

## FACTSHEET

## Performance Returns

For the month of June 2018 the Drakens Africa ex S.A. UCITS Fund's NAV fell 1.5%, outperforming the Standard & Poor's All Africa ex-South Africa benchmark which lost 1.9%.

## Investment Objective &amp; Strategy

Drakens Capital employs a long only equity strategy with a heavy focus on sustainability that is the result of two decades of investing in emerging markets. The investment philosophy at Drakens Capital is distilled into a four factor investment valuation model that encompasses Socially Responsible Investing, Risk, Quality and Value. The Fund invests in equities which derive the majority of earnings from the African continent, with the exception of those listed in South Africa. The tremendous growth opportunities found on the continent provide a rapidly expanding pool of investment opportunities. Growth and volatility often go hand in hand hence the Fund's measured and systematic investment approach seeks to tap into the emergence of the African continent whilst mitigating the risks associated with the Africa Rising story.

## Market Commentary

Threats of global trade wars along with the prospects of further increases in US interest rates resulted in downward pressure on metal prices and emerging market equities in June. Whilst we did see increased volatility in some of the African markets, and there was price pressure seen in Morocco (down 3.8%) and some of the less liquid markets, most of the key markets in the universe were resilient compared to the 4.6% and 3.8% decline in the MSCI Emerging and Frontier Market indices respectively. Nigeria and Egypt fell a meagre 0.3% and 0.4% respectively, whilst Kenya bucked the trend and gained 2.2%. The London and Toronto listed miners in the fund and in the benchmark were however hard hit on the 3.7% and 3.5% decline in the Copper and Gold prices respectively, whilst the foreign listed energy stocks were amongst the top performers in the group due to the 2.4% gain in crude prices. Amidst these movements the fund outperformed the benchmark due to its underweight position to mining stocks and the underweight to the Moroccan market.

Given the rising fears of structural weaknesses in emerging markets amidst a strengthening dollar, it was interesting to read during the month that on Moody's list of most exposed countries, only Zambia and Ghana were included from Africa. The fund currently does not have exposure to either of these markets. Although Kenya and Egypt are sometimes seen as vulnerable due to their twin deficits, both have the backing of the IMF, and both are sitting on historically high levels of foreign reserves.

The Kenyan 2018/2019 budget was announced during the month which held some interesting news for the market. Firstly the Finance Minister is firmly implying that a repeal of the interest rate caps that have stifled banks of late will be executed by year end. This is despite continued opposition to this move from parliament. Secondly, the rumoured increase of corporate tax rates to 35% from 30% was not introduced. Finally, despite a small decrease in the level of spend, the government's development plans will continue with the Big Four sectors of manufacturing, food security, universal healthcare and affordable housing receiving almost a fifth of the budget. We see this as positive for the country's near term growth and long term development, though remain cognisant that future tax increases may very well materialise to afford this development.

Elsewhere in local news, Zimbabwe's new president, Emmerson Mnangagwa survived an apparent assassination attempt at a political rally. This affirms that whilst the presidential change is positive for the country's long term prospects, short term political risk remains heightened. Due to this, and the currency difficulties faced by the country, we remain cautious on the Zimbabwean market

SOURCE: Bloomberg L.P. as of 30 June 2018, unless stated otherwise.

## UCITS Fund Performance

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	6.49%	-0.54%	4.69%	1.16%	-6.28%	-1.52%							3.52%
2017	1.06%	2.52%	1.59%	1.76%	8.08%	3.68%	4.97%	-1.10%	1.22%	0.84%	3.01%	2.14%	33.81%
2016											0.23%	0.23%	0.46%

Benchmark	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	5.12%	-2.52%	1.79%	1.89%	-3.39%	-1.90%							0.71%
2017	3.28%	-0.62%	-0.29%	0.59%	5.59%	3.95%	5.47%	1.46%	2.54%	2.52%	-1.66%	2.58%	28.23%
2016											0.21%	3.13%	3.35%

The performance figures quoted above represent the performance of the Drakens Africa ex S.A UCITS Fund since launch on 28<sup>th</sup> November 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

## THE MANAGER



## Sven Richter

Sven started investing in emerging markets 23 years ago. He joined Drakens Capital in 2011 and was instrumental in the 2016 management buyout. He came to the firm from Franklin Templeton where he launched one of the first Frontier Funds in the world which has today become a household name in frontier investing.

## Orrin Flugel, CFA, CAIA

Orrin has over 10 years of industry experience as a macro economist and investment analyst. Orrin excelled at company research at Cape-Town based Oasis Asset Managers then progressed as a Senior Industrial Analyst at First National Bank. He joined the team in July 2011.

## Paul Ross, CFA, CA(SA)

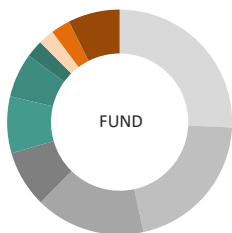
Joined in May 2011 as an Investment Analyst. Paul has over 10 years of investment experience and is a qualified Chartered Accountant. Prior to Drakens Capital, Paul was a sell-side analyst at Afrifocus Securities where he specialised in diversified industrials.

## FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$42.9 million
Inception	28th November 2016
Share Class	Institutional
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	0%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD3S0347 USD: IE00BD3S0560 CHF: IE00BD3S0677 GBP: IE00BD3S0453
Share Class	Retail
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	0%
Min Init. Sub.	10,000
ISIN Codes	EUR: IE00BD3S0784 USD: IE00BD3S0909 CHF: IE00BD3S0B24 GBP: IE00BD3S0891

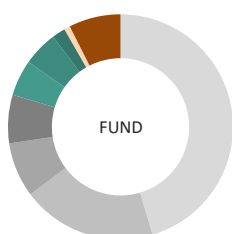
### Portfolio Overview (%)

#### Country Breakdown



	% of Port.	vs. Index
Egypt	25.8	11.1
Nigeria	20.8	7.8
Kenya	15.8	5.2
Multinational	8.2	-18.2
Morocco	8.1	-7.9
Mauritius	6.4	1.8
Botswana	2.5	0.6
Tanzania	2.3	2.3
Other	2.8	-10.2
Cash	7.4	7.4

#### Sector Breakdown



	% of Port.	vs. Index
Financials	45.4	14.9
Consumer Staples	19.4	2.2
Materials	7.9	-15.5
Telecomm Services	7.0	-5.0
Energy	5.2	-0.7
Industrials	5.0	1.9
Consumer Discretionary	1.9	0.3
Utilities	0.9	-1.1
Other	0.0	-4.4
Cash	7.4	7.4

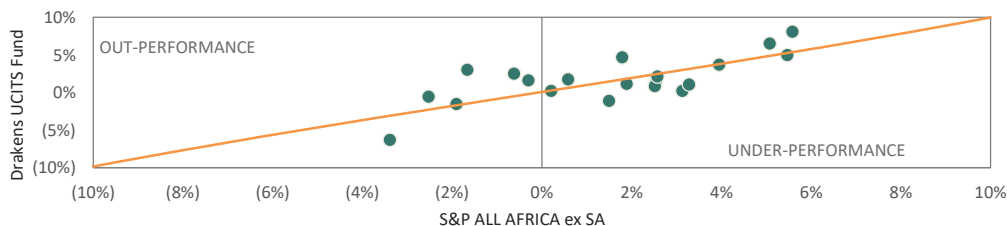
#### Top 10 Holdings (100%)

ZENITH BANK	6.2%
EFG HERMES HOLDINGS	5.2%
MCB GROUP	4.4%
ATTIJARIWABA BANK	4.3%
SAFARICOM LTD	4.2%
CREDIT AGRICOLE	3.9%
ELSWEDY ELECTRIC	3.8%
TULLOW OIL	3.7%
COMMERCIAL INTERNATIONAL BANK	3.7%
GUARANTY TRUST BANK	3.2%

#### Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	8.5	12.1
Price to Book	1.6	1.7
Return on Equity	17.0	9.7
Dividend Yield	5.2	3.1

### Active Monthly Returns\*



\*Since Inception to 30 June 2018, USD Share Class: Monthly, %

### Contact Details

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