QUARTERLY REPORT

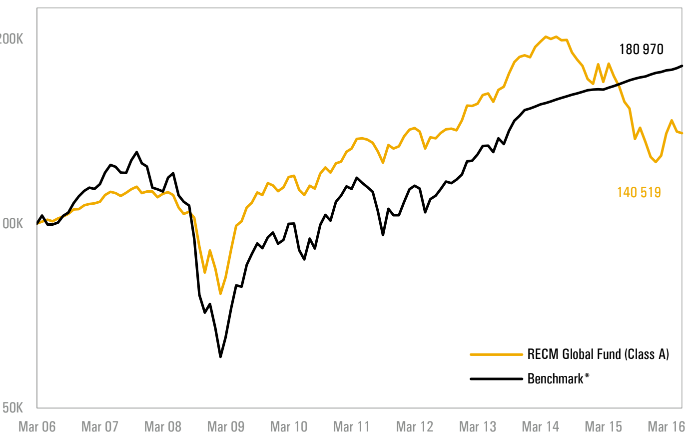
RECM GLOBAL FUND - JUNE 2016

PERFORMANCE TABLE

Gross Returns	RECM Global A	Benchmark*
3 Months	0.2%	1.8%
1 Year p.a.	-16.0%	7.2%
3 Years p.a.	-3.8%	11.4%
5 Years p.a.	0.5%	9.5%
10 Years p.a.	3.4%	6.1%
Since inception (31 March 2006)	3.4%	6.0%

*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:

- Diversified global miner Anglo American
- Leading Russian retail bank Sberbank
- Global emerging markets bank Standard Chartered

Positions which detracted from returns in the last quarter:

- Portuguese food retailer Sonae
- Leading UK food retailer Tesco
- Russian social network Mail.ru

PERFORMANCE SUMMARY

The Fund returned 0.2% during the quarter, underperforming its benchmark, US CPI + 6%, which returned +1.8% over the same period. Global equities, as measured by the MSCI All Countries World Index, returned 1.2% in USD over the same period.

Anglo American continued its strong share price performance from the first quarter of the year into the second quarter – albeit to a lesser extent. Positive developments in the business (a solid recovery in diamond sales; asset sales at prices higher than the market was expecting) has supported the share price. Other resources holdings in the Fund also contributed positively to returns during the quarter.

Russian retail bank Sberbank has delivered spectacular share price gains this year, rising by more than 50% in US dollar terms. The oil price recovery during this year has benefitted the Russian economy, and eased concerns about the severity of the impact of the recession on banks like Sberbank.

After declining far more precipitously than global bank indices in the early months of 2016, Standard Chartered's share price staged a strong recovery in the past quarter. With more emerging markets and commodity-linked exposure than most other global banks, Standard Chartered's fortunes tend to follow the fortunes of these markets more closely than other banks, and the market's assessment has on balance improved on both counts during this year.

The share prices of two of the larger European food retail holdings in the Fund came under some pressure during the past quarter. With renewed concerns about the solvency of Portuguese banks surfacing, the Portuguese market has felt some pressure, dragging the share price of leading food retailer Sonae along with it.

Tesco management's comments at the release of the company's full year results dampened hopes that the intense price war in the UK food retail market will be easing in the short term. This weighed on the share price during the quarter.

MARKET COMMENTARY

Global markets were fairly range bound until late in the quarter. Britain's announcement that the country has voted to leave the European Union gave global markets a severe jolt in the last few days of June. The flight to safety that this announcement triggered also resulted in a sharp drop in developed market government bond yields. While most market indices recovered the losses suffered in short order, European financial shares have continued to languish due to uncertainty about the impact of the British exit from the European Union on the cross-border activities and capital requirements of banks and insurance companies.

An interesting development following the British 'Leave' vote has been the rush of sales of UK property funds by investors concerned about the prospects of the London commercial property market. This has resulted in some funds restricting withdrawals, again highlighting the dangers of mismatches in liquidity between open-ended investment funds and illiquid underlying assets.

The Fund has material exposure to companies listed in the UK, but most of these companies have global client bases, and we don't expect meaningful impact to these companies from Britain leaving the European Union.

MANAGEMENT ACTIONS

New investments for the Fund in the past quarter were mainly companies with some exposure – albeit often indirect - to the still depressed oil and gas or mining sectors. But for the most part these companies are suppliers of highly specialised and critical components to primary producers in these sectors, as opposed to being primary producers themselves.

Alfa Laval is a global leader in the heat exchange, separation technology and fluid control markets. It generates a material percentage of its revenue from sales to the oil and gas sector, typically to refineries. The company also sells to the shipping industry, and increased exposure to this industry about two years ago through an acquisition. Given the state of both of these two end markets, it comes as no surprise that the market is less than enamoured with the shares of the company. Our view remains that the cycle will improve in both the oil and gas and shipping markets at some point, at which time the market is likely to appraise the shares of the company far higher than it is today.

Rotork designs and manufactures actuators, gearboxes and instrumentation for valves. These valves are typically used in oil and gas pipelines. The valves are often employed in mission critical parts of a customer's facilities, and hence quality and reliability are key – price less so. This is a recipe for generating sustained strong returns, and Rotork has the financial track record to match. It is only in times of depressed cyclical conditions that one has the opportunity to buy businesses of Rotork's quality at the prices on offer today.

Aggreko is another notable new addition to the fund in the past quarter. The company is by far the global leader in the supply of leased temporary power generation equipment. Its unmatched size (it is about five times the size of its closest competitor) allows for significant economies of scale in procuring equipment, and optimising utilisation of its fleet of generators. Key end markets are typically emerging market countries where grid power supply is erratic, large capital projects in remote parts of the world (mines, oil wells), war- or disaster-torn areas, and large sporting events.

On the disposals front, mining stocks (Anglo American, Impala Platinum, Anglo Platinum) feature prominently after their stellar share price re-ratings in the early months of the year, as does Sberbank. The Fund maintains exposure to these shares, but at reduced position sizes.

TOP TEN HOLDINGS (%)

June 2016		March 2016	
Tesco Plc	4.8	Tesco Plc	5.3
Inpex Corp	4.0	Berkshire Hathaway Inc	4.4
Berkshire Hathaway Inc	3.7	Anglo American Plc	3.7
Serco Group	3.6	Mail.ru Group Ltd	3.7
Coach Inc	3.4	Anglo Platinum Ltd	3.5
Standard Chartered Plc	3.3	Coach Inc	3.4
Alfa Laval Ab	3.0	Inpex Corp Ltd	3.4
BHP Billiton Plc	3.0	Bhp Billiton Plc	3.2
Aggreko Plc	2.8	Impala Platinum Holdings Ltd	3.2
Antofagasta Plc	2.6	Standard Chartered Plc	3.2
Total	34.2	Total	37.0

ASSET EXPOSURE (%)

June 2016		March 2016	
Equity	69.9	Equity	65.0
Cash	30.0	Cash	34.9
Property	0.1	Property	0.1
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

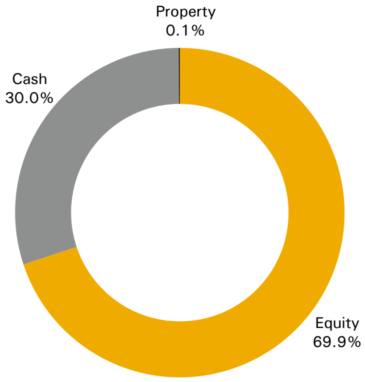
The positioning of the RECM Global Fund has not changed dramatically over the past quarter. The Fund continues to hold a substantial amount of cash, as a reflection of a market environment in which high quality assets are by and large quite popular and hence expensive. However, we have been able to find a limited number of compelling high quality investment ideas, which has allowed us to deploy some cash, and hence the cash holding of the fund reduced somewhat during the quarter.

The Fund continues to have no exposure to bonds, and negligible exposure to what are traditionally considered to be 'income-generating' investments like property. With vast swathes of developed market bond yields at negative levels, the global reach for yield continues apace. It only takes a small unexpected event to upend asset prices exposed to this phenomenon – as the plummeting of the UK commercial property market following Britain's decision to leave the European Union can attest to.

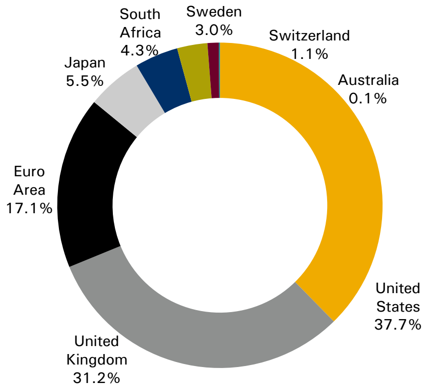
The sector allocation of the fund has shifted somewhat during the past three months. Given the sales of resources shares, and the purchases of industrial shares highlighted above, it follows that the exposure to the resources sector, while still large, has decreased somewhat in favour of industrials. With the exception of Sberbank, which was individually a fairly large sale, a number of the Fund's smaller financial holdings were also sold down or out of during the quarter, mainly due to share prices approaching fair value. This resulted in a meaningfully smaller exposure to the financial sector than at the end of the first quarter.

The attributes of quality (high margins, stability of earnings and dividends, high returns) in companies have become tremendously popular in recent years. This has made stocks in sectors with a prevalence of companies with these attributes very crowded, and has resulted in strong price momentum in these stocks. The RECM Global Fund is largely positioned in uncrowded and unloved stocks and sectors. The first half of 2016 has brought some signs that the overpriced quality/momentum theme so beloved by global markets in recent years may be at risk of disappointing investors, and that the market may be beginning to recognise the merits of the attractively priced shares held by funds like the RECM Global Fund. If this process continues, the Fund should benefit handsomely.

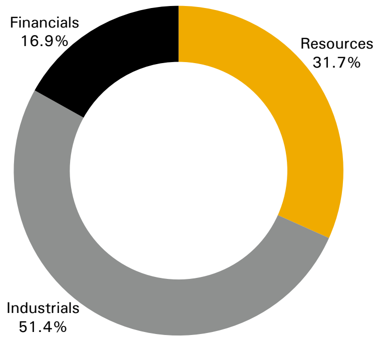
ASSET EXPOSURE (%OF FUND)



REGIONAL EXPOSURE (% OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



RECM GLOBAL FUND

Quarterly Commentary - Period ended 30 June 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 $159.9 million	Performance Hurdle	US CPI + 8% p.a.
Min. Investment	US $50,000 initial investment	Total Expense Ratio	1.1% for the 3 year period ending 31 March 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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