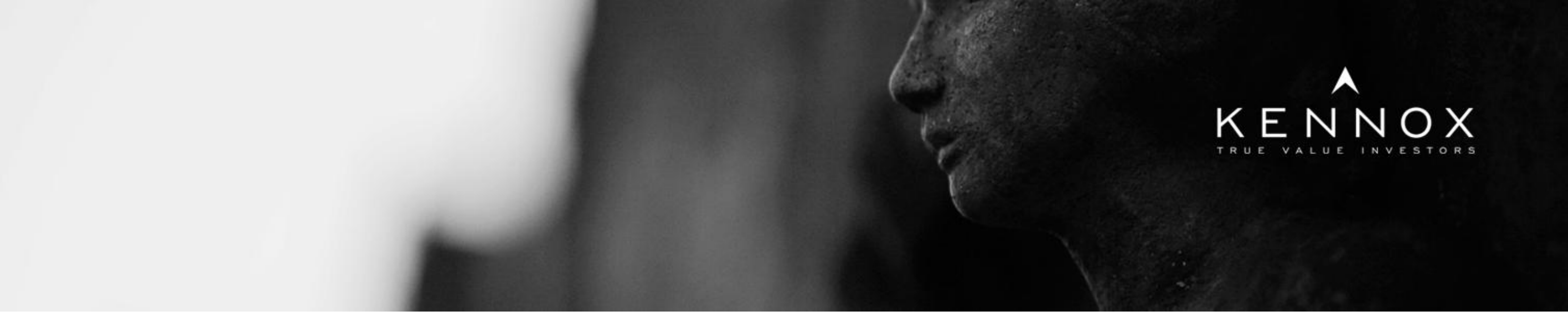

QUARTERLY INVESTMENT REPORT

March 2026

It certainly hasn't been a quiet quarter for Kennox nor for the global economy and financial markets. Markets have been volatile against the backdrop of war in the Middle East and an oil shock that could rival the 1970s, which come on top of existing tariff uncertainty and the enormous debt piles that continue to accumulate around the world. The outlook for financial markets is, to put it mildly, wildly unpredictable.

At times like these, it pays to go back to basics. We established Kennox almost twenty years ago with a simple objective: to implement an investment philosophy that increases the chances of good outcomes over time, while doing everything in our power to avoid terrible losses. How? Buy solid companies, hold them for the long term, and let them seek out the strong opportunities and profitable niches that they, not us, are best placed to find. We let the companies do the heavy lifting. Secondly, enhance this by buying at marked-down prices. Due to the enormous mood swings of Mr Market, a patient investor can buy practically anything at inexpensive prices. One simply has to wait. It isn't easy, as the news will often be poor and the wait can sometimes stretch to decades. But hunt widely enough and assess the long-term outlook dispassionately, and the rewards can be significant. This is how to build a margin of safety into the portfolio.

Readers will note we make no reference to beating an index. Benchmarks are not risk-free. For instance, in the rare but important times that benchmarks become concentrated and expensive, tracking them increases the chance of the crushing losses we are always seeking to avoid.

Sticking to our approach (holding solid companies for the long term, buying when they are out of favour and always maintaining a margin of safety) is as robust a path as any through uncertain times.

Turning to portfolio activity, one of our long-standing holdings, **Star Micronics**, was acquired and therefore exited the portfolio this quarter. The company manufactured industrial machinery — specifically CNC lathes used across healthcare, telecom and automotive applications. Earnings were less consistent than some holdings, given the company's exposure to capital investment cycles, but patient investors were rewarded over time: we generated 7% compound annual returns (in pounds sterling) since our initial purchase over fifteen years ago. Although not spectacular, we are comfortable with steady returns like this. We are sorry to see it go.

We continued to trim our gold holdings substantially this quarter, following the notable strength in both the gold price and the prices of gold miners. Gold remains a meaningful diversifier and safe haven, and the long-term case for holding it — in a world of war, energy uncertainty, and precarious government finances — remains intact. That said, the near-exponential rise in the gold price increased short-term risk, as momentum-driven investors are prone to taking profits quickly. Having already trimmed heavily last year, we reduced holdings in our gold miners by a further 30–40% on high prices earlier this quarter. The Fund retains a 10% holding in gold miners.

We are pleased to have initiated three new positions over the period. All three share core Kennox characteristics: attractive valuations, little or no debt, meaningful dividends, niche market positions, and with market caps below $1 billion — an area where market inefficiencies continue to generate excellent opportunities.

Two are involved in healthcare: **Japan Lifeline** provides cardiovascular medical technology products. Having started as a distributor, the company has developed its own proprietary products over the past decade, improving both margins and profitability. **China Shineway** produces and distributes traditional Chinese medicine products, benefiting from a strong domestic bias towards local knowledge and brands.

The third new holding is **Rheon Automatic**, a specialist supplier of bakery machinery with equipment sold into 130 countries and business relationships spanning over 17,000 companies. In an interesting evolution of their model, an attempt to break into the US market led Rheon to establish Orange Bakery — originally conceived as a showcase for their equipment — which has since grown into a significant business in its own right, wholesaling baked goods to bakeries, caterers and supermarkets across the US. The long-term backdrop looks encouraging: growing consumer demand for higher quality bread, and the role of automation in producing it at scale, plays directly to Rheon's strengths. In short, we feel we are buying a company with strong long term growth potential but at discount valuations. The shares trade at around 10x recent (but peak) earnings, with a 30% of the market cap in net cash on the balance sheet and a 3.5% dividend yield providing downside protection. We view this as a company to hold for decades.

The period since the start of 2025 has been a fruitful one for the Fund, with performance being both robust and uncorrelated to major market trends. And the outlook remains positive. If forced to choose a single metric, dividend yield for the Fund remains our bedrock. The yield on the Fund remains at the top end of its history, at 3.5% currently (Class A shares). A high portfolio yield demonstrates that our companies are paying out hard cash — not just accounting earnings, and not at the expense of balance sheet strength. It also signals that our companies remain available at undemanding valuations, which in turn implies healthy future returns. By continuing to buy good companies and recycling into inexpensive ones, we have sustained that yield through a period of strong performance. Portfolio dividends have grown by more than 10% over the past decade. We will continue to search globally for a diversified set of robust opportunities, confident these holdings best position the Fund to achieve our objectives.

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 – 31 March 2026

Performance (total return net of fees) in Pounds Sterling

PERIOD	SHARE CLASS	
	CLASS I	CLASS A
YTD	7.5%	7.5%
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 (%)
YOUNGONE HOLDINGS	Asia	Consumer Discretionary	2,000	7.2
SHELL	UK	Energy	266,000	7.0
STELLA INTERNATIONAL	Asia	Consumer Discretionary	1,500	6.8
EQUINOR	Europe	Energy	105,500	5.6
NEWMONT CORP	N. America	Materials	117,000	5.0
SINGAPORE TELECOM	Asia	Communication Services	64,500	4.6
AGNICO EAGLE MINES	N. America	Materials	102,000	4.2
FUKUDA DENSHI	Japan	Health Care	2,500	4.1
SKY NEW ZEALAND	Asia	Communication Services	200	3.5
CANON MARKETING	Japan	Information Technology	5,000	3.3
TOTAL TOP 10				**51.4**
20 OTHER HOLDINGS				48.2
CASH				0.4

Disclaimers and footnotes

Kennox Asset Management, 33 Melville Street, Edinburgh, EH3 7JF, Scotland, UK. Registered Number: SC302037

We do not track, nor are we constrained by, a benchmark. Reference to the MSCI World and MSCI World Value indices are for comparative purposes only.