

Kruger Ci Balanced Fund

October 2021



KRUGER
International
Asset & Wealth Management

INVESTMENT OBJECTIVE

The investment objective of this fund is to provide investors with capital growth over the short to medium term. The fund may also generate stable income. The fund invests in a combination of equities, listed property, bonds and money market. The fund is aimed at investors who can tolerate higher risk, as explained only by volatility, as it may have a maximum of up to 75% exposure to equities. The fund may from time to time invest in listed and unlisted derivatives, in order to achieve the fund's investment objective. The fund adheres to the prudential investment guidelines set by Regulation 28.

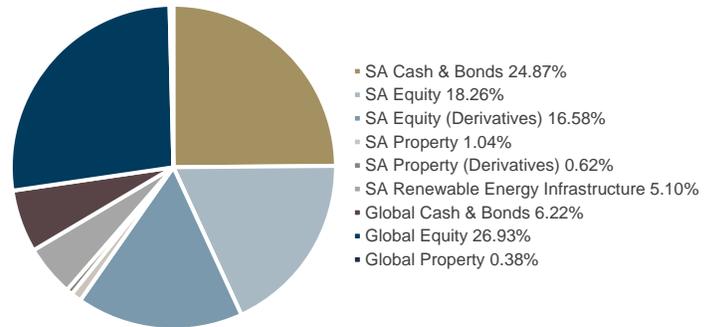
ABOUT THE FUND

Investment Manager	Hein Kruger Internasionale Fondsbestuur (Pty) Ltd
Regulation 28 Compliant	Yes
Benchmark	South African - Multi Asset - High Equity Category Average
Equity Exposure	Minimum effective exposure of 75%.
Foreign Exposure	Maximum effective exposure of 30% and an additional 10% in Africa (ex RSA).
ASISA Classification	South African – Multi Asset – High Equity
Risk Profile	High
Transaction cut-off time	14:00
Valuation time	17:00

THE KRUGER INVESTMENT COMMITTEE

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

ASSET ALLOCATION



Latest available data

HISTORIC FUND PERFORMANCE (Annualised)

	1 Year	3 Year	5 Year	10 Year
Kruger Ci Balanced Fund (Class A)	23.16%	10.74%	n/a	n/a
Benchmark	25.13%	9.28%	n/a	n/a
Highest return over 12 rolling months				29.27%
Lowest return over 12 rolling months				-5.80%

FUND MANAGER'S COMMENTARY

International:

Markets resumed its upward trajectory in October amid sustained positive economic data, bumper third quarter corporate earnings and sustained dovish central bank monetary policy. The US FED has however indicated its readiness to start cutting back on its monthly bond purchases of \$120 billion at a rate of \$15 billion per month and to run the program down by the middle of 2022. Meanwhile, the fierce debate about the stickiness of inflation continued unabated – inflation is now running at to an annualised 6.2% in October. This is mainly on the back of widespread supply chain challenges post the stop/start reopening of the global economy post Covid-19. A slowing Chinese economy and President Biden's mounting political challenges added to the headwinds – the Biden pressure was slightly lifted by the recently approved but watered-down infrastructure plan of \$1.2 trillion from \$3.5 trillion. Fortunately, Covid-19 has lost its headline news status amid solid progress on the vaccination front coupled with regular medical breakthroughs. On the economic front, US employment for October surprised on the upside as non-farm payrolls rose by a robust 531 000 jobs compared with market expectations of 450 000. Critically, the employment data for the past two months was also revised higher by a combined 235 000. The unemployment rate fell further to 4.6% from 4.8% the previous month beating an expected decline to 4.7% while average hourly earnings jumped by 4.9% from 4.6% in September year on year. This was just another reminder of the significant upward pressure on US inflation adding more fuel to the raging inflation debate. More and more economists and fund managers are warning against the dangers of overheating markets and market bubbles as a result of central banks continued accommodative monetary policy. By and large, the third quarter reporting season has lived up to the lofty expectations with average S&P earnings easily topping the expected year on year 30% earnings growth. However, the jury remains out on the sustainability of these lofty earnings, especially if the FED's hand is forced to move earlier and more aggressively on the tapering program and interest rates. With one exception, markets advanced smartly in October – the MSCI All Country Index by +3.66% (+16.64%ytd); the Dow Jones Industrial Index by +5.93% (+18.77%ytd) and the S&P 500 by +7.01% (+24.04%ytd). In contrast the MSCI Emerging Markets Index declined by -0.03% (+12.32%ytd) – all in US dollars.

Local:

Locally, fresh economic data continues to come in with a firmer undertone, but the momentum is unfortunately sporadically disrupted by the erratic Eskom energy supply. The main driver behind the improving economy remains the pent-up global commodity demand in the wake of the post Covid-19 reopening of the global economy. This has led to solid spikes in volumes and prices but also increasing supply chain challenges with further inflation implications. The prices for certain commodities like iron ore and coal have recently come off the boil and the jury remain out on the sustainability of the current commodity strength, especially considering China's slowing economy. New Covid-19 infections remain well under control and are at the lowest daily infection levels since the start of the pandemic. This has allowed for the economy to be opened further but a possible 4th wave has not been ruled out entirely. Vaccination is occurring at a steady pace and vaccination scepticism is slowly being overcome. With the local election out of the way leaving the ruling party with a reduced majority, a shift towards coalition governance will soon be put to the test. A better-than-expected maiden midterm budget by the new minister of finance was well received and renewed focus can now be put on the main economic challenges like employment, energy supply and service delivery. A slight positive undertone was reflected by the latest economic data, but general scepticism persists regarding the government's ability to deliver on structural reform. Among the positive data points were the R42.2 billion trade surplus for August, a 24.3% year on year surge in the SARS tax collection for August, mining production that improved smartly by 2% in August while manufacturing production improved but was still below pre Covid-19 levels. Among the negative data points were formal employment that declined by a further 86 000 jobs in quarter two, PPI that shot up to 7.2% year on year in September and CPI that increased to 5.1% emphasising the increased risk of imminent monetary policy tightening by the Reserve Bank at their last monetary policy meeting this year on 18 November. The FTSE JSE All Share Index advanced by +5.15% (+18.03%ytd) in October. All the Kruger Funds followed suit – the Kruger Ci Equity Fund by +4.31% (+18.07%ytd); the Balanced Fund by +2.65% (+14.40%ytd); the Prudential Fund by +1.66% (+11.80%ytd) and the Flexible Feeder Fund by +3.52% (+10.58%ytd).

This document is a Minimum Disclosure Document (MDD) which contains key information about this fund. 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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www.krugerinternational.co.za



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ABOUT THE FUND

Fund Size	R 1.40 billion
Fund Launch Date	14 March 2018
Class Launch Date	(A): 14 March 2018, (G): 2 September 2019
Opening Class NAV Price	(A): 100.00 cents per unit
Opening Class NAV Price	(G): 100.00 cents per unit
Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper

FUND FEES

Initial Fee	Class A: 0.00%, Class G: 0.00%
Initial Advisory Fee	Maximum 3.00% (Excl VAT)
Annual Service Fee	Class A: 1.25% (Excl VAT)
Annual Service Fee	Class G: 1.35% (Excl VAT)
Annual Advisory Fee	Maximum 1.00% (Excl VAT)

DISCLOSURES

FAIS Disclosure

The annual fees include a fee of up to 0.70% payable to Kruger International, a fee of up to 0.15% (Class A) or 0.25% (Class G) payable to Ci Collective Investments, and a fee up to 0.40% 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 fund manager, the FSP/distributor may earn additional fees other than those charged by the fund manager. A FX fee of up to 0.05% (incl. VAT) on any FX transactions may be payable to Kruger International in addition to the annual fees referred to above. Kruger International is an indirect shareholder of Ci Collective Investments. Kruger International Mauritius (KIM) is the investment advisor on the International Equity Fund and International Flexible Fund. The fund may invest in the KIM funds. KIM and SIP may earn an annual investment advisory fee of up to 1.00% on all such investments. Kruger International does not charge an annual management fee on the value of investments that are placed in the KIM funds.

Characteristics

This is a multi-asset high equity fund which means that it may invest in a spectrum of equity, bond, property and money market and tends to have an increased probability of short term volatility and aims to maximise long term capital growth. The fund may have a maximum equity exposure of up to 75% and complies with the regulation governing retirement funds. This fund may invest up to 30% of the assets outside of South Africa plus an additional 10% of the assets in Africa excluding South Africa.

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 fund with a higher risk profile. The risk profile for this fund is rated as high, as it may only invest up to 75% 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 fund 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 repay capital, which could result in losses to the fund.

Total Return Swaps Risk

The fund may invest in total return swaps. Total return swaps are unlisted instruments issued by a bank to provide the return of a specific index. The value of the instrument is directly linked to the performance of the underlying equities in the index and will fluctuate in line with daily market movements. Some of the equity exposure in the fund could be derived through total return swaps instead of physically holding the underlying equities.

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 fund 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 term 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 fund 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 fund. 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 fund may be closed from time to time in order to manage it more efficiently in accordance with its mandate. The Kruger funds are funds established and administered by Ci, and Kruger has been appointed to manage and market the funds. 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 funds, and from any other Ci funds. Ci retains full legal responsibility for this co-named fund. Additional information on the fund 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 fund which was incurred as expenses relating to the administration of the fund 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 fund which was incurred as costs relating to the buying and selling of the assets underlying the fund. Transaction Costs are a necessary cost in administering the fund and impacts fund 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 fund, 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 fund which was incurred as costs relating to the investment of the fund. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available. 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 fund and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

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

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