



Investment Report October 2011

The fund continues to perform very well. During the recent period of financial market recovery, the fund has made positive returns. By protecting capital successfully during the major stock market declines in August and September, the fund was well placed to increase its investment commitments as share valuations dropped to very attractive levels during the worst days of the recent Eurozone crisis.

The instability of the stock market is at odds with the strong results reported by the fund's investment holdings, well in advance of market expectations. Unilever reported Like for Like sales up 7.1% in the second half of 2011, an acceleration from the first half of the year. In South Africa, Mr Price recently reported first half earnings up by more than +25%.

Company earnings are not just strong in global markets. Companies in the US benchmark index, the S&P 500, grew their earnings in the third quarter of 2011 by a record +18%. If the Eurozone crisis can be resolved, then these earnings may drive a steady recovery in the stock market.

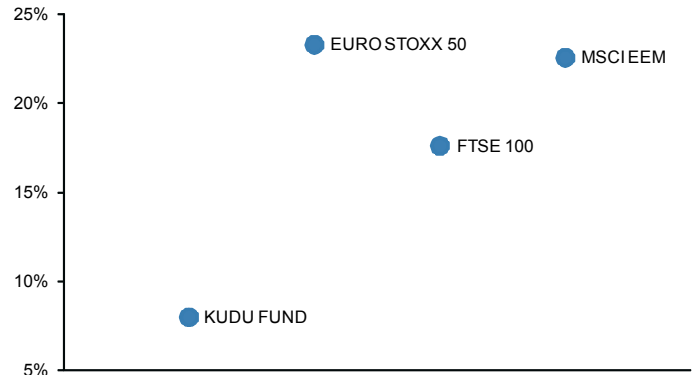
However, European politicians have failed for many months to resolve the current crisis and it is not clear if current measures will succeed to stabilize the situation. In the mean time, the fund continues to favour investments in companies situated well away from Europe, and remains vigilant for further developments.

Fund Position - Mr Price Group

Mr Price is an outstanding Retailer. It sells clothing, household goods, and sports goods, predominantly for cash, to all sections of South Africa's population. The company picked up early on the aspirations of the new Black middle class, working in government and in private companies, and has steadily increased floor space and profits in recent years. With no debt and strong Free Cash flow generation, the company has been buying back its own shares, increasing Earnings growth for remaining shareholders. The company continues to open new stores, benefiting from the growth of small shopping malls inside Black residential areas.

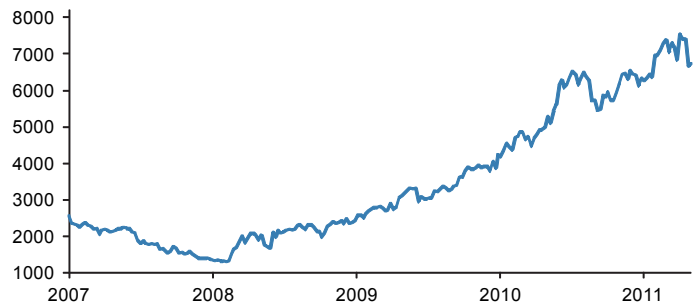
South Africa's economy is recovering from a recession, caused by the 2008 global crisis. Interest rates remain low and in spite of the strong comparison from the World Cup year, retail sales have continued to grow steadily. Mr Price offers growth, quality management, and a strong dividend yield.

Consistently lower risk than other global markets



Over the last 3 years, the Kudu fund has performed with -66% less risk than the Eurostoxx 50 and MSCI Emerging Markets, and -55% less than the FTSE 100 Index.

MR PRICE GROUP



TOP 5 POSITIONS	ATTRIBUTION %	FUND INFORMATION
CHARLEMAGNE	1.53%	CLASS A
VODAFONE GROUP	1.15%	ISIN
PICK N PAY STORES	1.00%	€ BMG532541270
SPAR GROUP LTD	0.97%	£ BMG532541197
EXXARO RESOURCES	0.88%	\$ BMG532541015

PERFORMANCE ON MONTH

CLASS B EURO	MONTH 1.13%	YEAR -6.96%	SEDOL
CLASS A GBP NAV		£64.49	£ B1W7LS0
CLASS B GBP NAV		£141.47	\$ B1W7LR9
CLASS B EUR NAV		€134.57	BLOOMBERG
CLASS B USD NAV		\$140.80	£ 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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