

### FACTSHEET

#### Performance Returns

For the month of September 2018 the Drakens Africa ex S.A. UCITS Fund's NAV fell 3.7%, which was behind the 3.0% decline of the Standard & Poor's All 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

September was a continuation of the theme that emerged mid-second quarter of the year, *risk-off*, and which was exacerbated by questions around currency stability in emerging and frontier markets, that arose in the third quarter. The US Federal Reserve hiked rates as expected in September. With the uptick in US inflation, accompanied by US unemployment reaching its lowest level since 1969, further hikes will occur. This continued normalisation of US monetary policy, coupled with trade war rhetoric, has created headwinds for non-US markets as shown in market performance. The S&P 500 Index rose 7.2% over the third quarter, against the MSCI Emerging Market Index which declined 2.0% (the MSCI China Index declined 8.5%), the MSCI Frontier Market Index which declined 2.5%, and the MSCI Africa ex SA which declined 9.0%, all in USD terms. From a valuation point of view though, all the indices mentioned are 30% or more cheaper on a forward PE basis than the S&P 500 Index. The MSCI Africa ex SA Index is on a forward PE of 10.6x compared to the S&P 500 Index at 18.1x – a 41.5% discount.

Higher oil prices have raised questions over the stability of the Kenyan shilling (KES) given the country's twin deficits, but an acceleration in GDP growth to 6.3% in the second quarter, coupled with strong remittance flows reducing the balance of payments deficit, has resulted in KES stability. Sustained higher inflation in Nigeria suggests that the Naira has moved to being currently only moderately undervalued, confirmed somewhat by the Central Bank of Nigeria allowing the interbank rate to converge to the NAFEX rate at around 360. The benefit of the higher oil price, does not seem to have filtered into the Nigerian economy yet. Given the energy production profile in Egypt, higher oil prices are relatively neutral for the economy (although with subsidy removal will have more of a pass-through effect than in the past), however the EGP remains somewhat undervalued at around the 18 mark, providing comfort for investors. Currencies should remain stable over the short term in the fund's major invested markets.

The fund's defensive positioning with over 8% cash was the second largest positive contributor to the fund's active performance. The largest was the underweight to First Quantum, which fell 9.4% over the month on company specific news flow, despite a bounce in the copper price. On the other end of the spectrum the fund's underweight to Randgold, contributed the most to the fund's underperformance against the benchmark.

SOURCE: Bloomberg L.P. as of 30 September 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%	-2.47%	-3.68%	-3.74%				-6.39%
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%	-0.05%	-4.84%	-3.04%				-7.12%
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)

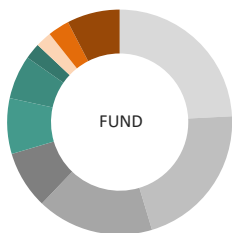
Joined in May 2011 as an Investment Analyst. Paul has over 10 years of investment experience and is a qualified Chartered Accountant. Prior to Drakens Capital, Paul was a sell-side analyst at Afrifocus Securities where he specialised in diversified industrials.

### FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$ 38.4 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

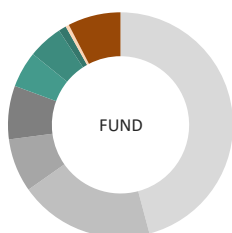
### Portfolio Overview (%)

#### Country Breakdown



	% of Port.	vs. Index
Egypt	22.5	8.6
Nigeria	22.1	10.6
Kenya	15.1	5.9
Morocco	8.8	-7.3
Multinational	8.8	-19.7
Mauritius	6.9	2.2
Botswana	2.1	0.4
Tanzania	2.3	2.3
Other	3.2	-11.3
Cash	8.4	8.4

#### Sector Breakdown



	% of Port.	vs. Index
Financials	47.0	16.8
Consumer Staples	17.4	0.7
Communication Services	8.3	-3.1
Materials	7.5	-17.1
Energy	5.7	-1.0
Industrials	4.4	1.6
Utilities	1.1	-0.8
Consumer Discretionary	0.0	-1.5
Other	0.2	-4.0
Cash	8.4	8.4

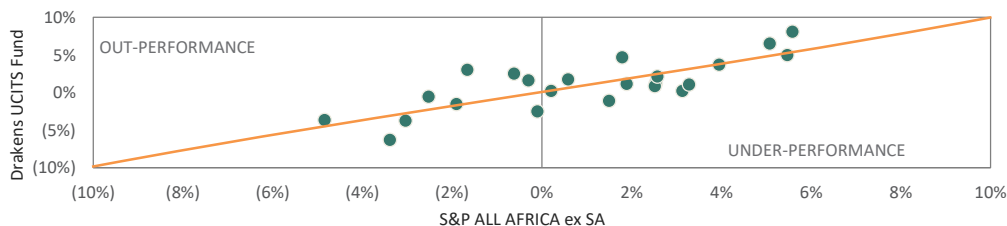
#### Top 10 Holdings (100%)

ZENITH BANK	6.0%
SAFARICOM LTD	5.5%
EFG HERMES HOLDINGS	5.4%
MCB GROUP	5.0%
GUARANTY TRUST BANK	5.0%
CREDIT AGRICOLE	5.0%
ATTIJARIWAFABANK	4.6%
TULLOW OIL	4.0%
EQUITY GROUP HOLDINGS	3.6%
NESTLE NIGERIA PLC	3.4%

#### Financial Ratios

	Fund	Index
Price Earnings (12 months forward)	7.7	11.0
Price to Book	1.6	1.7
Return on Equity	18.1	9.2
Dividend Yield	5.0	3.1

### Active Monthly Returns\*



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

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