

Aylett & Co. - Investor Update

September 2016

Many of our investors are aware of my preference for communicating when we have something useful to say to our clients rather than the fact sheets and quarterly feedback reports prescribed by regulation. To this end I would like to share the two performance tables shown below.

I have often reported to investors that our best investment decisions are made when our relative performance appears to be weak. Investment decisions taken about two and half years ago hampered our short term performance; these 'out of sync' and small cap investments were at their worst at the beginning of the year. Questions such as, 'why are you investing in dying businesses and small cap companies?' were common and investors began transferring their investments to managers favouring the momentum stocks. Large caps such as Naspers, Steinhoff, Sasol, and the retail sector were the rage and stocks like Anglos, platinum and banking shares were out of favour...except in our portfolios. Repatriating USD cash back to South Africa at the height of the Nene crisis was seen as 'crazy'. We did the 'crazy' thing and bought cheap stocks in South Africa.

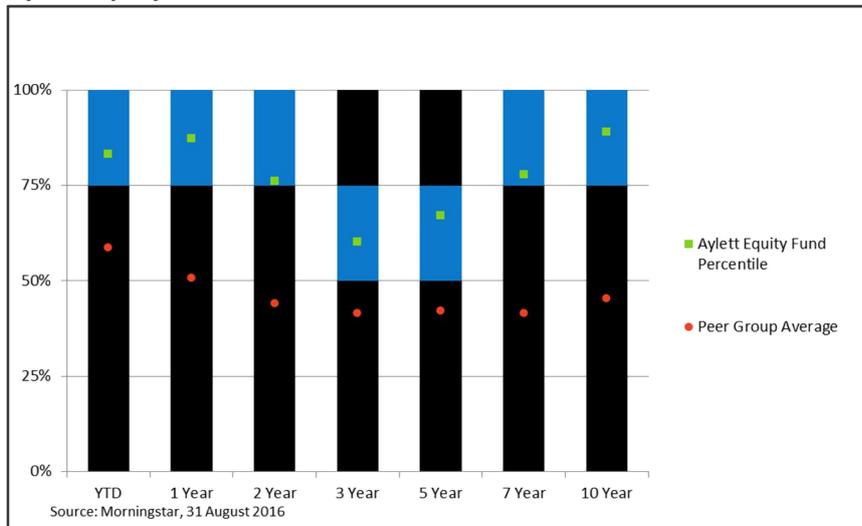
Perhaps it is too soon to brag about the performance of our funds but I feel it is important to highlight the reasons we believe they are doing well. These are:

- We have a larger universe.
- Small caps add value with lower risk.
- We did not suffer from quarterly supervision by investors commonly known as 'quarter-itis'.
- We have a significant amount of our own wealth invested in our funds - doing irrational things will hurt our own wealth.
- We know our clients and have to look them in the eye and be held accountable. Executive decisions must be for the good of the client and not for the company.
- Finally, doing sensible things in investing leads to favourable outcomes.

I passionately believe that focusing on not overpaying for assets, thinking long term (say ten years), and avoiding the mistakes made by other investors will ultimately lead to upper quartile performance.

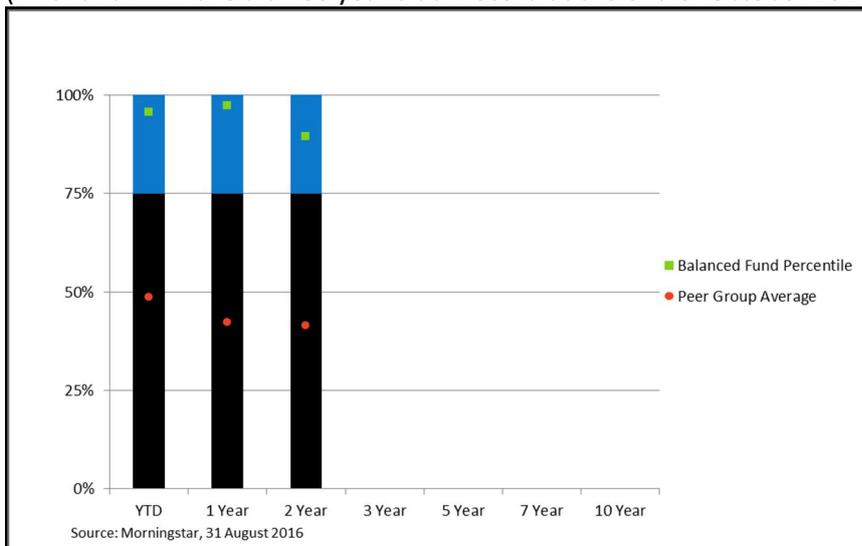
Finally, I want to thank those investors who have supported us and trusted us with their capital. For eleven years we have been doing the same thing, and expect to keep doing the same thing for the next eleven years. This philosophy is robust, has stood the test of time, and is compounding at a very good rate.

Aylett Equity Prescient Fund Quartile Performance



Aylett Balanced Prescient Fund Quartile Performance

(This fund will have a three year track record at the end of October 2016)



Walter Aylett