

Fairtree Balanced Prescient Fund

Minimum Disclosure Document - Class A1

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 against a composite benchmark that also forms the strategic asset allocation for the fund.

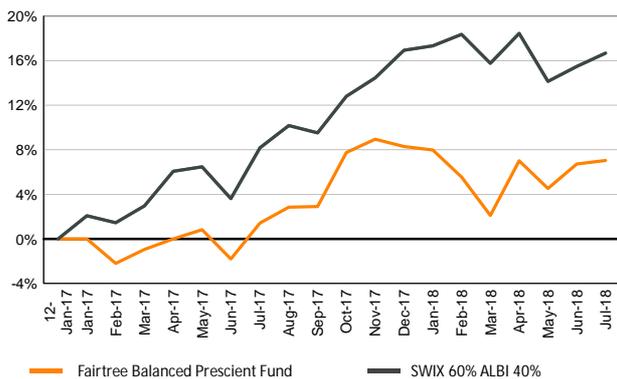
INVESTMENT POLICY

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 whilst up to 25% of the fund may be invested in foreign securities. 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.

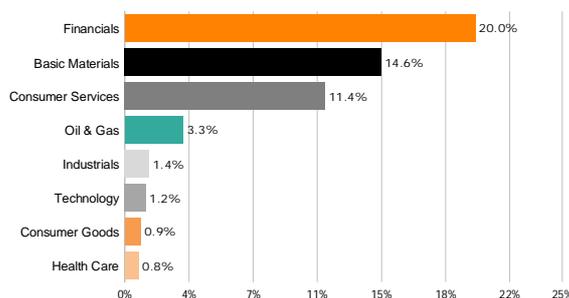
HISTORICAL PERFORMANCE SINCE INCEPTION

	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%						-1.15%

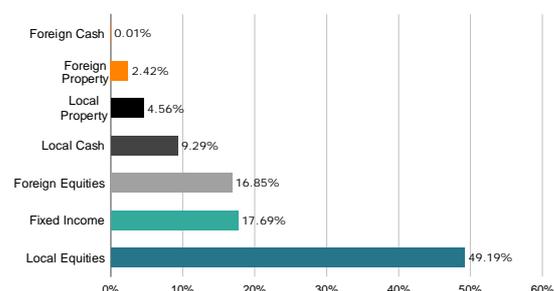
CUMULATIVE FUND RETURNS VS MARKET INDICES



SECTOR ALLOCATION



ASSET ALLOCATION



FUND INFORMATION

Inception date:	12 January 2017
Fund size (in Millions):	R 59.78
JSE code:	FBPA1
Unit Price:	104.78
ISIN Number:	ZAE000236360
Domicile:	South Africa
Fund Structure:	CISCA (Unit Trust)
Fund Category:	SA Multi-Asset High Equity
Regulation 28 Complaint:	Yes
Portfolio Manager(s):	
Stephen Brown (SA Equity):	B Comm, MBA, CFA Joined Fairtree in 2011
Jacobus Lacoek (Asset Allocation):	B Comm(Financial Economics), CFA Joined Fairtree in 2011
Bradley Anthony:	BA (Economic History), CAIA Joined Fairtree in 2011

Cost Ratios:

Total Expense Ratio (TER%):	1.65%
Performance fee incl. in TER (%)(PF%):	N/A
Transactions Costs Ratio (TC%):	1.13%
Total Investment Charges (TIC%):	2.78%
Fees:	Initial Fee - Adviser (incl. VAT): 0% Annual management fee: 1.00% (excl. VAT) Performance fee: N/A
Benchmark:	60% FTSE/JSE Shareholder Weighted Total Return Index + 40% JSE/All Bond Total Return Index
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 (March)
Payment:	1st working day of April
Distribution Total for the past 12 months:	2.16 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



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	SWIX 60% ALBI 40%
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Performance comparison

Inception date	Jan-17	Jan-17
Current month	Jul-18	Jul-18
Total period (No. months)	19	19
Analysis currency	ZAR	ZAR

Return analysis

Return for current month	0.29%	1.03%
Total return (since inception)	7.05%	16.68%
Average annualised return (since inception)	4.40%	10.23%
Current 12 month rolling return	5.54%	7.86%
Highest rolling 1-year return (since launch)	8.69%	16.94%
Lowest rolling 1-year return (since launch)	3.09%	7.22%

Consistency analysis

% Up months (since inception)	63.16%	73.68%
% Up months (last 12 months)	58.33%	75.00%
Standard deviation (since inception - annualised for periods > 12 mths)	7.84%	6.91%

Risk analysis

Downside deviation (since inception - annualised Risk free)	4.49%	4.35%
Largest monthly drawdown	-3.28%	-3.62%
Average monthly drawdown	-1.93%	-1.94%
Largest cumulative drawdown	-6.29%	-3.62%

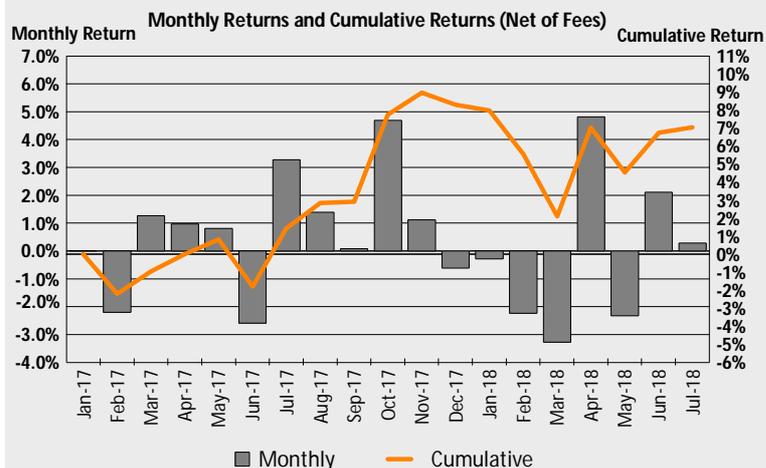
Risk/ return analysis

Total gain / Total loss	1.54	2.64
Average gain / Largest loss	0.53	0.50
Average gain / Average loss	0.90	0.94
Sharpe ratio (since inception - annualised for periods > 12 mths)	-0.21	0.42
Sortino ratio (since inception - annualised for periods > 12 mths)	-0.37	0.66

Market correlation

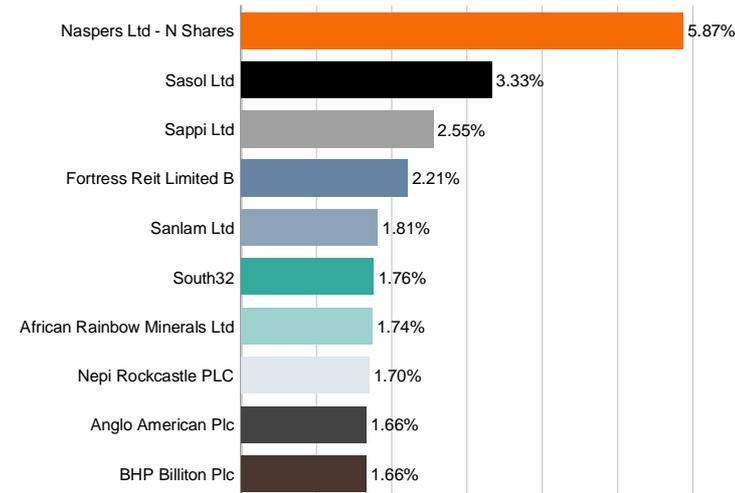
Index correlation (SWIX 60% ALBI 40%)	0.91	(Monthly)
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Monthly and Cumulative Returns



Please note: All fund returns quoted net of fees.

TOP 10 HOLDINGS



MARKET COMMENTARY

The list of investor concerns is growing by the month. Since the start of the year it has moved from softer global growth to: divergent global growth, too strong US dollar, high oil, weak emerging markets, trade wars, China growth and now more recently contagion amongst emerging markets. While the outlook for global growth has moderated and diverged it remains above trend on aggregate, allowing central banks to continue to normalise policy.

Emerging markets remained under pressure from a stronger US dollar, tighter global monetary policy, global trade conflict and signs that growth in China is slowing. The recent policy crisis in Turkey and effect of sanctions on Russia may also lead to contagion amongst emerging markets which may create a period of risk-off that may put a drag on global activity. The current outlook for global growth has softened as data from China and the EU remained mixed. To offset the China slowdown and counter tariff measures by the US, the Chinese central bank, PBOC, has eased monetary conditions and suggested that fiscal policy may also be eased. The Chinese Renminbi has depreciated more than 9% since first quarter of the year which may provide some support to the economy.

In Europe activity has stabilised at a lower level. The recent Euro depreciation should support activity while the ECB's forward guidance and overall policy stance remains very accommodative. Given that core inflation in Europe remains around 1%, far below their "close to 2%" target, we only expect the first rate hike late in 2019. With growth above 2% and the unemployment rate close to full employment at 8.5%, Eurozone demand should continue to support emerging markets once near term trade risk dissipate.

The US remains the stand out performer as Q2 GDP came in at 4.1% qoq annualised, boosted by strong personal consumption. With the unemployment rate falling further to 3.8% and inflation on the rise the Fed should continue to hike rates gradually. We expect the Fed to hike rates 2 more times this year and at least 3 times next year as core inflation remains above the Fed's 2% target and the economy continues to grow above trend supported by the tax cuts, fiscal spending, increased investment and healthy household consumption. Concerns around increased trade tariffs and trade wars have increased and have started to impact business confidence and raise questions around the impact on growth.

With the external environment deteriorating and local backdrop also weak, the outlook for SA remains bleak and the risk of another negative qoq GDP print is rising. The longer term growth outlook for South Africa remains positive but the current economic data suggest that a high level of policy and political uncertainty still weigh on activity and investment. Policy uncertainty around land, mining, health and a unionised labour market will continue to weigh on investment while higher taxes, fuel and job losses will weigh on consumption. We expect policy and political noise to increase in the run up to the 2019 elections. We hope to see post-election political and economic reforms that will transform the long term investment landscape.

Given the external backdrop, monetary policy should remain fairly hawkish. The SARB remained focused at driving inflation expectations down towards 4.5%. However we don't expect any near term hikes as the SARB will first want to see evidence of the second round effects on inflation from the weaker Rand.

Equities: The outlook for global earnings growth remains positive supported by above trend growth and accommodative financial conditions. We expect global inflation to pick up gradually over the medium term supported looser fiscal policies and higher input costs. The global deflationary outlook favours cyclical and value orientated stocks, while the outlook for higher global bond yields weighs on high valuation defensive names. As yields rise and volatility increase valuations will be tested more frequently. We believe the overall South Africa equity index will follow global equity markets higher due to its externalised nature. We remain optimistic on domestic equities as we believe economic activity will improve over the next 12 months. We like global cyclical companies with global earnings growth potential and companies with the ability to generate cash sustainably.

Fixed Income: South Africa's inflation will remain low over the next few months but the risk to rising inflation has increased. The SARB will remain on hold for the foreseeable future with the risk to hike rates if Rand weakness translates into higher inflation. The SARB remains focussed on anchoring inflation expectations closer to 4.5%. Yields have risen and are at attractive levels given the positive outlook on the local and global economy and economic reform agenda.

Currency: We believe the US dollar strength has stabilised but could remain strong over the short term as policy divergence persists. Longer term the US dollar should weaken as economic data in Europe improves and tension around trade dissipates somewhat.

Alternatives: Stronger global growth will allow less accommodative monetary policy and looser fiscal policies which should lead to higher interest rates, 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.

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 per share.
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 (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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