Quarterly investor report

Kagiso Islamic Global Equity Fund

March 2019

Date of issue: 29 April 2019

KAGISO Asset Management

Portfolio Manager

Abdulazeez Davids
BCom, CFA

Fund objective

A Sharia-compliant fund that aims to provide steady capital growth and a total portfolio return that is better than the average general equity fund. Suitable for Muslim investors, who are in their wealth accumulation phase, seeking a Sharia-compliant portfolio of international equities. Investors should be able to withstand short-term market fluctuations in pursuit of maximum capital growth over the long term.

Invest with us

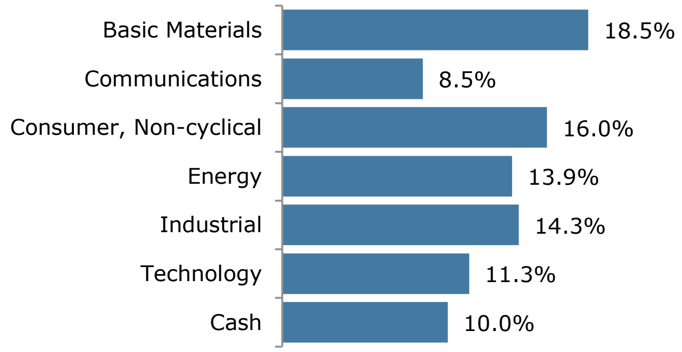
Visit our website www.kagisoam.com

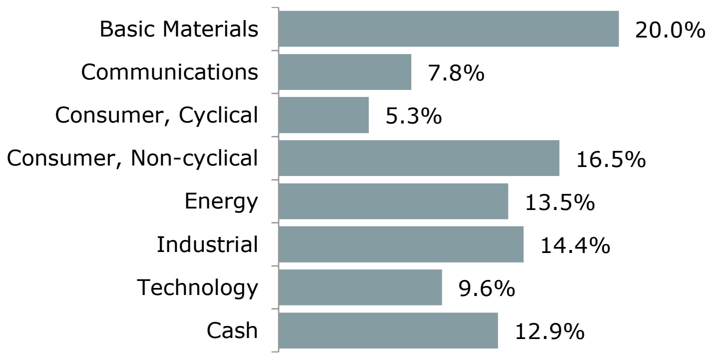
Call Client Service +(353)1 859-0300

Email KagisoICAV@MaitlandGroup.com

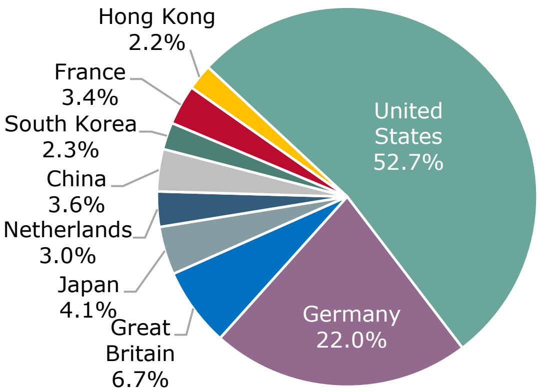
Quarter ended March 2019 | Quarter ended December 2018

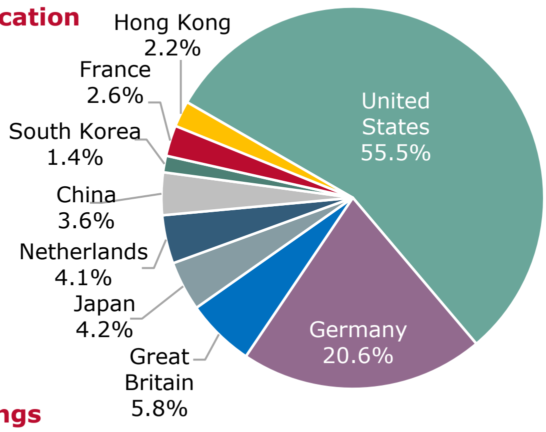
Asset and sector allocation





Geographic allocation





Top 10 holdings

Quarter ended March 2019

Cisco Systems	4.8%
DowDuPont	4.6%
Siemens	4.3%
Intel	4.0%
National Oilwell Varco	3.5%
LyondellBasell	3.1%
Evonik	3.0%
Covestro	3.0%
Continental	2.7%
Royal Dutch Shell	2.6%
Total	35.6%

Quarter ended December 2018

DowDuPont	5.2%
Siemens	5.0%
Cisco Systems	4.3%
Intel	4.0%
National Oilwell Varco	4.0%
LyondellBasell	3.4%
Evonik	3.2%
Covestro	3.0%
Continental	2.9%
Royal Dutch Shell	2.7%
Total	37.7%

Key indicators (US Dollar return)

Equity markets (total return)	Quarterly change
FTSE World Index	12.1%
FTSE Sharia All-World Index	11.8%
Dow Jones Islamic Market World Index	14.1%
Commodities and currency	**Quarterly change**
Gold (oz)	0.8%
Brent Crude (barrel)	27.0%
Rand/US Dollar	0.8%
US Dollar/Euro	-2.0%

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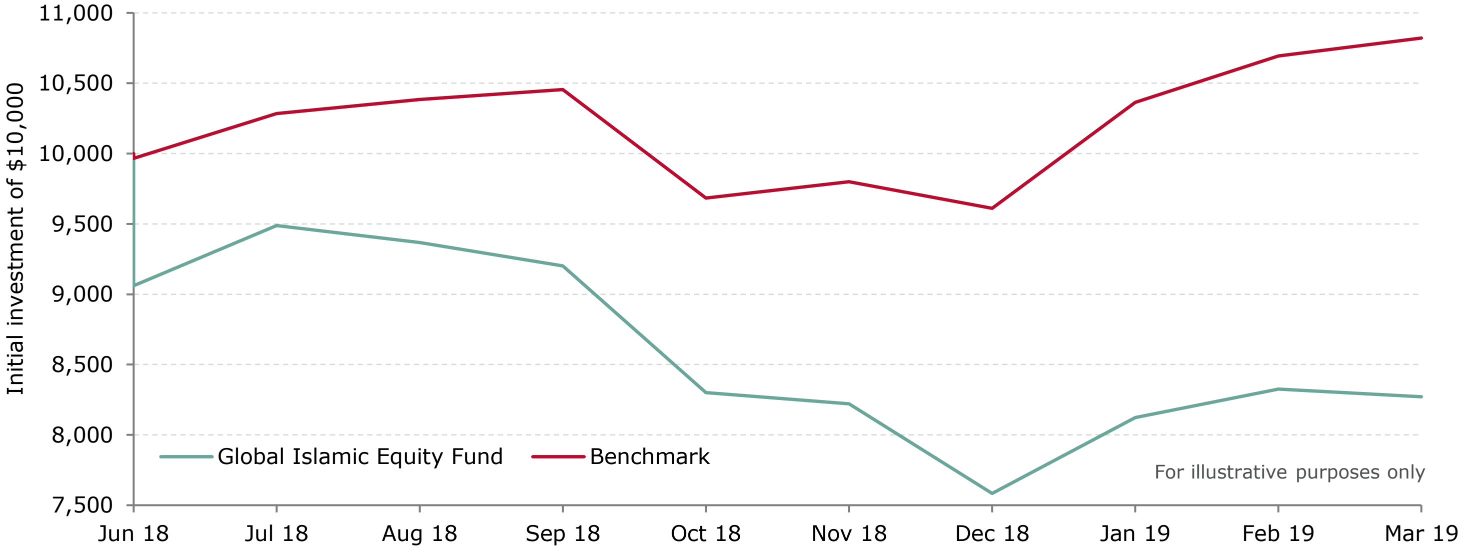
Performance[1]



Source: Kagiso Asset Management, I-Net

Performance

	Fund	Benchmark	Outperformance
Since inception	-17.3%	2.4%	-19.7%

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 $16.75 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) IE00BD5FJH01

Classification Islamic Global Equity Fund

The Kagiso Islamic 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 Islamic 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 has decelerated from recent very high rates, but remains healthy, albeit with some notable weak spots such as Europe. Strengthening developed region labour markets are providing support to consumer expenditure. Inflation rate normalization to higher levels has stalled somewhat. Key central banks have therefore paused their slow tightening measures and are signaling a more accommodative monetary policy if economic data deteriorate.

The trade war initiated by the US continues to have an impact on trade activity (front loading of orders in advance of tariff implementation and direct reductions in certain categories) and seems to be dampening business confidence.

Above trend growth for the US economy is continuing this year, but fiscal stimulus support has begun to taper off. In Europe and Japan, growth has decelerated, primarily due to weaker export related activity, particularly related to China.

Chinese government measures to rebalance the economy, reign in credit excesses and reduce pollution resulted in a marked deceleration in infrastructure and manufacturing-related growth in 2018. Authorities have responded with domestic stimulus, which seems to have brought a stabilisation in growth, albeit at the expense of necessary de-gearing. There is more divergence in growth rates amongst emerging economies based on relative fundamentals. Fairly strong growth is expected in Poland, Brazil, India and Emerging Asia, with positive inflation and interest rate outlooks. Laggards, Argentina, Turkey (contracting) and South Africa (very low growth), remain weak.

Market review

Global markets rebounded strongly this quarter (up 12.6% in dollar terms) erasing most of last quarter's losses with the USA (up 13.6%), the UK (up 11.6%) and France (up 11.1%) outperforming. Emerging markets (up 10.0% in dollar terms) were generally strong, particularly China (up 17.7%).

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 exceedingly 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 have risen 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 six months). Importantly, the rate of total global central bank asset purchases peaked in early 2017 and is steadily reducing as monetary stimulus programs are withdrawn (although the expected pace of reduction is now somewhat slower than previously). These conditions are bringing about 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 Nisshinbo and Covestro, while Corning 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), 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 economic growth, eventually 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 remain positive on the outlook for our stock holdings, given attractive valuations.