

# FAIRTREE WORLD WIDE MULTI-STRATEGY FLEXIBLE PRESCIENT FUND

## MINIMUM DISCLOSURE DOCUMENT - CLASS A1

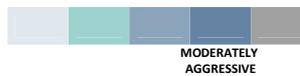
### INVESTMENT OBJECTIVE

The objective of the Fairtree Worldwide Multi-Strategy Flexible Prescient Fund is to provide maximum long-term capital growth. To pursue its objective, the fund invests in a diversified blend of worldwide assets and strategies. The portfolio is constructed in a diversified manner and aims to provide competitive after inflation annualized returns measured in rand over a 5 year period.

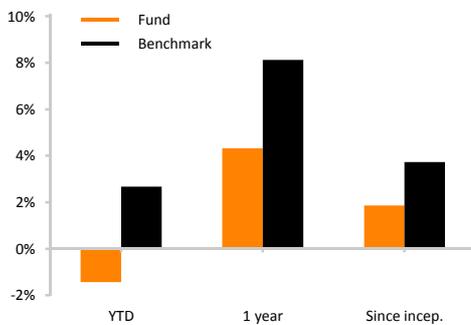
### INVESTMENT POLICY

The fund invests in a diversified combination of worldwide assets including, equities, bonds, property, preference shares, money market instruments, listed and unlisted financial instruments. The fund may also invest in other collective investment schemes, exchange traded funds or other similar schemes. The manager may combine the experience, skills and diverse strategies within Fairtree Asset Management with external managers in order to enhance the risk return outcome for investors. The fund includes and utilises the Smart Beta multi factor approach that refers to a passive style systemic solution. The Smart Beta multi factor approach entails efficient transformation of information into investment decisions, based on a well researched, transparent and consistent set of theoretically and empirically verified factors such as quality, value, momentum, investment and volatility. The manager has maximum flexibility without any worldwide asset allocation and strategy constraints. The fund is benchmark agnostic in order to maximise returns for the South African investor.

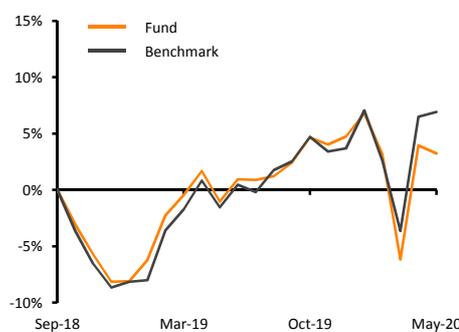
### RISK INDICATOR



### ANNUALISED PERFORMANCE (%)



### CUMULATIVE PERFORMANCE



### ANNUALISED PERFORMANCE (%)

	Fund	Benchmark
1 year	4.32	8.12
Since incep.	1.86	3.73
Highest rolling 1 year	13.98	16.38
Lowest rolling 1 year	-5.75	-1.97

### RISK AND FUND STATS

Since inception (p.a.)	Fund	Benchmark
Alpha	-1.87%	
Sharpe Ratio	-0.36	-0.23
Standard Deviation	12.75%	11.82%
Max Drawdown	-12.14%	-9.67%
Max Gain	10.78%	10.53%
% Positive Months	57.14%	61.90%
Sortino Ratio	-0.54	

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

### ASSET ALLOCATION (%)



# FAIRTREE

31 MAY 2020

## FUND INFORMATION

### Fund Manager:

Fairtree Asset Management (Pty) Ltd

### Fund Classification:

Worldwide - Multi Asset - Flexible

### Benchmark:

35%FTSE/JSE Capped SWIX,15%JSE ASSA AllBond Index (ALBI),35%MSCI All Country WorldIndex (MSCI ACWI),and 15% Barclays CapitalGlobal Aggregate (BGBA)

### JSE Code:

FMFPA1

### ISIN Number:

ZAE000261582

### Regulation 28 Compliant:

N/A

### Fund Size:

R526.4 m

### No of Units:

528,592,634

### Unit Price:

99.59

### Inception Date:

September 2018

### 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*	0.76%
<b>Total Expense Ratio (TER)</b>	<b>1.76%</b>
<b>Transaction Costs (TC)</b>	<b>0.45%</b>
<b>Total Investment Charge (TIC)</b>	<b>2.21%</b>

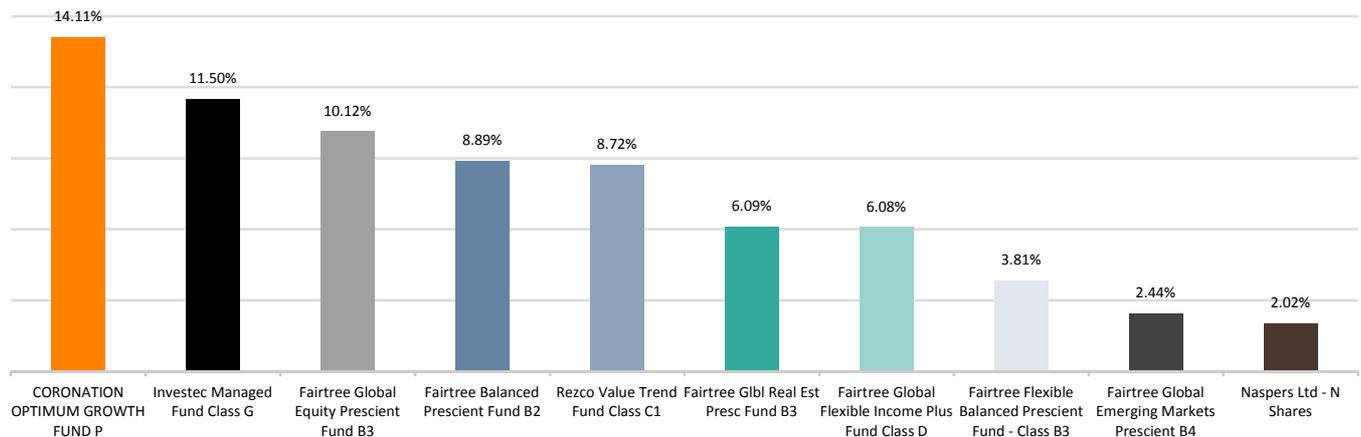
\*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

### Income Distribution:

31 March 2020 - 2.34 cpu

# FAIRTREE WORLD WIDE MULTI-STRATEGY FLEXIBLE PRESCIENT FUND

## TOP 10 HOLDINGS



## FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018									-3.08%	-2.75%	-2.54%	0.05%	-8.09%
2019	2.03%	4.23%	1.85%	2.13%	-2.66%	2.00%	-0.06%	0.33%	1.17%	2.19%	-0.60%	0.70%	13.98%
2020	1.95%	-3.43%	-9.02%	10.78%	-0.67%								-1.43%

## MARKET COMMENTARY

It's been almost three months since the World Health Organization declared the global outbreak of a novel coronavirus to be a pandemic. The pathogen has infected more than 5.8 million people and killed more than 360,000, but the real numbers may be much higher. While some nations, like Japan and New Zealand, have so far contained the damage, others like Italy, Spain, and most catastrophically America, have not, leading to unprecedented death and misery. Across Latin America, the Middle East and South Asia, the disease is running wild. As summer arrives in the northern hemisphere, restrictions are being lifted in a bid to stem the economic trauma, albeit in many cases too early when it comes to infection rates. A second wave, and its timing, remain front of mind as weary people emerge from isolation.

To date, just over 32,000 confirmed COVID-19 cases have been recorded, with active cases now totalling just over 15,000 in South Africa. As a reminder, South Africa recorded its first case in early March and implemented stringent lockdown measures from end-March in order to curb the spread of the virus as government prepared for the inevitable rise in infections at a later stage. As the economy eases into level-3 lockdown with about 70-80% of the economy now open, it is of concern that testing stats are showing a marked pick-up. While the number of daily tests has never been higher, the number of positive tests has risen to a 7-day average of 4.2% - a record high. While the opening of the economy is critical to the socio-economic well-being of citizens, the country will now face its truest health test as infection rates rise.

Taking stock as we move into a new month there are some statistics to consider in assessing the state of the world economy. As of the end of May, there are 41 million newly unemployed Americans as a result of the economic shutdown. Rough estimates for the losses in global GDP are at roughly \$10trillion with early \$18trillion in fiscal and monetary stimulus globally. We have seen 122 interest rate cuts by global central banks and since the March lows, the market cap of global equities has risen \$15trillion. Any one of these make for an enormous headline and we have experienced it all in just three months.

However, markets seem to be looking through the current economic picture and betting on a sharp recovery back to pre-COVID levels. In the US, more than 90% of the S&P500 constituents are above their 50-day moving average. The recovery in markets are not without its concerns though. Tension between the US and China rose during May as market participants expected the White House to respond aggressively to a host of issues. According to the US, some of these issues include lying about the Corona Virus and its containment, breaking its word on Hong Kong's autonomy, and taking aggressive postures to control the South China Sea. Nearing the end of the month, investors looked on nervously, expecting a new round of tariffs, or a restatement of older ones and sanctions against Hong Kong, a key financial centre. Instead, markets continued to rally into month end as Trumped announced measure that investors deemed less intense. These included the termination of the relationship of the US and the WHO, the suspension of certain students and researchers into the country, the studying of Chinese firm accounting practices and the elimination of special economic status for Hong Kong.

Local markets ended the month in positive territory. The All Share Index ended the month 30bps higher, driven largely higher by Resources, which ended the moth 5.5% in the black. Financials continue to trade under pressure as the local economy struggles to get on its feet post the strict lockdown measures. Financials ended the month 3.2% weaker, despite the stronger local currency which appreciated by 4% against the USD. The All Bond Index delivered stellar returns of 7% to investors during the month while the Property sector continues to falter, bringing its year-to-date returns to -45% as of the end of May.

Most notably on the commodity front, the price of oil rose 90% during the month, as supply cuts and optimism over the re-opening of the world economy drove prices higher. The rise has been astonishing if we consider that in mid-April, we experienced WTI prices in negative territory. How long the rally will last remains to be seen with a number of factors still extremely unclear. However, even with all the uncertainty, US producers, enticed by higher prices, have started slowing down the output cuts that catalysed the price rebound in May. That could be a problem for the recovery, particularly if demand does not catch up as quickly as thought.

# FAIRTREE WORLD WIDE MULTI-STRATEGY FLEXIBLE 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.

**Sortino Ratio:** A measure of the risk-adjusted return of a portfolio. It is a modification of the Sharpe ratio but only penalises the returns falling below a user specified target, or required rate of return, while the Sharpe ratio penalises both upside and downside volatility equally.

**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

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.

## 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](http://www.fairtree.com)

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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](http://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](http://www.fairtree.com)

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