8.5%	14.0%
Since inception (7 April 2003)	12.9%	13.7%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund outperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Platinum producer Impala Platinum
- Investment company RECM & Calibre
- Russian retailer X5 Retail

Positions which detracted from returns in the last quarter:

- Mobile telecommunications firm MTN
- Generator and temporary power supplier Aggreko
- Luxury accessories retailer Coach

PERFORMANCE SUMMARY

The Fund returned 7.1% during the quarter, outperforming its benchmark, CPI + 6%, which returned 2.8%. Global equities, as measured by the MSCI All Countries World Index (ACWI) returned -1.9% in ZAR, driven into negative territory by the stronger rand. South African equities, as measured by the FTSE/JSE All Share Index, returned 0.5%.

Impala Platinum continued its share price rally, despite a pullback in the platinum price. The company remains our preferred exposure to the platinum industry by virtue of their proactive capital expenditure throughout the cycle which will see them benefiting the most from a sustained upturn in platinum prices.

RECM & Calibre, the listed investment company managed by us, also continued to perform well with the market reacting favourably to more detail provided at the company's AGM regarding the underlying portfolio of investments.

X5 Retail, Russia's second biggest food retailer, more than doubled its second quarter net profits sending its shares to a

four-year high. The company saw its operating margin increase with high like-for-like sales and growing economy of scale. Mobile telecommunications firm MTN continued to be hounded by issues around their Nigerian operations with new allegations of bribes and money laundering surfacing during the quarter, all of which have been vehemently denied by the firm itself.

Temporary power generator and supplier Aggreko saw its share price come under pressure after reporting half year results. Revenue was down, reflecting a tough operating environment with lower utilization and increased competition putting downward pressure on pricing.

Luxury accessories retailer Coach saw its share price decline after brokerage firm Morgan Stanley downgraded it to "underweight" citing concerns about the company's turnaround plan. Many luxury retailers have seen their share prices deteriorate following the Chinese stock market crash and given an overall slowdown in Chinese growth.

MARKET COMMENTARY

The third quarter was a positive one for most global equity markets, both developed and emerging, with emerging markets up the strongest fuelled by a surge in technology stocks and a continuation of the rally in resource stocks. The MSCI Emerging Market Index generated a USD return of 8.3% during the quarter.

The S&P 500 gained 4%, buoyed by the Fed's decision to keep the target range for rates between 0.25% and 0.50%, as well as by positive economic news and strong quarterly earnings reports from several companies. Technology stocks in particular rallied strongly as results for several firms such as Apple, Microsoft and Facebook came out better than analysts expected, with the sector returning 13%. Even the financial sector was up 5% despite the high-profile Wells

Fargo scandal making headlines.

European markets appeared to brush off Brexit concerns and instead turned their attention to ongoing central bank stimulus measures, resulting in stocks rebounding strongly after steep declines in the second quarter. Overall, the MSCI Europe Index was up 6% with the euro also rising modestly against the US dollar.

Yields in the US rose with a rate hike appearing more probable, while yields fell in both Europe and the UK as a result of continued central bank stimulus. In SA, yields fell, reflecting consensus views of an imminent rate cut and better inflation prospects.

MANAGEMENT ACTIONS

The overall asset allocation of the Fund remained broadly unchanged during the quarter, as did the sector allocation. Given the continued rally in resource stocks, we again trimmed our positions in this sector as one might expect with discounts to fair value having reduced.

At the individual stock level, new positions were initiated in the global portion of the Fund. These included two new additions to high-end retail exposure, as well as a new position in ALS (Australian Laboratory Services).

The luxury goods sector has come under pressure due to a slowdown in China, as well as lower tourism spend in Europe, the US and Hong Kong because of terrorist attacks, weak emerging market currencies, general political turmoil and uncertainty. The current climate has presented a good opportunity to buy businesses in this part of the market

at attractive price entry points for high quality companies with proven track records of delivering superior returns above cost of capital over time. As we have only recently initiated our investment positions in this idea, we prefer not to disclose more detail at this stage.

ALS (Australian Laboratory Services) is a global commercial services company specializing in the testing of minerals, oil, environmental, pharmaceutical and industrial products. Despite the growth of the more stable life sciences division, the stock came under pressure as a result of the mineral and energy divisions being closely linked to the commodity cycle. The company is a high quality business due to its global network and economies of scale. Revenue and margins should improve through a combination of cost-cutting and a recovery in testing sample volumes as the cycle works through.

TOP TEN HOLDINGS (%)

September 2016		June 2016	
Impala Platinum Holdings Ltd	6.6	Impala Platinum Holdings Ltd	4.6
RECM & Calibre Ltd	4.7	RECM & Calibre Ltd	3.9
Hosken Cons Investments Ltd	3.8	Hosken Cons Investments Ltd	3.6
BHP Billiton Plc	3.7	BHP Billiton Plc	3.5
Standard Bank Group Ltd	3.1	Standard Bank Group Ltd	3.4
Niveus Investments Limited	2.7	Anglo Platinum Ltd	2.3
Tesco Plc	2.5	Tesco Plc	2.2
Anglo American Plc	1.7	Anglo American Plc	2.1
Anglo Platinum Ltd	1.7	Nedbank Group Ltd	2.1
Impex Corp	1.7	Niveus Investments Ltd	2.0
Total	32.2	Total	29.7

ASSET ALLOCATION (%)

September 2016		June 2016	
SA Equity	41.1	SA Equity	40.7
Global Equity	26.7	Global Equity	25.8
SA Cash	15.4	SA Cash	14.7
SA Bonds	6.2	SA Bonds	6.4
Global Cash	5.8	Global Cash	8.3
SA Pref Shares	4.7	SA Pref Shares	3.9
SA Commodity	0.1	SA Commodity	0.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The RECM Global Flexible Fund current has 33% exposure to offshore assets, with 6% in offshore cash. The remainder of the Fund includes local equity exposure of just under 46%, local cash at 15% and local bonds at 6%.

Within the global portion of the Fund, we deployed some cash into the new investments mentioned above. The remaining cash offshore is held in British pounds, euros and Japanese yen – all of which are undervalued on a purchasing power parity basis. However, as evidenced by our split between global and local, we continue to favour local assets. This is a function of the undervalued rand, as well as a reflection of a dearth of high quality global businesses that are sufficiently cheap to justify a larger allocation to global assets.

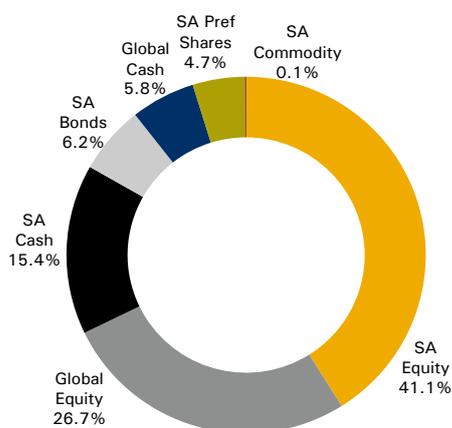
The Fund is still meaningfully exposed to stocks in the resources sector, which currently make up a third of the Fund's equities. We continue to trim this exposure as share prices rise, while retaining our emphasis on higher quality businesses that are robust enough to withstand the severity of the cycle. The mix of companies in this segment is more diversified than it was at the start of the year, which is preferable – reflecting a widening of opportunities in the sector as the cycle has progressed. As mentioned last quarter, the Fund has also now invested in high quality industrial businesses such as Alfa Laval, Aggreko, Rotork and ALS with indirect exposure to the still depressed energy and/or mining sectors. These companies are suppliers of highly specialised and critical components or services to producers in these sectors.

Locally, over the course of the year our equities have shifted somewhat in favour of attractive investment propositions in so-called 'SA Inc.' industrial businesses. These businesses continue to face difficult circumstances, and have been out of favour in part due to being oriented mostly towards the domestic market with little global exposure, and thus facing a lacklustre local economy whilst not having had the benefit of a weak rand over the past few years. Our sense is that some local businesses of high quality are being sold off without due regard for their long term earnings power, and we are happy to have exposure to such assets as a result.

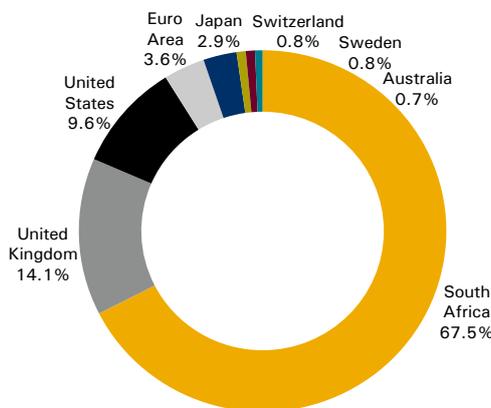
The Fund's allocation to bonds remains modest. While we view developed market bond yields and all asset prices closely associated therewith with great caution, we view South African government bond yields in excess of 9% as quite reasonable, and worth allocating some capital to.

The RECM Global Flexible Fund is a robust, diversified portfolio of unpopular and undervalued stocks, which still retains some cash to put to use should opportunities arise. Markets have favoured value strategies year-to-date, a significant shift from the last several years. This has boosted the Fund's returns recently. We expect that value investors will ultimately be handsomely rewarded for their patience and willingness to hold unpopular but attractively priced stocks - as has been the case for many cycles before this one.

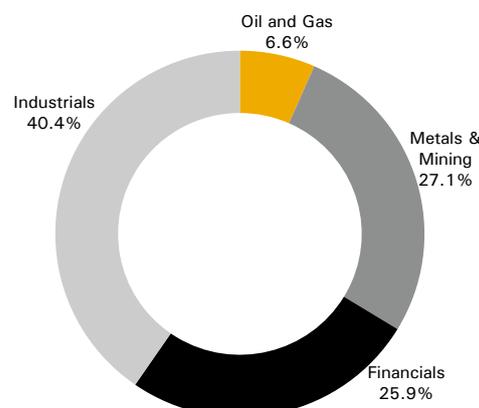
ASSET EXPOSURE (% OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen, Wilhelm Hertzog & Paul Whitburn	Initial Fee	No initial fee
ASISA Sector	Worldwide Multi Asset Flexible	Annual Fee**	1.0% (excl. VAT)
Fund Launch Date	3 April 2003	Intermediary Fee**	0.0% (excl. VAT)
Inception Date (Class A)	3 April 2003	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Total Fund Size	R1.28 billion	Benchmark (Bmk)*	SA CPI + 6% p.a.
Min. Investment	R150,000 initial investment	Performance Hurdle	SA CPI + 8% p.a.
Total Expense Ratio	1.3% for the 3 year period ending 30 June 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. 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.

Tel: +27 21 657 3440

Fax: +27 21 674 1088

Email: info@recm.co.za

Website: www.recm.co.za

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.