

Fairtree Worldwide Multi-Strategy Flexible Prescient Fund

Minimum Disclosure Document - Class A1

30 April 2019

Fund Profile

The Fairtree Worldwide Multi-Strategy Flexible Prescient Fund is an actively managed worldwide multi-asset class fund. The fund is suitable for investors looking for moderate to high capital growth in excess of inflation with an investment horizon of 5 years and longer. The fund has a moderate to aggressive risk profile and provides a solution to South African investors who prefer to have their worldwide asset allocation decisions made for them. The fund's mandate does not have to comply with Regulation 28 requirements.

INVESTMENT OBJECTIVE

The Fairtree Worldwide Multi-Strategy Flexible Prescient Fund aims to provide maximum long term growth by investing in a diversified blend of worldwide assets and strategies. The objective is to provide competitive after inflation annualized returns measured in rand over a 5 year period.

INVESTMENT POLICY

The fund invests in a diversified combination of worldwide assets including, equities, bonds, property, preference shares, money market instruments, listed and unlisted financial instruments. The fund may also invest in other collective investment schemes, exchange traded funds or other similar schemes.

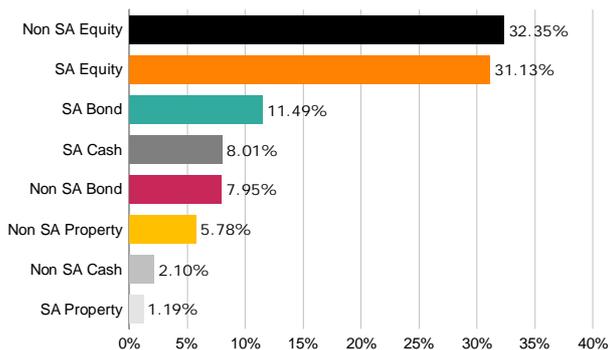
The manager may combine the experience, skills and diverse strategies within Fairtree Asset Management with external managers in order to enhance the risk return outcome for investors. The fund includes and utilises the Smart Beta multi factor approach that refers to a passive style systemic solution. The Smart Beta multi factor approach entails efficient transformation of information into investment decisions, based on a well-researched, transparent and consistent set of theoretically and empirically verified factors such as quality, value, momentum, investment and volatility.

The manager has maximum flexibility without any worldwide asset allocation and strategy constraints. The fund is benchmark agnostic in order to maximise returns for the South African investor.

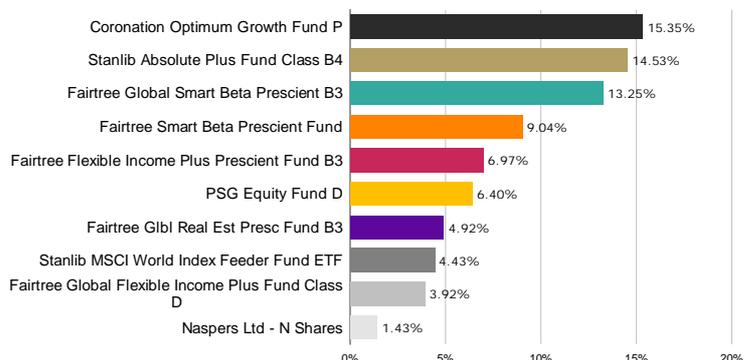
HISTORICAL PERFORMANCE SINCE INCEPTION

Performance data currently not available

ASSET ALLOCATION



TOP 10 HOLDINGS



FUND INFORMATION

Portfolio Manager:	Fairtree Invest (Pty) Ltd.
Inception date:	4 September 2018
Fund size (in Millions):	R 232.3
JSE code:	FMFPA1
Unit Price:	R 100.62
ISIN Number:	ZAE000261582
Domicile:	South Africa
Fund Structure:	CISCA (Unit Trust)
Fund Category:	Worldwide - Multi Asset - Flexible
Regulation 28 Compliant:	No

Cost Ratios:

Total Expense Ratio (TER%):	Please note the Total Expense Ratio and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product and the funds TER will be available after one year.
Performance fee incl. in TER (%) (PF%):	
Transactions Costs Ratio (TC%):	
Total Investment Charges (TIC%):	

Fees:	Initial Fee - Adviser (incl. VAT): 0% - 3.42%
	Annual management fee: 1% (excl. VAT)
	Performance fee: N/A

Benchmark:	35% FTSE/JSE Capped SWIX, 15% JSE ASSA All Bond Index (ALBI), 35% MSCI All Country World Index (MSCI ACWI), and 15% Barclays Capital Global Aggregate (BGBA)
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Analysis Currency:	ZAR
Minimum Investment:	R50,000 Lump sum or R1,000 p/m debit order

Please see Disclosures and Glossary section for further information on Cost Ratios

Income Distribution:

Declaration:	Annually at the end of March
Payment:	1st Working Day of April
Distribution Total for the past 12 months:	N/A
Management and administration:	Prescient Management Company (RF) (Pty) Ltd
Valuation time of fund:	15:00
Transaction cut-off time:	15:00

RISK PROFILE



Risk Level: Moderate - Aggressive 5+ years

The Portfolio is more diversified than the benchmark, thus holding smaller positions in the largest capitalisation stocks than the benchmark. This comes with the risk of more volatile relative returns to the broader market when the largest stocks in the benchmark outperform. We believe however that this strategy of holding a more diversified portfolio results in lower single stock risk, and whilst there may be periods of underperformance when the large cap stocks rally, we firmly believe in efficient risk management on an absolute basis. The strategy is also exposed to various factors driving investment performance, for example Value and Momentum, and these factors may also experience periods of relative underperformance. Global research has shown however, that consistent long term exposure to these factors lead to investment reward. This portfolio is permitted to invest in foreign securities which may have additional risks (FX Movements for example). However, the portfolio does not currently hold any foreign securities and the manager does not intend on exposing the portfolio to any foreign securities going forward.

SPECIFIC RISK

- Default risk:** The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss
- Derivatives risk:** The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result
- Developing Market (excluding SA) risk:** Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.
- Foreign Investment risk:** Foreign securities investments may be subject to risks pertaining to overseas jurisdictions and markets, including (but not limited to) local liquidity, macroeconomic, political, tax, settlement risks and currency fluctuations
- Interest rate risk:** The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises
- Property risk:** Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations
- Currency exchange risk:** Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.
- Geographic / Sector risk:** For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.
- Derivative counterparty risk:** A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss
- Liquidity risk:** If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.
- Equity investment risk:** Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

GLOSSARY

Annualised performance	Annualised performance show longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.
Highest & Lowest return	The highest and lowest returns for any 1 year over the period since inception have been shown.
NAV	The net asset value represents the assets of a Fund less its liabilities.
Alpha	Denoted the outperformance of the fund over the benchmark.
Sharpe Ratio	The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.
Sortino Ratio	The Sortino Ratio is used to measure the risk-adjusted return of the fund.
Standard Deviation	The deviation of the return stream relative to its own average.
Max Drawdown	The maximum peak to trough loss suffered by the Fund since inception.
Max Gain	Largest increase in any single month.
% Positive Month	The percentage of months since inception where the Fund has delivered positive return.
Average Duration	The weighted average duration of all the underlying interest bearing instruments in the Fund.
Average Credit quality	The weighted average credit quality of all the underlying interest bearing instruments in the Fund (internally calculated).
Dividend Yield	The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.
PE Ratio	The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.
High Water Mark	The highest level of performance achieved over a specified period.
Total Expense Ratio (TER%)	The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product.
Performance fee incl. in TER (%) PF (%)	The Performance Fee is a payment made to the Fund Manager for generating positive returns, and is generally calculated as a percentage of investment profits, often both realized and unrealized.
Transactions Costs (TC%)	The Transaction Costs (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product.
Total Investment Charges (TIC%) = TER (%) + TC (%)	The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC).

MARKET COMMENTARY

South African assets perform well over the month. Year to date the All Bond Index rose 4.6% while the All Share Index rose 12.5%. The Rand has gained 0.5% against the US dollar year to date. Foreigners continued to be net buyers of local bonds, with year to date inflows in excess of R20bn. Foreigners continue to be net sellers of local equities.

Global equities also posted another solid month, up more than 3% as risk assets continue to benefit from the dovish tone by global central banks, signs that activity in both China and Europe are improving and talks about a potential trade deal between US and China. However, this positive sentiment gave way at month-end as increased uncertainty about Fed policy and the US / China trade deal caught the market by surprise.

The US Fed stated during their FOMC meeting that current low inflation is "transitory" and that they don't see a strong argument to either hike or cut rates. The market was pricing in a near 70% probability of a rate cut by year end and had to reprice some of that. Incoming US data has not justified rate cut expectations as the labour market remain strong, inflation continue close to target and economic activity continue to grow at a decent pace. Q1 GDP surprised the market at 3.2% qoq ann. vs. 2.3% expected. However, the re-emergence of trade conflict between US and China which dented sentiment at month-end into May, may again raise expectation of slower global growth activity and potential action by the Fed. We expect the trade conflict to overshadow headline over the next month, but continue to believe that a trade deal is possible before end of May as neither party can afford to ignite a full-on trade war that would lead to a global economic contraction

Data from China continue to show that activity may have bottomed. We expect a pick-up over the next few quarters on the back of stimulus already implemented and the potential for more stimulus to be unleashed on the back of trade conflict. Data from EU remain weak, but there are signs that service economy is improving and manufacturing are bottoming. We expect Europe to further improve on the back of Chinese stimulus, robust consumer, weak Euro and fading idiosyncratic events that negatively impacted German activity

Locally, hard economic data remained weak and suggest a potential contraction over Q1 GDP. Leading indicators however suggest that activity may pick up over the second half of the year as the services PMI is improving along with the SA Leading Indicator. Concerns around Eskom continue to weigh on long end bonds and caused the yield curve to steepen. We expect to soon hear about a turnaround plan for Eskom. In our view the national election results suggest that Cyril Ramaphosa will continue on the path of gradual reform. We expect growth to remain weak over the near term but improve towards year end. With inflation low and inflation expectations falling the SARB will continue to be on hold as those expectations has not yet reset sufficiently and future inflation risks and second round effects from weaker rand remain uncertain

Equities: The outlook for global earnings growth remains positive but has come under pressure from renewed trade conflict between US and China. Given the strong rally since the start of the year global equities may experience a moderate pull back over the coming months as the economic growth outlook soften towards trend growth. Outside a full-on trade war with China, we do not expect a US recession during 2019 and expect global inflation to remain close to target supported by higher input costs, including wages. The positive global growth outlook favours cyclical stocks. We believe the overall South Africa equity index will benefit from an improving domestic economy and outlook of more political stability after the national election. Local equities may also be supported by improving global valuations. We like selected local and global cyclical assets with strong global earnings growth potential and companies with the ability to generate cash sustainably. We continue to find protection in gold stocks and ZAR hedged assets

Fixed Income: South Africa's inflation will be well contained over the next few months but rise towards year-end as higher electricity, food and fuel prices kicks in. Given current weak economic activity and moderate upside risk to inflation the SARB will remain on hold for a while. The SARB remains focussed on anchoring inflation expectations closer to 4.5%. Yields will remain volatile driven by local political and SOE risks and volatile global geo-politics.

Currency: We believe the US dollar strength has stabilised. Given the potential for global growth to converge lower we believe the US dollar could weaken over the medium term. We also view the renewed trade conflict with China as dollar negative given the scope for lower real rates

Alternatives: Going forward we believe global monetary policy will be more data dependent while global fiscal policies will be used to support growth. We believe interest rates will gradually rise and lead to higher levels of volatility and lower correlations amongst asset classes and securities. Market rotations and increased dispersion has typically led to a more favourable environment for alternative assets to perform

DISCLAIMER

Management Company: Prescient Management Company (RF) (Pty) Ltd., **Registration number:** 2002/022560/07, **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 **Postal address:** PO Box 31142, Tokai, 7966. **Telephone number:** 0800 111 899 **E-mail:** info@prescient.co.za **Website:** www.prescient.co.za

Trustees: Nedbank Trustees, Nedbank Investor Services, **Physical address:** 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709. **Telephone number:** +27 11 534 6557 **Website:** www.nedbank.co.za

Investment Manager: Fairtree Asset Management (Pty) Ltd, **Registration number:** 2004/033269/07 is an authorised Financial Services Provider (FSP25917) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision. **Physical address:** Willowbridge Place, Cnr. Carl Cronje and Old Oak Road, Bellville, 7530. **Postal address:** PO Box 4124, Tygervalley, 7536. **Telephone number:** +27 86 176 0760 **Website:** www.fairtree.com.

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate.

CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. 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.

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macro-economic risks, political risks, foreign exchange risks, tax risks, settlement risks, and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at either 3pm or 5pm depending on the nature of the Fund. Prices are published daily and are available on the Prescient website.

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

For any additional information such as fund prices, brochures and application forms please go to www.fairtree.com

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