FAIRTREE BALANCED PRESCIENT FUND

MINIMUM DISCLOSURE DOCUMENT - CLASS A1

FAIRTREE

30 APRIL 2020

INVESTMENT OBJECTIVE

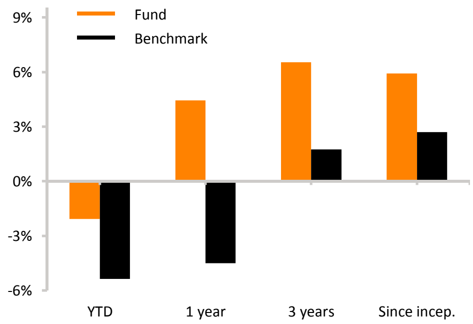
The Fairtree Balanced Prescient Fund aims to generate long-term wealth for investors by producing inflation beating returns. The Fund is managed to outperform the South African - Multi Asset - High Equity peer group benchmark. The Fund's objective is to create medium to long-term capital growth, within the constraints governing retirement funds - Regulation 28. The Fund invests in a diversified and balanced range of asset classes and may invest in offshore securities when the benefit of higher returns and portfolio diversification are available.

INVESTMENT POLICY

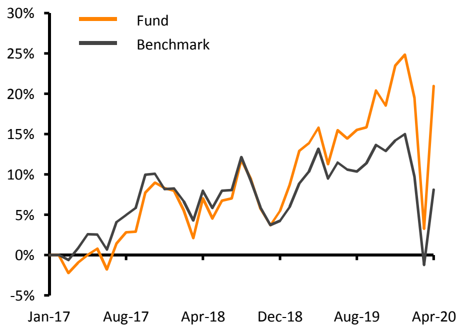
The fund invests in a diverse combination of equities, property, bonds and money market instruments. The portfolio has a long-term focus and invests predominately in domestic securities. The fund may invest a maximum net foreign exposure of 30% and 10% Africa (excl. South Africa). The fund is actively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

RISK INDICATOR

ANNUALISED PERFORMANCE (%)



CUMULATIVE PERFORMANCE



ANNUALISED PERFORMANCE (%)

	Fund	Benchmark
1 year	4.44	-4.50
3 years	6.54	1.75
Since incep.	5.93	2.70
Highest rolling 1 year	17.10	9.52
Lowest rolling 1 year	-9.29	-10.44

RISK AND FUND STATS

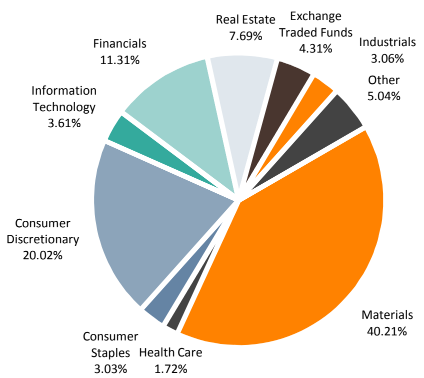
Since inception (p.a.)	Fund	Benchmark
Alpha	3.23%	
Sharpe Ratio	-0.05	-0.37
Standard Deviation	14.71%	10.28%
Max Drawdown	-17.28%	-14.12%
Max Gain	17.10%	9.44%
% Positive Months	64.29%	54.76%

Benchmark risk statistics for funds with intra-month inceptions dates are calculated using the monthly return series.

ASSET ALLOCATION (%)

	S.A	Foreign	Total
Equity	55.54	11.48	67.02
Bonds	16.63	0.00	16.63
Cash	9.30	1.46	10.76
Property	2.43	3.16	5.59
Total	83.90	16.10	100.00

EQUITY SECTOR EXPOSURE



FUND INFORMATION

Fund Manager:
Stephen Brown, Jacobus Lacock

Fund Classification:
SA - Multi Asset - High Equity

Benchmark:
Domestic MA High Equity

JSE Code:
FBPA1

ISIN Number:
ZAE000236360

Regulation 28 Compliant:
Yes

Fund Size:
R209.1 m

No of Units:
98,983,597

Unit Price:
110.88

Inception Date:
January 2017

Minimum Investment:
R50 000 lump-sum
R1 000 per month

Initial Fee:
0.00%

Annual Management Fee:
1.00% (excl. VAT)

Performance Fee:
N/A

Fee Class:
A1

Fee Breakdown:

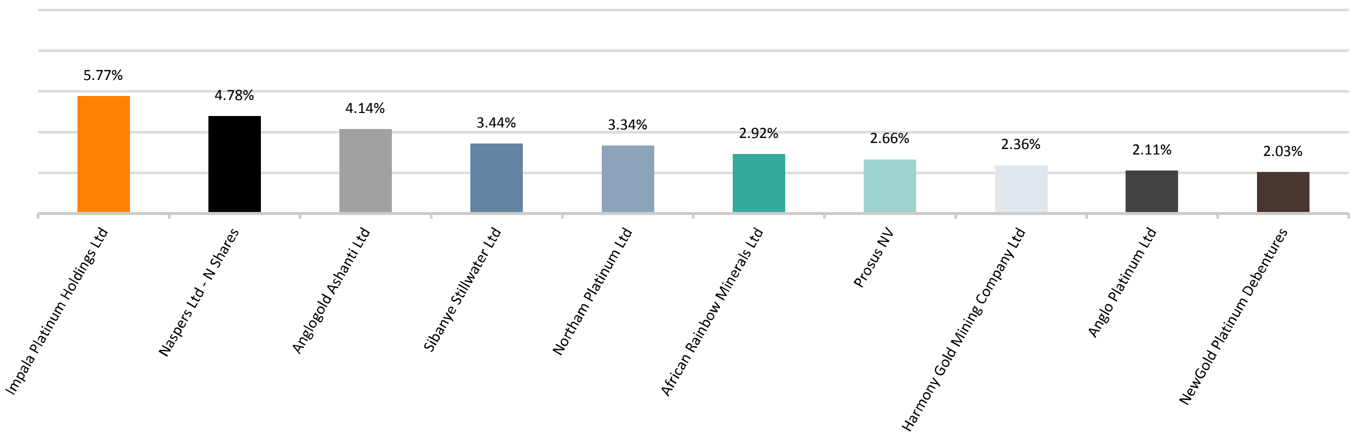
Management Fee	1.00%
Performance Fees	0.00%
Other Fees*	0.64%
Total Expense Ratio (TER)	**1.64%**
Transaction Costs (TC)	**0.35%**
Total Investment Charge (TIC)	**1.99%**

***Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT**

Income Distribution:
31 March 2020 - 3.37 cpu

FAIRTREE BALANCED PRESCIENT FUND

TOP 10 HOLDINGS



FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	0.02%	-2.21%	1.27%	0.98%	0.80%	-2.58%	3.28%	1.38%	0.08%	4.69%	1.13%	-0.62%	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	3.03%	3.91%	0.83%	1.70%	-3.92%	3.79%	-0.90%	0.96%	0.26%	3.95%	-1.56%	4.20%	17.10%
2020	1.09%	-4.28%	-13.57%	17.10%									-2.07%

MARKET COMMENTARY

Global risk sentiment recovered sharply in April. Aggressive policy intervention by central banks and governments reduced financial market stress and volatility and improved liquidity. Equity markets rallied aggressively and recovered about half of their first quarter losses. However, emerging market currencies remain under pressure and developed market bond yields are stuck at historical low levels as interest rates are set to fall further in emerging markets and remain low for an extended time in developed markets.

US 10-year treasury yields dropped only -3bps while global equities jumped 11% over the month to bring the year to date return to -13%. The South Africa All Share Index rallied 14% (YTD -9%) while the All Bond Index returned +4%, but still -6% down on the year. The 10-year SA government bond (R2030) yield dropped -70bps despite the ratings downgrade to junk late in March and risk of WGBI exclusion end of April. The Rand lost almost -4% against the US dollar. Gold managed to rally more than 6%.

Market volatility measured by the VIX index, high yield spreads and interbank funding rates have reduced sharply as financial market tail risks were priced out and signs of the spread of the virus peaking in Europe and the US. Despite the sharp hit to economic activity, jobs and earnings, the market has looked through these near-term risks and continue to expect a sharp recovery over H2-2020. According to the IMF global growth is expected to contract by -3% this year and expand by close to 6% next year. Economic data suggest that activity may have bottomed in April as many countries and states look to reopen over May. In the US more than 20.5mn jobs were lost over April. Around 80% of those job losses were classified as temporary and will most likely go back to their previous employer in the case of a sharp recovery. However, the risk of a resurgence in Covid-19 cases remains elevated as economies start to re-open. The policy response by monetary and fiscal authorities continue to grow as the amount of asset purchases to global GDP exceed 6% while the fiscal response is in excess of 5% of global GDP. We expect more asset purchases and fiscal programs to be announced soon, including from China. We continue to monitor China's re-opening of their economy. Industrial activity has now normalised but weak global demand is weighing on manufacturing. The services side of the economy is still on the mend. As we move closer to the US election, we believe the relationship between the US and China is likely to deteriorate further. A resurgence of the trade war will weigh on markets.

In South Africa the economic impact of Covid-19 and the phased-out lockdown is now estimated to be -7% GDP growth over 2020. With inflation likely to fall below 3%, the SARB can cut rates further by 50-100bps. The fiscal dynamics are set to deteriorate and the budget deficit may hit -12% of GDP this year. South Africa may have to rely on further outside assistance from the World Bank, IMF or New Development Bank to consolidate its debt.

Equities: The outlook for global earnings growth has weakened along with earnings certainty. However, aggressive central bank and fiscal policies have provided support to global equity prices. Current global valuations contain little safety margin. Valuations of domestic equities are attractive but we remain cautious given the poor growth outlook. The domestic economy will only start to benefit from interest rate cuts and lower fuel prices when activity normalise. We like selected local and global exposed cyclical assets with strong balance sheets and global earnings growth potential. We like resources given tight supply and relative attractiveness of China vs other markets.

Fixed Income: South Africa's inflation remain low while inflation expectation decreases further. Given current weak economic activity and downside risk to inflation the SARB may continue with its rate cut cycle. Liquidity in the bond market remain a concern. Bonds have rallied as rate cuts and lower credit risk premium were priced by the market. Credit remains under pressure.

Currency: We believe the US dollar strength has stabilised and that recent uncertainty around US growth and potential for aggressive policy action could drive US dollar lower. Fundamentals for the ZAR is improving and we believe the currency is undervalued at current levels. Improving current account and term of trade should provide support to the currency along with the attractive real yield it offers.

Alternatives: We believe higher levels of volatility amongst asset classes and securities will increase dispersion and lead to a more favourable environment for alternative assets to perform.

FAIRTREE BALANCED PRESCIENT FUND

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 Performance: The highest and lowest performance 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.

Current Yield: Annual income (interest or dividends) divided by the current price of the security.

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.

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.

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 percentage of investment profits, often both realized and unrealized.

Transaction Costs (TIC%): 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).

SPECIFIC RISK

Default Risk: The risk that the issuers of fixed income instruments 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.

RISK INDICATOR DEFINITION

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.

DISCLAIMER

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Trustee: 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 (25917) 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