Fairtree Balanced Prescient Fund

Minimum Disclosure Document - Class A1

April 2019

FUND PROFILE

The Fairtree Balanced Prescient Fund is an actively managed multi asset class fund. The fund is suitable for investors looking for moderate to high capital growth in excess of inflation with moderate to aggressive risk appetite. It suits investors with an investment horizon of more than 3 years and who prefer to have the asset allocation decision made for them. The fund complies with Regulation 28 and is therefore suitable for retirement savings.

INVESTMENT OBJECTIVE

The Fairtree Balanced Prescient Fund aims to generate long-term wealth for investors by producing inflation beating returns. The fund is managed to outperform the South African - Multi Asset - High Equity peer group benchmark.

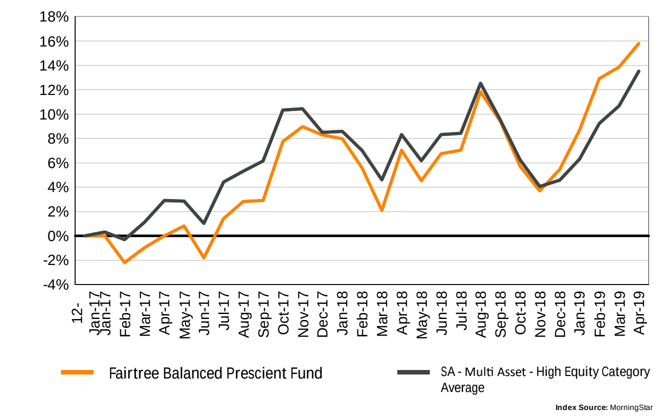
INVESTMENT POLICY

The fund invests in a diverse combination of equities, property, bonds and money market instruments. The portfolio has a long-term focus and invests predominately in domestic securities. The fund may invest a maximum net foreign exposure of 30% and 10% Africa (excl. South Africa). The fund is actively managed, both at security and asset class level to create capital growth while preserving capital on a real (above inflation) and absolute basis.

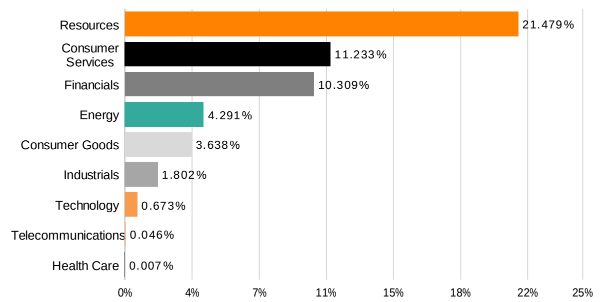
HISTORICAL PERFORMANCE SINCE INCEPTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	0.01%	-2.20%	1.27%	0.97%	0.81%	-2.59%	3.28%	1.39%	0.08%	4.69%	1.12%	-0.61%	**8.29%**
2018	-0.29%	-2.23%	-3.28%	4.82%	-2.33%	2.11%	0.29%	4.47%	-2.17%	-3.37%	-1.92%	1.72%	**-2.60%**
2019	3.04%	3.90%	0.83%	1.70%									**9.79%**

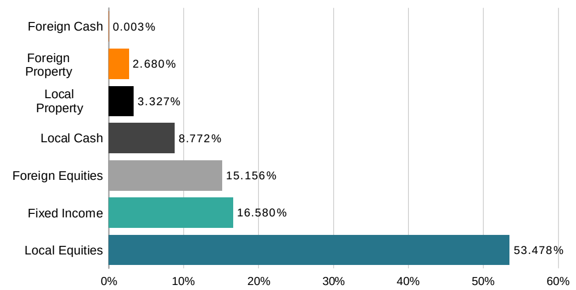
CUMULATIVE FUND RETURNS VS MARKET INDICES



SECTOR ALLOCATION



ASSET ALLOCATION



FUND INFORMATION

Inception date:	12 January 2017
Fund size (in Millions):	R 67.25
JSE code:	FBPA1
Unit Price:	110.00
ISIN Number:	ZAE000236360
Domicile:	South Africa
Fund Structure:	CISCA (Unit Trust)
Fund Category:	SA - Multi Asset - HIgh Equity
Regulation 28 Compliant:	Yes
Portfolio Manager(s):	
Stephen Brown (SA Equity):	B Comm, MBA, CFA Joined Fairtree in 2011
Jacobus Lacock (Asset Allocation):	B Comm(Financial Economics), CFA Joined Fairtree in 2011

Cost Ratios:

Total Expense Ratio (TER%):	1.74%
Performance fee incl. in TER (%)(PF%):	N/A
Transactions Costs Ratio (TC%):	0.35%
Total Investment Charges (TIC%):	2.09%
Fees:	Initial Fee - Adviser (incl. VAT): 0% Annual management fee: 1.00% (excl. VAT) Performance fee: N/A
Benchmark:	South African - Multi Asset - High Equity Category Average
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:	Annualy (March)
Payment:	1st working day of April
Distribution Total for the past 12 months:	3.30 cents per unit
Management and administration:	Prescient Management Company (RF) (Pty) Ltd
Valuation time of fund:	15:00
Transaction cut-off time:	15:00

RISK PROFILE

Less Than 1 Yr	1 - 3 Yrs	3+ Yrs	3 - 5+ Yrs	5+ Yrs
Conservative	Cautious	Moderate	Mod - Aggressive	Aggressive

Risk Level: Moderate - Aggressive

These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios. In turn the expected volatility is higher than the low risk portfolios but less than high risk portfolios. The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolios. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

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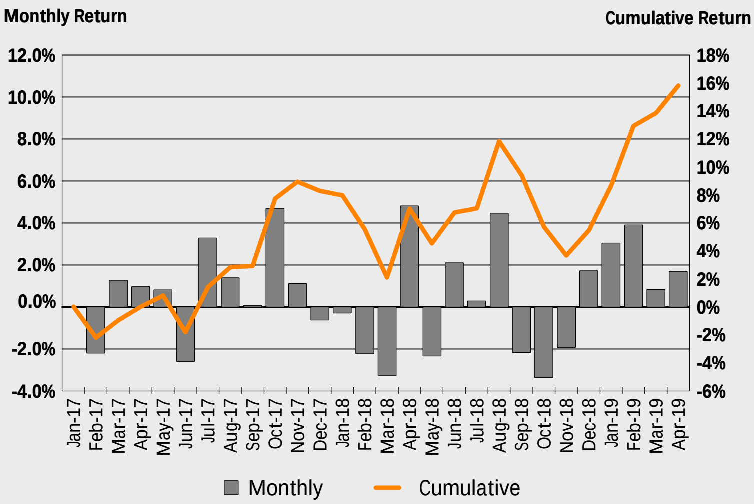
PERFORMANCE SUMMARY

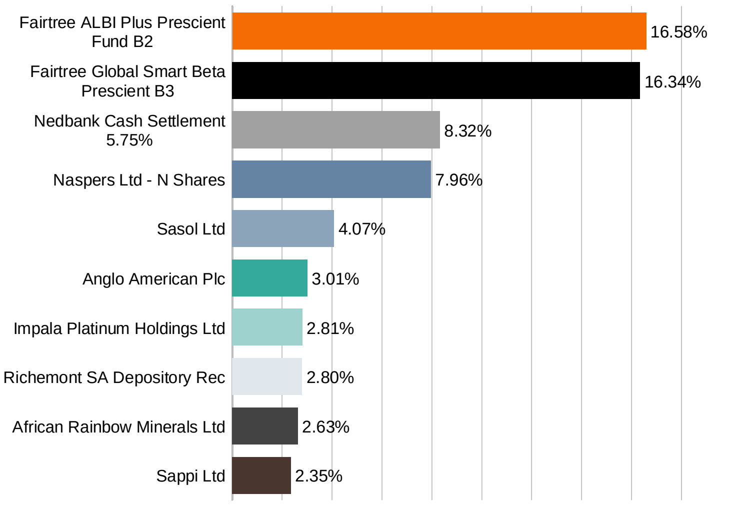
	Fairtree Balanced Prescient Fund	SA Multi Asset High Equity Category Average
Performance comparison		
Inception date	Jan-17	Jan-17
Current month	Apr-19	Apr-19
Total period (No. months)	28	28
Analysis currency	ZAR	ZAR
Return analysis		
Return for current month	1.70%	2.58%
Total return (since inception)	15.80%	13.52%
Average annualised return (since inception)	6.49%	5.59%
Current 12 month rolling return	8.20%	4.81%
Highest rolling 1-year return (since launch)	11.51%	8.51%
Lowest rolling 1-year return (since launch)	-4.84%	-5.79%
Consistency analysis		
% Up months (since inception)	64.29%	64.29%
% Up months (last 12 months)	66.67%	66.67%
Standard deviation (since inception - annualised for periods > 12 mnths)	8.34%	7.02%
Risk analysis		
Downside deviation (since inception - annualised Risk free)	4.69%	4.06%
Largest monthly drawdown	-3.37%	-2.98%
Average monthly drawdown	-2.10%	-1.76%
Largest cumulative drawdown	-7.28%	-7.53%
Risk/ return analysis		
Total gain / Total loss	1.74	1.75
Average gain / Largest loss	0.60	0.57
Average gain / Average loss	0.97	0.97
Sharpe ratio (since inception - annualised for periods > 12 mnths)	0.05	-0.08
Sortino ratio (since inception - annualised for periods > 12 mnths)	0.08	-0.14
Market correlation		
Index correlation (SA Multi Asset High Equity Category Avg)	0.89	(Monthly)

Monthly and Cumulative Returns (Net of Fees)



Please note: Monthly return presented on the graph are rolling monthly returns.

TOP 10 HOLDINGS



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 Chines 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.

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 it 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).

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 (N0.37 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.

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PRESCIENT
MANAGEMENT COMPANY