

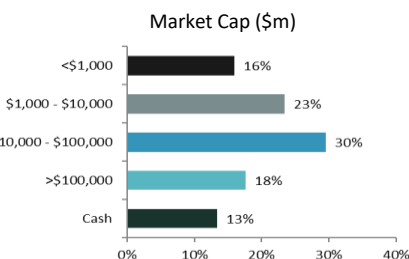
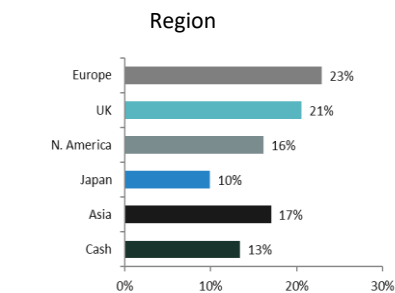
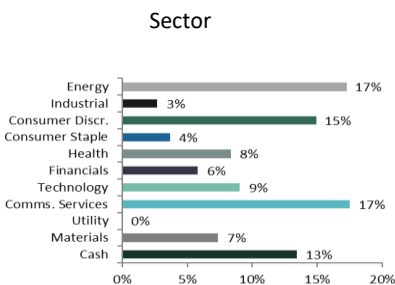
PERFORMANCE COMMENTARY

In February the Fund was down 0.8%, held back by exposure to the weaker communication services sector, and by one position in particular (see Sky New Zealand below). For reference, markets continued their recovery after the volatility in Q4, with the MSCI World up 2%.

The top contributor for the Fund this month was M6-Metropole (one of the largest French free-to-air television broadcasters). The share price was up 19% after reporting its highest earnings in 12 years. The share price had been driven down by fears over continuing competition from global streaming channels. However, M6 has a strong franchise with a large market share in a country that is likely to remain protective of locally sourced content. Whilst the competitive pressures are real, the shares look oversold, and we remain confident that the share price allows for further upside. Our energy majors were also strong. The Fund retains a 17% exposure over 4 names (BP, Exxon, Royal Dutch Shell and Equinor), and expect much improved operational efficiencies to deliver robust and improving cash flow for many years. The four companies remain on c. 13x Sustainable Earnings and are likely to deliver 10% FCF yield.

The largest negative contributor over the month was Sky New Zealand. It has continued to see a decline in revenue owing to increased competition. As with M6, competitive pressures will not go away, but Sky holds a unique market position with a wealth of experience in pricing expensive content (premium movies and sport), that will be very difficult to replicate. With a dominant position in the market (c. 40% penetration), current valuations are extraordinary – paying a 9% dividend (more than twice covered by FCF) using excess cash flow to strengthen its balance sheet.

FUND POSITIONING



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
NEWMONT MINING	6.1%
CHINA MOBILE	4.9%
NEOPOST	4.8%
BP	4.7%
EQUINOR	4.5%
ROYAL DUTCH SHELL	4.4%
MUNICH REINSURANCE	3.8%
TEXWINCA	3.8%
EXXON	3.7%
TESCO	3.7%
<b>Total Top Ten</b>	<b>44.2%</b>
19 other holdings	42.3%
Cash	13.5%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

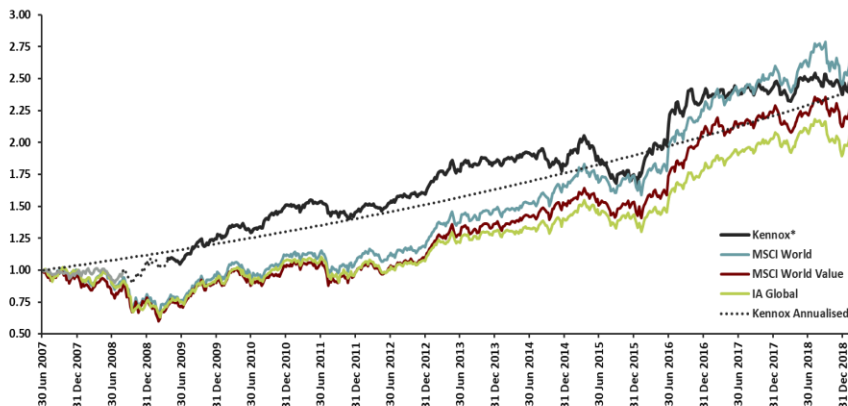
Inception (9/7/2007)	141%
UK Launch (30/4/2009)	122%
5 Years	29%
4 Years	24%
3 Years	28%
2 Years	2.2%
1 Year	0.1%
YTD	1.4%
3 Month	-3.1%
1 Month	-0.8%
Annualised:	
Inception	7.8%
UK Launch	8.5%

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>7.8%</b>	<b>0.6</b>	<b>13.8%</b>	<b>-6.5%</b>	<b>10.7%</b>
MSCI World Value	7.2%	0.4	10.2%	-11.5%	16.2%
MSCI World	8.6%	0.5	9.0%	-10.7%	15.8%
IA Global Sector	6.3%	0.3	9.0%	-12.6%	14.4%

ANNUAL DISCRETE	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (9/7/07)
<b>Kennox* (net of fees)</b>	<b>-2.2%</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	-4.6%	7.7%	35.1%	1.4%	11.0%	25%	11.2%	-4.4%	13.7%	15%	18.2%	-4.3%
MSCI World	-2.6%	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	-5.7%	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	123.1	1.44%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	138.4	1.44%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	124.6	1.14%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	142.5	1.14%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	124.7	0.94%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	144	0.94%	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** £227 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)

**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: 2.5% Institutional: 2.9%  
 Class A: 3.1%  
**Registrar** Smith & Williamson Fund Administration Limited  
**Depository** NatWest Trustee & Depository Service Limited;  
**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  
[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)

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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.