

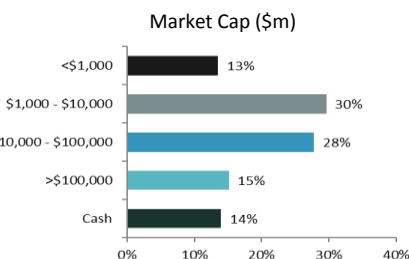
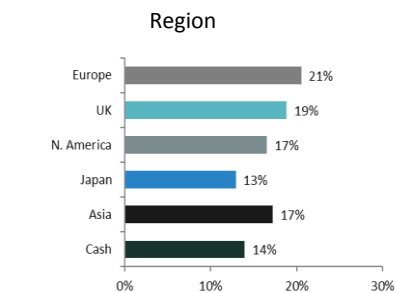
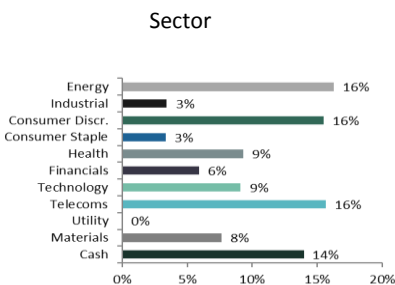
PERFORMANCE COMMENTARY

The Fund was off 1.2% in February in sterling terms. February saw a return of market volatility after the exceptionally calm period of 2017, with inflation and interest rate fears taking hold. After a frenetic few days with some eye-watering market drops (notably the Dow), markets recovered in the second half of the month. Sterling was weak against most major currencies over the month, down by 3% against the dollar, and over 5% against the yen. For reference sake, the MSCI was off 1.3%.

Over the month, two stocks in particular had a negative impact on performance: Yamana and Sky NZ. Yamana’s share price was weak when results showed losses due to impairments. Yamana continues to work through legacy issues but the future looks much brighter. We continue to have it as a smaller holding. Sky NZ’s share price was off as it cut prices for some of its offerings. It is pursuing a rational strategy of ensuring customers get value for money and continues to be well positioned in the marketplace, especially with premium content such as sport. It was also pleasing to see excellent cash generation and good cost control. This is a very inexpensive stock.

A number of our stocks performed well over the month, led by Taisho Pharmaceutical. Taisho continues its strength of the last six months, producing good 3Q results with profitability increasing and the outlook improving. M6 Metropole’s share price was also sharply up as it produced good results with advertising and ratings up for its key channels. Previously our largest position, we have cut this to a smaller holding as the share price increased. Our newest holding Welling was privatised in February, delivering an excellent return over the five months that it was in the portfolio (more detail on Welling is available in the Q4 2017 Quarterly Report).

FUND POSITIONING



TOP 10 HOLDINGS

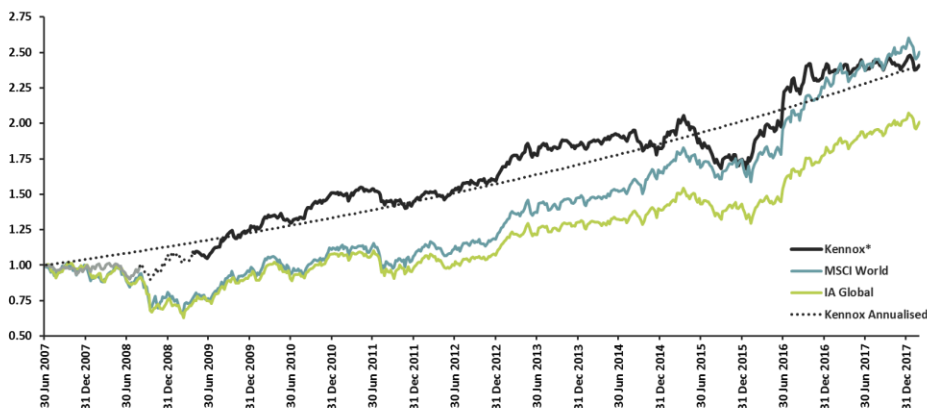
TOP 10 HOLDINGS	% FUND	PERFORMANCE (net of fees)*
NEWMONT MINING	6.3%	Inception (9/7/2007) 140.9%
STATOIL	4.6%	UK Launch (30/4/2009) 122.1%
TEXWINCA	4.5%	5 Years 40.4%
NEOPOST	4.5%	4 Years 28.8%
ROYAL DUTCH SHELL	4.2%	3 Years 23.7%
BP	4.1%	2 Years 27.9%
MUNICH REINSURANCE	3.8%	1 Year 2.1%
M1	3.7%	WESTERN UNION YTD -1.0%
WESTERN UNION	3.7%	CHINA MOBILE 3 Month 0.1%
CHINA MOBILE	3.4%	1 Month -1.2%
<b>Total Top Ten</b>	<b>42.8%</b>	
18 other holdings	43.2%	Annualised: Inception 8.6%
Cash	14.0%	UK Launch 9.4%
<b>Total</b>	<b>100.0%</b>	

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.

RELATIVE PERFORMANCE



SINCE INCEPTION	Annualised Return	Sharpe ratio Annualised <sup>+</sup>	Best Month	Worst Month	Volatility <sup>+</sup>
Kennox (net of fees)*	8.6%	0.6	13.8%	-6.5%	11.2%
MSCI World	9.0%	0.5	9.0%	-10.7%	16.1%
IA Global Sector	6.8%	0.4	9.0%	-12.6%	14.7%

ANNUAL DISCRETE	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (9/7/07)
Kennox* (net of fees)	2.5%	35.8%	-4.0%	-1.1%	15.5%	10.0%	-4.0%	21.1%	16.0%	9.8%	-2.1%
MSCI World	12%	29.1%	5.4%	12.2%	24.9%	11.3%	-4.5%	16.4%	18.1%	-18.8%	-0.4%
IA Global Sector	14%	23.9%	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.

3 SHARE CLASSES (Income & accumulation)	Investment Management Fee	Minimum Initial Investment	GBP (pence)	OCF	Sedol	ISIN
Professional Income	1.3%	£20,000	126.2	1.45%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	138.7	1.45%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	127.6	1.15%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	142.4	1.15%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	127.7	0.95%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	143.6	0.95%	B9B3CY8	GB00B9B3CY80

FUND DETAILS

TO DEAL IN THE FUND

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	£224 Million
ISable Fund	Yes
Pricing	Daily at 1200
Dilution Adjustment	A dilution adjustment may apply on orders greater than 5% of AUM
Performance Tracking	<a href="http://www.kennox.co.uk/performance">www.kennox.co.uk/performance</a>

All dealing is through our Transfer Agency:  
 Smith & Williamson Fund Administration Ltd  
 Tel: 0141 222 1150  
 Fax: 0207 131 8261  
[SWFDealing@smith.williamson.co.uk](mailto:SWFDealing@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](http://www.kennox.co.uk/investing-fund)

Income Share	Income distributed semi-annually
Ex-Dividend Dates	Y/E: 1 October Interim: 1 April
Distribution Payment Dates	Y/E: 30 November Interim: 31 May
Dividend Yield (net of fees)	Professional: 2.2% Institutional: 2.5% Class A: 2.7%
Registrar	Smith & Williamson Fund Administration Limited
Depository	National Westminster Bank Plc;
Custodian	Bank of New York Mellon
Auditor	KPMG

TO CONTACT KENNOX

Kennox Asset Management  
 28 Drumsheugh Gardens  
 Edinburgh, EH3 7RN

+44 (0)131 563 5440  
[enquiries@kennox.co.uk](mailto:enquiries@kennox.co.uk)  
[www.kennox.co.uk](http://www.kennox.co.uk)

**Important Information**

The information in this document does not constitute, or form part of, any offer to sell or issue, or any offer to purchase or subscribe for shares, nor shall this document or any part of it or the fact of its distribution form the basis of or be relied on in connection with any contract. Interests in any investment funds managed by Kennox Asset Management will be offered and sold only pursuant to the prospectus relating to such funds.

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.