

## FACTSHEET

## Performance Returns

For the month of June 2017 the Drakens Africa ex S.A. UCITS Fund returned 3.68% whilst the Standard & Poor's All Africa ex-South Africa benchmark gained 3.95%.

## 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

June saw a slowdown post May's large rally. The fund was still up 3.7% for the month, bringing cumulative performance for the half year to just over 20%. Year to date the fund is 7% ahead of the benchmark. To continue with last month's currency related theme, we had some positive numbers out of the fund's three largest country's in June. In Nigeria the exchange rate at the new currency window mentioned last month – the Nigeria Autonomous Foreign Exchange Rate (NAFEX) – appreciated 3.8% in the month to close at 366 NGN to the USD. Also of note is that we have seen convergence of the parallel rate to this level, from levels that touched NGN 500 a few months ago. Other news out in June was that Nigeria recorded a current account surplus of 3.6% of GDP in 1Q17, versus a 1.1% surplus in 1Q16. Whilst higher oil prices explain most of this, the drop in production to 1.6 million barrels per day in 1Q17 as opposed to 1.9 million barrels in 1Q16 did take away from this figure. With a seeming resolution to the issues facing the 400,000 barrels per day Trans Forcados pipeline, oil volumes should increase moving forward. Foreign reserves remain around the USD 30 billion level also providing some currency support. Inflation was down to 16.3% in May from 17.2% in April.

The Egyptian pound remained stable in June at the 18.1 EGP per USD level. Inflation data released during the month showed a small improvement with May's number at 29.7% from April's 31.5%. At month end however, the government reduced fuel subsidies resulting in an average price rise of 53%. Whilst positive for the countries long term fiscal strength, this will increase inflationary pressure, hurting the consumer pocket. As such the fund remains positioned in stocks with defensive characteristics, such as products that exhibit a price inelastic demand dynamic. The current account deficit improved to the lowest level in two years driven by recovering tourism, remittances and a smaller trade deficit. This is currency supportive and we feel that EGP appreciation is the likely direction from here, which would add to the funds USD returns. This partially explains our Egypt overweight.

Across in Kenya inflation figures showed a decline to 9.2% in June from 11.7% in May, driven by a moderation in food prices post the improved rains. This helped the currency remain stable around the KES 103 level to the USD. With elections looming we are aware of the potential for market jitters. That said increased private sector investment and improved business sentiment post elections, support the fund's investment thesis for the country.

SOURCE: Bloomberg L.P. as of 30 June 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%							20.02%
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%							12.99%
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 Renaissance Asset Managers, Paul was a sell-side analyst at Afrifocus Securities where he specialised in diversified industrials.

## Jeremy Gorven, CFA

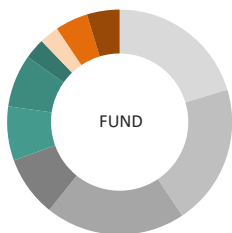
Jeremy has 7 years of industry experience, and over 3 years of investment experience. He joined as an Investment Analyst in 2014. Jeremy was a founding member of The IQ Business Group's strategic advisory division. Thereafter he progressed to Merchant West where he stood out as a Credit Analyst.

## FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$24.8 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

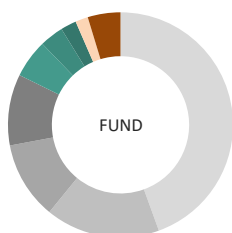
### Portfolio Overview (%)

#### Country Breakdown



	% of Port.	vs. Index
Nigeria	20.4	3.4
Kenya	20.2	10.9
Egypt	20.1	6.7
Multinational	8.7	-17.3
Morocco	7.8	-9.4
Mauritius	7.6	3.1
Botswana	3.0	1.2
BRVM	2.8	0.0
Other	4.7	-3.4
Cash	4.7	4.7

#### Sector Breakdown



	% of Port.	vs. Index
Financials	44.5	14.4
Consumer Staples	16.4	-1.5
Materials	11.2	-12.9
Telecomm Services	10.2	-1.2
Industrials	5.5	3.0
Energy	3.4	-1.8
Utilities	2.3	0.2
Consumer Discretionary	1.8	-0.4
Other	0.0	-4.4
Cash	4.7	4.7

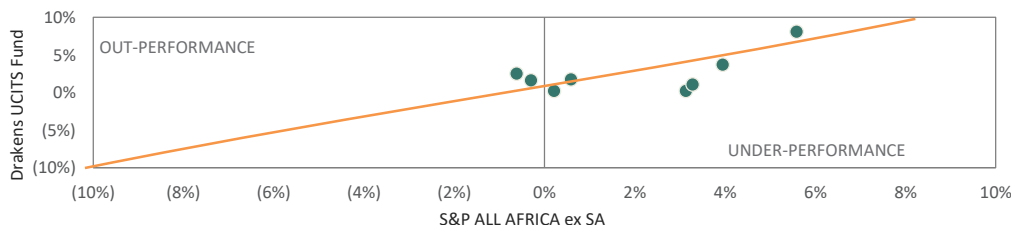
#### Top 10 Holdings (100%)

RANDGOLD RESOURCES LTD	5.6%
ZENITH BANK PLC	5.3%
SAFARICOM LTD	5.3%
MCB GROUP LTD	5.2%
ATTIJARIWAFABANK	5.1%
EASTERN TOBACCO	4.8%
ELSWEDY ELECTRIC	4.3%
COMMERCIAL INTL BANK-GDR REG	4.2%
EQUITY GROUP HOLDINGS	4.1%
TULLOW OIL	3.6%

#### Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	9.1	12.4
Price to Book	1.8	1.5
Return on Equity	16.0	7.0
Dividend Yield	4.4	3.2

### Active Monthly Returns\*



\*Since Inception to 30 June 2017, USD Share Class: Monthly, %

### Contact Details

#### Investor Contact

**ML Capital Ltd**  
29 Farm Street  
London, W1J 5RL  
T: +44 20 3709 4510  
investorrelations@mlcapital.com

#### Investment Manager

**ML Capital Asset Management Ltd**  
23 St. Stephen's Green  
Dublin 2, Ireland  
T: +353 1 533 7020  
investorrelations@mlcapital.com

#### Sub Investment Manager

**Drakens Capital (Pty) Limited**  
191 Jan Smuts Avenue, Parktown North  
Johannesburg, 2193, South Africa  
T: +27 (0) 11 565 2310  
clientservices@drakenscapital.com

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