

## Fairtree Equity Prescient Fund Minimum Disclosure Document - Class A1

### FUND PROFILE

The Fairtree Equity Prescient Fund is an actively managed general equity fund. The portfolio has a long-term focus and invests in securities across all sectors of the JSE Securities Exchange which trade below intrinsic value or have capital appreciation potential. The portfolio will invest in offshore securities when the benefit of higher returns and portfolio diversification are available. The portfolio is constructed in a diversified manner and aims to provide returns above the index while exhibiting a lower level of volatility in returns relative to the index.

### INVESTMENT OBJECTIVE

The Fairtree Equity Prescient Fund is an actively managed domestic general equity fund with a focus on maximizing total returns for the client. The objective of the portfolio is to offer medium to long-term capital growth. The portfolio aims to actively invest in equities with a level of capital appreciation and income potential which is above the FTSE/JSE Capped Shareholder Weighted All Share Total Return Index (CAPPED SWIX).

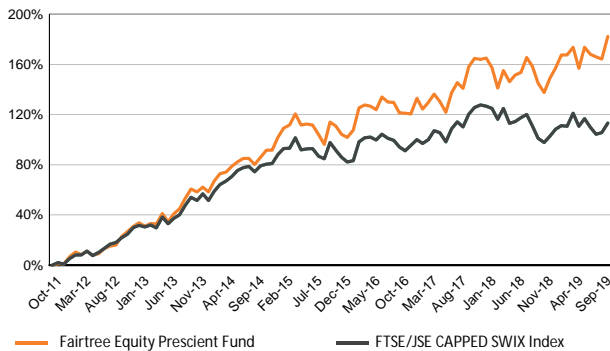
### INVESTMENT POLICY

The portfolio has a long-term focus and invests in securities across all sectors of the JSE Securities Exchange which trade below intrinsic value or have capital appreciation potential. The portfolio may invest in offshore securities when the benefit of higher returns and portfolio diversification are available. Up to 25% of the fund may be invested in foreign securities.

### HISTORICAL PERFORMANCE SINCE INCEPTION

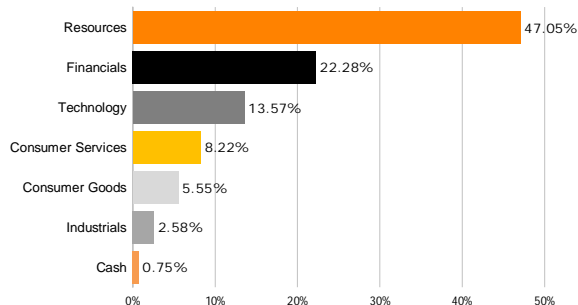
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011											0.97%	-0.11%	0.86%
2012	5.88%	3.21%	-1.71%	2.55%	-2.98%	1.18%	3.65%	1.93%	0.47%	6.06%	3.06%	3.49%	29.84%
2013	2.02%	-1.97%	1.73%	-0.47%	6.41%	-4.71%	4.63%	2.92%	5.91%	4.66%	-1.41%	2.47%	23.80%
2014	-2.33%	5.50%	3.36%	0.85%	2.60%	1.94%	1.57%	-0.01%	-2.59%	3.24%	2.92%	0.13%	18.24%
2015	5.24%	3.70%	1.12%	4.19%	-3.93%	0.32%	-0.32%	-3.61%	-3.86%	8.96%	-1.42%	-3.05%	6.61%
2016	-1.23%	2.84%	8.54%	1.00%	-0.37%	-1.25%	4.49%	-1.77%	-0.12%	-3.63%	-0.11%	-0.18%	7.94%
2017	5.56%	-3.61%	2.27%	2.98%	-2.54%	-3.76%	6.97%	3.50%	-1.93%	7.27%	2.51%	-0.24%	19.72%
2018	0.38%	-2.89%	-6.34%	5.79%	-3.49%	2.14%	0.81%	4.78%	-2.76%	-5.13%	-3.08%	4.80%	-5.77%
2019	3.33%	3.99%	0.02%	2.33%	-6.11%	6.47%	-1.99%	-0.82%	-0.67%	6.82%			13.38%

### CUMULATIVE FUND RETURNS VS MARKET INDICES

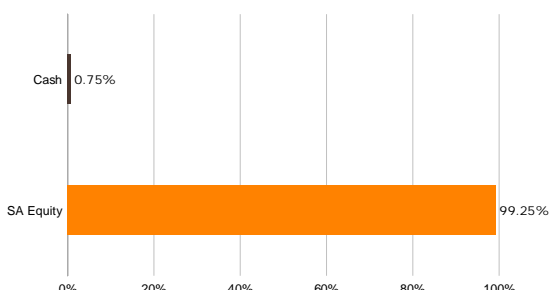


Please note that the Fund's benchmark was the FTSE/JSE Shareholder Weighted All Share Total Return Index (SWIX) from inception until the end of April 2017 when the benchmark was changed to the FTSE/JSE Capped Shareholder Weighted All Share Total Return Index (Capped SWIX).

### SECTOR ALLOCATION



### ASSET ALLOCATION



### FUND INFORMATION

#### Portfolio Manager(s):

**Stephen Brown**  
B Comm, MBA, CFA  
Joined Fairtree in 2011



#### Cor Booysen

(B Ing)  
Joined Fairtree in 2012



Inception date:	November 2011
Fund size (in Billions):	R 13.21
JSE code:	FECA1
Unit Price:	257.68
ISIN Number:	ZAE000161402
Domicile:	South Africa
Fund Structure:	CISCA (Unit Trust)
Fund Category:	South African Equity General
Regulation 28 Compliant:	No

#### Cost Ratios:

Total Expense Ratio (TER%):	2.75%
Performance fee incl. in TER (%) (PF%):	1.58%
Transactions Costs Ratio (TC%):	0.38%
Total Investment Charges (TIC%):	3.13%

#### Fees:

Initial Fee - Adviser (incl. VAT): 0% - 3.45%  
Annual management fee: 1.00% (excl. VAT)  
Performance fee: 15% of the amount by which the Fund outperforms the benchmark on a rolling 1 year basis (Incl. VAT). Performance is capped at a max of 1.47% (excl. VAT)

#### Benchmark:

FTSE/JSE Capped Shareholder Weighted All Share Total Return Index (CAPPED SWIX)

#### Analysis Currency:

ZAR

#### Minimum Investment:

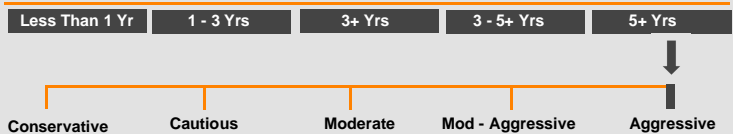
R50,000 Lump sum or R1,000 p/m debit order

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:	3.65cents per unit
Management Company:	Prescient Management Company (RF) (Pty) Ltd
Valuation time of fund:	15:00
Transaction cut-off time:	15:00

### RISK PROFILE



#### Risk Level: Aggressive

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.

### PERFORMANCE SUMMARY

	Fairtree Equity Prescient Fund	FTSE/JSE CAPPED SWIX Index
<b>Performance comparison</b>		
Inception date	Nov-11	Nov-11
Current month	Oct-19	Oct-19
Total period (No. months)	96	96
Analysis currency	ZAR	ZAR

<b>Return analysis</b>		
Return for current month	6.82%	3.64%
Total return (since inception)	182.14%	113.13%
Average annualised return (since inception)	13.84%	9.92%
Current 12 month rolling return	15.16%	5.99%
Highest rolling 1-year return (since launch)	35.46%	31.89%
Lowest rolling 1-year return (since launch)	-10.30%	-12.39%

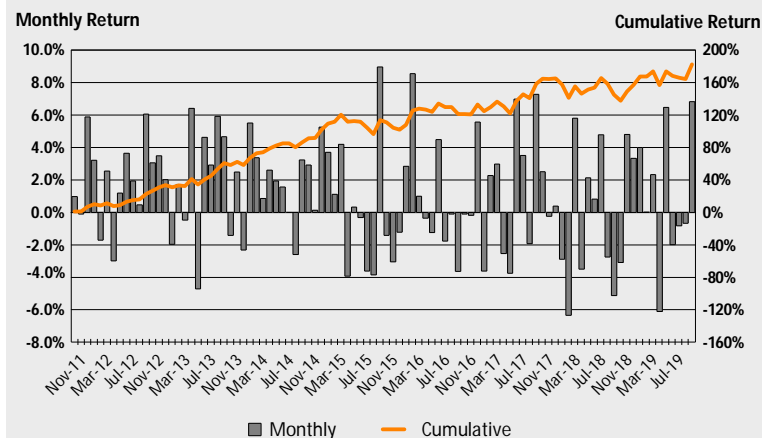
<b>Consistency analysis</b>		
% Up months (since inception)	59.38%	64.58%
% Up months (last 12 months)	58.33%	58.33%
Standard deviation (since inception - annualised for periods > 12 mths)	11.95%	10.13%

<b>Risk analysis</b>		
Downside deviation (since inception - annualised Risk Free)	6.04%	5.67%
Largest monthly drawdown	-6.34%	-5.32%
Average monthly drawdown	-2.27%	-2.44%
Largest cumulative drawdown	-10.97%	-13.18%

<b>Risk/ return analysis</b>		
Total gain / Total loss	2.24	1.97
Average gain / Largest loss	0.55	0.49
Average gain / Average loss	1.53	1.08
Sharpe ratio (since inception - annualised for periods > 12 mths)	0.62	0.36
Sortino ratio (since inception - annualised for periods > 12 mths)	1.22	0.64

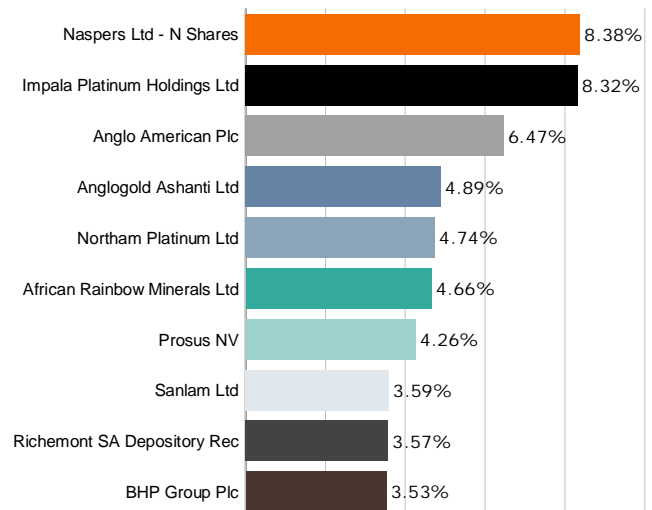
<b>Market correlation</b>		
Index correlation (FTSE/JSE CAPPED SWIX Index)	0.92	(Monthly)

### Monthly and Cumulative Returns (Net of Fees)



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

### TOP 10 HOLDINGS



### MARKET COMMENTARY

The FTSE/JSE All Share Index (ALS) increased by 3.1% during October. FTSE/JSE Shareholder Weighted Index (SWIX) increased by 2.6% and FTSE/JSE Capped Shareholder Weighted Index (Capped SWIX) increased by 3.6%. The Rand strengthened by 0.2% during the month. Resources, Industrials and Financials increased by 7.3%, 0.3% and by 3.6% respectively.

During October, Bonds decreased by 0.3% and Cash returned 0.6%. The MSCI Emerging Market Index increased by 4.1% (USD), outperforming the MSCI World Index which increased by 2.5% (USD). The MSCI South Africa Index increased by 3.2% (USD).

During October Iron Ore fines decreased by 8.3% to \$85.3/t and Thermal Coal increased by 7.2% to \$66.8/t. Brent Crude oil increased by 2.0%, ending the month on \$59.6/bbl. Gold was up 2.8% to \$1512.9/oz and Platinum increased by 5.7% to \$933.0/oz. Palladium increased by 7.4% to \$1798/oz.

Gold remains elevated underpinned by continued global uncertainty and negative yielding bonds. We may see some alleviation of this if trade tensions relax given Trumps desire to reach some form of agreement with China [pre-elections], and a risk-on environment could prevail which would favour emerging markets and could weaken the dollar. The PGM basket continues to strengthen favouring the PGM producers which have been significant outperformers this year, we expect the PMG metal prices to remain supportive and could have an extended upcycle ahead in this sector. The weakness in Iron Ore was driven by softer global demand which saw more imports moving to China and at the same time as supply from Brazil recovered. Chinese steel prices were also softer during the month with inventories elevated resulting in pressure on Chinese steel mills and driving down demand for iron ore. Nevertheless, the supply and demand dynamics remains very tight globally and an iron ore prices above \$80 is robust.

The VIX Index (Volatility or 'Fear' Index) decreased by 18.6% to 13.2 during October.

During October there was some retraction of industrial counters however the precious metals sectors (both gold and PGM) performed very well, the fund's performance was positively affected by positions in Sibanye (38.9%), Northam (22.7%), AngloGold (16.3%) and Impala (9.0%) while positions in Naspers (-6.5%), Anheuser-Busch (-15.3%), Prosus (-5.1%) and Fortress B (-5.0%) detracted from performance.

The fund invests in a number of focussed strategies. Amongst these strategies we are overweight Earnings Growth (Rand Hedge Consumer Discretionary), Cyclical (Diversified Mining, Platinum), Defensive (Gold Mining) and Value (Property, Local Consumer Discretionary).

**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**

<b>Annualised performance</b>	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.
<b>Highest &amp; Lowest return</b>	The highest and lowest returns for any 1 year over the period since inception have been shown.
<b>NAV</b>	The net asset value represents the assets of a Fund less its liabilities.
<b>Alpha</b>	Denoted the outperformance of the fund over the benchmark.
<b>Sharpe Ratio</b>	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.
<b>Sortino Ratio</b>	The Sortino Ratio is used to measure the risk-adjusted return of the fund.
<b>Standard Deviation</b>	The deviation of the return stream relative to its own average.
<b>Max Drawdown</b>	The maximum peak to trough loss suffered by the Fund since inception.
<b>Max Gain</b>	Largest increase in any single month.
<b>% Positive Month</b>	The percentage of months since inception where the Fund has delivered positive return.
<b>Average Duration</b>	The weighted average duration of all the underlying interest bearing instruments in the Fund.
<b>Average Credit quality</b>	The weighted average credit quality of all the underlying interest bearing instruments in the Fund (internally calculated).
<b>Dividend Yield</b>	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.
<b>PE Ratio</b>	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.
<b>High Water Mark</b>	The highest level of performance achieved over a specified period.
<b>Total Expense Ratio (TER%)</b>	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.
<b>Performance fee incl. in TER (% PF)</b>	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.
<b>Transactions Costs (TC%)</b>	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.
<b>Total Investment Charges (TIC%) = TER (%) + TC (%)</b>	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:** +27 800 111 899 **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](http://www.fairtree.com)

**Contact details**

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