

Kruger Ci International Flexible Feeder Fund

July 2020



KRUGER

International

Asset & Wealth Management

INVESTMENT OBJECTIVE

The investment objective of this portfolio is to provide investors with long term capital growth by investing in a combination of offshore equities, listed property, bonds and money market. The portfolio may generate some income. It has a probability of high volatility over a short to medium term. The portfolio is aimed at investors who can tolerate higher risk, as explained only by volatility, as it invests offshore and may have a maximum of 100% exposure to equities.

THE KRUGER INVESTMENT COMMITTEE

Hein Kruger:	Chief Investment Officer
Mia Kruger:	Portfolio Manager
Johan Marais:	Investment Committee Member
Charl Bester:	Investment Committee Member
Analytics Consulting:	Investment Consultant

ABOUT THE FUND

ASISA Classification	Global – Multi Asset – Flexible
Risk Profile	High
Benchmark	USD Flexible Allocation (ZAR)
Equity Exposure	The fund is fully flexible and has no limitation on asset classes.
Foreign Exposure	The fund will maintain an exposure of at least 80% in foreign assets

UNDERLYING HOLDINGS

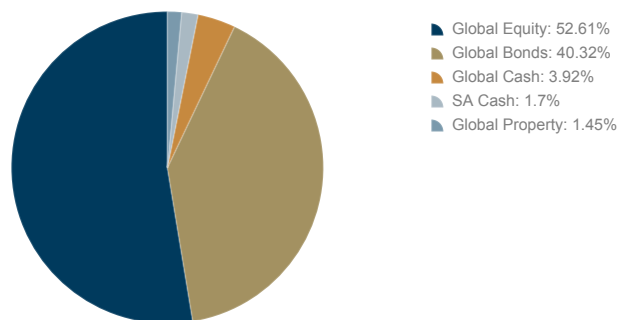
International Flexible Fund*	96.85%
SA Cash	1.70%
Global Cash	1.45%

PORTFOLIO MANAGER'S COMMENTARY

International:
The surge in global market performance continued in July – the fourth consecutive month – amid a continued belief that a V-shaped market recovery is in the making. This view is mainly on the back of vast amounts of money injected into the global economy by central banks backed by fiscal support from numerous governments. The steady re-opening of economies around the world and the belief that an effective vaccine against Covid-19 is imminent provided further impetus. Technology companies are favoured to be the main beneficiaries from the pandemic which resulted in a robust rerating of FANG stocks and led to a market rally driven by a small number of stocks. An additional boost to investor sentiment emanated from a solid increase of 1.76 million non-farm jobs in the US July employment report outstripping an expected increase of 1.48 million jobs. The unemployment rate also improved further to 10.2% from 11.1% in June and 13.3% in May. However, the huge and widening disconnect between the real economy and the lofty levels of equity markets remain of concern. With Covid-19 continuing to dominate the news headlines, other big headwinds such as the escalating tension between the US and China, increasing climate change risks, the outcome of the US election and unfinished Brexit business continue to linger in the background and will re-merge at some stage. So far, the corporate results season for the second quarter have generally met and in some cases surpassed lower expectations, but scepticism remains high about the sustainability of the earnings due to the impact of the stop/start reopening of economies as a result of regular Covid-19 flareups. Markets continued its upward surge in July – the MSCI All Country Index gained +4.87% (-6.98%ytd); the Dow Jones +2.51% (-6.14%ytd); the S&P 500 +5.64% (+2.38%ytd) and the MSCI Emerging Markets Index by +8.44% (-6.07%ytd) – all in US dollars.

* Kruger International Mauritius is the Investment Advisor on this fund

ASSET ALLOCATION



Asset allocations are one month lagged

Local:
With Covid-19 still building up to its peak, the impact on the SA economy is huge as borne out by the latest economic data. Although slightly better than previous months due to the gradual unlocking of the economy, the negative undertone prevailed and confirmed a deep recession. Among the most prominent data points were Absa's Purchasing Managers' index (PMI) which edged lower to 51.2 points in July from 53.9 in June, the NAAMSA vehicle sales for July which are still down by 29.6% over the year, manufacturing output that fell 16.3% in June after contracting by 32.4% in May year on year and the SACCI business confidence index that recovered marginally from a 35-year low in July to 82.8 from 81.4 in June as global economic activity improved. However, it remained well below the long-term average over worries about increasing local infections. Retail sales fell by 7.5% in June against an expected decline of 5% following a revised 11.9% contraction in May year on year. A positive data point was annual CPI inflation of 2.2% in June, slightly up from 2.1% in May but remaining at the bottom of the South African Reserve Bank target range of 3–6% and possibly leaving room for a further rate cut. Other welcome news was that SA's first ever IMF loan amounting to \$4.3bn (about R70bn) was approved under its program to assist countries in the event of catastrophe. Now the challenge is to manage this money responsibly. In line with foreign markets the FTSE JSE All Share Index advanced by +2.56% (-0.68%ytd) in June. The Kruger Funds followed suit – the Equity Fund advanced by +3.85% (+5.39%ytd), the Balanced Fund by +3.41% (+6.14%ytd), the Prudential Fund by +1.99% (+5.67%ytd) and the International Flexible Feeder Fund by +1.71% (+19.75%ytd).

PORTFOLIO HISTORIC PERFORMANCE *

	1 year	3 year	5 year	10 year
Kruger Ci International Flexible Feeder Fund (Class A)	21.96%	12.42%	9.58%	13.28%
Benchmark	21.78%	13.23%	11.37%	15.00%
Highest return over 12 rolling months				24.96%
Lowest return over 12 rolling months				-1.36%

*Annualised

TOP 10 EQUITY EXPOSURES

Microsoft	2.33%	Intuit Inc	0.86%
Apple	1.33%	Novo Nordisk A/S	0.81%
Paypal Holdings	1.10%	Visa	0.75%
Facebook Inc	1.01%	Idexx Laboratories Inc	0.64%
Amazon.Com Inc	0.89%	PepsiCo Inc.	0.62%

Top 10 equity exposures are one month lagged.

This document is a Minimum Disclosure Document (MDD) which contains key information about this portfolio. This MDD will be updated on a monthly basis. Sources: Performance sourced from Morningstar and Portfolio Analytics Consulting, for a lump sum using NAV-NAV prices with income distributions reinvested. CPI for all urban areas sourced from Factset. Asset Allocation and Top 10 holdings data compiled by Global Investment Reporting SA ("GIRSA")

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Launch Date	12 February 2007 (Class G: 2 September 2019)	Total Expense Ratio	Class A: 1.34%, Class G: 1.64%
Opening NAV Price	1000.00 cents per unit	Transaction Cost	Class A: 0.01%, Class G: 0.01%
Fund Size	R 503.3 million	Total Investment Charge	Class A: 1.35%, Class G: 1.65%
Initial Fee	Class A: 0%, Class G: 0%	Calculation Period	Inception to 31 Mar 2020 (Class G: Estimate)
Initial Advisory Fee	Maximum 3.00% (Excl. VAT)	Income Declaration Dates	30 June and 31 December
Annual Service Fee	Class A: 0.200% (Excl. VAT)	Last 12 months Distributions	30/06/2020: (A) 0.00, 31/12/2019: (A) 0.00
Annual Advisory Fee	Maximum 1.00% (Excl. VAT)	(cents per unit)	30/06/2020: (G) 0.00, 31/12/2019: (G) 0.00
Transaction cut-off time	14:00	Income Reinvestment / Payout Dates	2nd working day in July and January
Valuation time	17:00	Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper

FAIS Disclosure

The annual fees include a fee up to 0.200% (Class A) or 0.300% (Class G) payable to Ci Collective Investments. All fees stated are exclusive of VAT. Please note that in most cases where the Financial Services Provider (FSP) is a related party to the portfolio manager, the FSP/distributor may earn additional fees other than those charged by the portfolio manager. Kruger International is an indirect shareholder of Ci Collective Investments. Kruger International Mauritius is the Investment Advisor on the International Flexible Fund. Kruger International aggregates all foreign investments within the Kruger International Mauritius International Flexible Fund. Kruger International Mauritius and SIP may earn an annual investment management fee of up to 1% on this investment. Kruger International does not charge any annual management fee in South Africa against the value of any investments that are placed in any of the Kruger International Mauritius offshore portfolios. Please see further details below.

Characteristics

This is a global multi-asset flexible equity portfolio which means that the portfolio may have a maximum equity exposure of up to 100% at all times. This fund is a feeder fund which means that it may only invest in a single unit trust, exchange rate swaps and assets in liquid form. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges, which could result in a higher fee structure for the feeder fund. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges, which could result in a higher fee structure for the feeder fund.

Risk Reward Profile: High

Typically, the lower the risk, the lower the potential return and the higher the risk, the higher the potential return. There is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile. The risk profile for this portfolio is rated as high, as it may invest up to 100% in equity securities, both locally and abroad. The risk refers only to volatility.

RISK DEFINITIONS

Market Risk

Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust.

Currency Risk / Foreign Exchange Risk

This risk is associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate against the South African Rand, the investments face currency gains or losses.

Concentration Risk

Unit Trusts pool the assets of many investors and use the proceeds to buy a portfolio of securities. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies.

Liquidity Risk

This relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

Credit Risk

Credit risk arises where an issuer of a non-equity security or a swap is unable to make interest payments or to repay capital. The Fund may be exposed to credit risk on the counterparties in relation to instruments such as cash, bonds and swaps that are not traded on a recognised exchange. The possibility of the insolvency, bankruptcy or default of a counterparty with which the Fund trades such instruments, could result in losses to the Fund.

Inflation Risk

The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

Political Risk

The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy makers or military.

Tax Risk

This risk relates to any change to tax laws or to the interpretation of existing tax laws which has an impact on the manner in which unit trusts are taxed.

Compliance Risk

This refers to the risk of not complying with the legislation, regulations, prescribed investment limits and internal policies and procedures by the manager or the portfolio manager.

This document is not intended to address the personal circumstances of any Financial Services Provider's (FSP's) client nor is it a risk analysis or examination of any client's financial needs. Collective Investment Schemes in Securities ("CIS") are generally medium to long terms investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to this portfolio and are subject to different fees and charges. A schedule of fees and charges is available on request from Ci. Ci does not provide any guarantee either with respect to the capital or the return of the portfolio. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. International Investments may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. The portfolio may be closed from time to time in order to manage it more efficiently in accordance with its mandate. Kruger is an indirect shareholder of Ci. As an indirect shareholder, Kruger may earn dividends from time to time and participation in any dividends may be linked to the revenue generated by Ci from the Kruger portfolios, and from any other Ci portfolios. Ci retains full legal responsibility for this co-named portfolio. Additional information on the portfolio may be obtained, free of charge, directly from Ci. Ci is a Non-Voting (Ordinary) Member of the Association for Savings & Investment SA (ASISA). Total Expense Ratio (TER): The above TER % has been annualised and indicates the percentage of the value of the portfolio which was incurred as expenses relating to the administration of the portfolio over the rolling 3 year period or since fund inception, on an annualised basis. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER's cannot be regarded as an indication of future TER's.

Transaction Cost (TC): The above TC % has been annualised and indicates the percentage of the value of the portfolio which was incurred as costs relating to the buying and selling of the assets underlying the portfolio. Transaction Costs are a necessary cost in administering the portfolio and impacts portfolio returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of portfolio, investment decisions of the investment manager and the TER. Total Investment Charge is the TER plus TC which indicates the percentage of the value of the portfolio which was incurred as costs relating to the investment of the portfolio. Calculations are based on actual data where possible and best estimates where actual data is not available. Performance quoted is for lump sum investment with income distributions, prior to deduction of applicable taxes, included. NAV to NAV figures have been used. The annualised return is the return of the performance period re-scaled to a period of one year. Performance is calculated for the portfolio and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. Benchmark returns are a combination of the current and historic benchmarks, stitched together on effective date of the change to Kruger Ci International Flexible Feeder Fund, from the Kruger Global Fund of Funds.

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Trustee: FirstRand Bank Limited Tel: (011) 371 2111.

