



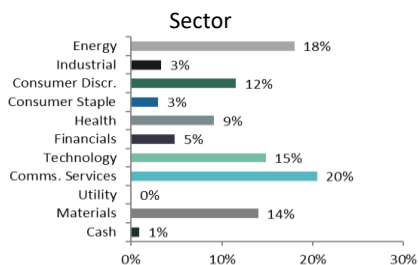
PERFORMANCE COMMENTARY

The Fund was down 1.0% in June.

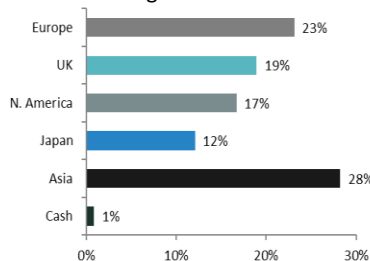
The best performing stock and largest contributor to performance this month was the HK-listed shoe manufacturer, Stella International, up 30% in sterling terms. Stella is a good example of a market anomaly Kennox can take advantage of – we were able to establish a position at very attractive prices last autumn when the market was overly focused on short-term questions, ignoring the robust longer-term positioning of the company. Like for many, the pandemic was not easy for Stella, but even in those difficult times it was able to avoid going loss making (posting a small profit in 2020) and was able to generate cash flow well above stated profits. The company was helped by its flexibility, able to produce a variety of styles of shoes across the casual, fashion, sport, and luxury categories. Other long-term strengths include its reputation backed by a high-quality customer list, expertise in niche and higher end shoes, and high exposure to the growing athleisure trend. The company also has a very strong balance sheet, with a significant net cash position, which also eases any short-term concerns. Despite the recent run in the share price the stock continues to be very reasonably valued, at 16x our Sustainable Earnings estimate, below the FCF the company made in 2020.

The gold miners were the weakest performers in the portfolio this month, reversing recent rises (each off over 10%). Whilst not in the market’s focus this month, the longer term monetary and economic backdrop exhibits breath-taking levels of uncertainty and gold, a financial asset not tied to any counterparty, retains attractive characteristics for investors seeking genuine diversification. As discussed in last month’s commentary, this is a tailwind for the industry and especially the sector leaders such as Newmont.

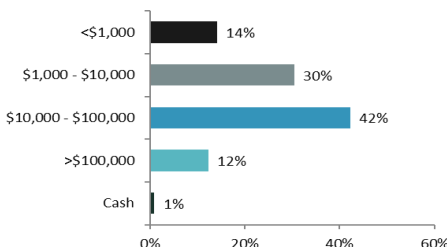
FUND POSITIONING



Region



Market Cap (\$m)



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
NEWMONT CORP	7.1%
QUADIANT	6.1%
ROYAL DUTCH SHELL	5.2%
EQUINOR	4.9%
BP	4.7%
CHINA MOBILE	4.0%
FUKUDA DENSHI	4.0%
NEWCREST MINING	3.9%
SINGAPORE TELECOM	3.7%
SWISSCOM	3.7%
<b>Total Top Ten</b>	<b>47.4%</b>
18 other holdings	51.7%
Cash	0.9%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

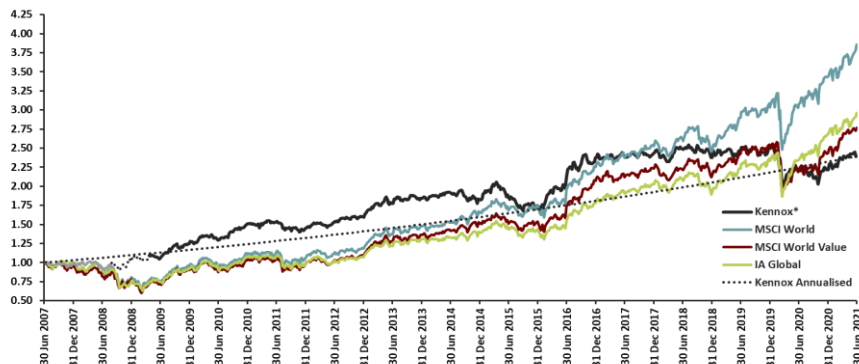
Inception (9/7/2007)	139%
UK Launch (30/4/2009)	121%
5 Years	12%
4 Years	0.3%
3 Years	-3.9%
2 Years	-2.7%
1 Year	7.5%
YTD	8.0%
3 Month	2.0%
1 Month	-1.0%
Annualised:	
Inception	6.4%
UK Launch	6.7%

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 their investment in equities in the Fund.

RELATIVE PERFORMANCE



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

We do not track, nor are we constrained by, a benchmark.

Reference to the MSCI World, MSCI World Value and IA Global indices are for comparative purposes only.<sup>‡</sup>

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>6.4%</b>	<b>0.5</b>	<b>13.8%</b>	<b>-9.2%</b>	<b>11.4%</b>
MSCI World Value	7.6%	0.4	11.5%	-14.2%	16.6%
MSCI World	10.2%	0.6	9.4%	-10.7%	15.9%
IA Global Sector	8.1%	0.5	9.8%	-12.6%	14.6%

ANNUAL DISCRETE	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (9/7/07)
<b>Kennox* (net of fees)</b>	<b>-11.1%</b>	<b>4.8%</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	-3.2%	18.0%	-4.6%	7.7%	35.1%	1.4%	11.0%	25.0%	11.2%	-4.4%	13.7%	15.3%	-18.2%	-4.3%
MSCI World	13.2%	23.4%	-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	14.8%	22.0%	-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**

<sup>‡</sup> The indices are not targets for the Company, nor is the Company constrained by the indices. The ACD has selected the MSCI World Value Index, the MSCI World Index and the IA Global sector as comparators against which shareholders may compare the performance of the Company as it believes these best reflect the Company's asset allocation. For more information please see the Fund's prospectus (available online and upon request).

\* 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	115.9	1.47%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	136.6	1.47%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	117.1	1.17%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	141.6	1.17%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	117.1	0.97%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	143.8	0.97%	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
Inception Date	July 2007; UK Fund launched in April 2009
Fund Size	£76 Million
Total Strategy AUM	£205 Million (Fund; Segregated mandates)
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)	Class A: 2.2% Professional: 1.8% Institutional: 2.0%
Registrar	Smith & Williamson Fund Administration Limited
Depository	NatWest Depository Services Limited
Custodian	Bank of New York Mellon
Auditor	Johnston Carmichael

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-in-the-fund/](http://www.kennox.co.uk/investing-in-the-fund/)

TO CONTACT KENNOX

Kennox Asset Management  
23 Melville Street  
Edinburgh, EH3 7PE  
+44 (0)131 563 5440  
[enquiries@kennox.co.uk](mailto:enquiries@kennox.co.uk)  
[www.kennox.co.uk](http://www.kennox.co.uk)

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