

Kagiso Global Equity Fund

June 2019



Date of issue: 24 July 2019



Portfolio Manager
Gavin Wood
BBusSc, FFA, CFA

Fund objective

To provide strong capital growth and a total portfolio return that is in the top quartile for general equity funds. It 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
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Email KagisoICAV@MaitlandGroup.com

Quarter ended June 2019

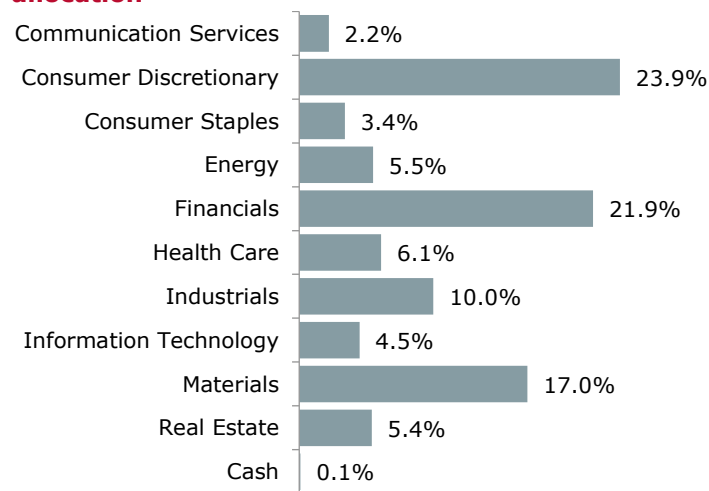
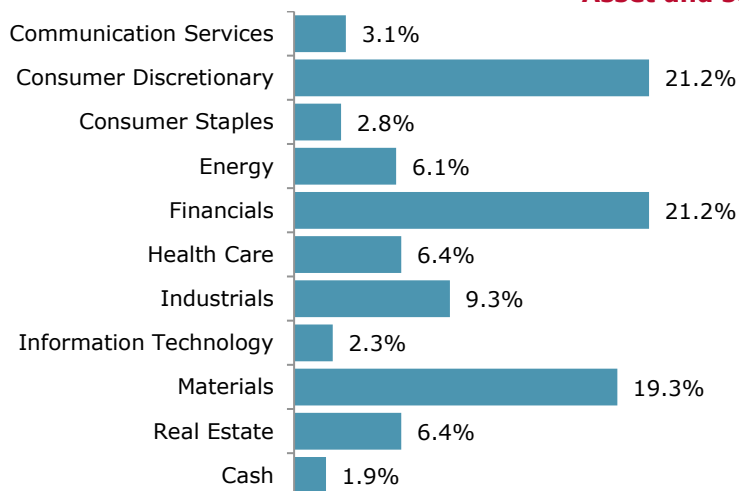
Prudential plc	6.4%
Siemens	5.9%
JD.com	5.3%
DuPont de Nemours	4.6%
BrightSphere	4.1%
Evonik	4.0%
Sekisui Chemicals	3.5%
Corteva	3.3%
Bayer	3.2%
Kinder Morgan	3.2%
Total	43.5%

Quarter ended March 2019

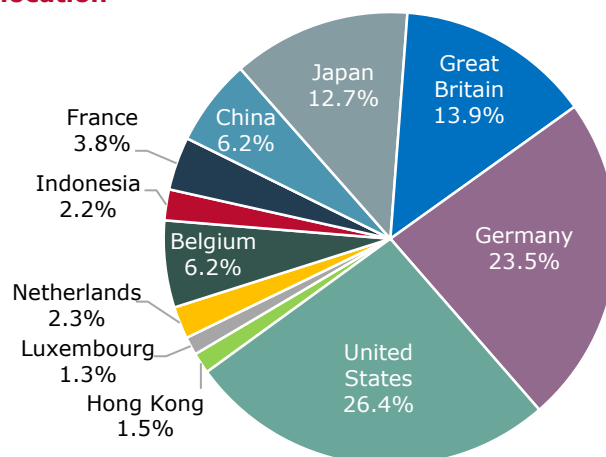
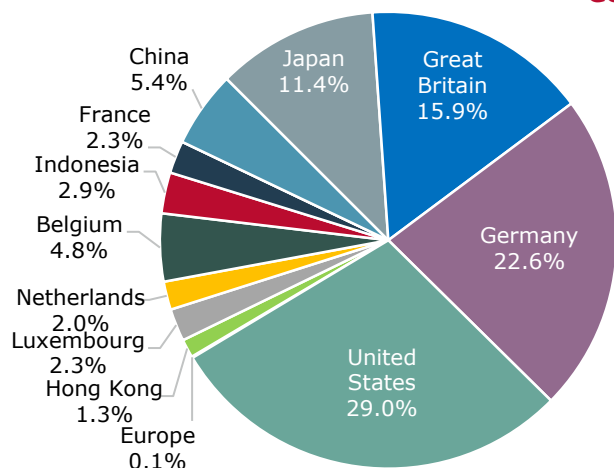
JD.com	6.2%
Prudential plc	5.8%
Siemens	5.7%
DowDuPont	5.2%
BrightSphere	5.2%
Sekisui Chemical	4.0%
Evonik	4.0%
Altran Technologies	3.9%
Covestro	3.5%
Ontex	3.4%
Total	46.9%

Top 10 holdings

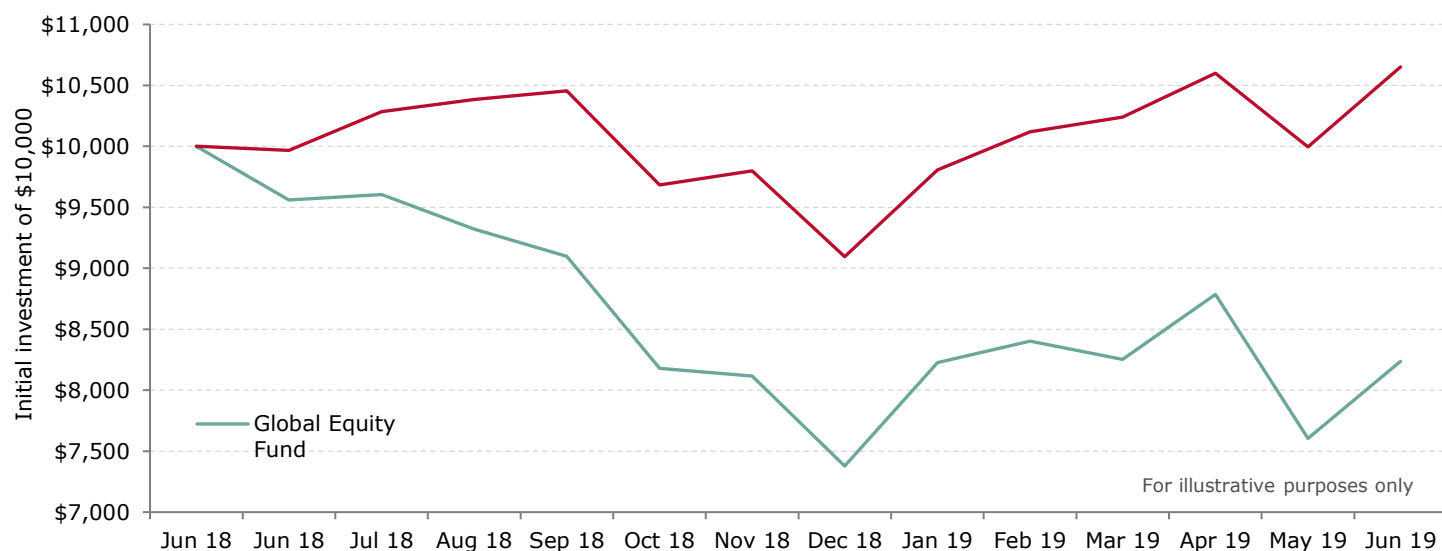
Asset and sector allocation



Geographical allocation



Performance¹



Source: Kagiso Asset Management, Bloomberg

Performance

	Fund	Benchmark	Outperformance
Since inception	-16.4%	6.0%	-22.4%

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 \$15.26 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.

Kagiso Global Equity Fund is a sub-fund of Kagiso Global Asset Management ICAV. This Fund is managed by KBA Consulting Management Limited.

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

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.

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

Economic backdrop

Global economic growth, though still healthy, has decelerated from the high rates of recent years. Strengthening developed region labour markets continue to underpin consumer expenditure via solid wage growth. Inflation rate expectations have retreated meaningfully, particularly in Europe. Key central banks have therefore paused their slow tightening measures and are signalling a more accommodative monetary policy if economic data deteriorates.

Trade activity is weak, partly due to on-going trade disputes between the US and China (front loaded orders in advance of tariff implementation are now being run down and there are direct reductions in certain affected categories) and seems to be dampening business confidence.

US economic growth has been strong this year, but weaker manufacturing production and the tapering off of fiscal stimulus support will now lead to a moderation back to trend. In Europe, manufacturing and export related activity is weak, particularly in Germany, affected by slower Chinese growth and a contracting global automotive market. Japan's growth is similarly weak and will be exacerbated by an impending consumer tax hike.

Overall growth in China continues to moderate as the government acts to rebalance the economy and reign in credit excesses. Infrastructure and manufacturing related growth is most affected, although temporarily shielded by domestic stimulus.

Stronger commodity prices and producer currencies have led to an improvement in economic growth and inflation prospects for commodity-focused emerging economies. India, Indonesia and Eastern Europe continue to outperform emerging market peers and laggards, Argentina, Turkey (contracting), South Africa (deteriorating low growth) and Brazil (significant iron ore mine disruptions) remain weak.

Market review

Global markets rebounded and were strong again this quarter (up 4.2% in dollar terms and 17.4% year to date) with the USA (up 4.3%), France (up 7.5%) and Germany (up 8.9%) outperforming. Emerging markets (up 0.7% in dollar terms) were mixed and generally robust, except in China (down 3.9%).

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 have retreated to very low levels (pricing in exceedingly low levels of future long-term inflation), corporate bond credit spreads are depressed and equity prices are high, especially in large cap stocks and sectors where growth prospects are well appreciated.

US bond rates have risen from the record low levels of 2016, accompanied by tentative signs of wage led rising inflation (although yields in other developed markets are now back down to record lows). Recent trade tensions between the US and its key trading partners seem to have negatively impacted the global growth outlook and central banks are now poised to undertake pre-emptive easing measures in an attempt to avert material economic deterioration.

Fund performance and positioning

Fund performance was below benchmark for the quarter due to poor stock selection with key positives being Altran Technologies (up 43% this quarter and subject to a takeover bid from Capgemini), Siemens and Prudential. Ontex, Brightsphere, Umicore and Goodyear underperformed.

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, financial services), 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 reasonable, but slower, economic growth and risks of negative disruptions as Chinese economic growth continues to trend lower, we remain positive on the outlook for our stock holdings, given attractive valuations.