Kruger Ci Equity Fund
August 2018

KRUGER International

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 KRUGER INVESTMENT COMMITTEE

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

ABOUT THE FUND

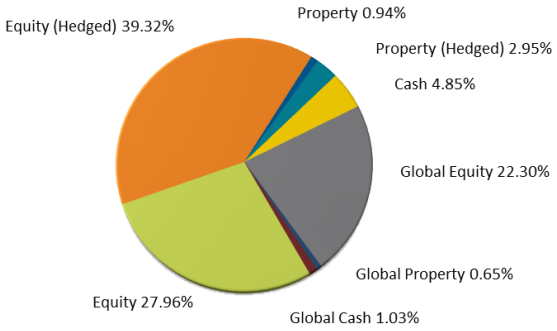
ASISA Classification	South African - Equity - General
Risk Profile	High
Benchmark	FTSE/JSE All Share Index
Equity Exposure	The fund will have an equity exposure always exceeding 80% of the portfolio's net asset value.
Foreign Exposure	Up to 30% of the assets may be invested offshore and an additional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

UNDERLYING HOLDINGS

Direct Equity (Hedged)	42.27%
Ci Equity Fund	2.08%
Ci Engineered Equity Core Fund	2.01%
Fairtree Equity Prescient Fund	11.39%
36One BCI SA Equity Fund	10.97%
Kruger International Equity Fund	25.84%
SA Cash	5.44%

Where possible the Investment Manager will invest in portfolios or classes of portfolios that do not charge a performance fee

ASSET ALLOCATION



Please note: Asset allocations are one month lagged.

PORTFOLIO MANAGER'S COMMENTARY

International

Global economic activity remains strong but less balanced than earlier this year due to a reduced synchronisation of growth rates across the developed world. According to RMB Global Markets, geopolitical risks have intensified with the possibility of a full-blown trade war threatening to derail global growth. We've reported before that this is far from a certainty, but President Trumps timely and untimely tweets about trade tariffs has certainly not helped to boost market sentiment. A slowdown in Chinese demand has had a knock-on effect on commodity price growth (which has slowed) and imposed a firm ceiling on most prices. Global monetary policy remains broadly accommodative, despite gradual policy normalisation by the US Federal Reserve. However, tighter monetary and financial market conditions, particularly across the emerging market universe, could compel central banks to progressively hike interest rates in what is essentially a weaker economic backdrop in these regions. The overarching risk to the 2019 growth forecast is the US economy potentially overheating, which could force the Fed to overtighten policy in response to demand-led inflationary pressures.

Emerging market equities have taken a hit in the last several months and, to some extent, this has been blamed on currency weakness in several G20 economies (Argentina, Brazil, Russia, South Africa, Turkey) and the threat of trade war that we've mentioned above.

Last month's US/Mexico trade deal opens the door to a renewed, trilateral NAFTA (North American Free Trade Agreement) which would hand President Trump a "victory" ahead of the November mid-term elections and greatly reduce trade tensions across the world. Any such outcome would release the coiled spring represented by the deeply oversold emerging equity markets and coupled with the significant valuation discounts they now offer these markets could surprise to the upside towards the end of 2018.

Local

The rand had its worst month in over five years as emerging markets came under pressure due, predominantly, to the sharp sell-off in the Turkish Lira. Granate Asset Management reports that while the trigger to the sell-off of the Lira was trade and political tensions with the US, its crisis has more to do with the longer-term deterioration of economic fundamentals in Turkey, largely linked to growing political interference in the economy – particularly the independence of the central bank.

While the Turkish crisis does pose risks to emerging markets (including South Africa) prior to the end of the month, there was no domestic economic data that justified the large sell-off of the rand. Headline catching announcements (linked to land ownership) by government, sensationalised by the press, added further volatility to the rand.

Early in September, Stats SA, however, announced that South Africa's GDP declined for a second quarter in a row which pushed the country into a recession (i.e. two consecutive quarters of economic decline). This caught many economists unawares and caused sharp declines in the local currency against the US dollar in particular. Previous episodes of similar rand weakness were usually (and eventually) followed with a period of rand strength. We don't think it will be different this time, even if the rand is only moderately undervalued at these levels.

PORTFOLIO HISTORIC PERFORMANCE*

	1 year	3 years	5 years	10 years
Kruger Ci Equity Fund	10.84%			
Benchmark	6.88%			
Highest return over 12 rolling months				10.84%
Lowest return over 12 rolling months				7.52%

*Annualised

TOP 10 EQUITY HOLDINGS

Naspers	3.59%	Anglo American	0.72%
Sasol	1.36%	Mondi	0.71%
Sappi	1.01%	BHP Billiton	0.69%
British American Tobacco	0.77%	Shoprite	0.56%
Standard Bank	0.77%	Absa	0.55%

Please Note: Top 10 equity holdings are one month lagged as disclosed by Portfolio Analytics Consulting (Pty) Ltd

This document is a Minimum Disclosure Document (MDD) which contains key information about this portfolio. This MDD will be updated on a monthly basis. Source: Figures quoted are from Morningstar, for the period ending August 2018 for a lump sum, using NAV-NAV prices with income distributions reinvested. CPI for all urban areas sourced from I-Net Bridge.

COLLECTIVE INVESTMENTS

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ADDITIONAL INFORMATION

Launch Date	03 July 2017	Total Expense Ratio	Class A: 1.24
Opening NAV Price	1000.00 cents per unit	Transaction Cost	Class A: 0.21
Fund Size	R 186 million	Total Investment Charge	Class A: 1.45
Initial Fee	Class A: 0%	Calculation Period	1 July 2015 to 30 June 2018
Initial Advisory Fee	Maximum 3.45% (Incl. VAT)	Income Declaration Dates	30 June and 31 December
Annual Service Fee	Class A: 1.058% (Incl. VAT)	Last 12 months Distributions (cpu)	30/06/2018: (A) 4.83, 31/12/2017: (A) 19.74
Annual Advisory Fee	Maximum 1.15% (Incl. 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 Conflict of Interest Disclosure

The annual fees for the A class include a fee up to 0.500% payable to Kruger, a fee up to 0.120% payable to Ci Collective Investments, a fee up to 0.300% 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. It is the FSP's responsibility to disclose such additional fees to the investor.

Characteristics

The fund invests in a portfolio of funds aimed at outperforming 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:

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 is where an issuer of a non-equity security may not be able to make interest payments or repay the capital. This will impact the value of the unit trust.

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.

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.

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.

COLLECTIVE INVESTMENTS