FAIRTREE FLEXIBLE BALANCED PRESCIENT FUND

MINIMUM DISCLOSURE DOCUMENT - CLASS A1

FAIRTREE

31 MAY 2020

INVESTMENT OBJECTIVE

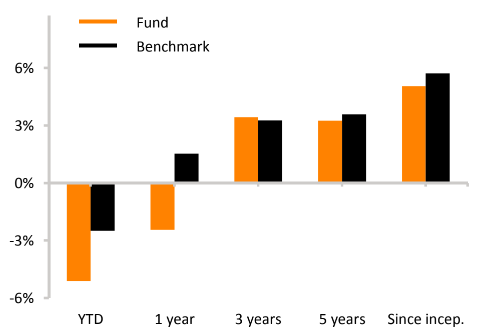
The objective of the Fairtree Flexible Balanced Prescient Fund is to create medium to long-term capital growth, within the constraints governing retirement funds - Regulation 28. To pursue its objective, the fund invests in a diversified and balanced range of asset classes. This is achieved through active asset allocation and blending together a collection of the best Fairtree strategies into a diversified portfolio. The portfolio will invest in offshore securities when the benefit of higher returns and portfolio diversification are available. The portfolio aims to provide returns above the benchmark while exhibiting a lower level of volatility in returns relative to the benchmark.

INVESTMENT POLICY

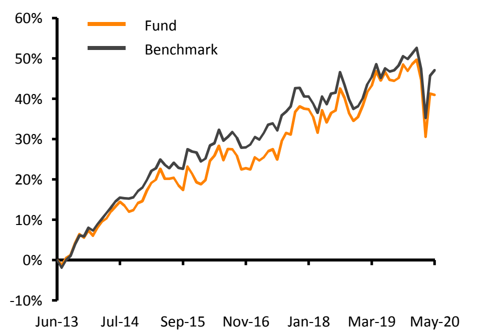
The Fairtree Flexible Balanced Prescient Fund is a South African Multi Asset Medium Equity. The objective of the portfolio is to offer absolute returns in excess of the South African Multi Asset Medium Equity category average. This is achieved through active asset allocation and blending together a collection of the best Fairtree strategies into a diversified portfolio. While the fund invests predominately in domestic securities, a foreign exposure of up to 30% is allowed.

RISK INDICATOR

ANNUALISED PERFORMANCE (%)



CUMULATIVE PERFORMANCE



ANNUALISED PERFORMANCE (%)

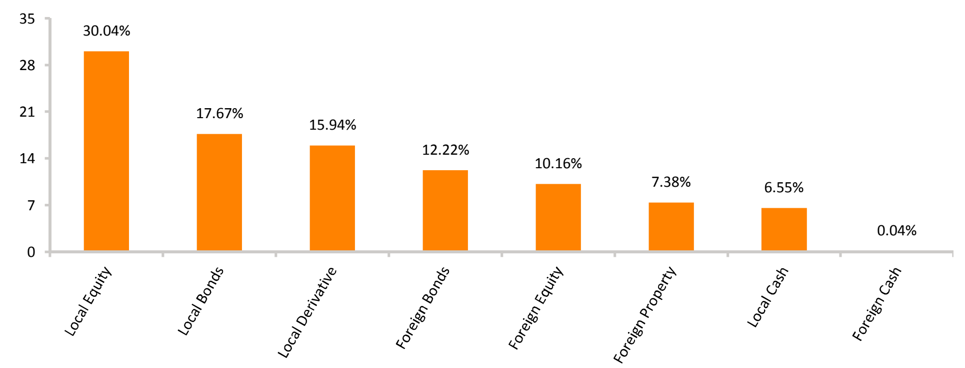
	Fund	Benchmark
1 year	-2.44	1.53
3 years	3.42	3.26
5 years	3.24	3.57
Since incep.	5.05	5.72
Highest rolling 1 year	14.68	16.75
Lowest rolling 1 year	-8.86	-6.94

RISK AND FUND STATS

Since inception (p.a.)	Fund	Benchmark
Alpha	-0.67%	
Sharpe Ratio	-0.15	-0.09
Standard Deviation	7.89%	6.81%
Max Drawdown	-12.76%	-11.29%
Max Gain	8.17%	7.87%
% Positive Months	58.33%	65.48%
Sortino Ratio	-0.23	

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

ASSET ALLOCATION (%)



FUND INFORMATION

Fund Manager:
Fairtree Asset Management (Pty) Ltd

Fund Classification:
South African - Multi Asset - Medium Equity

Benchmark:
South African - Multi Asset - Medium Equity Category Average

JSE Code:
FFBA1

ISIN Number:
ZAE000178653

Regulation 28 Compliant:
Yes

Fund Size:
R87 m

No of Units:
38,964,307

Unit Price:
123.88

Inception Date:
June 2013

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

Initial Fee:
0.00%

Annual Management Fee:
0.65% (excl. VAT)

Performance Fee:
N/A

Fee Class:
A1

Fee Breakdown:

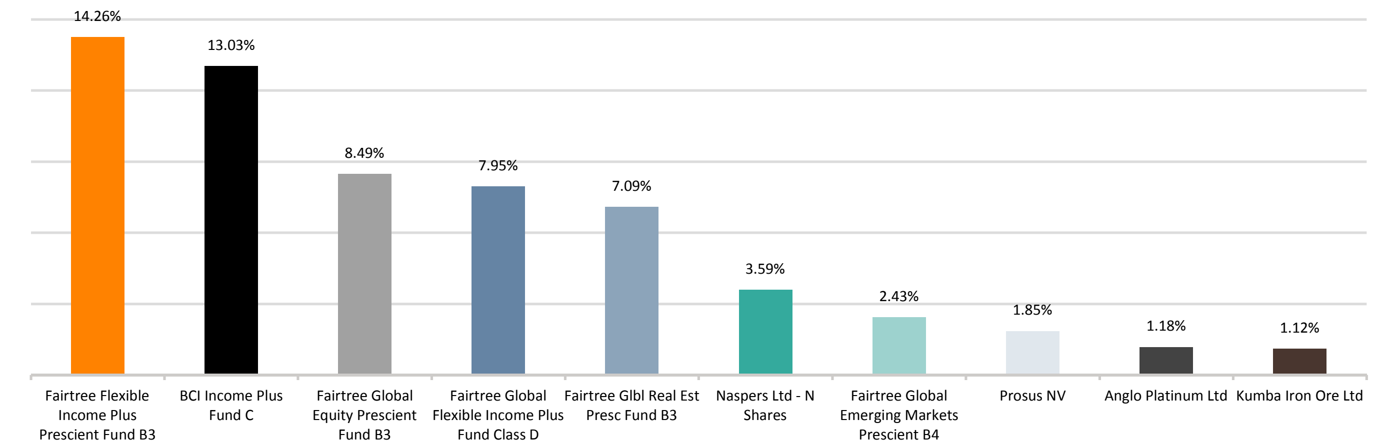
Management Fee	0.65%
Performance Fees	0.00%
Other Fees*	0.71%
Total Expense Ratio (TER)	**1.36%**
Transaction Costs (TC)	**0.44%**
Total Investment Charge (TIC)	**1.80%**

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

Income Distribution:
31 March 2020 - 5.05 cpu

FAIRTREE FLEXIBLE BALANCED PRESCIENT FUND

TOP 10 HOLDINGS



FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2013						-1.20%	1.83%	0.66%	2.95%	2.12%	-0.87%	1.67%	7.31%
2014	-1.18%	1.92%	1.36%	0.71%	1.61%	1.08%	1.05%	-0.84%	-1.37%	0.37%	1.58%	0.40%	6.82%
2015	2.30%	1.58%	0.71%	2.23%	-1.98%	-0.03%	0.22%	-1.58%	-0.96%	4.93%	-1.42%	-1.76%	4.07%
2016	-0.41%	0.87%	3.98%	1.03%	1.96%	-2.82%	2.22%	-0.03%	-1.22%	-2.74%	0.24%	-0.22%	2.69%
2017	2.44%	-0.64%	0.67%	1.17%	0.37%	-2.00%	3.62%	1.63%	-0.29%	4.30%	0.96%	-0.40%	12.28%
2018	-0.12%	-1.36%	-2.87%	4.18%	-2.18%	1.73%	0.45%	3.98%	-1.58%	-2.66%	-1.48%	0.71%	-1.50%
2019	2.10%	2.42%	1.13%	2.47%	-1.56%	1.49%	-1.34%	-0.17%	0.49%	2.28%	-1.03%	1.13%	9.69%
2020	0.73%	-3.28%	-9.81%	8.17%	-0.18%								-5.12%

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 FLEXIBLE 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.

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 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

The Portfolio is diversified across asset classes, although the portfolio's volatility may be dominated by the equities and fixed income portions. The equity portions is concentrated which comes with the risk of more volatile returns relative o the broader market when the stocks invested in underperform. The fixed income exposure may cause permanent capital loss for investors if an issuer of one of the instruments held in the fund defaults. Significant widening in credit spreads on instruments held in the fund can result in short term capital volatility but not permanent capital loss. 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 the 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

For any additional information such as fund prices, brochures and application forms please go to 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

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.

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