Fairtree Balanced Prescient Fund

Minimum Disclosure Document - Class A1

March 2020

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 a long term investment horizon 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 to outperform the South African - Multi Asset - High Equity peer group benchmark.

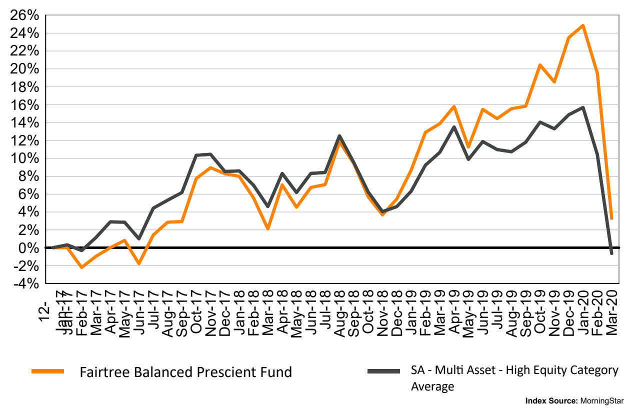
INVESTMENT POLICY

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.

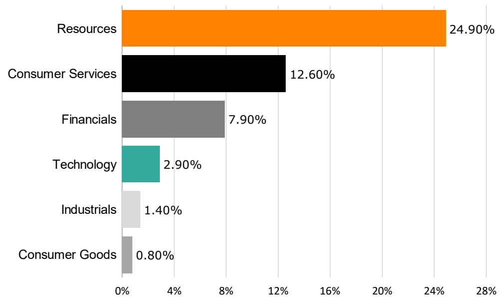
HISTORICAL PERFORMANCE SINCE INCEPTION

	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%	4.47%	-2.17%	-3.37%	-1.92%	1.72%	**-2.60%**
2019	3.04%	3.90%	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%										**-16.37%**

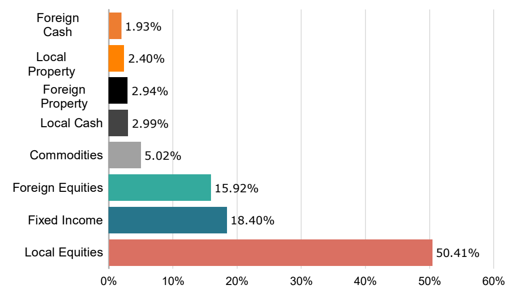
CUMULATIVE FUND RETURNS VS MARKET INDICES



SECTOR ALLOCATION



ASSET ALLOCATION



FUND INFORMATION

Inception date:	12 January 2017
Fund size (in Millions):	R 172.94
JSE code:	FBPA1
Unit Price:	98.11
ISIN Number:	ZAE000236360
Domicile:	South Africa
Fund Structure:	CISCA (Unit Trust)
Fund Category:	SA - Multi Asset - HIgh Equity
Regulation 28 Compliant:	Yes
Portfolio Manager(s):	
Stephen Brown (SA Equity):	**B Comm, MBA, CFA**
Jacobus Lacock (Asset Allocation):	**B Comm(Financial Economics), CFA**

Cost Ratios:

Total Expense Ratio (TER%):	1.64%
Performance fee incl. in TER (%)(PF%):	N/A
Transactions Costs Ratio (TC%):	0.35%
Total Investment Charges (TIC%):	1.99%
Fees:	Initial Fee - Adviser (incl. VAT): 0% Annual management fee: 1.00% (excl. VAT) Performance fee: N/A
Benchmark:	South African - Multi Asset - High Equity Category Average
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:	Annualy (March)
Payment:	1st working day of April
Distribution Total for the past 12 months:	3.30 cents per unit
Management Company:	Prescient Management Company (RF) (Pty) Ltd
Valuation time of fund:	15:00
Transaction cut-off time:	15:00

RISK PROFILE

Less Than 1 Yr	1 - 3 Yrs	3 - 5+ Yrs	5+ Yrs
Conservative	Cautious	**Mod - Aggressive**	Aggressive

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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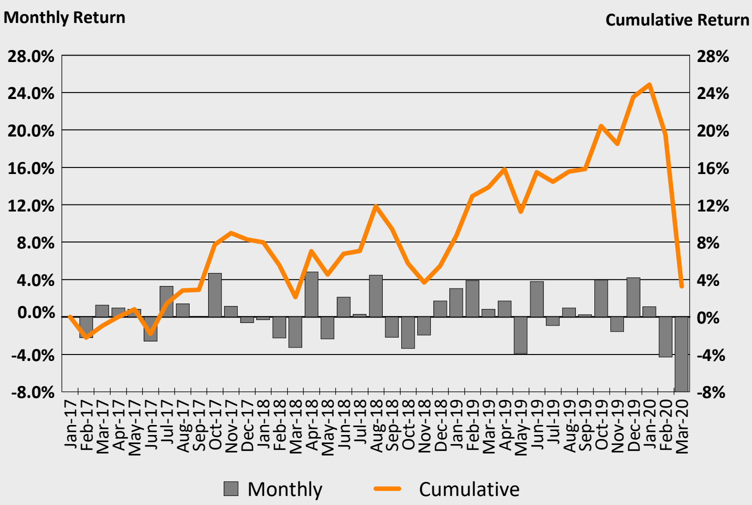
PERFORMANCE SUMMARY

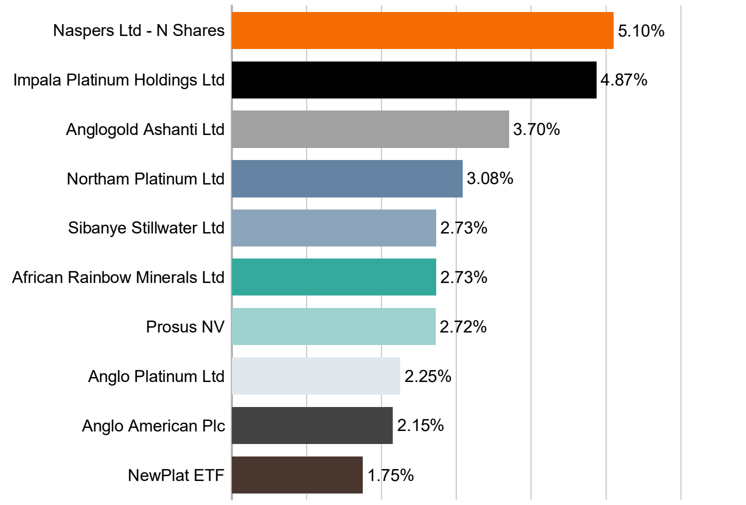
	Fairtree Balanced Prescient Fund	SA Multi Asset High Equity Category Average
Performance comparison		
Inception date	Jan-17	Jan-17
Current month	Mar-20	Mar-20
Total period (No. months)	39	39
Analysis currency	ZAR	ZAR
Return analysis		
Return for current month	-13.57%	-9.99%
Total return (since inception)	3.29%	-0.62%
Average annualised return (since inception)	1.00%	-0.19%
Current 12 month rolling return	-9.29%	-10.20%
Highest rolling 1-year return (since launch)	17.10%	9.83%
Lowest rolling 1-year return (since launch)	-9.29%	-10.20%
Consistency analysis		
% Up months (since inception)	61.54%	58.97%
% Up months (last 12 months)	58.33%	50.00%
Standard deviation (since inception - annualised for periods > 12 mnths)	11.65%	9.01%
Risk analysis		
Downside deviation (since inception - annualised Risk free)	8.76%	6.95%
Largest monthly drawdown	-13.57%	-9.99%
Average monthly drawdown	-3.02%	-2.31%
Largest cumulative drawdown	-17.27%	-14.09%
Risk/ return analysis		
Total gain / Total loss	1.12	1.02
Average gain / Largest loss	0.16	0.16
Average gain / Average loss	0.70	0.71
Sharpe ratio (since inception - annualised for periods > 12 mnths)	-0.39	-0.67
Sortino ratio (since inception - annualised for periods > 12 mnths)	-0.52	-0.87
Market correlation		
Index correlation (SA Multi Asset High Equity Category Avg)	0.90	(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

Global risk-off sentiment pushed equity markets further into bear territory while developed market bond yields fell aggressively. US 10-year treasury yields dropped -48bps taking the first quarter drop to -125bps as investors scrambled for US dollar safety. Global equities fell -13.5% over the month and -21.4% over the quarter while the South Africa All Share Index fell -12.1% and -21.4% respectively. The speed of the sell-off into bear territory was one of the fastest in history, even faster than 1929 crash. Market volatility measured by the VIX index reached levels higher than during the 2008 global financial crisis. Investors scrambled for cash, even selling safe liquid assets such as gold. Gold managed to recover and was only down 0.5% over the month. Investors were also big sellers of credit and emerging market bonds. The 10-year SA government bond (R2030) yield jumped 185bps to 10.96% and the All Bond Index dropped -9.75% as foreign selling accelerated against a backdrop of thin liquidity. The Rand lost more than -12% against the US dollar.

The current economic crisis started as a global health crisis and unlike previous recessions was not caused directly by tight financial conditions or weak consumer demand, but rather by command as authorities implemented aggressive containment measures such as lockdowns, social distancing and business closures. The biggest fallout from these measures are the global loss of income for households and businesses. Current GDP growth projections now forecast a deep recession with growth rates reaching negative double digits across the world in Q2, followed by a sharp rebound over the second half of the year. Over 2020 global growth is now expected to be down around -2%, far below the +3.2% expected earlier this year. In the US alone growth for Q2 is expected to fall by more than 30% leading to an unemployment rate close to 15% as more than 10mn workers is expected to lose their jobs.

To offset the economic hit central banks globally cut rates to record low levels, announced aggressive QE while governments announced several fiscal packages to help businesses, households and effected industries to cope with the loss of income. In total the amount of QE announced thus far exceed 6% of global GDP while fiscal packages in excess of 4% of global GDP has been announced and more is expected. Several liquidity and credit facility programs have also been announced to provide liquidity to funding and asset markets. These measures provided stability to asset markets, but more support may be needed as the economic and financial consequences deteriorate as the timeframe and re-opening of current lockdowns remains uncertain.

We take courage in China's re-opening of their economy. Supply side economic activity has recovered almost back to pre-crisis levels but the services and demand side of the economy still lags. We also believe that current low oil prices combined with historic low interest rates will provide much needed support to households over the medium to long term. We believe the oil price will remain low for a prolonged period and that the Fed and other central banks will keep rates low even if we do get a sharp recovery over the next 12 months. The current disruption to supply chains combined with lingering trade wars in the background and further potential for geo-political risks rising towards year-end will weigh on business confidence.

In South Africa the economic impact of the lockdown could lead to -5% GDP hit in 2020. With inflation likely to remain in the lower halve of the target band the SARB is in a position to cut rates further by at least 100bps. With limited fiscal ability to provide support South Africa may have to rely on outside assistance like the World Bank, IMF or New Development Bank. As expected, Moody's downgrade South Africa into junk territory while Fitch downgraded the country further into junk. Both agencies kept the negative outlook view. Lack of progress on growth reforms and unsustainable debt dynamics has been the key reasons put forward. The Moody's downgrade is expected to lead to around $1-$2bn of forced outflows by month-end.

Equities: Equities have de-rated and the outlook for global earnings growth has weakened with a high degree of uncertainty. However, aggressive central bank and fiscal policies will provide some support to equities. Valuations of domestic equities are attractive but we remain cautious given the poor growth outlook. The domestic economy will start to benefit from further interest rate cuts, improving terms of trade and profitable mining sector. We like selected local and global exposed cyclical assets with strong global earnings growth potential and companies with the ability to generate cash sustainably. 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 and has put pressure on bond yields along with deteriorating credit metrics.

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.

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

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 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.

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
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:** +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 (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.

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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PRESCIENT
MANAGEMENT COMPANY