

FACTSHEET

Performance Returns

For the month of August 2019 the Drakens Africa ex S.A. UCITS Fund's NAV gained 1.2%, behind the 2.1% gain in the MSCI EFM Africa Ex-South Africa benchmark.

Investment Objective & 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

African (ex South Africa) markets' performances for the month of August were characterised by a strong rally for the Egyptian market (+10.8% in USD), relatively small movements in the Moroccan, Nigerian and Kenyan markets (+0.5%, -0.8%, +0.2% in USD respectively), and distinct weakness in some of the less liquid markets (the BRVM and Botswana declined 3.9% and 5.6% in USD respectively). Gold rallied 7.5% whilst copper and oil fell 4.7% and 7.3% respectively.

The rally in Egypt was assisted by a 150 bps cut in the Central Bank's policy rate. This was a larger cut than the market expected, and follows inflation moderating to 8.7% in July. Treasury yields tracked the rate lower, spurring demand for equities. Lower interest rates are seen as particularly positive for the financial sector, which led the gains. Part of the fund's underperformance to the benchmark can be explained by the underweight position in Egyptian bank Commercial International Bank (CIB) which rallied 11% on this development. CIB is the most liquid stock on the exchange and thus also tends to lead the market on macro tailwinds. It also constitutes 19% of the benchmark and hence the fund will consistently be underweight on diversification requirements.

Nigeria announced GDP figures for Q2 2019, which, at 2.0% growth, was a disappointment to most forecasters. Whilst the oil sector showed a recovery, it was the non-oil sector that pulled the indicator lower. This confirms what we are seeing on the ground – that economic conditions are still tough in Nigeria. The government shows no signs of implementing policies to address this, instead introducing more restrictions, such as a ban on issuing foreign currency for the purpose of importing food in an attempt to forcefully boost domestic production. We thus remain selective in the fund's holdings in Nigeria and trimmed select positions during the month. It is however worth noting the value that has emerged. Zenith Bank which is the fund's largest holding in the country is still able to generate earnings growth, is arguably overcapitalised, and yet is trading on a dividend yield of 16.0% which is higher than the five year treasury yield. The fund achieved a positive selection effect during the month in its Nigerian allocation, as the mid-weight, position in MTN Nigeria benefited from the stock's first time inclusion in the FTSE indices.

The poor performance in the smaller markets appear to be influenced by selling pressures amid low liquidity. This in turn appears to be influenced by global bearishness towards emerging markets rather than any development on the ground. The largest drag on the fund's active and absolute performance during the month came from a 35% price decline in the Botswanan microlender Letshego which is a small, but off-benchmark, holding for the fund. The sell-off in Letshego came despite the release of solid half year results, and appears to rather be driven by forced selling in a market where liquidity is even more subdued than its normal low levels.

SOURCE: Bloomberg L.P. as of 31 August 2019, unless stated otherwise.

UCITS Fund Performance

Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	2.87%	3.47%	-0.75%	0.02%	-3.13%	1.67%	-4.73%	1.22%					0.35%
2018	6.49%	-0.54%	4.69%	1.16%	-6.28%	-1.52%	-2.47%	-3.68%	-3.74%	-4.68%	-0.07%	-1.31%	-12.00%
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
2019	3.15%	2.84%	-0.62%	2.48%	-2.83%	2.30%	-2.01%	2.06%					7.39%
2018	6.08%	-1.10%	2.17%	0.28%	-7.19%	0.41%	-1.45%	-2.36%	-4.70%	-4.07%	0.20%	-1.42%	-12.95%
2017	0.31%	-0.70%	-0.09%	2.06%	9.38%	4.78%	4.92%	-0.58%	-1.83%	-0.22%	2.32%	0.51%	22.31%
2016											0.16%	4.08%	4.25%

The performance figures quoted above represent the performance of the Drakens Africa ex S.A UCITS Fund since launch on 28th 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 24 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 12 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)

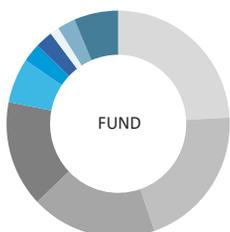
Joined in May 2011 as an Investment Analyst. Paul has over 12 years of investment experience and is a qualified Chartered Accountant. Prior to Drakens Capital, Paul was a sell-side analyst at Afrifocus Securities where he specialised in diversified industrials.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$ 32.2 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

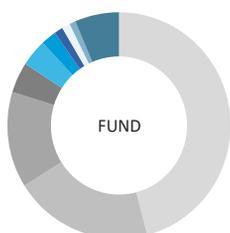
Portfolio Overview (%)

Country Breakdown



	% of Port.	vs. Index
Egypt	24.1	0.7
Kenya	20.6	3.3
Nigeria	18.2	-0.6
Morocco	15.2	-14.3
Mauritius	6.4	-0.1
Multinational	2.7	2.7
Tanzania	2.5	2.5
BRVM	1.3	-1.0
Other	2.6	0.5
Cash	6.4	6.4

Sector Breakdown



	% of Port.	vs. Index
Financials	45.9	-5.4
Consumer Staples	20.2	8.3
Communication Services	13.7	-9.8
Energy	4.4	3.6
Industrials	3.9	2.0
Consumer Discretionary	2.2	1.7
Materials	1.3	-8.0
Utilities	1.2	0.3
Healthcare	0.9	0.9
Cash	6.4	6.4

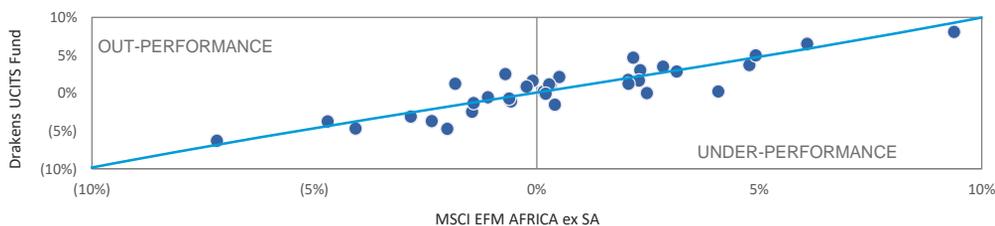
Top 10 Holdings (100%)

SAFARICOM PLC	8.4%
MCB GROUP LTD	6.8%
COMMERCIAL INTERNATIONAL BANK	5.8%
CREDIT AGRICOLE EGYPT	5.5%
ATTIJARIWAFABANK	5.4%
EFG HERMES HOLDINGS	5.2%
EQUITY GROUP HOLDINGS	4.9%
LABEL VIE	4.8%
ZENITH BANK PLC	4.2%
NESTLE NIGERIA PLC	4.0%

Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	7.9	9.3
Price to Book	1.6	2.3
Return on Equity	20.1	22.1
Dividend Yield	5.5	4.4

Active Monthly Returns*



*Since Inception to 31 August 2019, USD Share Class: Monthly, %

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