Quarterly investor report

Kagiso Global Equity Fund

December 2018

Date of issue: 28 January 2019

KAGISO Asset Management

Portfolio Manager
Gavin Wood

Fund objective

To provide strong capital growth and a total portfolio return that is in the top quartile for general equity funds, and is suitable for investors who are in their wealth accumulation phase, seeking exposure to equity markets. A typical investor would be able to withstand short-term market fluctuations in pursuit of maximum capital growth over the long term.

Invest with us

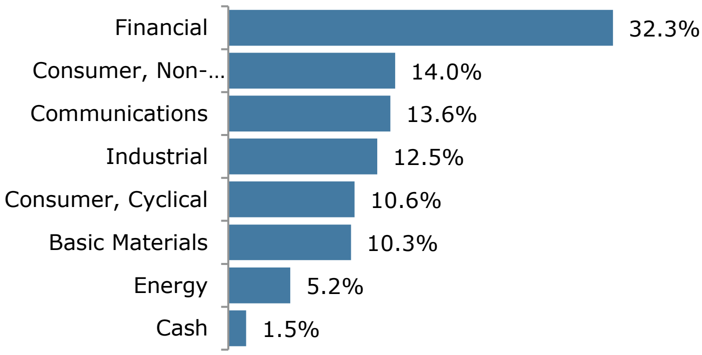
Visit our website www.kagisoam.com

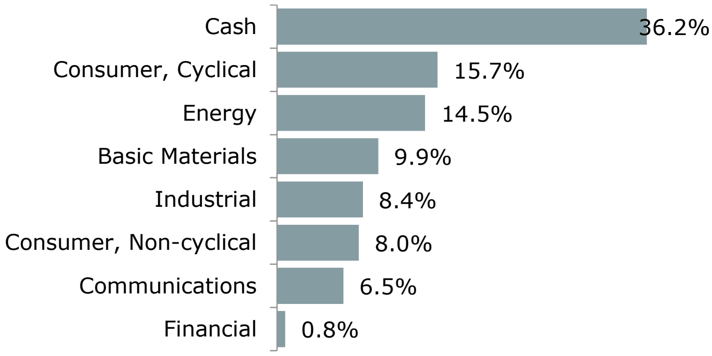
Call Client Service +(353)1 859-0300

Email KagisoICAV@MaitlandGroup.com

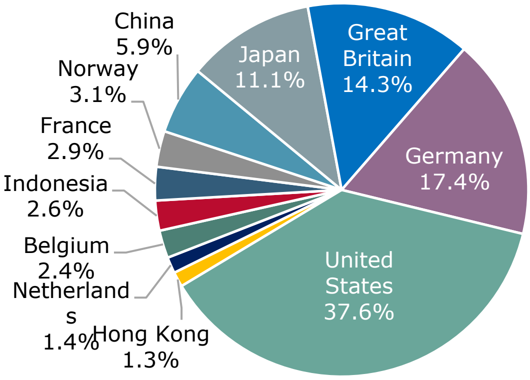
Quarter ended December 2018 | **Quarter ended September 2018**

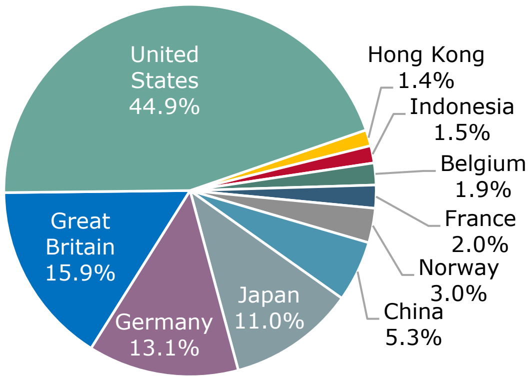
Sector composition





Geographical allocation





Top 10 holdings

Quarter ended December 2018

JD.com	5.8%
Prudential plc	5.7%
Siemens	5.7%
DowDuPont	5.3%
BrightSphere	5.2%
Just Group	4.4%
Bayer	3.9%
Allergan	3.6%
Goodyear	3.5%
Sekisui Chemical	3.5%
Total	46.6%

Quarter ended September 2018

Just Group	6.1%
Prudential plc	5.6%
BrightSphere	5.6%
JD.com	5.3%
Siemens	5.0%
BGC Partners	4.9%
Alliance Data Systems	4.8%
Allergan	4.5%
DowDuPont	4.4%
Nisshinbo	4.0%
Total	50.2%

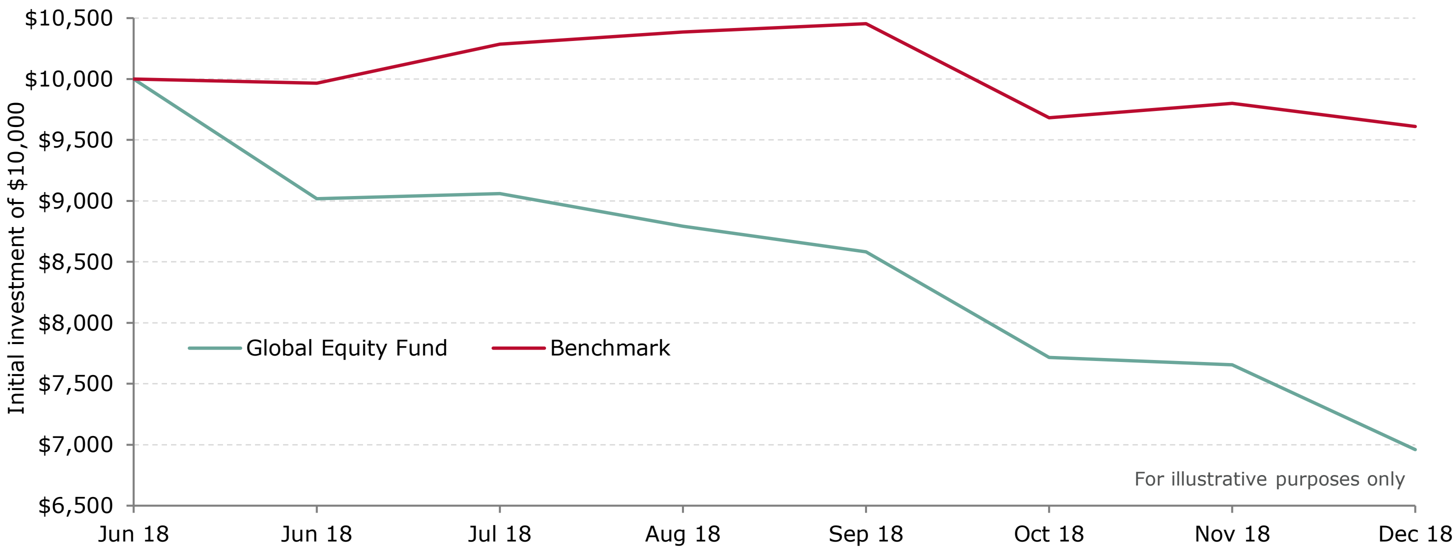
Key indicators (US Dollar return)

Equity markets (total return)	Quarterly change
FTSE World Index	-13.0%
FTSE Emerging Markets Index	-6.1%
Commodities and currency	**Quarterly change**
Gold (oz)	7.7%
Brent Crude (barrel)	-35.9%
Rand/US Dollar	1.5%
US Dollar/Euro	-1.2%

Kagiso Global Equity Fund
December 2018

KAGISO Asset Management

Performance[1]



Source: Kagiso Asset Management, I-Net

Performance

	Fund	Benchmark	Outperformance
Since inception	-30.4%	-3.9%	-26.5%

Risk statistics

	Fund	Benchmark
Not yet available		

[1] Fund performance figures are gross of management fees and Capital Gains Tax and net of Withholding Tax. Calculations are based on a lump sum investment, with income reinvested and all performances are annualised. Please note that market and exchange rate fluctuations may affect the value, price or income of investments. Past performance should not be used as a guide for future performance.

Benchmark FTSE World Index

Launch date June 2018

Fund size $8.57 million

Fees and charges (excl VAT)

Initial fee		0.00%
Management fee	Class A	1.35% pa
	Class B	0.85% pa

Trustee Northern Trust Fiduciary Services (Ireland) Limited

Fund mandate International equities

Vehicle UCITS

Minimum investment Class A $10,000
Class B $1,000,000

Fund registration no (ISIN) IE00BD5FJD62

Classification Global Equity Fund

The Kagiso Global Equity Fund is approved for marketing in South Africa under S65 of the Collective Investment Schemes Control Act of 2002.

Pricing: The Fund is valued and priced at 23:00 (Irish time) on each dealing day using the last traded price on each relevant market. The deadline for receiving instructions is 14:00 (South African time) each business day to ensure same day value. Forward pricing is used.

Unit trusts are generally medium to long-term investments. The value of units will fluctuate and past performance should not be used as a guide for future performance. Kagiso does not provide any guarantee either with respect to the capital or the return of the portfolio(s). In addition, macroeconomic, political, foreign exchange, tax and settlement risks may apply. However, our robust investment process takes these factors into account. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Exchange rate movements, where applicable, may affect the value of underlying investments. Different classes of units may apply and are subject to different fees and charges. Kagiso has the right to close the portfolio to new investors in order to manage it more effectively in accordance with its mandate.

The Fund is authorised in Ireland and is regulated by the Central Bank of Ireland.

Additional information: Please read the Key investor information in conjunction with the Supplemental Deed of the fund and the Fund prospectus.

Economic backdrop

Economic growth continues to be strong, but is decelerating somewhat, especially outside of the US. Inflation increases have stalled as a result of the deceleration and the significant correction in the oil price. Actions announced thus far with respect to US trade tariffs are having some impact on trade activity (which has meaningfully retreated from the high levels of growth at the start of 2018) and, more importantly, continue to dampen business confidence.

Above trend growth for the US economy should continue this year, but fiscal stimulus support will begin to taper off. Continued steady wage growth along with the lower energy prices is expected to support healthy consumption expenditure.

In Europe and Japan, growth has decelerated further, although much of the 2018 weakness in Europe should prove temporary (adverse weather conditions and a highly disruptive automotive emission standards change). In both regions, labour markets continue to tighten, but wage growth remains elusive.

Chinese government measures to rebalance the economy, reign in credit excesses and reduce pollution resulted in a marked deceleration in infrastructure-related growth in 2018. Current activity indicators (particularly trade) point to a continued overall growth slowdown despite additional monetary stimulus and the prospect of tax cuts. There is now more divergence in growth rates amongst emerging economies based on relative fundamentals (oil consumers and countries undertaking structural reforms are doing better).

Market review

Over the quarter, developed equity markets were uniformly very weak in dollar terms with Japan (down 13.3%), Germany (down 15.1%) and France (down 14.8%) underperforming. Emerging markets (down 7.4% in dollar terms) were more mixed with Turkey, India and Brazil posting positive performance. 2018 has been a weak year for equity markets (down 8.2% overall).

For a number of years, extreme unconventional monetary stimulus in the form of price agnostic asset purchases has distorted asset prices across the globe. Global bond yields remain very low (pricing in extremely low levels of future long-term inflation), corporate bond credit spreads are depressed and equity prices are still fairly high, especially in sectors where growth prospects are well appreciated.

Global bond rates are rising from the record low levels of 2016, accompanied by tentative signs of rising inflation, particularly in the US (although bond rates have retreated in the last quarter). Importantly, the rate of total global central bank asset purchases peaked in early 2017 and is steadily reducing as monetary stimulus programs are withdrawn. These changes in trend are causing a more normal (higher) level of market volatility and a welcome increase in dispersion across equities, as well as across asset classes – a better environment for stock pickers.

Fund performance and positioning

Certain abnormally weak stock performances detracted significantly from performance this quarter. Key negative contributors were Allergan, Nisshinbo, Prudential and Covestro, while Corning, Just Group and Sarana Menara outperformed.

Our fund is mainly positioned in companies listed in the USA, Europe and Japan covering a broad range of diversified sectors. Some examples of the global structural themes underpinning some of our holdings include an ageing population (hospitals, pharmaceuticals and medical cosmetics companies), online disruption (e-commerce, payments, logistics), tomorrow's workforce (automation and robotics), special situations (spin-offs/asset sales) and future mobility (energy storage, components and consumables).

Despite a global backdrop of strong (though decelerating) economic growth, tightening monetary policy, risks of negative disruptions as Chinese economic growth continues to trend lower, and a local market facing a very weak economy, we are more positive on the outlook for financial markets, given sharply lower asset prices.