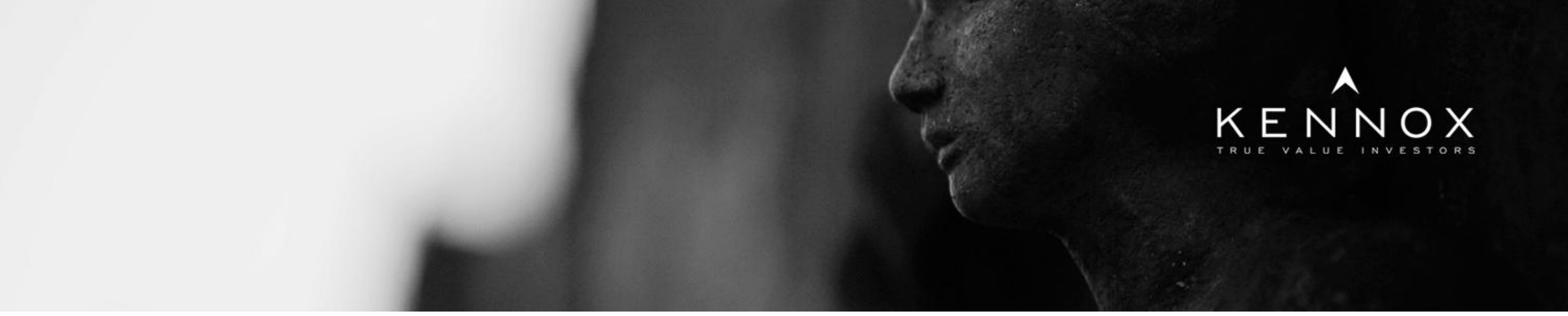

QUARTERLY INVESTMENT REPORT

June 2026

The first half of 2026 has provided a useful reminder that investment returns rarely arrive in a straight line. Following a particularly strong fourteen-month period for the Fund through to the end of February (up 43%), returns have been weaker as investor capital has once again gravitated towards the largest US technology companies. SpaceX's stock market listing, together with continued enthusiasm for artificial intelligence and the businesses supplying the chips, equipment and infrastructure that support it, has reinforced investors' focus on a relatively small area of the market. This is not to suggest that these are poor businesses—far from it. Rather, it is reminder that short-term market returns are often driven as much by where incremental capital is flowing as by changes in underlying business fundamentals.

Against that backdrop, many of the areas that had contributed so positively to the Fund's performance over the previous twelve months have temporarily fallen out of favour, and the Fund returned just 1.7% over the six months to 30th June 2026. Whilst we are naturally disappointed to have surrendered some of the gains achieved earlier in the year, we view the recent weakness largely as a temporary reversal of previous exceptional gains rather than a deterioration in the underlying quality of the businesses we own.

Indeed, the strongest contributors to Fund performance since the end of 2024 have been amongst the weakest performers over the past four months. Our **gold mining investments** have generated average returns of around 130% over the last eighteen months, whilst **Youngone** has risen approximately 90%, **GSK** 56% and **Singapore Telecom** 49%. Collectively, however, these same holdings have fallen around 23% since the end of February.

Encouragingly, the opportunity set remains exceptionally attractive. Whilst activity within the portfolio has been relatively modest in the last quarter (see our previous quarterly for activity in the first quarter), we have continued to recycle capital where valuations have become more demanding. At the start of June, we sold our holding in **Pan American Silver**, which had become the most highly valued of our three gold mining investments after appreciating by over 160% since the start of 2025. We remain positive on the medium-term outlook for gold, supported by continued geopolitical uncertainty, elevated government debt and persistent central bank demand. Accordingly, we have reinvested the proceeds into **Wesdome Gold Mines**, a Canadian gold producer whose assets we believe remain significantly undervalued by the market. In our view, the company possesses high quality reserves with considerable exploration potential that are not yet fully reflected in its valuation. Despite offering attractive production growth opportunities, the shares currently trade at a material discount to the larger gold producers.

More broadly, we continue to encounter a remarkable number of interesting investment opportunities.

One of the more enjoyable events during the quarter was hosting twenty-five students at the Library of Mistakes in Edinburgh for the Kennox internship programme. Following a week-long research project, the students presented investment cases (viewed through a Kennox lens) on a diverse group of companies: Diageo, Haier, Breedon, Mitchells & Butlers, Spin Master, Shoei and Churchill China. Whilst none currently feature within the Fund, each possesses characteristics that value investors are naturally drawn towards, whether strong market positions, resilient cash generation or temporary operational challenges that have created valuation opportunities.

We were also pleased to attend the London Value Investor Conference, which once again demonstrated the breadth of opportunities available to active investors. Presentations on businesses as diverse as MakeMyTrip, Progressive Insurance, Nippon Television, Barratt Redrow and Samsung Electronics highlighted an important point: attractive investments continue to exist across industries, geographies and market capitalisations for those prepared to look beyond the relatively narrow group of companies currently dominating market indices.

This is particularly relevant given today's valuation backdrop. The Cyclically Adjusted Price Earnings (CAPE) ratio for the S&P 500 currently stands close to 42x, approaching the record level reached during the technology bubble at the end of 1999. Valuation metrics are, of course, poor indicators of short-term market movements, but they have historically been far better guides when considering prospective returns over the subsequent decade. It is worth remembering that an investor purchasing the MSCI World Index at the end of 1999 would have achieved a total return of just 3% in sterling over the following ten years—not 3% per annum, but 3% in total. Whilst history never repeats precisely, it often serves as a useful reminder that paying ever higher prices for even the highest quality businesses rarely proves a recipe for exceptional long-term returns.

Against this backdrop, we believe the Fund remains well positioned. We continue to manage the portfolio without reference to benchmark weights or regional allocations, focusing instead on individual businesses where we believe expectations remain unduly pessimistic. Through ongoing portfolio rotation, the Fund's valuation metrics have remained remarkably consistent at around twelve times earnings, whilst continuing to offer a dividend yield of approximately 3.6% after all fees. These valuation characteristics provide us with confidence that attractive long-term returns need not rely upon further expansion in market multiples. Even if valuations merely remain unchanged, the underlying earnings and cash generation of the businesses we own should continue to support our long-term objective of delivering attractive compound returns.

Finally, it is perhaps worth reiterating what differentiates the Kennox investment approach from many other value managers. Our objective is not simply to buy statistically cheap companies, but to own businesses where expectations are low, balance sheets are robust and competitive positions are durable. We typically seek companies capable of generating attractive through-cycle earnings whilst carrying very little financial leverage – over 50% of the portfolio (by weight) has net cash on the balance sheet. The resulting portfolio is intentionally differentiated: we have very limited exposure to North America outside our gold mining investments, virtually no exposure to financial companies beyond a modest holding in Admiral, and meaningful allocations to those regions where we continue to find the greatest value, particularly the UK, Japan and Asia. Whilst this positioning can occasionally lead to periods when our returns differ materially from broad market indices, we believe it provides the best opportunity to continue delivering the high single-digit compound returns that have characterised the Fund over the long term.

Charles L. Heenan
(Investment Director)

Geoff Legg
(Investment Director)

If you have any questions on Kennox or the Kennox Strategic Value Fund, please contact us on +44 (0) 131 563 5440 or email at clients@kennox.co.uk. Our website is www.kennox.co.uk

Fund Data – 30 June 2026

Performance (total return net of fees) in Pounds Sterling

PERIOD	SHARE CLASS	
	CLASS I	CLASS A
YTD	1.6%	1.7%
2025	24.9%	25.0%
2024	8.4%	8.7%
2023	8.0%	8.2%
2022	12.6%	12.9%
2021	10.1%	10.5%
2020	-11.1%	-10.9%
2019	4.8%	5.1%
2018	-2.2%	-2.0%
2017	2.5%	2.6%
2016	35.8%	36.2%
2015	-4.0%	-3.8%
2014	-1.1%	-0.9%
2013	15.5%	4.3%*
2012	10.0%	N/A
2011	-4.0%	N/A
2010	12%*	N/A

Source: Kennox. Performance figures are total return generated from the accumulation units since their launch (29 April 2013), and from the income shares prior to that. * Share classes launched mid-year: Class I on 12 May 2010; and Class A on 29 April 2013.

Top 10 Holdings

STOCK	REGION	SECTOR	MARKET CAP (US$M)	WEIGHT (%)
STELLA INTERNATIONAL	Asia	Consumer Discretionary	1,500	6.5
SHELL	UK	Energy	213,500	6.8
YOUNGONE HOLDINGS	Asia	Consumer Discretionary	1,500	5.6
FUKUDA DENSHI	Japan	Health Care	2,500	5.2
EQUINOR	Europe	Energy	80,500	4.5
SINGAPORE TELECOM	Asia	Communication Services	56,000	4.5
RHEON AUTOMATIC	Japan	Industrials	300	4.4
SKY NEW ZEALAND	Asia	Communication Services	300	4.0
NEWMONT CORP	N. America	Materials	99,500	3.9
ADMIRAL	UK	Financials	14,500	3.8
TOTAL TOP 10				**48.2**
20 OTHER HOLDINGS				51.1
CASH				0.7

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