

Performance Commentary

In September, the Fund was up 2.6% bringing YTD returns to 31%. For reference, global markets were up 1.9% for the month and 20.5% YTD (global equities benefitted from a weakening pound, as the rally in Sterling witnessed in August reversed itself). Markets experienced some choppiness in September, despite gains, due to concerns about the European banking system (not limited to Deutsche Bank's problems) and the chance of tightening at the US Federal Reserve's September meeting (it didn't). We live in a world of rock-bottom interest rates with a weak European banking system.

Major contributors to the Fund's performance over the month included Delta Lloyd, continuing its rebound from post Brexit weakness. It is still priced at extraordinarily attractive levels. Several of our Japanese holdings also performed well, continuing their strong performance year-to-date, especially healthcare holdings Taisho and Fukuda Denshi. The outlook for both companies' profits is improving.

One of the weaker holdings over the month was M1. M1 is the Singaporean mobile company which has done extraordinarily well in the longer term (we have held since 2009), and we have decreased our holding size as the share price has risen (it's currently a 2.5% position). M1 currently suffers from concerns about a fourth competitor in the market, but we remain comfortable with the holding. It is a well-positioned, well-managed company generating good cash flows and profits which it is happy to pay out as an attractive yield (currently around 6%). As a happy holder, we would view any further weakness in share price as a possible opportunity to increase our holding.

Investment Philosophy

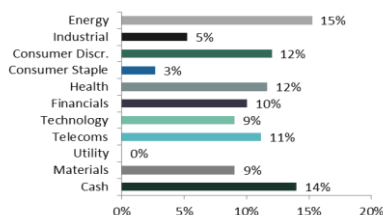
Kennox was established to focus exclusively on running the Strategic Value Fund, our value-driven global equities portfolio, for a limited number of risk-conscious investors who identify with our long term approach.

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

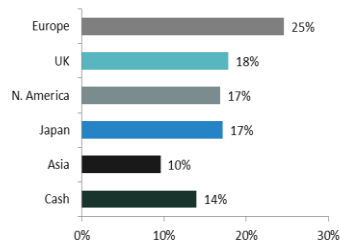
We look to uncover stocks that are significantly undervalued despite sound underlying business franchises and with asymmetric risk profiles – significant upside potential with limited downside risk – and hold these for the long term.

Fund Positioning

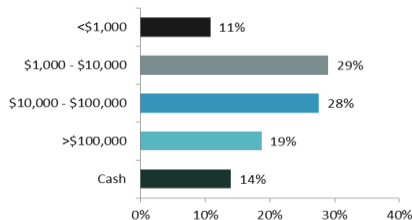
Sector



Region



Market Cap (\$m)



Top 10 Holdings

% Fund

NEWMONT MINING	6.7%
TAISHO	4.2%
NEOPOST	4.1%
EXXON	4.0%
CANON MARKETING	3.9%
BP	3.8%
FUKUDA DENSHI	3.8%
STATOIL	3.8%
WESTERN UNION	3.8%
DELTA LLOYD	3.7%
Total Top Ten	42.0%
19 other holdings	44.1%
Cash	14.0%
Total	100.0%

Performance

Inception (9/7/2007)	128.9%
UK Launch (30/4/2009)	110.9%
5 Years	59.7%
4 Years	45.4%
3 Years	25.6%
2 Years	22.4%
1 Year	36.2%
YTD	31.0%
3 Month	6.8%
1 Month	2.6%

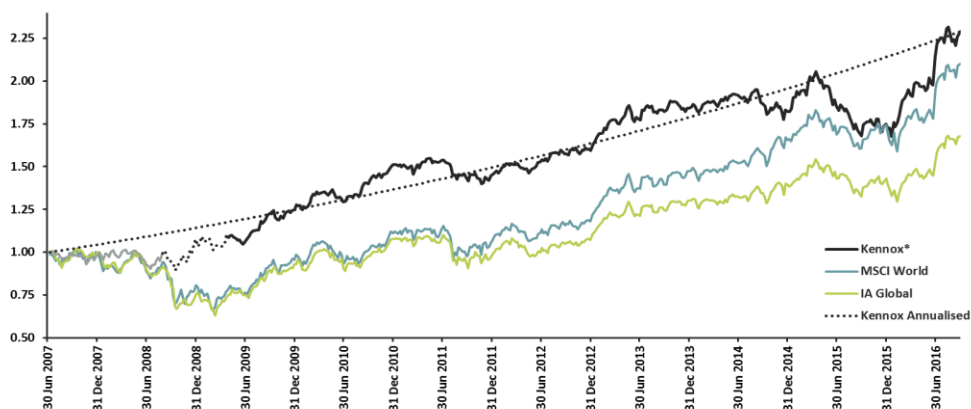
Annualised

Inception (9/7/2007)	9.4%
UK Launch (30/4/2009)	10.6%

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 97%

Since Inception	Annualised Return	Sharpe Ratio Annualised ⁺	Best Month	Worst Month	Volatility ⁺
Kennox*	9.4%	3.6	13.8%	-6.5%	11.1%
MSCI World	8.4%	2.8	9.0%	-10.7%	16.6%
IA Global Sector	5.8%	2.2	9.0%	-12.6%	15.1%

Discrete annual	YTD 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (9/7/2007)
Kennox*	31.0%	-4.0%	-1.1%	15.5%	10.0%	-4.0%	21.1%	16.0%	9.8%	-2.1%
MSCI World	20.5%	5.4%	12.2%	24.9%	11.3%	-4.5%	16.4%	18.1%	-18.8%	-0.4%
IA Global Sector	17.2%	2.8%	7.0%	21.7%	9.6%	-9.4%	15.8%	23.0%	-24.3%	-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	124.9	1.43%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	132.4	1.43%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	126.3	1.13%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	135.3	1.13%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	126.5	0.93%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	136.1	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	£199 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: 1.6% Institutional: 1.9% Class A: 2.0%
Registrar	Smith & Williamson Fund Administration Limited
Depository; Custodian	National Westminster Bank Plc; 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 Limited
 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.