

PERFORMANCE COMMENTARY

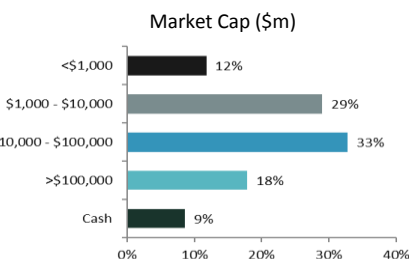
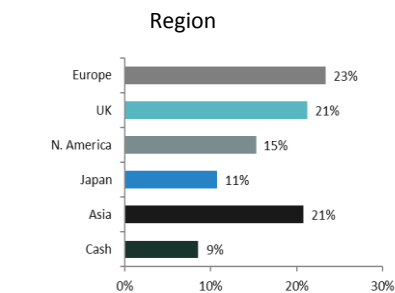
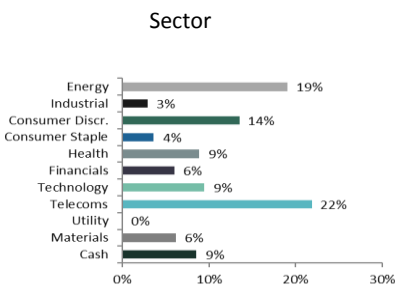
The Fund was up 2.3% in September. For reference sake, the MSCI World was flat (0.0%).

The Fund initiated two new holdings in the month, in the advertising giant, Publicis in France, and Yue Yuen, listed in HK and the world's largest manufacturer of athletic shoes. Both are strong franchises, available at attractive prices and are differentiated from each other and the rest of the portfolio. Please see the September Quarterly report for more detailed write-ups on the two stocks.

M1 was the strongest stock in the portfolio as a major shareholder launched a bid to take the company private. A holding for us since 2007, it is pleasant to see one of our long-term stocks generating exciting news, but we would be sad to see such a fine dividend-generating company leaving the portfolio. We will monitor developments. Neopost also performed well, as its results beat low market expectations. It is slowly, but surely, executing on its strategic plan. It generates great cash flows and is still very modestly valued at 7x our view of its Sustainable Earnings. Taisho's share price continues to rise as the market digests its recent plans regarding restructuring and refocusing. Our energy holdings also had a strong month as confidence rises in these unloved blue chips.

Texwinca was the biggest decliner in the month. There remain concerns in the market about the speed of a recovery in its earnings, but with a strong position in its industry, and plenty of cash and financial reserves on the balance sheet, we are confident that Texwinca will come through this difficult period. The shares remain extraordinarily inexpensive at 7x SE.

FUND POSITIONING



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
EQUINOR	5.7%
NEOPOST	5.1%
M1	5.1%
NEWMONT MINING	5.0%
BP	4.9%
ROYAL DUTCH SHELL	4.7%
CHINA MOBILE	4.5%
EXXON	3.8%
MUNICH REINSURANCE	3.8%
TESCO	3.6%
<b>Total Top Ten</b>	<b>46.2%</b>
20 other holdings	45.3%
Cash	8.6%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

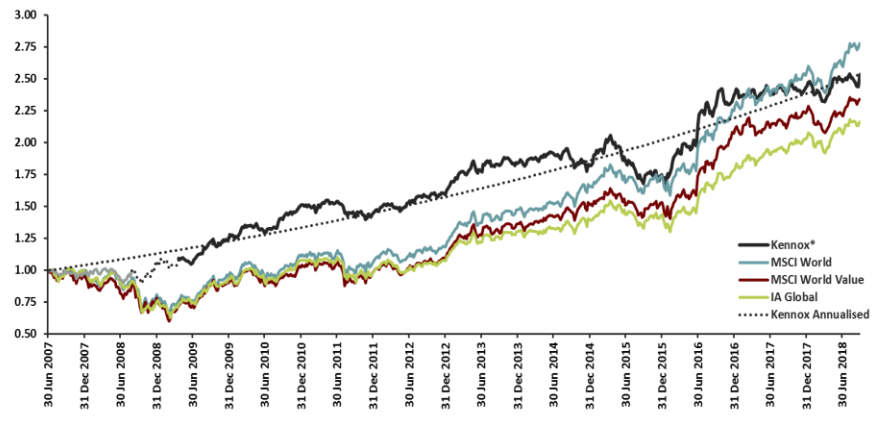
Inception (9/7/2007)	153.6%
UK Launch (30/4/2009)	133.7%
5 Years	39.2%
4 Years	35.7%
3 Years	50.9%
2 Years	10.8%
1 Year	5.3%
YTD	4.2%
3 Month	1.8%
1 Month	2.3%
Annualised:	
Inception	8.6%
UK Launch	9.4%

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>8.6%</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	9.5%	0.5	9.0%	-10.7%	17.4%
IA Global Sector	7.1%	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%	15.3%	-18.2%	-4.3%
MSCI World	12.3%	29.1%	5.4%	12.2%	24.9%	11.3%	-4.5%	16.4%	18.1%	-18.8%	-0.4%
IA Global Sector	13.9%	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	131.9	1.45%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	145.8	1.45%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	133.4	1.15%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	149.9	1.15%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	133.5	0.95%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	151.3	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** £234 Million  
**ISable Fund** Yes  
**Pricing** Daily at 1200  
**Dilution Adjustment** A dilution adjustment may apply on orders greater than 5% of AUM

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)

Performance Tracking

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

TO CONTACT KENNOX

**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.