

Performance Commentary

The Fund performed strongly in February, up 7.0% taking the year to date return to 7.7% with stocks across the portfolio performing well, and a weak sterling (on Brexit fears) adding to returns on overseas assets.

A couple of areas to highlight are Delta Lloyd and our gold miners. Delta Lloyd nears its rights issue (the EGM is in mid-March), and the price has remained volatile. It started February at €5.40 and fell (briefly) below €4.00 before rallying on news that the rights issue is to be smaller than initially expected. We profited from this volatility, adding to our position at €4.10 and taking our holding size from 1.8% to 2.5%. The stock closed February at €5.76, and remains at a 50% discount to embedded value. We intend to participate fully in the rights issue.

Gold miners have also contributed strongly during the month. Our 6.0% position contributed 2.5% to our performance in February, with Yamana up 68% and Newmont up 32% (adding to its 15% gains in January). The recent move from around \$18 to \$25 in Newmont is just a scratch on the precipitous fall that preceded it: the price having fallen from \$70 in 2011. With the excessive capital expenditure that has dogged the industry for a decade now reversing (it has halved in the last 4 years), it is now very likely (if not inevitable) that production will fall sharply over the next few years. The potential to make significant profits through investments in conservatively managed miners is exceptional.

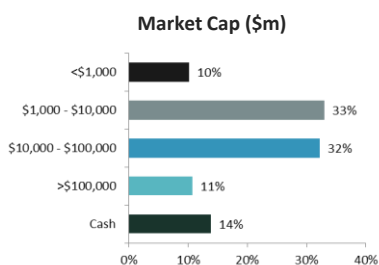
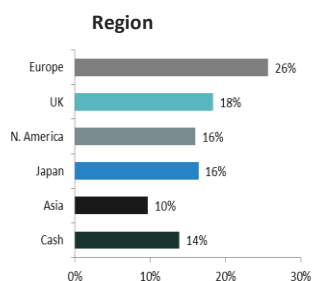
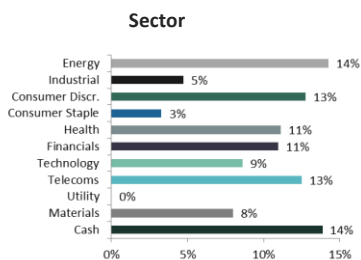
Investment Philosophy

Kennox was established to focus exclusively on running the Strategic Value Fund, our value-driven global equities portfolio, for a limited number of risk-conscious investors who identify with our long term approach.

Our aim is to deliver good long term capital growth. We are not benchmarked and are not influenced by short term relative returns.

We look to uncover stocks that are significantly undervalued despite sound underlying business franchises and with asymmetric risk profiles – significant upside potential with limited downside risk – and hold these for the long term.

Fund Positioning



Top 10 Holdings

| Top 10 Holdings | % Fund |
|----------------------|---------------|
| NEWMONT MINING | 6.2% |
| TAISHO | 4.1% |
| EXXON | 4.0% |
| WESTERN UNION | 4.0% |
| MUNICH REINSURANCE | 3.8% |
| ADMIRAL | 3.8% |
| CANON MARKETING | 3.8% |
| GLAXOSMITHKLINE | 3.5% |
| STATOIL | 3.5% |
| FUKUDA DENSHI | 3.5% |
| Total Top Ten | 40.3% |
| 20 other holdings | 45.9% |
| Cash | 13.9% |
| Total | 100.0% |

Performance

| | |
|-----------------------|-------|
| Inception (9/7/2007) | 88% |
| UK Launch (30/4/2009) | 74% |
| 5 Years | 26% |
| 4 Years | 24% |
| 3 Years | 9.8% |
| 2 Years | 0.6% |
| 1 Year | -3.3% |
| YTD | 7.7% |
| 3 Month | 5.8% |
| 1 Month | 7.0% |

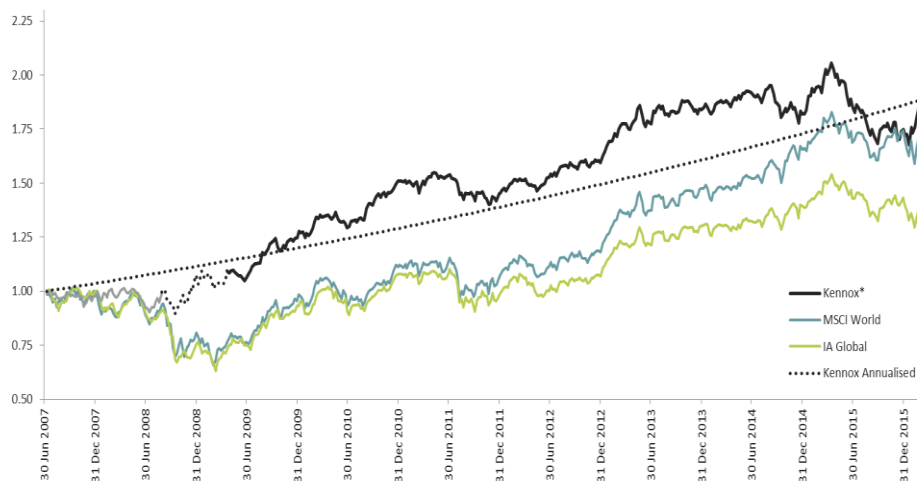
Annualised

| | |
|-----------------------|------|
| Inception (9/7/2007) | 7.6% |
| UK Launch (30/4/2009) | 8.4% |

Portfolio Diversification

Our portfolio is concentrated, currently 29 stocks. We believe that excessive diversification is a poor surrogate for real knowledge of holdings. We consider the key to building a robust portfolio is to ensure that underlying profit drivers are not correlated, but truly diversified. In order to be added to the portfolio, a stock must complement existing holdings and not merely add to a concentration of risk.

Relative Performance



We focus on long-term, absolute performance, not on short-term relative returns.

We are not benchmarked.

Comparisons to the MSCI World and IA Global indices are for illustrative purposes only.

We would expect that Fund weightings (geographic, sector and market cap) may vary considerably from those of the MSCI and IA indices.

Active Share[‡] of the Fund is 98%

| Since Inception | Annualised Return | Sharpe Ratio Annualised ⁺ | Best Month | Worst Month | Volatility ⁺ |
|------------------|-------------------|--------------------------------------|------------|-------------|-------------------------|
| Kennox* | 7.6% | 3.08 | 14% | -6.5% | 11% |
| MSCI World | 6.5% | 2.19 | 9.0% | -11% | 17% |
| IA Global Sector | 4.0% | 1.28 | 9.0% | -13% | 15% |

| Discrete annual | YTD 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 (9/7/2007) |
|------------------|----------|-------|-------|------|------|-------|------|------|------|-----------------|
| Kennox* | 7.7% | -4.0% | -1.1% | 15% | 10% | -4.0% | 21% | 16% | 9.8% | -2.1% |
| MSCI World | -1.1% | 5.4% | 12% | 25% | 11% | -4.5% | 16% | 18% | -19% | -0.4% |
| IA Global Sector | -2.0% | 2.8% | 7.0% | 22% | 9.6% | -9.4% | 16% | 23% | -24% | -0.1% |

Track Record Description & Methodology

* The portfolio was launched in July 2007 ("Inception") in Australia as the Contrarian Global Value Fund. The Kennox investment team ran that fund from launch until September 2008. The Kennox Strategic Value Fund was launched in April 2009, comprising 19 of the 20 positions that existed in the Australia fund. We have assumed a static portfolio for the interim period.

Performance shown reflects total return of the Institutional Share class. Performance figures are generated from the accumulation shares since their launch on 29 April 2013. Prior to that performance figures are taken from an alternative share class, adjusted to reflect a 1.0% management fee throughout.

⁺ Sharpe Ratio is calculated as annualised return divided by the standard deviation of the excess return over the Libor 3m Bond yield.

⁺ Volatility is calculated as the standard deviation of the natural log returns multiplied by the square root of the periodicity of the returns.

[‡] Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the portfolio versus the weight of each holding in the benchmark index and dividing by two.

Investment Team

Charles L. Heenan (CFA), & Geoff Legg

Charles and Geoff have worked together as an investment team since the inception of the portfolio in July 2007. Both focus exclusively on the management of the Fund. They are fully aligned with investors, each having 100% of his investment in equities in the Fund. Prior to Kennox, Geoff was an actuary with Towers Perrin and Charles had spent 7 years on the First State Investment Asia Pac (ex-Japan)/GEM team.

Together, Charles and Geoff have been recognised as FE Alpha Managers: www.kennox.co.uk/fealpha

| 3 Share Classes (Income & Accumulation) | Investment Management Fee | Minimum Initial Investment | GBP (Pence) | OCF | SEDOL | ISIN |
|--|------------------------------|-------------------------------|----------------|-------|---------|--------------|
| Professional Income | 1.3% | £20,000 | 103.2 | 1.43% | B2R8FY9 | GB00B2R8FY91 |
| Professional Accumulation | 1.3% | £20,000 | 109.1 | 1.43% | B9DH0K0 | GB00B9DH0K00 |
| Institutional Income | 1.0% | £2m | 104.4 | 1.13% | B3YDJ20 | GB00B3YDJ200 |
| Institutional Accumulation | 1.0% | £2m | 111.3 | 1.13% | B8Y8GR4 | GB00B8Y8GR43 |
| Class A Income | 0.80% | £20m | 104.5 | 0.93% | B9D9Z90 | GB00B9D9Z904 |
| Class A Accumulation | 0.80% | £20m | 111.8 | 0.93% | B9B3CY8 | GB00B9B3CY80 |

Fund Details

| | |
|---|---|
| Fund Managers | Charles L. Heenan, Geoff Legg |
| Investment Universe | Listed securities on any globally recognised stock exchange, bonds and cash |
| Target Asset Allocation | 80-100% equities; 0-20% cash |
| Fund Status | UK OEIC; UCITS |
| IA Sector | Global Equity |
| Benchmark | The Fund is not benchmarked |
| Inception Date | July 2007; UK Fund launched in April 2009 |
| Fund Size | £192 Million |
| IS Able Fund | Yes |
| Pricing | Daily at 1200 |
| Dilution Adjustment | A dilution adjustment may apply on orders greater than 5% of AUM |
| Performance Tracking | See performance section of our website: www.kennox.co.uk/performance |
| Income Share | Income distributed semi-annually |
| Ex-Dividend Dates | Y/E: 1 October Interim: 1 April |
| Distribution Payment Dates | Y/E: 31 January Interim: 31 May |
| Gross Dividend Yield (net of fees) | Professional: 2.0% Institutional: 2.4% Class A: 2.6% |
| Registrar | Smith & Williamson Fund Administration |
| Depositary; Custodian | Royal Bank of Scotland; Bank of New York Mellon |
| Auditor; Legal Advisor | KPMG; Macfarlanes |

To deal in the Fund

All dealing is through our Transfer Agency:

Smith & Williamson Fund Administration
Tel: 0141 222 1150
Fax: 0207 131 8261
SWFAdealing@smith.williamson.co.uk
206 St Vincent Street, Glasgow G2 5SG

Application forms, the Fund prospectus and KIIDs are available on our website:
www.kennox.co.uk/investing-fund

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The Kennox Strategic Value Fund ("Fund") should be considered a long-term investment. You should be aware that the Fund is permitted to invest in markets which are not as well developed or regulated as the UK. As such, investments in those markets may be less liquid, and may have less reliable custody arrangements. Therefore, they may be prone to above average volatility and carry more risk. Where investments are made in smaller companies, these companies' shares may be less liquid than larger companies and the price swings may therefore be greater. You should remember that the value of investments and the income derived therefrom may fall as well as rise and you may not get back the amount that you invest. Past performance is not a guide to future returns.

The Fund is denominated in £ sterling. You should be aware that if sterling appreciates or depreciates against the currencies in which investments are made, this could have an effect on the value of your investment. An investment in the Fund carries a degree of risk and retail investors should seek professional advice before investing in the Fund. Kennox has not taken any steps to ensure that the securities referred to in this document are suitable for any particular investor and no assurance can be given that the stated investment objectives will be achieved.