

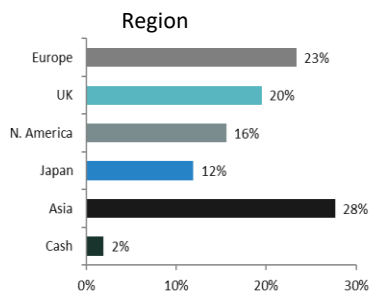
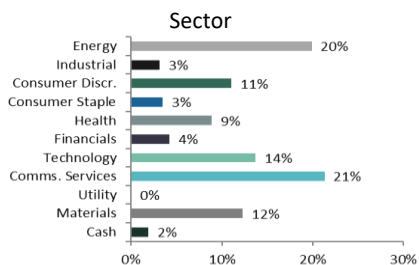
PERFORMANCE COMMENTARY

In September, global markets declined on worries, among which were any possible tapering of quantitative easing, a global shortage of truckers and rising energy prices. Meanwhile, the Fund rose 1%.

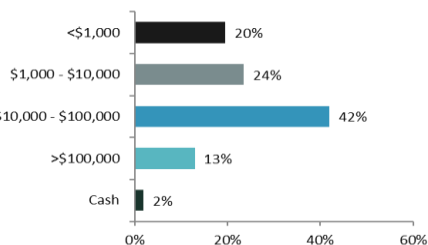
The Fund looks well positioned for difficult times – full of sector-leaders whose operations are progressing from facing headwinds to tailwinds, inexpensively priced, with low levels of leverage (about half the names have negligible debt or net cash), good profits and cash flow generation, whilst fulfilling core needs (such as energy, communication, B2B, or healthcare). In fact, the portfolio might benefit from many circumstances that might be negatives for the wider markets. An excellent example at present is energy, a leading concern for the market with the disruption in the price and supply of several fuels, especially natural gas. As Kennox has noted for some time now, the world’s reliance on natural gas is undesirable especially on the climate front, but there are currently no scale substitutes for our global energy needs. It is a very advantageous situation for a prudent investor to hold companies that benefit from providing the energy that is essential to the smooth functioning of our economy and society. Our energy holdings were the best performing stocks in the Fund in September, with Equinor of Norway leading the way, up 22% over the month. The situation looks such that there is much more to come.

The largest detractor to performance this month was Quadient. The company came out with results that continued to show good growth and strong profits and margins. However, having risen 50% this year, the market decided to take a few profits when the results were announced. We remain committed holders of the stock, inexpensive at under 11x SE, as management delivers on their long-term strategy.

FUND POSITIONING



Market Cap (\$m)



TOP 10 HOLDINGS

TOP 10 HOLDINGS	% FUND
NEWMONT CORP	6.0%
ROYAL DUTCH SHELL	5.9%
EQUINOR	5.8%
QUADIENT	5.0%
BP	4.9%
SINGAPORE TELECOM	4.1%
CHINA MOBILE	3.8%
SWISSCOM	3.7%
TEXWINCA	3.6%
FUKUDA DENSHI	3.5%
<b>Total Top Ten</b>	<b>46.3%</b>
18 other holdings	51.8%
Cash	1.9%
<b>Total</b>	<b>100.0%</b>

PERFORMANCE (net of fees)\*

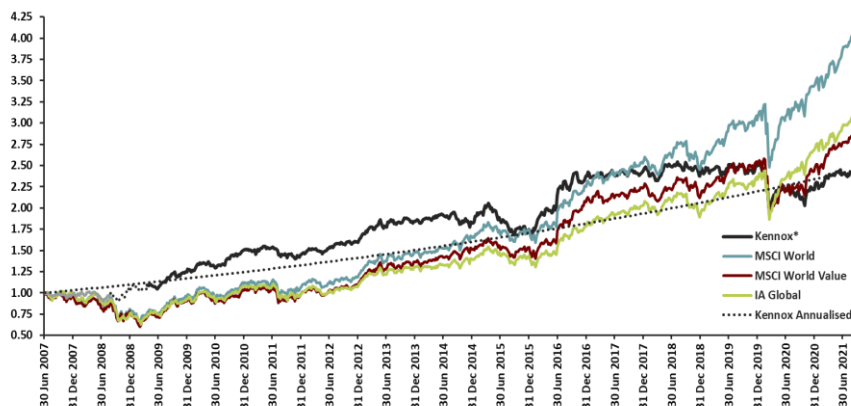
Inception (9/7/2007)	145%
UK Launch (30/4/2009)	126%
5 Years	7.0%
4 Years	1.7%
3 Years	-3.4%
2 Years	-2.2%
1 Year	16%
YTD	10%
3 Month	2.3%
1 Month	1.0%
Annualised:	
Inception	6.5%
UK Launch	6.8%

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>6.5%</b>	<b>0.5</b>	<b>13.8%</b>	<b>-9.2%</b>	<b>11.3%</b>
MSCI World Value	7.6%	0.4	11.5%	-14.2%	16.5%
MSCI World	10%	0.6	9.4%	-10.7%	15.8%
IA Global Sector	8.1%	0.5	9.8%	-12.6%	14.5%

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	118.4	1.47%	B2R8FY9	GB00B2R8FY91
Professional Accumulation	1.3%	£20,000	139.5	1.47%	B9DH0K0	GB00B9DH0K00
Institutional Income	1.0%	£2m	119.8	1.17%	B3YDJ20	GB00B3YDJ200
Institutional Accumulation	1.0%	£2m	144.8	1.17%	B8Y8GR4	GB00B8Y8GR43
Class A Income	0.80%	£20m	119.9	0.97%	B9D9Z90	GB00B9D9Z904
Class A Accumulation	0.80%	£20m	147.1	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	£66 Million
Total Strategy AUM	£180 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: 1.7% 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/)

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