



Investment Report August 2011

The Kudu fund performed very well in August – following on from a positive return in July. Over a ten week period when global markets have fallen between -15% to -35%, the fund's assets have declined by just 0.5%.

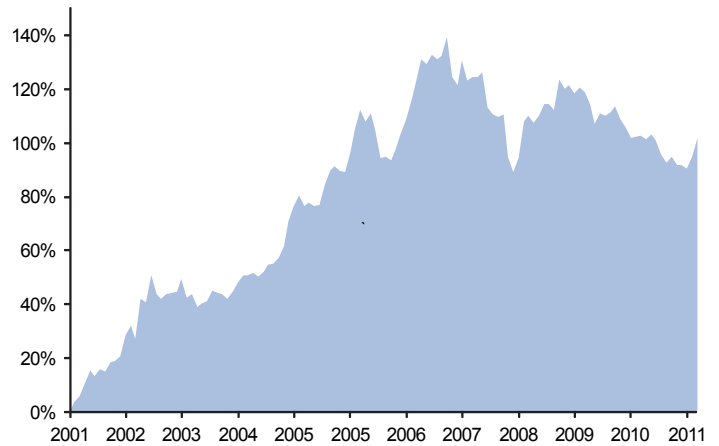
The fund's strong performance in this financial crisis was made possible by careful portfolio positioning. The fund's core long-term investment holdings delivered resilient and even positive returns, whilst Short positions in European markets protected capital with large profits.

Since early August, shares in Woolworths, the South African retailer – a long-term fundholding - have gained +33% in value, whilst shares in most Blue Chip European and UK bank shares have fallen by -50%.

In this market downturn, seventy shares in the FTSE 100 Index have fallen by more than -20% of their value, and twenty by over -35%.

A stock market fall of this magnitude offers significant long-term investment opportunities. Shares in many fundamentally sound companies have fallen in value in line with the wider market – yet offer resilient earnings and dividend growth. The fund is adding to its core investment portfolio, with stocks in Healthcare, Utilities, Food, and Energy.

Kudu % Relative Return to Euro Stoxx 50 Index



Fund Position - Israel Chemicals

Israel Chemicals is a major producer of Potash and other Phosphate based fertilizers, flame-retardant industrial products made from Bromine, and Phosphoric acid products used in mass market food production.

All of these products have their origins in a quirk of geography - Israel's Dead Sea and its surrounding desert is extremely rich in Potash, Phosphates, and Bromine chemicals. Isreal Chemicals (ICL) has access to effectively unlimited raw material resources, with a low cost of extraction.

ICL is physically well-placed to export to India and Asia and has a stellar record of earnings growth. Earnings have grown from 37 Shekels a share in 2003 to 315 Shekels a share in 2010, with a surge to 616 Shekels in 2008.

ISRAEL CHEMICALS



TOP 5 POSITIONS	ATTRIBUTION %	FUND INFORMATION
CHARLEMAGNE	1.93%	CLASS A
TRUWORTHS INTERNATIONAL	1.11%	ISIN
LEWIS GROUP	1.09%	BMG532541270
AFRICAN BANK INVESTMENTS	1.08%	£ BMG532541197
TURKIYE GARANTI BANKASI	1.07%	\$ BMG532541015

PERFORMANCE ON MONTH

CLASS B EURO	MONTH -0.98%	YEAR -6.36%	SEDOL
CLASS A GBP NAV		£64.93	£ B1W7LS0
CLASS B GBP NAV		£142.32	\$ B1W7LR9
CLASS B EUR NAV		135.44	BLOOMBERG
CLASS B USD NAV		\$141.39	£ CLACTAS BH
			\$ CLACTAD BH



Domicile: Bermuda
 Listing: Irish Stock Exchange
 Start Date: Jun-01
 Administrator: Centaur Fund Services
 John O'Sullivan +353 1899 2418
 Auditors: Ernst and Young
 Management Company: Kudu Emerging Markets
 Limited Subscriptions: Up to last business day of month

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