Quarterly investor report

Kagiso Islamic Global Equity Fund

September 2019

Date of issue: 22 October 2019

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

Top 10 holdings

Quarter ended September 2019

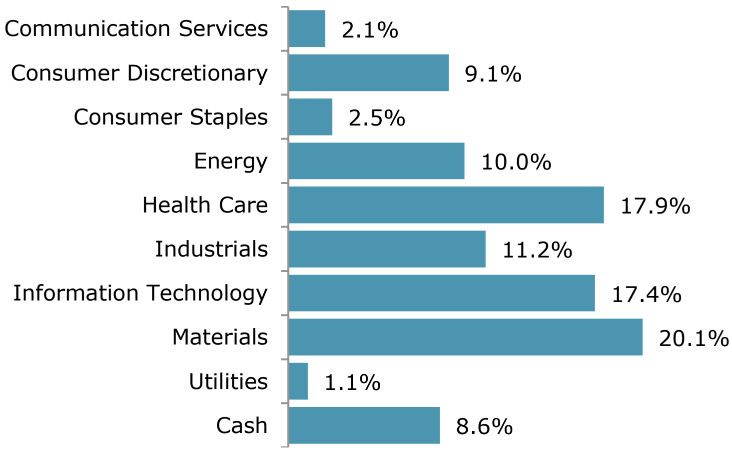
Cisco Systems	4.8%
Siemens	4.2%
LyondellBasell	3.7%
Evonik	3.7%
Roche	3.6%
Altran	3.0%
Intel	2.9%
Royal Dutch Shell	2.7%
Covestro	2.7%
Allergan	2.7%
Total	34.0%

Quarter ended June 2019

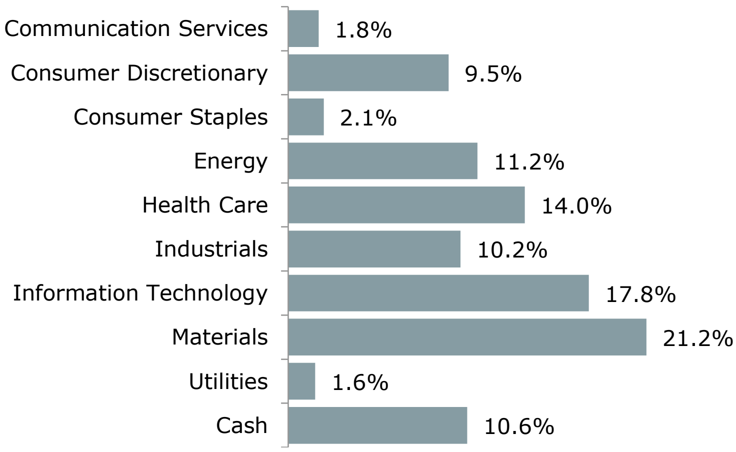
Siemens	4.6%
Cisco Systems	4.3%
Evonik	3.2%
LyondellBasell	3.1%
Intel	3.0%
National Oilwell Varco	2.9%
Altran	2.8%
Covestro	2.7%
DuPont de Nemours	2.6%
Royal Dutch Shell	2.6%
Total	31.8%

Asset and sector allocation

Quarter ended September 2019

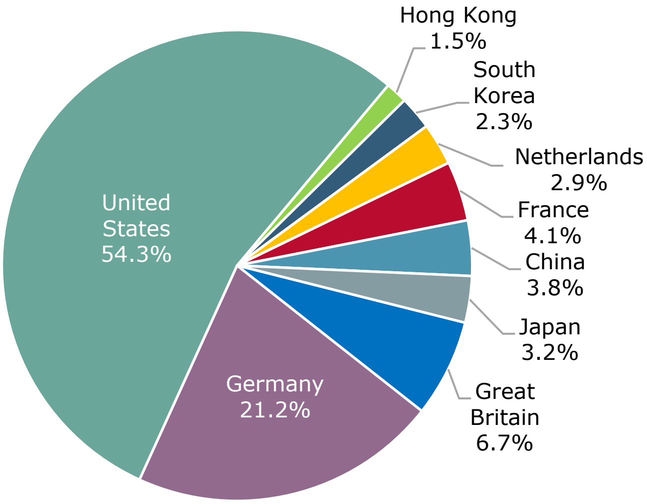


Quarter ended June 2019

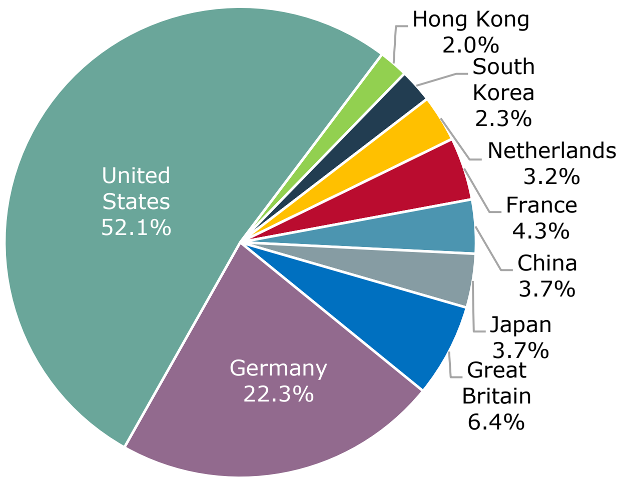


Geographic allocation

Quarter ended September 2019



Quarter ended June 2019



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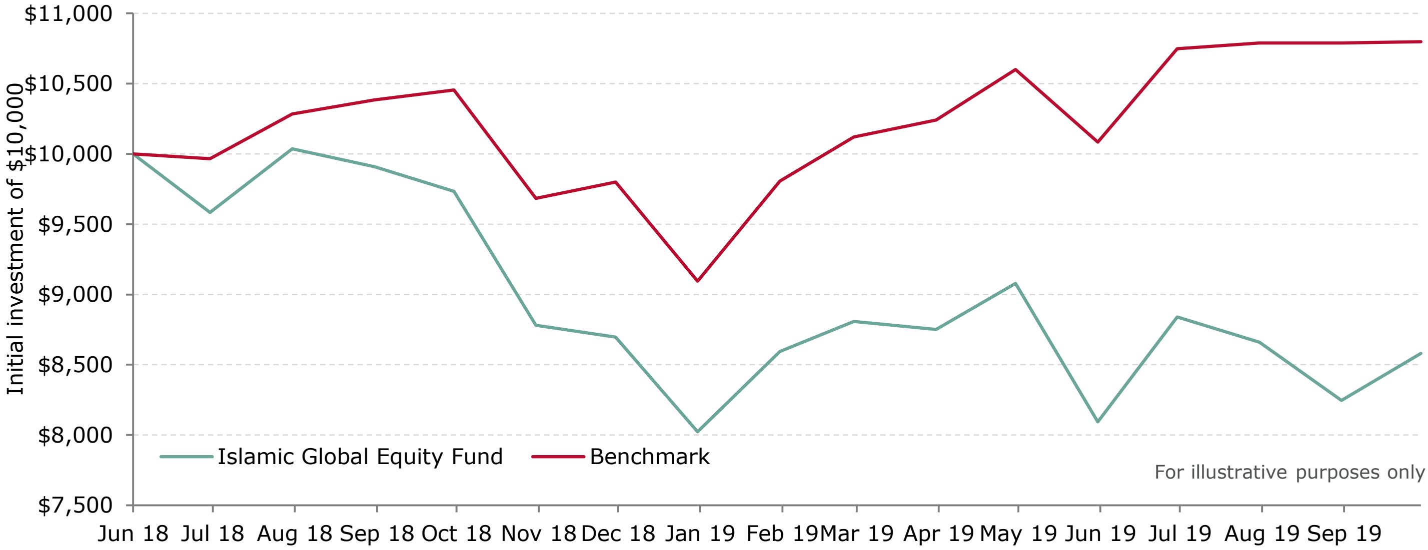
September 2019

Performance[1]



Source: Kagiso Asset Management, Bloomberg

Performance

	Fund	Benchmark	Outperformance
1 year	-11.8%	3.4%	-15.2%
Since inception	-10.8%	6.0%	-16.8%

[1] Fund performance figures are gross of management fees. 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.

Risk statistics

	Fund	Benchmark
Not yet available		

Benchmark	FTSE World Index	
Launch date	June 2018	
Fund size	$19.20 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, though still healthy, has decelerated further from the high rates of recent years largely due to a continuing moderation in Chinese growth. Growth expectations have continued to retreat this quarter as business confidence has deteriorated with accelerating US protectionism, particularly in the global manufacturing sector (especially Europe and Japan). Consequently, key central banks have abruptly ended their tightening and begun loosening monetary policy and signaling more accommodation, should economic activity deteriorate. Trade activity continues to weaken due to the ongoing trade dispute between the US and China and this seems to be dampening business confidence.

US economic growth has been strong this year, but weaker manufacturing production (due to trade tensions) and the tapering off of fiscal stimulus support is now leading to a moderation back to trend. In Europe, manufacturing and export related activity is very weak, particularly in Germany, affected by slower Chinese growth and a contracting global automotive market. Japan’s recent economic resilience is somewhat due to pre-emptive consumption ahead of 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 and as export growth is affected by trade tensions. Infrastructure investment and manufacturing related growth is most affected, although the economy is somewhat shielded by domestic stimulus.

Emerging market currencies were weaker this quarter as many countries continued along the path of aggressive rate cutting. India, Indonesia and Eastern Europe continue to outperform, but growth has eased in line with global growth. Indian growth in particular has been dampened by unexpected tax rises and a clampdown on the shadow banking sector. Previous laggards (South Africa, Russia and Turkey) have seen sequential growth off very low levels.

Market review

Global markets were only moderately higher in the last quarter in US dollars (up 0.7%) with the USA (up 1.7%) and Japan (up 2.8%) offsetting declines in France (down 1.4%), Germany (down 3.8%) and the UK (down 2.2%). Emerging markets (down 4.1% in dollar terms) were weak, particularly South Korea (down 4.8%), India (down 5.2%) and South Africa (down 12.4%).

For several years, extreme, unconventional monetary stimulus in the form of price agnostic asset purchases have 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 yields are moderately higher than 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 appear to have negatively impacted the global growth outlook and central banks are now undertaking pre-emptive easing measures in an attempt to avert material economic deterioration.

Fund performance and positioning

Fund performance was below benchmark for the quarter with key positive contributors being Procter & Gamble, RWE Group, Intel Corporation, and Micron Technology. Evonik, Cisco, Siemens and Imersys underperformed.

Our fund is mainly positioned in companies listed in developed markets, with exposure to a broad range of diversified sectors. Some examples of the global structural themes underpinning some of our holdings include an ageing population (hospitals), 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). Our fund positions have somewhat of a quality cyclical orientation and stand to benefit from a less negative economic environment than is reflected in their very depressed ratings.

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.