

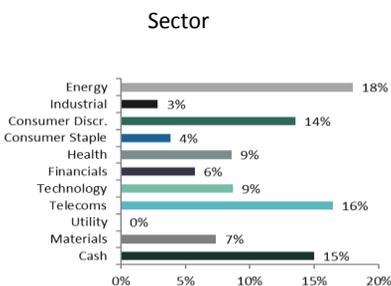
PERFORMANCE COMMENTARY

Despite a slew of results announcements (roughly half of the Fund’s holdings reported second quarter results during July), it was a relatively quiet month in terms of performance, with the Fund advancing 1.0%. The MSCI World was up 3.7%.

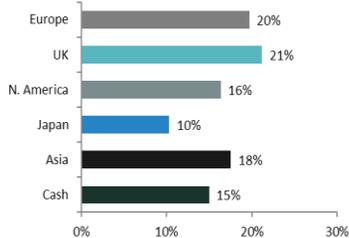
Of those to report results, three stocks saw significant price rises following the announcement. M6 Metropole rose 8%, Yamana 10% and Star Micronics 16% during the month (all in sterling terms). Conversely, the greatest faller following results was Newmont which fell just 2.2% in July. M6 (a commercial television station in France, similar to ITV in the UK) recorded record advertising revenue, and it is pleasing to see a small recovery in the share price after a disappointing first half of 2018, with shares having retreated nearly 20% before July despite solid operational performance. Yamana, our gold miner with operations in Canada and South America is also looking like turning a corner. During the quarter it started commercial production at the Cerro Moro mine in Argentina, allowing it to raise production forecasts and reduce capex requirements both of which will help to deliver positive cash flow progression. Star Micronics (that sells high-performance machine lathes to manufacturing customers globally) continued its growth path since troughs in 2010. We bought shares in November 2010, and since then it has more than doubled revenue and increased profits four-fold.

We sold half our position in Taisho Pharmaceutical during July as the price rose quickly over the proceeding 12 months (up almost 50%). The company has benefitted from a restructuring (selling a non-core subsidiary, whilst buying back some complementary assets and a significant cost saving exercise), and this has been reflected in the share price. None-the-less, having surpassed 15x our view of the long term sustainable earnings we are reducing our exposure at higher prices. It is now a 2.3% position.

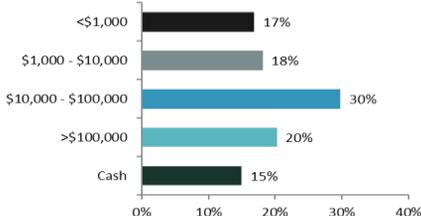
FUND POSITIONING



Region



Market Cap (\$m)



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
NEWMONT MINING	6.0%
EQUINOR	5.2%
BP	4.7%
ROYAL DUTCH SHELL	4.6%
NEOPOST	4.3%
CHINA MOBILE	4.0%
SKY TELEVISION	3.9%
M1	3.8%
TEXWINCA	3.8%
TESCO	3.8%
<b>Total Top Ten</b>	<b>44.1%</b>
18 other holdings	40.9%
Cash	15.0%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

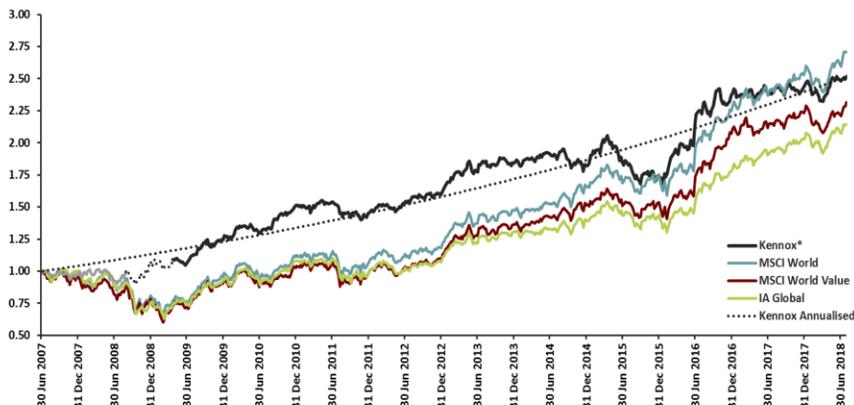
Inception (9/7/2007)	151.5%
UK Launch (30/4/2009)	131.9%
5 Years	35.3%
4 Years	33.0%
3 Years	37.8%
2 Years	12.0%
1 Year	5.0%
YTD	3.4%
3 Month	3.7%
1 Month	1.0%
Annualised:	
Inception	8.7%
UK Launch	9.5%

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



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

We are not benchmarked.

Comparisons to the MSCI World, MSCI World Value 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.

SINCE INCEPTION	Annualised Return	Sharpe ratio Annualised <sup>+</sup>	Best Month	Worst Month	Volatility <sup>+</sup>
<b>Kennox (net of fees)*</b>	<b>8.7%</b>	<b>0.6</b>	<b>13.8%</b>	<b>-6.5%</b>	<b>12.2%</b>
MSCI World Value	7.9%	0.4	10.2%	-11.5%	16.7%
MSCI World	9.4%	0.5	9.0%	-10.7%	17.2%
IA Global Sector	7.1%	0.4	9.0%	-12.6%	15.6%

ANNUAL DISCRETE	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (9/7/07)
<b>Kennox* (net of fees)</b>	<b>2.5%</b>	<b>35.8%</b>	<b>-4.0%</b>	<b>-1.1%</b>	<b>15.5%</b>	<b>10.0%</b>	<b>-4.0%</b>	<b>21.1%</b>	<b>16.0%</b>	<b>9.8%</b>	<b>-2.1%</b>
MSCI World Value	7.7%	35.1%	1.4%	11.0%	25%	11.2%	-4.4%	13.7%	15%	-18.2%	-4.3%
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%	2.9%	7.0%	21.8%	9.7%	-9.3%	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.

Performance figures shown are total return with data for Kennox and the MSCI provided by Kennox/Bloomberg and IA Global data provided by Morningstar

3 SHARE CLASSES (Income & accumulation)	Investment Management Fee	Minimum Initial Investment	GBP (pence)	OCF	Sedol	ISIN
Professional Income	1.3%	£20,000	130.9	1.45%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	144.7	1.45%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	132.4	1.15%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	148.7	1.15%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	132.5	0.95%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	150.1	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** £239 Million

**ISable Fund** Yes

**Pricing** Daily at 1200

**Dilution Adjustment** A dilution adjustment may apply on orders greater than 5% of AUM

**Performance Tracking** [www.kennox.co.uk/performance](http://www.kennox.co.uk/performance)

All dealing is through our Transfer Agency:  
Smith & Williamson Fund Administration Ltd  
Tel: 0141 222 1150  
Fax: 0207 131 8261  
[SWFAdealing@smithandwilliamson.com](mailto:SWFAdealing@smithandwilliamson.com)  
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: 2.3% Institutional: 2.6%  
Class A: 2.8%

**Registrar** Smith & Williamson Fund Administration Limited

**Depository** National Westminster Bank Plc;

**Custodian** Bank of New York Mellon

**Auditor** KPMG

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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.