

Kruger Ci International Flexible Feeder Fund

September 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

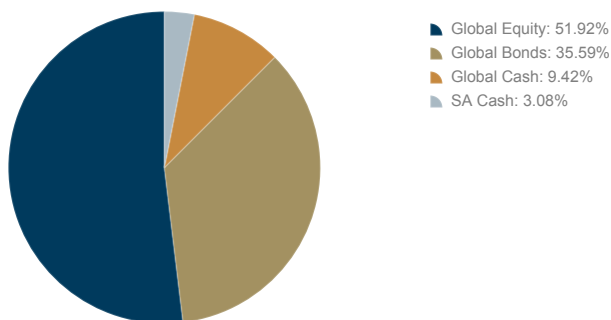
ASISA Classification	Global – Multi Asset – Flexible
Risk Profile	High
Benchmark	USD Flexible Allocation (ZAR)
Equity Exposure	The fund is fully flexible and has no limitation on asset classes.
Foreign Exposure	The fund will maintain an exposure of at least 80% in foreign assets

UNDERLYING HOLDINGS

International Flexible Fund*	96.12%
SA Cash	3.08%
Global Cash	0.80%

* Kruger International Mauritius is the Investment Advisor on this fund

ASSET ALLOCATION



Asset allocations are one month lagged

PORTFOLIO HISTORIC PERFORMANCE *

	1 year	3 year	5 year	10 year
Kruger Ci International Flexible Feeder Fund (Class A)	14.22%	10.45%	9.64%	13.32%
Benchmark	11.02%	11.44%	10.08%	14.83%
Highest return over 12 rolling months				41.96%
Lowest return over 12 rolling months				-25.86%

*Annualised

PORTFOLIO MANAGER'S COMMENTARY

International:
The five month rally in global markets paused for breath in September amid a resurgence in Covid-19 infections in many northern hemisphere countries, increasing uncertainty in the runup to the fast approaching US election, elevated tension between the US and China and the widening gap between equity market valuations and the state of the real economy. In contrast, investors continue to believe in a V-shaped economic and market recovery based on the vast amounts of liquidity injected into the global economy by central banks and backed up with fiscal support by various governments. Another reason for the optimism is the belief that an effective vaccine against Covid-19 is imminent. One data point that we have become accustomed to providing a boost to markets in the recent past, US employment, disappointed in September as only 661,000 nonfarm payrolls were recorded compared to the 800,000 expected by economists. Although the unemployment rate fell more than expected to 7.9% this was mainly due to a sharp decline in labour force participation. Other main headwinds remain increasing climate change risks and unfinished Brexit business that seems to be unravelling as the year-end deadline approaches. As far as equity markets are concerned, technology companies continue to be favoured as the main beneficiaries from the pandemic which resulted in a robust rerating of the FANG stocks. This has led to a narrow market rally driven by a small number of stocks and with the reporting season for the third quarter that has just kicked off, validation for the rich valuations of these companies will be sought. Average earnings by S&P 500 companies are expected to decline by about 15 to 20% in this quarter. Markets declined across the board in September – the MSCI All Country Index by -2.03% (-4.42%ytd); the Dow Jones by -2.18% (-0.91%ytd); the S&P 500 by -3.80% (+5.57% ytd) and the MSCI Emerging Markets Index by -1.83% (-5.23%ytd) – all in US dollars.

Local:
With Covid-19 approaching its peak in SA, the impact of the lockdown on an already weak economy is substantial as borne out by the latest economic data. Although several data points were slightly better compared to previous months due to the steady unlocking of the economy, the negative undertone remains overwhelming and confirms a deep recession. Among the headline negative data points were mining output that fell by -3.3% in August, manufacturing output by -10.8%, growth in private sector credit slowed to 3.87% year-on-year in August from 5.12% in July, employment data for the second quarter showed that more than 5 million more South Africans were "not economically active" during the strictest period of the coronavirus lockdown, foreign direct investment (FDI) inflows fell to -R17.4 billion in the second quarter and retail sales fell -9% year-on-year in July following a revised -7.2% contraction in June. News just out is that although the International Monetary Fund (IMF) maintained its forecast of a -8% contraction in the local economy this year, its outlook for growth in 2021 was trimmed to + 3% growth from +3.5% in its previous estimate. Among a few positive data points were the IHS Markit (PMI) that rose to 49.4 in September from 45.3 in August, the Absa PMI manufacturing index that rose to 58.3 points in September from 57.3 points in August and South Africa's headline consumer price inflation that slowed to 3.1% year-on-year in August from 3.2% in July. Although there was hope for a further small rate cut at its last meeting, the Reserve Bank decided to maintain the status quo. In line with global markets the FTSE JSE All Share Index declined by -1.58% (-2.51%ytd) in August. The Kruger Funds all lost ground – the Equity Fund by -2.71 (+3.09%ytd), the Balanced Fund by -2.14% (+4.82% ytd), the Prudential Fund by -1.44% (+5.20%ytd) and the International Flexible Feeder Fund by -3.09% (+18.73%ytd).

TOP 10 EQUITY EXPOSURES

Diageo PLC	2.10%	Pepsico	1.15%
Microsoft Corp.	1.66%	Nintendo Co. Ltd	1.06%
Paypal Holdings	1.61%	London Stock Exchange Grp.	0.98%
Unilever PLC	1.50%	Apple Inc.	0.94%
Intuit Inc.	1.17%	Facebook Inc.	0.91%

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: 1.38%, Class G: 1.68%
Opening NAV Price	1000.00 cents per unit	Transaction Cost	Class A: 0.01%, Class G: 0.01%
Fund Size	R 523.3 million	Total Investment Charge	Class A: 1.39%, Class G: 1.69%
Initial Fee	Class A: 0%, Class G: 0%	Calculation Period	1 Jul 2017 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: 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 advisory 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.

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.

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.

FSP: Hein Kruger Internasionale Fondsbestuur (Pty) Ltd, FSP number 521, Tel: (011) 726 7700 Fax: (011) 219 7111

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

