

# Kruger Ci Equity Fund

## February 2022



**KRUGER**  
International  
Asset & Wealth Management

### INVESTMENT OBJECTIVE

The investment objective of the fund is to provide investors with capital growth by investing predominantly in equities. The fund is aimed at the investor who can tolerate high risk, as explained only by volatility, as it will have an equity exposure of between 80% and 100%, both locally and abroad. Income is not a main objective of this fund. The fund may from time to time invest in listed and unlisted derivatives, in order to achieve the fund's investment objective.

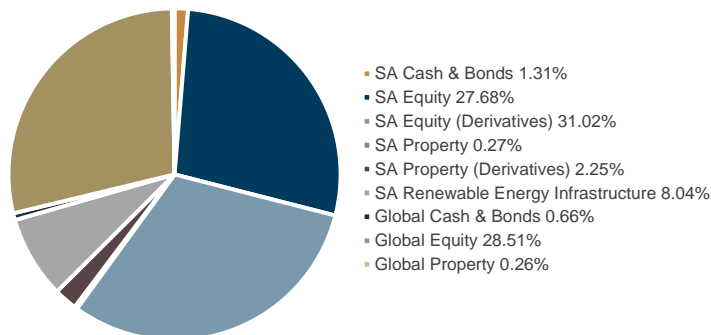
### ABOUT THE FUND

Investment Manager	Hein Kruger Internasionale Fondsbestuur (Pty) Ltd
Regulation 28 Compliant	No
Benchmark	FTSE/JSE All Share Index
Equity Exposure	Minimum effective exposure of 80%.
Foreign Exposure	Maximum effective exposure of 45%.
ASISA Classification	South African – Equity – General
Risk Profile	High
Transaction cut-off time	14:00
Valuation time	17:00

### THE KRUGER INVESTMENT COMMITTEE

Hein Kruger:	Chief Investment Officer
Mia Kruger:	Fund Manager
Johan Marais:	Investment Committee Member
Charl Bester:	Investment Committee Member
Analytics Consulting:	Investment Consultant

### ASSET ALLOCATION



Latest available data

### HISTORIC FUND PERFORMANCE (Annualised)

	1 Year	3 Year	5 Year	10 Year
Kruger Ci Equity Fund (Class A)	14.69%	12.74%	n/a	n/a
Benchmark	20.47%	14.80%	n/a	n/a
Highest return over 12 rolling months				41.81%
Lowest return over 12 rolling months				-11.76%

### FUND MANAGER'S COMMENTARY

#### International:

After the hesitant start to the new year, the market continued its negative path in February amid an eruption in the tension between Ukraine and Russia and the potential devastating fallout for the global economy. As a rich source of hard and soft commodities, this conflict has led to unprecedented spikes in commodity prices – especially oil, gas, and wheat – and has added additional fuel to the world's inflation fire. As if high inflation wasn't already a problem prior to this conflict with the added perception that both the FED and the ECB are behind the monetary policy curve, central banks are increasingly facing huge headaches to find the most effective way in dealing with this challenge. The dreaded words "stagflation" – slowing growth combined with higher prices – and even recession have started to appear in economists' comments and forecasts and have started to sour investment sentiment for the rest of the year. Thankfully, governments worldwide have started to get to grips with Covid-19 and its variants and the global economy is close to pre-pandemic levels. Given the challenges and bar the surge in volatility, markets have held up relatively well in February, but more and more questions are being asked about performance the rest of the year. So far economic growth remains robust, especially in the US which should continue to anchor the world economy, but the impact of surging inflation and the response by central banks remain the wild cards. Annualised CPI inflation has now reached 7.9% in the US and close to 6% in both Europe and the UK. On the data front, another blowout headline US employment count for February surprised the markets as non-farm payrolls increased by an impressive 678 000 jobs against expectations of around 423 000 jobs. Importantly, the employment data for the past two months was also revised upwards, the unemployment rate improved to 3.8% from 4.0% in January 2022 and well down on the 6.3% at the start of 2021. The labour market remains tight as reflected by the 11.5 million job openings while the average hourly earnings remained steady at the elevated 5.5% year on year. With the fourth quarter reporting season having wound down, company results were pleasing but given the headwinds, the jury remains out on the maintenance and sustainability of the record earnings going forward. Markets declined across the board in February – the MSCI All Country Index by -0.46% (-7.47%ytd); the Dow Jones Industrial Index by -3.29% (-6.43%ytd); the S&P 500 by -2.99% (-8.01%ytd) and MSCI Emerging Markets Index by -1.38% (-5.33%ytd) – all in US dollars.

#### Local:

Economic data continue to come in with a slightly firmer undertone, but the economy remains vulnerable to several local and global challenges. Politically, the standouts are the escalating political tension in the leadup to the December ANC leadership election and the release of the third of four reports by the Zondo Commission's investigation into state capture – the speed and decisiveness of the government's response remain critical to the success of this huge and costly exercise. The structural headwinds remain the erratic power supply by Eskom and chronic and worsening unemployment linked to the government's inability to kickstart the economy. The fallout from the global geopolitical conflict between Russia and Ukraine has complicated matters further. However, for South Africa there's also been a silver lining to the conflict as commodity prices and volumes have surged resulting in vast additional tax income for the fiscus. Regarding Covid-19 and its variants, the government appears to have attained control and life is speedily returning to normal. Fresh economic data were roughly evenly split between positive and negative data – on the plus side was GDP growth of a solid 4.9% in 2021 compared to the IMF's expected 4.6% but weaker than the SARB's 5.2%; a well-received Budget which benefited from a R182 bn commodity windfall; solid 1.5% month on month growth in December retail sales following November's 1.6% growth, the Absa manufacturing PMI that improved to 58.6 in February from 57.1 in January and a welcome drop in inflation back to 5.7% in January. Among the negative data points were a much smaller positive trade balance of R3.6 billion vs an expected surplus of R17.3 billion, pedestrian year on year growth of only 3.1% in private credit demand for January while petrol prices surged by a further R1.46c per litre in March with more to come. It is expected that the SARB will continue with its path of stricter monetary policy at their next meeting on 24 March 2022. In contrast to global markets and against the trend, the FTSE JSE All Share Index advanced by +2.95% (+3.83%ytd) in February. The locally invested Kruger Funds followed suit – the Equity Fund by +2.79% (-0.99%ytd); the Balanced Fund by +1.61% (-1.62%ytd); the Prudential Fund by +0.76% (-2.56%ytd) while the International Flexible Feeder Fund declined by -0.34% (-10.32% ytd).

This document is a Minimum Disclosure Document (MDD) which contains key information about this fund. This MDD will be updated on a monthly basis. Sources: Performance sourced from Morningstar and Portfolio Analytics Consulting, for a lump sum using NAV-NAV prices with income distributions reinvested. CPI for all urban areas sourced from Factset. Asset Allocation and Top 10 holdings data compiled by Global Investment Reporting SA ("GIRSA")

Published date: 22.03.2022

[www.krugernational.co.za](http://www.krugernational.co.za)

# Kruger Ci Equity Fund

## February 2022



**KRUGER**  
International  
Asset & Wealth Management

### ABOUT THE FUND

Fund Size	R 223.2 million
Fund Launch Date	03 July 2017
Class Launch Date	(A): 3 July 2017, (G): 2 September 2019
Opening Class NAV Price	(A): 1000.00 cents per unit
Opening Class NAV Price	(G): 100.00 cents per unit
Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper

### FUND FEES

Initial Fee	Class A: 0.00%, Class G: 0.00%
Initial Advisory Fee	Maximum 3.00% (Excl VAT)
Annual Service Fee	Class A: 1.25% (Excl VAT)
Annual Service Fee	Class G: 1.35% (Excl VAT)
Annual Advisory Fee	Maximum 1.00% (Excl VAT)

### DISCLOSURES

#### FAIS Disclosure

The annual fees include a fee of up to 0.70% payable to Kruger International, a fee of up to 0.15% (Class A) or 0.25% (Class G) payable to Ci Collective Investments, and a fee up to 0.40% payable to Analytics Consulting. All fees stated are exclusive of VAT. Please note that in most cases where the financial services provider (FSP) is a related party to the fund manager, the FSP/distributor may earn additional fees other than those charged by the fund manager. A FX fee of up to 0.05% (incl. VAT) on any FX transactions may be payable to Kruger International in addition to the annual fees referred to above. Kruger International is an indirect shareholder of Ci Collective Investments. Kruger International Mauritius (KIM) is the investment advisor on the International Equity Fund and International Flexible Fund. The fund may invest in the KIM funds. KIM and SIP may earn an annual investment advisory fee of up to 1.00% on all such investments. Kruger International does not charge an annual management fee on the value of investments that are placed in the KIM funds.

#### Characteristics

The fund invests predominantly in equities with the aim to outperform the FTSE/JSE All Share Index over the long term. The fund is suitable for investors who are prepared to accept a high level of volatility in seeking long term growth. Investors in this fund should be willing to accept a higher calculated risk. This fund may invest up to 45% of the assets outside of South Africa.

#### Risk Reward Profile: High

Typically, the lower the risk, the lower the potential return and the higher the risk, the higher the potential return. There is no guarantee that returns will be higher when investing in a fund with a higher risk profile. The risk profile for this fund is rated as high, as may invest between 80% and 100% in equity securities, both locally and abroad. The risk refers only to volatility.

### RISK DEFINITIONS

#### Market Risk

Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust.

#### Currency Risk / Foreign Exchange Risk

This risk is associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate against the South African Rand, the investments face currency gains or losses.

#### Concentration Risk

Unit Trusts pool the assets of many investors and use the proceeds to buy a portfolio of securities. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies.

#### Liquidity Risk

This relates to the ability of the unit trust to trade out of a security held in the fund at or near to its fair value. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

#### Credit Risk

Credit risk arises where an issuer of a non-equity security or a swap is unable to make interest payments or repay capital, which could result in losses to the fund.

#### Total Return Swaps Risk

The fund may invest in total return swaps. Total return swaps are unlisted instruments issued by a bank to provide the return of a specific index. The value of the instrument is directly linked to the performance of the underlying equities in the index and will fluctuate in line with daily market movements. Some of the equity exposure in the fund could be derived through total return swaps instead of physically holding the underlying equities.

#### Inflation Risk

The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

#### Political Risk

The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy makers or military.

#### Tax Risk

This risk relates to any change to tax laws or to the interpretation of existing tax laws which has an impact on the manner in which unit trusts are taxed.

#### Compliance Risk

This refers to the risk of not complying with the legislation, regulations, prescribed investment limits and internal policies and procedures by the manager or the fund manager.

This document is not intended to address the personal circumstances of any Financial Services Provider's (FSP's) client nor is it a risk analysis or examination of any client's financial needs. Collective Investment Schemes in Securities ("CIS") are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to this fund and are subject to different fees and charges. A schedule of fees and charges is available on request from Ci. Ci does not provide any guarantee either with respect to the capital or the return of the fund. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. International Investments may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. The fund may be closed from time to time in order to manage it more efficiently in accordance with its mandate. The Kruger funds are funds established and administered by Ci, and Kruger has been appointed to manage and market the funds. Kruger is an indirect shareholder of Ci. As an indirect shareholder, Kruger may earn dividends from time to time and participation in any dividends may be linked to the revenue generated by Ci from the Kruger funds, and from any other Ci funds. Ci retains full legal responsibility for this co-named fund. Additional information on the fund may be obtained, free of charge, directly from Ci. Ci is a Non-Voting (ordinary) Member of the Association for Savings & Investment SA (ASISA).

Total Expense Ratio (TER): The above TER % has been annualised and indicates the percentage of the value of the fund which was incurred as expenses relating to the administration of the fund over the rolling 3 year period or since fund inception, on an annualised basis. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER's cannot be regarded as an indication of future TER's. Transaction Cost (TC): The above TC % has been annualised and indicates the percentage of the value of the fund which was incurred as costs relating to the buying and selling of the assets underlying the fund. Transaction Costs are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER. Total Investment Charge is the TER plus TC which indicates the percentage of the value of the fund which was incurred as costs relating to the investment of the fund. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available. Calculations are based on actual data where possible and best estimates where actual data is not available. Performance quoted is for lump sum investment with income distributions, prior to deduction of applicable taxes, included. NAV to NAV figures have been used. The annualised return is the return of the performance period re-scaled to a period of one year. Performance is calculated for the fund and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

FSP: Hein Kruger Internasionale Fondsbestuur (Pty) Ltd, FSP number 521, Tel: (011) 726 7700 Fax: (011) 219 7111  
Company/scheme: Ci Collective Investments (RF) (Pty) Limited, PO Box 412249, Craighall, 2024; Tel: 0861 000 881, website: www.cicollective.co.za  
Trustee: FirstRand Bank Limited Tel: (011) 371 2111.

ISIN Number - Class A: ZAE000171849, Class G: ZAE000277059

Kruger Ci Equity Fund 2 of 2

