QUARTERLY REPORT

RECM GLOBAL FUND - SEPTEMBER 2019

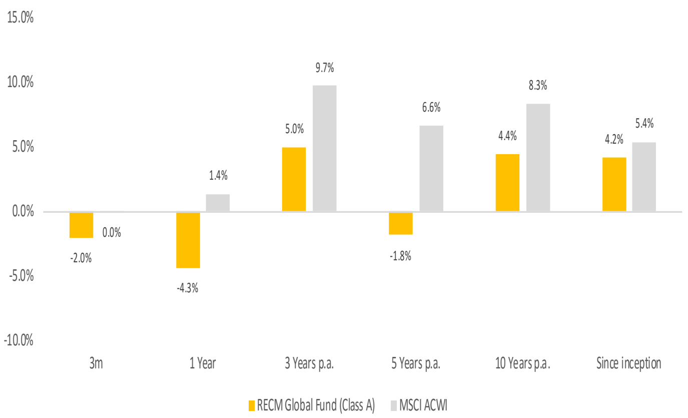
PERFORMANCE TABLE

	Fund	MSCI ACWI*
3 Months	-2.0%	0.0%
1 Year	-4.3%	1.4%
3 Years	5.0%	9.7%
5 Years	-1.8%	6.6%
10 Years	4.4%	8.3%
Since Inception	4.2%	5.4%

*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

ILLUSTRATIVE RETURNS OF FUND VS MSCI ACWI



PERFORMANCE REVIEW

Positions which benefited returns in the last quarter:

- Alternative asset manager Brookfield
- Platinum producer Impala Platinum
- Gold producers Barrick Gold and Anglogold Ashanti

Positions which detracted from returns in the last quarter:

- Brazilian private bank Itau Unibanco
- Heathcare business Aspen Pharmacare
- Insurance company Prudential Plc

PERFORMANCE SUMMARY

The Fund returned -2.0% for the third quarter of 2019. The global equity market, as measured by the MSCI All Countries World Index (MSCI ACWI), was flat for the quarter.

Brookfield Asset Management, which invests in alternative assets such as renewable energy and infrastructure assets, saw its share price up 11% during the quarter. These assets typically have very stable cash flows far into the future. Therefore, discounting them at today's low interest rates increases the present value the market is prepared to pay for them.

Impala Platinum continued to rally, fuelled by a dramatic increase of 50% in the rand Platinum Group Metals basket over the past 2 years as a result of surging palladium and rhodium prices.

Gold also continued to perform well on the prospect of lower US interest rates, driving up the share prices of gold producers in the Fund such as Anglogold Ashanti and Barrick Gold.

Brazilian private sector bank Itau Unibanco fell along with Brazilian stocks generally, which were weaker across the board on weak commodity prices and lacklustre growth. Brazil's economy has struggled since it emerged from recession in 2017.

Aspen Pharmacare, a recent addition to the Fund, saw its share price weaken along with the rest of the healthcare sector, as discussions around drug price transparency and pricing reform continued to plague the industry.

Prudential Plc saw its share price weaken on the back of reduced insurance sales in Hong Kong due to continued unrest, and concerns that the company will be spinning off asset manager and insurer M&G into a separate FTSE 100 company by October 21 — just 10 days before the UK is due to leave the EU.

MARKET COMMENTARY

Global stocks were flat overall for the quarter, with the positive impact of central banks cutting rates offset by a worsening US/China trade war and signs of slowing economic growth.

The S&P500 Index was up slightly with a return of 1.7% for the quarter, bringing the return to 21% year-to-date, an extraordinary result given the backdrop of trade tensions and an inverted US yield curve (which often precedes a recession).

European stocks also rose modestly, as the market welcomed a new round of potential rate cuts in the months ahead. The MSCI EMU Index was up 2.6% in local currency. UK equities fared surprisingly well given ongoing Brexit-related uncertainty, with the FTSE All-Share Index up 1.3% in local currency, but down in US dollars as a result of the pound weakening.

Emerging markets, as measured by the MSCI Emerging Markets Index, were down 4.2% in US dollars as a result of trade tensions, slowing growth in China and a strong US dollar.

It was another positive quarter for most government bonds however - with yields falling in the US, Europe and the UK on the back of central bank rate cutting. Emerging market bonds also had a positive quarter with local currency EM debt benefiting from a weakening US dollar.

MANAGEMENT ACTIONS

The Fund introduced new positions in Nordstrom, Takkt AG, and Shaeffler AG.

Nordstrom is an American chain of luxury department stores. Members of the founding family are still on the executive and collectively own 31% of the business. The investment case for Nordstrom includes the fact that it is family-controlled, has low debt levels, generates high returns over time and is trading on low multiples due to the expectation of the "Amazon effect" on retailers. Nordstrom already has a strong online presence however with 30% of revenue from online sales, and is focused on customer experience and a strong loyalty program to increase this further.

Takkt AG is a direct (B2B) seller of office, restaurant and display equipment, as well as being seller of containers for hazardous materials. The company consists of a wide group of European and US companies with scale, integration and switching costs all working in their favour.

Online sales make up 55% of total sales, but there is still scope for increased penetration. The share price is trading at a PE of 10 due to the European PMI Index, which measures manufacturing activity, currently indicating a contraction. This has presented an attractive entry point for a high quality investment which has historically delivered good returns on capital.

Shaeffler AG is a family-controlled manufacturer of automotive and industrial parts. Negative sentiment around the business is mostly due to fears that they will be negatively impacted by the shift to electric vehicles; and face increasing pricing pressure on the auto part industry due to the cyclical downturn. These fears are overblown in our mind – Shaeffler still generates attractive returns on equity and is trading at a discount to our conservative earnings power valuation. Even assuming current margins come under pressure, and on a conservative multiple due to its short listed history, the stock is trading at an attractive discount to fair value.

The net-net basket was increased to 3% and the spin-off basket increased to 5% of the Fund as new opportunities presented themselves within these respective investment themes.

TOP TEN HOLDINGS (%)

September 2019		June 2019	
Tesco PLC	4.2	Itau Unibanco	4.2
Sberbank Of Russia	4.1	Tesco PLC	4.2
Itau Unibanco	3.7	Richemont	3.1
Brookfield Asset Management	3.0	Swatch Group	3.0
Richemont	2.7	Brookfield Asset Management	3.0
Tocqueville Bullion Reserve	2.3	Berkshire Hathaway	2.4
Berkshire Hathaway	2.1	Tapestry Inc	2.0
Vopak	2.1	Sberbank of Russia	2.0
Tapestry Inc	2.1	Tocqueville Bullion Reserve	2.0
INTL Business Machines Corp	2.1	Aspen Pharmacare	1.5
Total	28.4	Total	27.4

ASSET EXPOSURE (%)

September 2019		June 2019	
Equity	64.4	Equity	61.9
Cash	35.6	Cash	38.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The quarter ended with roughly 64% the Fund invested in equities, and 36% in cash. The cash portion includes an active allocation to both British pounds and Japanese yen – both of which are still trading at discounts of close to 30% relative to fair value on a purchasing power parity basis versus the US dollar.

Bearing in mind that the cash allocation is entirely a by-product of how many bottom-up investment ideas we find, this large cash position reflects a dearth of quality companies trading at sufficiently low prices to constitute value by our measures. The last time the Fund had such a large cash position was prior to the Financial Crisis in 2007. Today, looking back on one of the US market's most prolonged growth rallies ever, the spread between the valuations of the most expensive decile and cheapest decile of stocks is at the widest it's been since the run-up to the Great Depression and the dot-com bubble. What this widening spread means is that the market continues to buy high (expensive stocks) and sell low (cheap stocks). However, long term investment success lies in the opposite trade - buying low and selling high – and in the current context that means buying value and selling growth. This also explains why we have no exposure to technology stocks, and very limited exposure to the US market in total – where valuations, by almost any measure, are back at extreme highs. Instead, we are finding better value opportunities in areas that are less popular, such as the UK and various emerging markets.

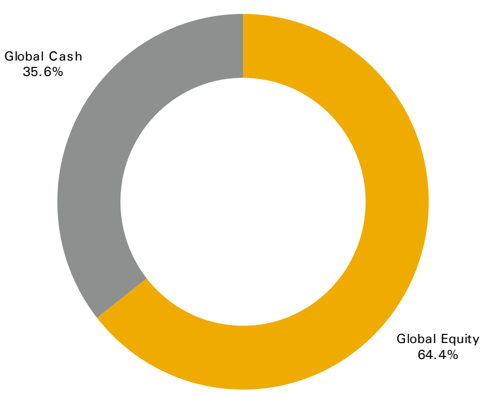
Being bottom-up value investors first and foremost, we make our allocations on a case-by-case basis depending on where quality and value collide in the global opportunity set. From a portfolio construction perspective however, we ensure too that the resulting portfolio is as diversified as possible when 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. The end result is a robust and diversified portfolio of undervalued assets.

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. 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 17% of equity in resource stocks (which includes a 5% gold basket), with 29% in financial stocks and 54% in a wide array of diverse, quality industrial businesses around the world.

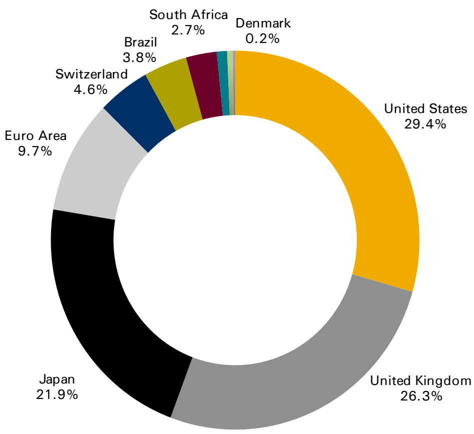
The Fund continues to avoid exposure to bonds, and has negligible exposure to other traditional interest-bearing investments such as property. We believe these assets still do not adequately compensate investors for their commensurate risk.

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.

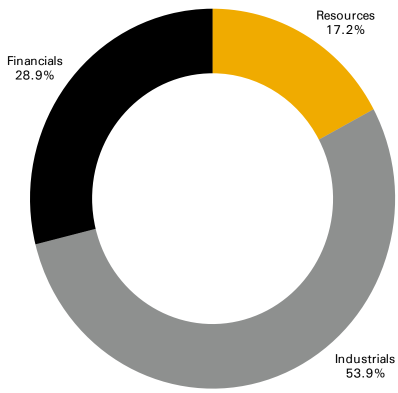
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



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*	None
Fund Launch Date	31 January 2006	Benchmark (Bmk)*	US CPI + 6% p.a.
Inception Date (Class A)	31 March 2006	Performance Hurdle	Not Applicable
Total Fund Size	US 89.4$ million	Total Expense Ratio	1.2% for the 3 year period ending 30 September 2019
Min. Investment	US $50,000 initial investment		

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.

***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 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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