QUARTERLY REPORT

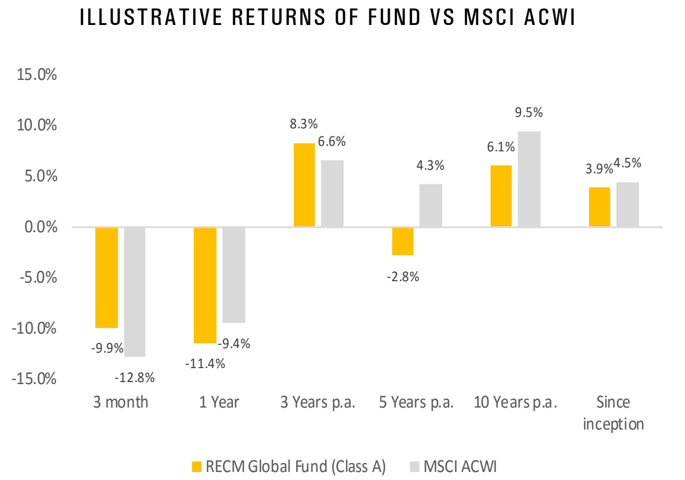
RECM GLOBAL FUND - DECEMBER 2018

PERFORMANCE TABLE

	Fund	MSCI ACWI*	US CPI+6%
3 Months	-9.9%	-12.8%	2.1%
1 Year	-11.4%	-9.4%	8.7%
3 Years	8.3%	6.6%	8.2%
5 Years	-2.8%	4.3%	7.7%
10 Years	6.1%	9.5%	11.6%
Since Inception	3.9%	4.5%	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 NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Brazilian private bank Itau Unibanco
- Russian retailer X5
- Gold miner Anglogold Ashanti

Positions which detracted from returns in the last quarter:

- UK retailer Tesco Plc
- Telecoms company Liberty Global Plc
- Japanese energy producer Inpex

PERFORMANCE SUMMARY

The Fund returned -9.9% for the fourth quarter of 2018. The global equity market, as measured by the MSCI All Countries World Index (MSCI ACWI), was down 12.8% during the quarter. Over the past 3 years, the Global fund has returned 8.3% per annum after fees, outperforming the MSCI ACWI, which has delivered 6.6% per year.

Brazilian private bank Itau Unibanco benefited from a bounce back in the Brazilian equity markets as overall sentiment improved after the presidential election was won by the candidate perceived to be more market-friendly.

Russian retailer X5 Retail bucked the downward trend in the fourth quarter, posting a resilient set of results which showed total net retail sales growth remaining strong.

Precious metals prices, in contrast to most other commodity prices, posted strong gains during the quarter as global growth concerns drove demand for safe-haven assets. As such, gold shares such as Anglogold Ashanti, Barrick Gold and Randgold all boosted Fund returns.

The Fund also benefited from having a cash position in Japanese yen, since the yen strengthened as a result of the currency being viewed as a "safe-haven" given increased uncertainty.

Most energy stocks, including Japanese natural gas and oil producer Inpex, fell during the quarter as the combination of slowing global growth, and oil prices plummeting by more than 30%, weighed on the sector.

Continued uncertainty regarding the UK's impending departure from the European Union, as well as a weakening pound, also drove the share prices of many UK domestic companies down, including UK retailer Tesco Plc and telecommunications firm Liberty Global Plc.

MARKET COMMENTARY

Global equities had a difficult quarter overall, with strained relations between the US and China, rising US interest rates and signs of slowing global growth weighing on most markets.

US equities were down significantly in the fourth quarter, with December experiencing particularly steep falls. The S&P500 Index returned -13.5%, and the tech-heavy Nasdaq -17%, with the latter becoming the first major US index to enter into bear territory since the bull market started in 2009.

Eurozone equities also fell sharply with the MSCI EMU Index returning -11% in local currency and the FTSE All Share index down 10% as Theresa May's proposed Brexit deal met with stiff opposition. The US dollar rallied against the euro, the pound and many other currencies.

The strong US dollar again contributed to emerging markets disappointing with rising US interest rates, weaker commodity prices and heightened US-China trade tensions all compounding emerging market woes. The MSCI Emerging Market Index was down 7.4%, falling for a third consecutive quarter.

Bond yields fell and prices rose during the quarter, reflecting an increase in risk aversion as continued macro uncertainty weighed on risk appetites across the globe. US Treasury bonds, European government bonds and UK gilts all rallied as a result of safe-haven buying amid increased volatility in global financial markets.

MANAGEMENT ACTIONS

During the quarter, the Fund increased its allocation to a diversified basket of "net-net" stocks, as well as to its basket of "spin-offs". Last quarter we introduced these two sources of potential returns into the Fund, which importantly are uncorrelated to the market and to other sources of returns in the Fund.

A "net-net" is a company whose stock is trading below the company's current assets (cash or cash equivalents) minus all liabilities. In other words, where the share price is effectively trading below the company's liquidation value. By buying a small basket of diversified net-net stocks trading at these extraordinarily low prices, the Fund is able to capitalise on a situation which will see some of these stocks delivering enough excess returns to more than compensate for the stocks priced appropriately for imminent liquidation. This provides an excellent source of potential returns with risk minimised through diversification and through limiting the overall position size of the basket.

A "spin-off" is a stock that is created through the sale or distribution of new shares from an existing parent company. Typically shareholders of the parent company that receive these shares aren't interested in these underlying assets, or may end up with negligibly small positions, and thus choose to sell them quickly, putting downward pressure on the share price in the short term. As such, the spinoff process is a fundamentally inefficient method of distributing stock to the wrong people, who are then inclined to sell without any regard for price or fundamental value. This presents an attractive opportunity to value investors who are prepared to buy these spinoffs after the initial forced selling, and hold them until value unlocks. By holding a diversified basket of small positions in multiple spin-offs, we are able to diversify the overall risk of the position while still benefiting from the upside potential.

During the quarter, we took advantage of price weakness to add to our positions in some of our UK holdings such as Tesco, Admiral, Liberty Global as well as to Russian bank Sberbank.

TOP TEN HOLDINGS (%)

December 2018		September 2018	
Tesco PLC	6.2	Tesco PLC	5.8
Berkshire Hathaway	4.6	Williams-Sonoma	4.0
Williams-Sonoma	3.8	Berkshire Hathaway	4.0
Reinet Investments SCA	3.1	Liberty Latin America Ltd	3.4
Inpex Corp	2.8	Inpex Corp	3.2
Liberty Latin America Ltd	2.8	Reinet Investments SCA	3.2
Gazprom-adr	2.5	Hugo Boss	2.7
X5 Retail Group Gdr	2.3	BP PLC	2.3
BP PLC	2.3	Gazprom-adr	2.3
Admiral Group	2.2	Prudential PLC	2.1
Total	32.6	Total	33.0

ASSET EXPOSURE (%)

December 2018		September 2018	
Equity	65.5	Equity	62.2
Cash	34.5	Cash	37.8
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's equity allocation ended the quarter at 65%, with the cash portion of the portfolio making up 35%. This includes a 16% position in Japanese yen, and a 16% position in sterling. These currencies are still significantly undervalued on a purchasing power parity basis versus the US dollar.

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.

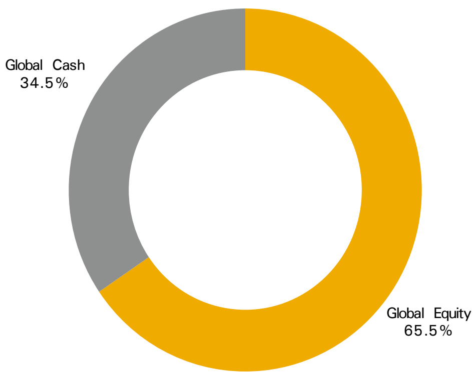
Fortunately, over the past few years, the global market has offered up a number of interesting and diverse opportunities to own good businesses that are trading at attractive prices, often because they have simply been overlooked in favour of the bigger, headline-grabbing stocks of the moment. As this opportunity set has opened up, the Fund has been able to introduce a significant amount of new investments to the portfolio, whilst at the same time reducing exposure to the resources sector, which has more than doubled since the beginning of 2016. The end result is a portfolio of assets which is more diversified than before, and increasingly, in higher quality companies than before.

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. This is significant because 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.

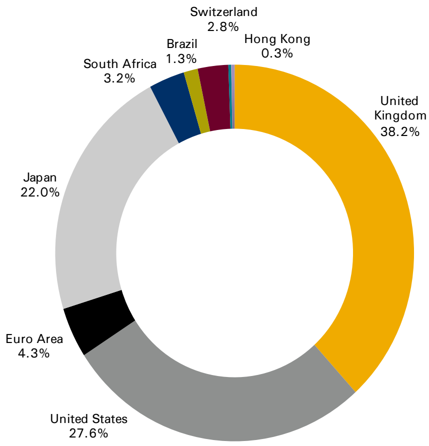
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We believe these assets still do not adequately compensate investors for their commensurate risk.

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.

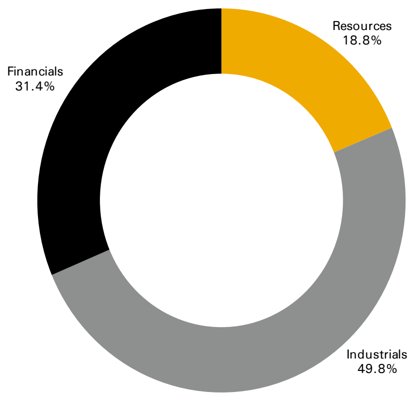
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FUND

Quarterly Commentary - Period ended 31 December 2018

RECM

PORTFOLIO OVERVIEW

Portfolio Manager	Piet Viljoen	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 $92.6 million	Performance Hurdle	US CPI + 8% p.a.
Min. Investment	US $50,000 initial investment	Total Expense Ratio	1.2% for the 3 year period ending 31 December 2018

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; these costs all being VAT inclusive.

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