

FAIRTREE GLOBAL REAL ESTATE PRESCIENT FEEDER FUND

MINIMUM DISCLOSURE DOCUMENT - CLASS A1

INVESTMENT OBJECTIVE

The Fairtree Global Real Estate Prescient Feeder Fund aims to provide access to high quality, international real estate assets that should benefit from capital appreciation while also delivering solid foreign dividends. The fund aims to outperform its benchmark by analyzing the central economic and political drivers in the various geographies, identifying global property sector trends and studying the specific physical property market and equity fundamentals.

INVESTMENT POLICY

The portfolio has a long term focus, and is well diversified across geographic regions, currencies, real estate sectors and stocks. We will combine our top-down fundamental property market research with rigorous statistical valuation analysis using our proprietary models. We aim to lower portfolio volatility by adjusting the stocks and cash levels actively, while still outperforming our benchmark. We practice active risk management on a portfolio, sector and stock basis including the dynamic use of targets and stops. The fund will invest primarily in real estate equities in the United States, Japan, Hong Kong, Singapore, Australia, Europe and the UK.

FAIRTREE

31 MAY 2020

FUND INFORMATION

The fund had a name change from Fairtree Global Real Estate Prescient Fund to Fairtree Global Real Estate Prescient Feeder Fund effective 1 April 2020

Fund Manager:

Rob Hart

Fund Classification:

Global - Real Estate - General

Benchmark:

FTSE EPRA/NAREIT Developed Net TRI (ZAR)

JSE Code:

FGREA1

ISIN Number:

ZAE000243390

Regulation 28 Compliant:

N/A

Fund Size:

R97.1 m

No of Units:

9,469,598

Unit Price:

134.31

Inception Date:

March 2017

Minimum Investment:

R50 000 lump-sum
R1 000 per month

Initial Fee:

0.00%

Annual Management Fee:

1.25% (excl. VAT)

Performance Fee:

N/A

Fee Class:

A1

Fee Breakdown:

Management Fee	1.25%
Performance Fees	0.00%
Other Fees*	0.46%
Total Expense Ratio (TER)	1.71%
Transaction Costs (TC)	0.23%
Total Investment Charge (TIC)	1.94%

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

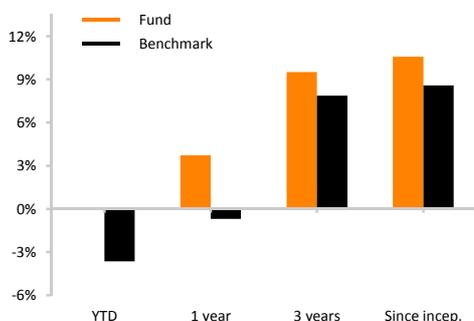
Income Distribution:

31 March 2020 - 1.25 cpu

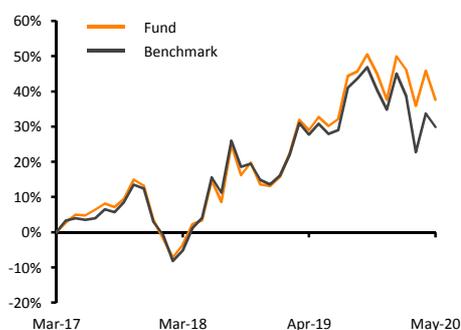
RISK INDICATOR



ANNUALISED PERFORMANCE (%)



CUMULATIVE PERFORMANCE



ANNUALISED PERFORMANCE (%)

	Fund	Benchmark
1 year	3.73	-0.69
3 years	9.51	7.87
Since incep.	10.58	8.58
Highest rolling 1 year	36.72	38.12
Lowest rolling 1 year	-6.18	-8.21

RISK AND FUND STATS

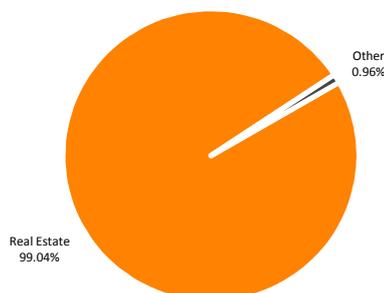
Since inception (p.a.)	Fund	Benchmark
Alpha	2.00%	
Sharpe Ratio	0.20	0.06
Standard Deviation	18.61%	18.54%
Max Drawdown	-19.26%	-19.09%
Max Gain	14.89%	13.32%
% Positive Months	56.41%	56.41%

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

ASSET ALLOCATION (%)

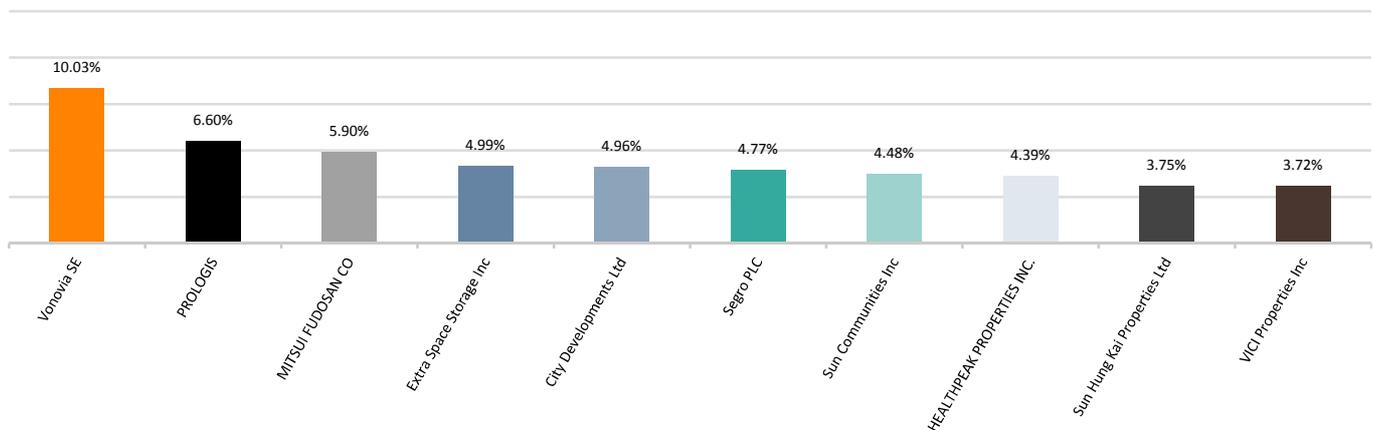
	S.A	Foreign	Total
Property	0.00	99.87	99.87
Equity	0.00	0.97	0.97
Other	0.35	-1.19	-0.84
Total	0.35	99.65	100.00

EQUITY SECTOR EXPOSURE



FAIRTREE GLOBAL REAL ESTATE PRESCIENT FEEDER FUND

TOP 10 HOLDINGS



FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017			2.81%	2.07%	-0.15%	1.58%	1.61%	-0.92%	2.21%	4.97%	-1.50%	-8.71%	3.38%
2018	-4.96%	-5.52%	3.91%	5.95%	1.16%	10.99%	-5.33%	14.89%	-6.92%	3.06%	-5.11%	-0.43%	9.42%
2019	2.34%	5.61%	7.87%	-2.21%	2.87%	-1.86%	1.51%	9.23%	0.89%	3.32%	-3.70%	-5.04%	21.67%
2020	8.93%	-2.56%	-6.98%	7.34%	-5.66%								-0.01%

MARKET COMMENTARY

We underperformed the index by 305bps in May, entirely due to the unfortunate timing of a large institutional inflow coupled with a rapidly rising market. On May 18, our fund tripled in size due to new capital from a large South African health insurer. This resulted in us having a 66% cash position on a day when the market was up 4.76%, opening up a similar amount, mathematically leading to underperformance of $66\% \times 4.76\% = 314\text{bps}$ for that day. Excluding that one-off impact, we marginally outperformed the index for the month. YTD we are still outperforming the benchmark by 326bps and up slightly in ZAR terms, significantly outperforming the JSE which is down 12%. Tactically we are now overweight some sectors which we do not like fundamentally, such as retail, where stocks are simply too cheap to ignore.

The best performing stock in our portfolio for the month was Goodman Group, the Aussie-listed global industrial stock, which was up 19%. We remain bullish on the fundamentals for the global industrial stocks, and overweight Australian stocks because of the limited negative impact that Covid-19 has had on that geography. Our 2nd best performing stock for the month was Vonovia, the German residential landlord, which rose 18%, and is now trading at an all-time high. The German strategy for Covid-19 was amongst the best in the world, and the economy is already back on track. However, valuations are now relatively full, so we have taken some profit on Vonovia and put the cash to work in value sectors, such as retail. The 3rd best performing stock in our portfolio was Vici Properties, the US gaming REIT, which rallied 13%. We remain committed to the triple net gaming space as we believe that casino visitation will rise rapidly over the coming months.

The worst performing stock in our portfolio was Sun Hung Kai Properties, the Hong Kong property developer, which fell 16% despite attractive valuations. This was on the back of the Chinese government stating that it will pass new national security laws in Hong Kong, which violates Hong Kong basic law and the principle of one country, two systems. We remain underweight Hong Kong because of the volatile political situation along with the US/China trade war. The 2nd worst performing stock was Simon Property Group, the US retail mall operator, which fell 14%. While we still believe that the fundamentals for retail malls remains challenging, valuations are too attractive to ignore, and we are now overweight the retail sector for the first time in several years. The 3rd worst performing stock in our portfolio was Colonial, the France and Spain office landlord. We have sold out of this position because we believe that the fundamentals for the European office sector will remain under pressure from weak economies and increasing work-from-home.

While we have been correct that the direct impact from Covid-19 on economies would be lower than the market anticipated, we had assumed that the lockdowns would cause substantial medium-term economic pain. Recent data would suggest that most developed economies will get back on their feet sooner rather than later, and as a result we have added more value to our portfolio to benefit from the recovery trade. We are now overweight malls, net lease and industrials, as well as Australia, Singapore and Japan.

**Commentary is based on USD returns, gross of investment charges, as at close of US markets (16h00 EST) on the last trading day of the month. This may differ from ZAR returns, which is shown net of investment charges, as at 15h00 CAT on the last trading day of the month.*

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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 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.

RISK INDICATOR DEFINITION

This portfolio is permitted to invest in foreign securities which, within portfolios, may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

DISCLAIMER

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

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

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

The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments SA.

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 (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

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