Kruger Ci Equity Fund
August 2020

KRUGER International
Asset & Wealth Management

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to provide investors with capital growth by investing predominantly in equities. The portfolio is aimed at the investor who can tolerate high risk, as explained only by volatility, as it will have an equity exposure of between 80% and 100%, both locally and abroad . Income is not a main objective of this portfolio. The Fund may from time to time invest in listed and unlisted derivatives, in order to achieve the Fund's investment objective.

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

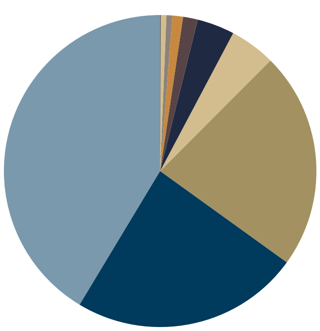
ASISA Classification	South African – Equity – General
Risk Profile	High
Benchmark	FTSE/JSE All Share Index
Equity Exposure	The fund will have an equity exposure always exceeding 80% of the portfolio’s net asset value.
Foreign Exposure	Up to 30% of the assets may be invested offshore and an additional 10% in Africa (ex RSA).

UNDERLYING HOLDINGS

Direct Equity (Hedged)	42.90%
Fairtree Equity Prescient Fund	18.12%
International Equity Fund*	17.23%
International Flexible Fund*	11.06%
Direct Equity	4.10%
Global Cash	3.10%
Ci Engineered Equity Core Fund	1.18%
Ci Equity Fund	1.07%
SA Cash	1.24%

* Kruger International Mauritius is the Investment Advisor on these funds

ASSET ALLOCATION



- SA Equity (Derivatives): 41.38%
- SA Equity: 23.67%
- Global Equity: 22.48%
- Global Bonds: 4.73%
- Global Cash: 3.87%
- SA Property (Derivatives): 1.52%
- SA Cash: 1.1%
- SA Property: 0.61%
- Global Property: 0.59%
- Africa: 0.05%

Asset allocations are one month lagged

PORTFOLIO MANAGER'S COMMENTARY

International:
The relentless surge in global market gains continued in August – the fifth consecutive month – amid continued believe in a V-shaped economic and market recovery post the initial Covid-19 impact. This view is based mainly on the back of vast amounts of liquidity injected by central banks around the world which was backed with fiscal support by numerous governments. Another reason is the steady re-opening of economies and the belief that an effective vaccine against Covid-19 is imminent. This is further spurred on by President Donald Trump who signals a vaccine as early as the end of 2020. As far as equity markets are concerned, technology companies are favoured to be the main beneficiaries from the pandemic which resulted in a robust rerating of especially the so-called FANG stocks. This has led to a narrow market rally driven by a small number of stocks. An additional boost to investor sentiment emanated from a solid increase of 1.37 million nonfarm payrolls in August, an unemployment rate that tumbled to 8.4% compared to expected growth of 1.32 million jobs and an unemployment rate of 9.8%. However, the huge and widening disconnect between the real economy and the lofty levels of equity markets remain of huge concern, especially among traditional market analysts and economists. Among the main reasons are the fear for a possible second wave of Covid-19, escalating tension between the US and China around trade issues, expected volatility in the runup to the US presidential election, increasing climate change risks and unfinished Brexit business that seem to be unravelling as the year-end deadline approaches. In the absence of corporate results to provide immediate market direction – not until the middle of October when the reporting season for the third quarter kicks off – economic data and politics will be the main drivers. Markets continued its upward surge in August – the MSCI All Country Index gained +4.88% (-2.44%ytd); the Dow Jones +7.92% (+1.30%ytd); the S&P 500 +7.19% (+9.74%ytd) and the MSCI Emerging Markets Index by +2.77% (-3.47%ytd) – all in US dollars.

Local:
With Covid-19 reaching its peak, the impact of the lockdown on an already weak SA economy is huge as borne out by the latest economic data. Although some data points were slightly better than in previous months due to the steady unlocking of the economy, the deepening negative undertone remains overwhelming and confirms a deep recession. Among the most prominent negative data points were mining output that fell 9.1% in July while manufacturing was down 10.6%, the current account balance that swung to a deficit in the second quarter as the trade surplus more than halved – R91.5 billion in the second quarter from R201.7 billion surplus in the first quarter – a deficit of 2.4% of GDP on its current account balance during the April to June quarter from a revised surplus of 1.2% of GDP in the prior quarter, GDP that shrank by a record 51% in the second quarter on an annualised basis, the growth in private sector credit that slowed to 5.12% year-on-year in July from a revised 5.63% in June and the headline consumer price inflation that quickened to 3.2% year-on-year in July from 2.2% in June, and the trade balance that slowed down to a surplus of R37.42 billion in July compared to R45.73 in June.. Among a few positive data points were the Standard Bank PMI index for the whole economy that edged up to 45.3 in August from 44.9 in July but staying below the 50 mark, the Absa PMI manufacturing index that improved from 51.2 in July to 57.3 in August. The poor data possibly leaves room for a further small rate cut at the next monetary policy meeting of the Reserve Bank. Contrary to foreign markets, the FTSE JSE All Share Index declined by -0.26% (-0.94%ytd) in August. The Kruger Funds all gained ground – the Equity Fund advanced by +0.54% (+5.96%ytd), the Balanced Fund by + 0.92% (+7.12%ytd), the Prudential Fund by +1.01% (+6.74%ytd) and the International Flexible Feeder Fund by +2.31% (+22.51%ytd).

PORTFOLIO HISTORIC PERFORMANCE*

	1 year	3 year	5 year	10 year
Kruger Ci Equity Fund (Class A)	10.80%	6.24%	n/a	n/a
Benchmark	3.85%	2.64%	n/a	n/a
Highest return over 12 rolling months				13.23%
Lowest return over 12 rolling months				-11.76%

*Annualised

TOP 10 EQUITY EXPOSURES

Naspers Ltd	7.30%	BHP Group	3.15%
British American Tobacco	4.82%	Sanlam Ltd	2.59%
CF Richemont	4.54%	Anglogold Ashanti	2.12%
Impala Platinum	4.12%	Harmony Gold	2.05%
Anglo American	3.63%	Anglo American Platinum	1.99%

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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COLLECTIVE INVESTMENTS

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ABOUT THE FUND

Launch Date	03 July 2017 (Class G: 2 September 2019)	Total Expense Ratio	Class A: 1.58%, Class G: 1.89%
Opening NAV Price	1000.00 cents per unit	Transaction Cost	Class A: 0.15%, Class G: 0.09%
Fund Size	R 161.4 million	Total Investment Charge	Class A: 1.73%, Class G: 1.98%
Initial Fee	Class A: 0%, Class G: 0%	Calculation Period	Inception to 30 Jun 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: 1.250% (Excl. VAT) Class G: 1.350% (Excl. VAT)	Last 12 months Distributions (cents per unit)	30/06/2020: (A) 0.00, 31/12/2019: (A) 0.00 30/06/2020: (G) 0.00, 31/12/2019: (G) 0.00
Annual Advisory Fee	Maximum 1.00% (Excl VAT)	Income Reinvestment /Payout Dates	2nd working day in July and January
Transaction cut-off time	14:00	Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper
Valuation time	17:00		

FAIS Disclosure

The annual fees include a fee up to 0.700% payable to Kruger, a fee up to 0.150% (Class A) or 0.250% (Class G) payable to Ci Collective Investments, a fee up to 0.400% payable to Analytics Consulting. 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 Equity Fund and International Flexible Fund. Kruger International aggregates all foreign investments within the Kruger International global portfolio range. The portfolio may therefore be invested in the Kruger International Mauritius offshore portfolios from time to time. Kruger International Mauritius and SIP may earn an annual investment advisory fee of up to 1% on all such investments. 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.

Characteristics

The fund invests predominantly in equities with the aim to outperform the FTSE/JSE All Share Index over the long term. The fund is suitable for investors who are prepared to accept a high level of volatility in seeking long term growth. Investors in this fund should be willing to accept a higher calculated risk.

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 may invest between 80% and 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.

Total Return Swaps Risk

This portfolio may invest in total return swaps. Total return swaps are unlisted instruments issued by a bank to provide the return of a specific index. Therefore, the equity exposure in this portfolio is derived through the total return swap and not by physically holding the equities in the portfolio. The value of the instrument is directly linked to the performance of the basket of assets per the index and will fluctuate in line with the daily market movements.

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.

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COLLECTIVE INVESTMENTS