

## FACTSHEET

## Performance Returns

For the month of November 2017 the Drakens Africa ex S.A. UCITS Fund's NAV gained 3.01% whilst the Standard & Poor's All Africa ex-South Africa benchmark fell 1.54%.

## 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

November was an eventful month in the fund's regions. In Zimbabwe, long standing President Robert Mugabe was removed from his position by the military and replaced with Emmerson Mnangagwa. This was prompted by Mugabe's move to remove Mnangagwa as Vice President and replace him with Mugabe's wife, Grace, who did not have the support of the military. Over in Kenya, Uhuru Kenyatta was sworn in as president, ending the drawn out uncertainty created by the rerun of the election and related court challenges. In Egypt, a terrorist attack on a Mosque in the North Sinai region killed more than 230 worshippers, but the markets were largely unfazed by this news.

Against this backdrop, and assisted by a weakening USD, we saw strong USD returns across most of the African markets for the months. Kenya, Nigeria, Morocco and Egypt returned 7.5%, 3.6%, 2.8% and 1.4% respectively in USD. The Zimbabwe market declined 36.4%, but remains up 224% year to date. As mentioned in prior factsheets, a fear of looming inflation along with an inability to repatriate cash from the country resulted in a rush into hard assets and stocks. Whilst the events of the past month have caused somewhat of a normalisation of prices, valuations remain extended at current levels. The fund continues to have minimal exposure to Zimbabwe whilst there is uncertainty around currency repatriation.

The large outperformance by the fund of the benchmark was primarily due to the underweight position in Zimbabwe, reversing most of the negative alpha that this position had brought in prior months. The overweight Kenya position was also beneficial to performance as was a strong selection effect within the Egyptian allocation.

The general outlook for the region is stronger currently than it has been in a while, though admittedly this is coming from a low base. In Kenya the political risk has subsided and there should be a pick up in both private and public sector investment in 1<sup>st</sup> quarter 2018. Both Egypt and Nigeria are starting to see reduction in their high inflation rates as the base effect of currency devaluations start to come through. Both countries are also sitting with strong levels of foreign reserves and in both nations we are seeing corporate margins stabilising. In Zimbabwe it is still too early to tell whether investment conditions will improve, but the risk of conflict in the wake of Mugabe's rule has diminished. We are cautiously optimistic that Mnangagwa will be more rational around economic policy than his predecessor.

SOURCE: Bloomberg L.P. as of 30 November 2017, unless stated otherwise.

## UCITS Fund Performance

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	1.06%	2.52%	1.59%	1.76%	8.08%	3.68%	4.97%	-1.10%	1.22%	0.84%	3.01%		31.01%
2016											0.23%	0.23%	0.46%

Benchmark	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	3.28%	-0.62%	-0.29%	0.59%	5.59%	3.95%	5.47%	1.46%	2.54%	2.52%	-1.54%		25.15%
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 guarantee of future performance or a reliable guide to future performance.

## THE MANAGER



## Sven Richter

Sven started investing in emerging markets 21 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

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.

## Jeremy Gorven, CFA

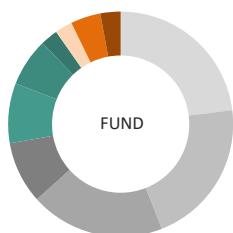
Jeremy has 7 years of industry experience, and over 3 years of investment experience. He joined as an Investment Analyst in 2014. Jeremy was a founding member of The IQ Business Group's strategic advisory division. Thereafter he progressed to Merchant West where he stood out as a Credit Analyst.

## FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$27.2 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

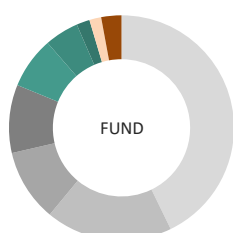
### Portfolio Overview (%)

#### Country Breakdown



	% of Port.	vs. Index
Egypt	23.0	9.6
Nigeria	21.0	6.2
Kenya	19.3	9.4
Multinational	8.9	-15.6
Morocco	8.6	-9.3
Mauritius	6.9	2.5
Botswana	2.5	0.8
BRVM	2.5	0.3
Other	4.3	-6.9
Cash	2.9	2.9

#### Sector Breakdown



	% of Port.	vs. Index
Financials	42.8	12.7
Consumer Staples	18.2	-0.4
Materials	10.4	-12.5
Telecomm Services	9.8	-2.6
Industrials	7.4	4.7
Energy	4.9	-0.1
Utilities	1.9	0.0
Consumer Discretionary	1.7	-0.4
Other	0.0	-4.4
Cash	2.9	2.9

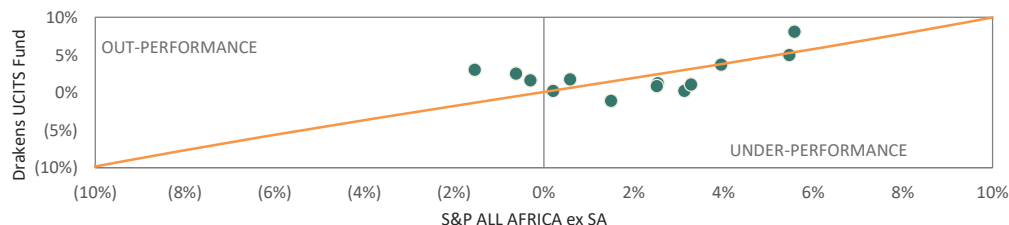
#### Top 10 Holdings (100%)

EASTERN COMPANY	6.0%
SAFARICOM LTD	5.8%
ELSWEDY ELECTRIC	5.7%
ZENITH BANK	5.5%
ATTIJARIWAFABANK	5.3%
RANDGOLD RESOURCES LTD	5.2%
MCB GROUP	4.5%
TULLOW OIL	4.0%
EQUITY GROUP HOLDINGS	3.9%
GUARANTY TRUST BANK	3.4%

#### Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	9.2	12.6
Price to Book	1.9	1.7
Return on Equity	14.0	8.1
Dividend Yield	4.0	3.0

### Active Monthly Returns\*



\*Since Inception to 31 November 2017, USD Share Class: Monthly, %

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