

Kruger Ci International Flexible Feeder Fund

June 2022



KRUGER
International
Asset & Wealth Management

INVESTMENT OBJECTIVE

The Kruger Ci International Flexible Feeder Fund is a Feeder Fund. The investment objective of the fund is to provide investors with long-term capital growth by providing investors with exposure to an international collective investment scheme fund comprising a diversified mix of global exposure to various asset classes.

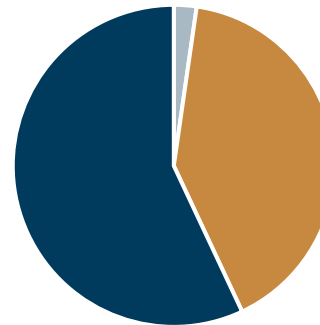
THE KRUGER INVESTMENT COMMITTEE

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

ABOUT THE FUND

Investment Manager	Hein Kruger Internasionale Fondsbestuur (Pty) Ltd
Regulation 28 Compliant	No
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
ASISA Classification	Global – Multi Asset – Flexible
Risk Profile	High
Transaction cut-off time	14:00
Valuation time	17:00

ASSET ALLOCATION



Latest available data

HISTORIC FUND PERFORMANCE (Annualised)

	1 Year	3 Year	5 Year	10 Year
Kruger Ci International Flexible Feeder Fund (Class A)	-4.40%	4.57%	6.19%	10.96%
Benchmark	0.69%	6.17%	7.73%	11.96%
Highest return over 12 rolling months				41.96%
Lowest return over 12 rolling months				-25.86%

FUND MANAGER'S COMMENTARY

International:
The first six months of 2022 was the worst start for global equity markets since 1970 amid a slew of headwinds. Surging global inflation combined with a growing belief that central banks were well behind the rate tightening curve continued to feed the fear of a tightening overkill and to weigh down on a sustainable market recovery. Additional headwinds such as the Russia/Ukraine war with its devastating impact on supply chains and inflation challenged investor sentiment further while sporadic outbursts of Covid-19, especially in China with its zero-tolerance policy, continue to linger in the background. Although US CPI inflation has steadied somewhat at 8.6% in May, the trajectory remained upward in the Eurozone with a composite reading of 8.6%, 7.9% in Germany and 9.1% in the UK. Recession and even stagflation – slowing growth combined with higher prices – now appear regularly in economists' and fund managers' comments and forecasts further weighing on investment sentiment. So far economic growth is holding up in the US which should continue to anchor the world economy. On the data front, the US recorded another strong headline employment number in June with the addition of 372 000 jobs compared to an expected gain of 260 000, a steady unemployment rate at 3.6% from 4.0% at the beginning of the year and well down on the 6.3% at the start of 2021. Growth in year-on-year average hourly wages ticked down slightly to 5.1% while the overall labour market remains extremely tight as reflected by more than 11 million job openings. As expected, the Fed raised interest rates by 75-basis points at their June meeting with a clear indication of more aggressive hikes at their upcoming meetings. Although most of the bad news had seemingly been priced into share prices, the concern is that the full impact of the increased cost of capital on corporate margins and profits, the impact of surging inflation on the resilience of consumer demand and a slowing global economy had not been fully accounted for by analysts and that we may see another leg down. With the second quarter earnings reporting season about to kick off, the answers are imminent. A few big companies like Microsoft had already warned of lower-than-expected turnover and earnings while some analysts have recently started to issue profit downgrades. Markets were sharply down in June – the MSCI All Country Index by -9.92% (-22.14%ytd), the Dow Jones Industrial Index by -6.56% (-14.44%ytd), the S&P 500 index by -8.25% (-19.96%ytd) and the MSCI Emerging Markets Index by -9.49% (-18.65%ytd) – all in US dollars.

Local:
Judged by the latest economic data points the South African economy once again seems to have slipped from its recent positive momentum and remains firmly trapped in a low/negative growth cycle. This is largely due to a combination of global headwinds and chronic domestic structural challenges. By far the most telling is the erratic power supply by Eskom which has slumped to all-time lows in terms of dependable delivery. Electricity is the most basic ingredient of economic activity hence this failure comes at huge additional indirect cost and a negative impact on productivity for business. And this on top of the business/public communities that are already reeling from endemic corruption, poor service delivery by local authorities and record unemployment. On the political front, the temperature continues to rise in the build-up to the ruling party's leadership election in December. President Ramaphosa – the one beacon of hope against corruption – is also increasingly coming under pressure for not spending his political capital wisely while the recent potential criminal charges against him for the unreported money heist case on his game farm (Phala Phala) are just adding to the woes. Furthermore, the one positive windfall for SA in the wake of the Covid-19 pandemic, the surge in demand for and prices of commodities, has recently started to wane as borne out by the sharp year to date declines in prices – copper by -20%, aluminium by -31%, tin by -42% and platinum by -10%. Recent economic data points on balance turned negative – year-on-year mining production continued to fall in April decreasing by -14.9% – largely due to the flooding in KZN, ongoing loadshedding and rail network problems –, manufacturing weakened sharply by -7.8%, business confidence declined to -42 index points after having been above the key 50 index level since 2014, inflation rose sharply to 6.5% in May and the composite leading business cycle indicator deteriorated to 126.7 index points in April, decreasing by -4.7% year on year. Among the few positives were the unemployment rate that improved to 34.5% in quarter one and gross tax revenue collection that grew by 8.4% year-on-year in April. As expected, the SARB continued its strict monetary policy path in May with a 50 basis-point increase with indications of more to come. In line with global markets the FTSE JSE All Share Index declined by -8.01 (-8.30%ytd) in June. The Kruger Funds followed suit and recorded the following declines – the Kruger Ci Equity Fund by -6.19% (-11.13%ytd); the Kruger Ci Balanced Fund by -3.56% (-7.83%ytd); the Kruger Ci Prudential Fund by -2.25% (-6.54%ytd) while the rand denominated the Kruger Ci International Flexible Feeder Fund declined by -1.09% (-15.02%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 Analytics Consulting, for the periods ending at the month end date of this MDD, 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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ABOUT THE FUND

Fund Size	R 705.9 million
Fund Launch Date	12 February 2007
Class Launch Date	(A): 12 February 2007, (G): 2 September 2019
Opening Class NAV Price	(A): 1000.00 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: 0.20% (Excl. VAT)
Annual Service Fee	Class G: 0.30% (Excl. VAT)
Annual Advisory Fee	Maximum 1.00% (Excl. VAT)

DISCLOSURES

FAIS Disclosure

The annual fees include a fee of up to 0.20% (Class A) or 0.30% (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 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. Kruger International is an indirect shareholder of Ci Collective Investments. Kruger International Mauritius (KIM) is the investment advisor on the International Flexible Fund. The fund will invest in the International Flexible Fund. KIM and SIP may earn an annual investment advisory fee of up to 1.00% on this investment. Kruger International does not charge an annual management fee against the value of investments that are placed in the International Flexible Fund.

Characteristics

This is a global multi-asset flexible equity fund which means that the fund 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 fund that invests in a single fund 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 fund with a higher risk profile. The risk profile for this fund 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 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. 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. 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

Company/scheme: Ci Collective Investments (RF) (Pty) Limited, PO Box 412249, Craighall, 2024; Tel: 0861 000 881, website: www.cicollective.co.za

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

ISIN Number - Class A: ZAE000171880, Class G: ZAE000277034

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