QUARTERLY REPORT

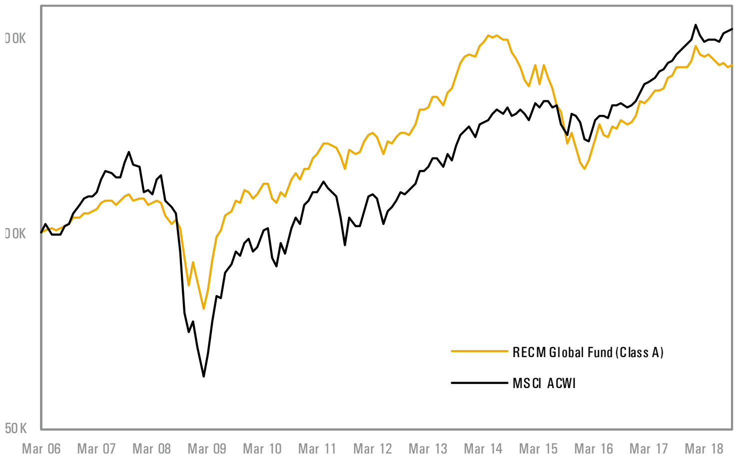
RECM GLOBAL FUND - SEPTEMBER 2018

PERFORMANCE TABLE

Net Returns	RECM Global A	MSCI ACWI*	Benchmark
3 Months	-0.7%	4.3%	2.0%
1 Year p.a.	0.2%	9.8%	9.1%
3 Years p.a.	9.6%	13.4%	7.9%
5 Years p.a.	0.6%	8.7%	8.9%
10 Years p.a.	5.9%	8.2%	8.7%
Since inception (31 Mar '06)	4.9%	5.7%	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

The RECM Global Fund underperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Investment holding company Berkshire Hathaway
- Japanese energy producer Inpex
- Luxury homeware retailer Williams-Sonoma

Positions which detracted from returns in the last quarter:

- Luxury fashion house Hugo Boss
- UK retailer Tesco Plc
- Global emerging markets bank Standard Chartered

PERFORMANCE SUMMARY

The Fund returned -0.7% for the third quarter of 2018 underperforming its inflation-based benchmark (US CPI + 6% per annum), which returned 2.0%. Since its inception in March 2006, the Fund has delivered returns net of fees similar to the global equity market, as measured by the MSCI All Countries World Index, with significantly less volatility and without the concentration risk of the FANG stocks (Facebook, Amazon, Netflix, Google) which dominate the global market indices.

Rising interest rates continued to drive many financial stocks higher. Berkshire Hathaway, which has sizeable investments in insurance companies, saw its share price increase by 13.5% in expectation of the positive impact of higher interest rates on insurers.

Japanese energy producer Inpex was up more than 20% as the first shipment of gas from the Icthys gas project in Australia to Japan became imminent after two years of delays due to a combination of contractor disputes, technical difficulties and bad weather.

Homeware retailer Williams Sonoma shares surged after second-quarter profit and sales numbers exceeded market forecasts. The firm has been under siege by Amazon in recent years but has thus far fared better than expected, with continued broad growth from each of its core retail concepts and an increasing contribution of online sales to total.

Fashion retailer Hugo Boss was down along with many other luxury retailers as markets considered the potential impact of rising protectionism and tariffs on consumer spending power in the United States and China – the world's two biggest consumers of European luxury goods.

British retailer Tesco also fell on fears of a "no-deal" Brexit, which weighed on many UK domestic companies, compounded by a weaker pound.

A tempering of the global growth outlook weighed on UK bank Standard Chartered and other EM-focused areas of the UK stock market, given a slowdown in global growth and trade tends to have an outsized impact on emerging markets.

MARKET COMMENTARY

Global equities had a strong quarter against a backdrop of strong corporate earnings data and robust economic growth with the MSCI ACWI returning 4.3%. US equities, as measured by the S&P500 Index, outperformed other developed markets posting 7.7% for the quarter. The US economy grew by 4.2% in the second quarter, supported by a strong labour market with the unemployment rate remaining at 18-year lows.

Eurozone equities were up modestly in the second quarter with the MSCI EMU Index returning 0.4% in local currency. UK equities, as measured by the FTSE All-Share index, fell by 0.8% in local currency, with Brexit uncertainty continuing to weigh on the market. The US dollar rallied against the euro, yen, pound and most other currencies. The strong US dollar contributed to emerging markets underperforming, with rising US interest rates and heightened US-China trade tensions further compounding emerging market woes. The MSCI Emerging Market Index was consequently down 1.1% during the quarter.

US Treasury bonds came under pressure as yields rose with the Fed hiking rates for the third time this year. This outweighed a short bout of safe haven demand in August caused by emerging market instability, trade wars and political instability in Europe. Yields also rose in Europe and UK, putting bond markets under pressure across the board.

MANAGEMENT ACTIONS

During the quarter, the Fund introduced positions in financial services company Prudential Plc, and global telecommunications company Liberty Global, as well as a small allocation (2%) to a diversified basket of "net-net" stocks.

Prudential Plc is a multinational insurance and financial services company headquartered in London, UK. It owns Prudential Corporation Asia, which has operations across 14 markets in Asia, Jackson National Life Insurance Company, is one of the largest life insurance providers in the United States, and M&G Prudential, a leading savings and investments business in the UK and Europe. The company has top-three share in nine of its target markets (including Hong Kong, Indonesia, Singapore, Malaysia, India and Vietnam) and a strong 50-50 joint venture with CITIC in mainland China that has been driving growth. We believe the company's high-growth Asian operations, better-than-assumed US operation and improving UK operations all contribute to the share offering value at current levels.

Liberty Global is a multinational telecommunications company which holds UK and European cable assets and is one of the largest broadband services companies in the world. The economics of the business model revolves around economies of scale. Providing multiple services or products to consumers reduces consumer churn. This leads to more stable revenue streams and the ability to maximise cost efficiencies. Our investment thesis is that we are buying assets with a margin of safety that have good economics in markets with currently weak currencies (euro and sterling), relative to the reporting currency of the group (US dollar). Furthermore, the group is controlled by an excellent capital allocator (John Malone) with a proven track record, in a sector that is moving from being more fragmented to being more concentrated.

A "net-net" stock is a company whose share price is trading below the company's current assets (cash or cash equivalents) minus total liabilities - i.e. where the share price is effectively trading below an estimate of the company's liquidation value. By buying a small basket of diversified "net-net" stocks trading at extraordinarily low prices, the Fund is able to capitalise on a situation which stack the odds very much in favour of the investor, whilst managing the risk through overall position size and diversification.

During the quarter, we also trimmed exposure to Berkshire Hathaway, Tapestry and Sawai Pharmaceuticals, all of which had gained strongly in US dollar terms during the quarter. We took advantage of price weakness to add to our position in Richemont.

TOP TEN HOLDINGS (%)

September 2018		June 2018	
Tesco PLC	5.8	Tesco PLC	8.6
Williams-Sonoma	4.0	Berkshire Hathaway	6.1
Berkshire Hathaway	4.0	Tapestry Inc	4.4
Liberty Latin America Ltd	3.4	Williams-Sonoma	4.2
Inpex Corp	3.2	Standard Chartered PLC	3.2
Reinet Investments SCA	3.2	Hugo Boss	3.1
Hugo Boss	2.7	Liberty Latin America Ltd	3.0
BP PLC	2.3	Swatch Group	2.9
Gazprom-adr	2.3	Inpex Corp	2.6
Prudential PLC	2.1	BP PLC	2.2
Total	33.0	Total	40.3

ASSET EXPOSURE (%)

September 2018		June 2018	
Equity	62.2	Equity	72.3
Cash	37.8	Cash	27.7
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The Fund's equity allocation ended the quarter at 62%, with the cash portion of the portfolio making up 38%. This includes a 12% position in Japanese yen, and an 18% 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.

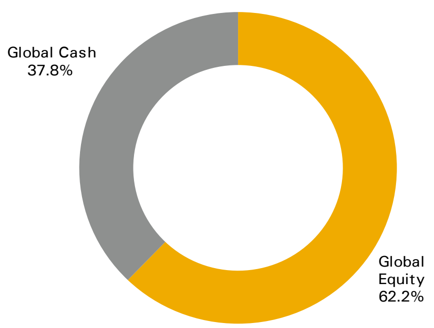
Fortunately, over the past few years, the global market has offered up a number of interesting and diverse opportunities to own good businesses that are trading at attractive prices, often because they have simply been overlooked in favour of the bigger, headline-grabbing stocks of the moment. As this 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 22% of equity in resource stocks, with 29% in financial stocks and 49% in a wide array of diverse, quality industrial businesses around the world.

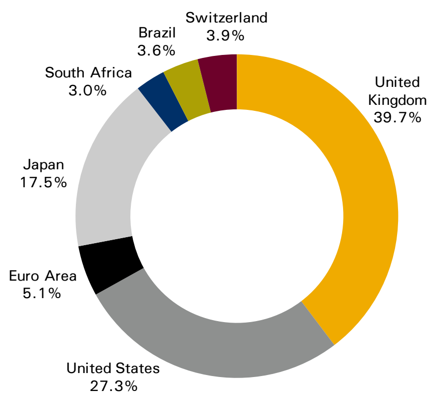
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We believe these assets still do not adequately compensate investors for their commensurate risk.

The Global Fund is a robust, diversified portfolio of high quality and undervalued stocks, with the advantage of a meaningful cash component to put to use as more 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.

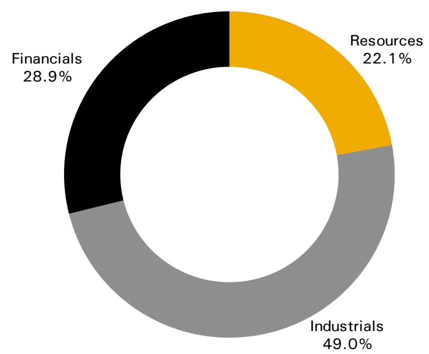
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FUND

Quarterly Commentary - Period ended 30 September 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 $113.3 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 30 September 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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