



PERFORMANCE COMMENTARY

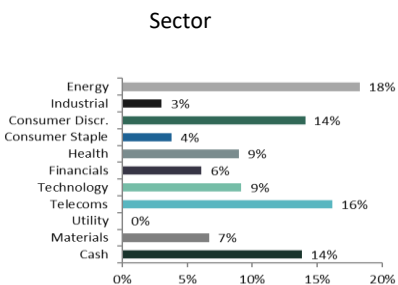
The Fund was off 1.4% in August. For reference, the MSCI World was up 2.6%, led by the US (up 4.4%) and technology (up 7.8%). All performance figures are in sterling terms.

Our two gold miners held us back in August, as the market speculates about rising interest rates. Whilst this would be an inevitable headwind in the short term for the gold price, it overlooks the key investment point – the very positive supply/demand outlook for the industry, as the shredding of capex and expansion plans in the last few years starts to feed through to reduced production. Elsewhere, Sky NZ’s results were not well taken by the market, as it posted headline losses. Cash flow continued to be extremely robust, giving a FCF yield of mid-teens, exceptional for this unique franchise in NZ. We continue to be comfortable with this holding.

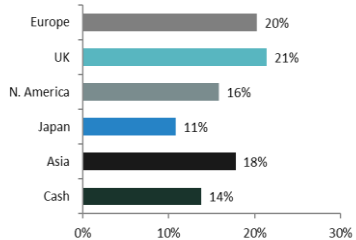
Leading the portfolio were Texwinca, Neopost and China Mobile. We believe the headwinds for both Texwinca and Neopost are temporary and the market will substantially re-rate the share prices when it sees them as through the lowest point in the “J” curve. Although the timing is uncertain, the market felt a bit more optimistic. Strong cash flows and extraordinarily low valuations (circa 6x our view of Sustainable Earnings for both) continue to make these very interesting opportunities. China Mobile was one of the great growth stocks in the mid-2000s, being popular for both exposure to the Chinese economy and the growth of mobile communication. Market perception now is that it is a mere base utility and it is rated as such – under 10x our view of Sustainable Earnings with a yield of 4.5% (ignoring the special they paid last year) – very attractive for its unassailable positioning and ability to generate vast cash flows.

Overall, we are pleased by how attractive the individual holdings in the portfolio are, in terms of both risk and reward.

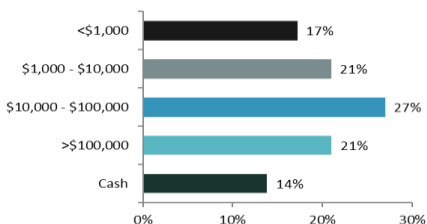
FUND POSITIONING



Region



Market Cap (\$m)



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
EQUINOR	5.4%
NEWMONT MINING	5.3%
NEOPOST	4.8%
BP	4.7%
ROYAL DUTCH SHELL	4.6%
CHINA MOBILE	4.4%
TEXWINCA	4.2%
M1	3.9%
MUNICH REINSURANCE	3.8%
TESCO	3.8%
<b>Total Top Ten</b>	<b>44.8%</b>
18 other holdings	41.4%
Cash	13.8%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

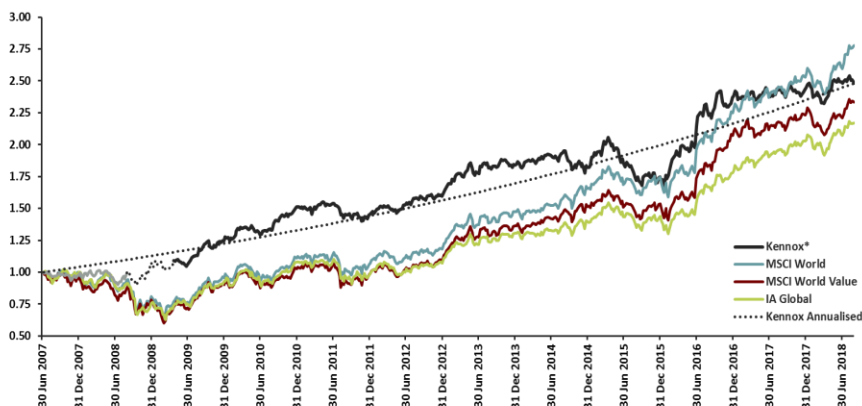
Inception (9/7/2007)	148.0%
UK Launch (30/4/2009)	128.6%
5 Years	36.2%
4 Years	27.9%
3 Years	42.2%
2 Years	11.1%
1 Year	2.3%
YTD	1.9%
3 Month	-0.7%
1 Month	-1.4%
Annualised:	
Inception	8.5%
UK Launch	9.3%

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>8.5%</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%	16.8%
MSCI World	9.6%	0.5	9.0%	-10.7%	17.4%
IA Global Sector	7.2%	0.4	9.0%	-12.6%	15.7%

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	129.0	1.45%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	142.6	1.45%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	130.5	1.15%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	146.6	1.15%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	130.6	0.95%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	148.0	0.95%	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	£229 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>
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

TO DEAL IN THE FUND

All dealing is through our Transfer Agency:  
 Smith & Williamson Fund Administration Ltd  
 Tel: 0141 222 1150  
 Fax: 0207 131 8261  
[SWFAd dealing@smithandwilliamson.com](mailto:SWFAd dealing@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)

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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.