

# FAIRTREE GLOBAL EQUITY PRESCIENT FUND

## MINIMUM DISCLOSURE DOCUMENT - CLASS A1

### INVESTMENT OBJECTIVE

The Fairtree Global Equity Prescient Fund aims to create medium to long-term capital growth. To pursue its objective, the fund invests in developed market shares, combining global screening models with the Fairtree active fundamental investment philosophy. The fund is constructed in a diversified manner and aims to provide returns above the benchmark while exhibiting a lower level of volatility in returns relative to the benchmark. The portfolio aims to provide returns above the benchmark.

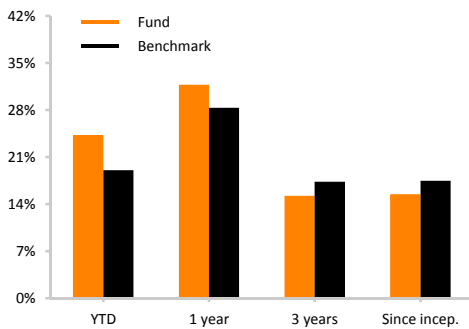
### INVESTMENT POLICY

The Fairtree Global Equity Prescient Fund is a global equity fund. The objective of Fund is to provide investors with long term capital growth by investing in global equity markets. In order to achieve this objective, the Fund will invest in selected shares across all industry sectors ranging across large, mid and smaller cap shares. The fund will be exposed to exchange rate risk. The fund may also invest in money market and the Manager may, at its discretion, include in the portfolio listed and unlisted financial instruments for the exclusive purpose of hedging any exchange rate risks.

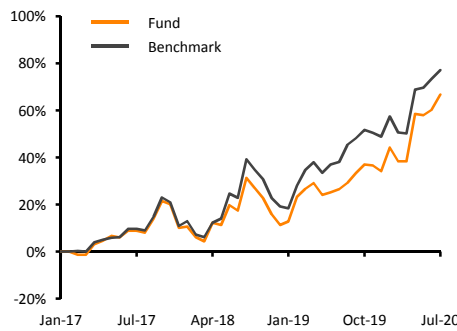
### RISK INDICATOR



### ANNUALISED PERFORMANCE (%)



### CUMULATIVE PERFORMANCE



### ANNUALISED PERFORMANCE (%)

	Fund	Benchmark
1 year	31.78	28.33
3 years	15.24	17.35
Since incep.	15.48	17.48
Highest rolling 1 year	31.78	33.00
Lowest rolling 1 year	-3.58	1.49

### RISK AND FUND STATS

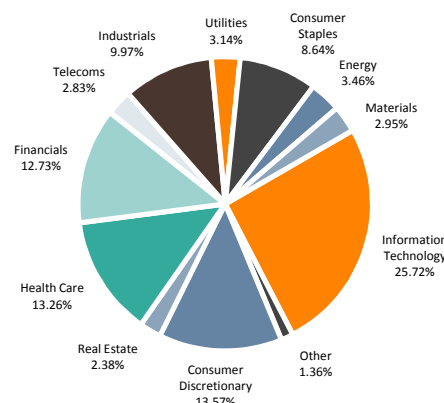
Since inception (p.a.)	Fund	Benchmark
Sharpe Ratio	0.56	0.70
Standard Deviation	15.84%	15.49%
Max Drawdown	-15.23%	-15.02%
Max Gain	14.45%	13.39%
% Positive Months	55.81%	60.47%

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

### ASSET ALLOCATION (%)

	S.A	Foreign	Total
Cash	0.67	-0.36	0.31
Equity	0.00	97.31	97.31
Property	0.00	2.37	2.37
Total	0.67	99.32	100.00

### EQUITY SECTOR EXPOSURE



# FAIRTREE

31 JULY 2020

### FUND INFORMATION

The fund had a name change from Fairtree Global Smart Beta Prescient Fund to Fairtree Global Equity Prescient Fund effective 1 April 2020

#### Fund Manager:

Andre Malan, Cornelius Zeeman

#### Fund Classification:

Global - Equity - General

#### Benchmark:

S&P Global 1200 TR (ZAR)

#### JSE Code:

FGSA1

#### ISIN Number:

ZAE000236436

#### Regulation 28 Compliant:

N/A

#### Fund Size:

R172.6 m

#### No of Units:

21,098,951

#### Unit Price:

156.11

#### Inception Date:

January 2017

#### Minimum Investment:

R50 000 lump-sum  
R1 000 per month

#### Initial Fee:

0.00%

#### Annual Management Fee:

0.50% (excl. VAT)

#### Performance Fee:

N/A

#### Fee Class:

A1

#### Fee Breakdown:

Management Fee	0.50%
Performance Fees	0.00%
Other Fees*	0.24%
<b>Total Expense Ratio (TER)</b>	<b>0.74%</b>
<b>Transaction Costs (TC)</b>	<b>0.31%</b>
<b>Total Investment Charge (TIC)</b>	<b>1.05%</b>

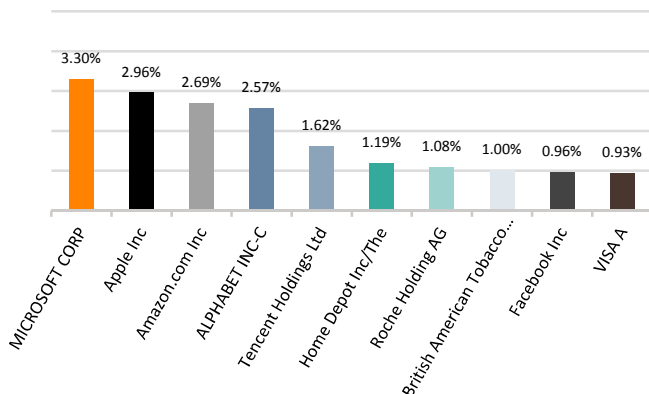
\*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

#### Income Distribution:

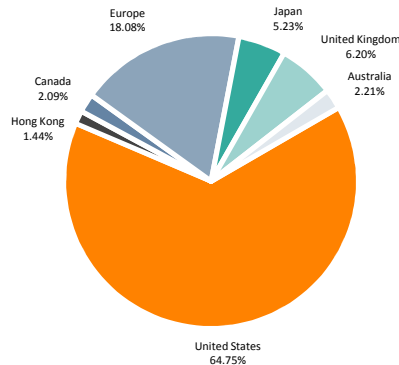
31 March 2020 - 2.83 cpu

# FAIRTREE GLOBAL EQUITY PRESCIENT FUND

## TOP 10 HOLDINGS



## COUNTRY EXPOSURE



## FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	-1.27%	-0.07%	4.56%	1.48%	1.94%	-0.64%	2.72%	-0.77%	5.43%	6.71%	-1.20%	-8.37%	10.07%
2018	0.46%	-4.03%	-1.69%	7.65%	-0.84%	7.50%	-1.86%	11.79%	-3.36%	-3.26%	-5.69%	-3.86%	1.16%
2019	1.27%	9.35%	2.76%	1.89%	-3.87%	0.88%	1.04%	2.17%	3.13%	2.77%	-0.29%	-1.82%	20.45%
2020	7.52%	-3.99%	0.01%	14.45%	-0.27%	1.43%	4.00%						24.30%

## MARKET COMMENTARY

Global equities continue to march forward led by the seemingly indomitable S&P, which added another 5.6% in July. This despite a historical drop in 2Q GDP growth in the US, -32.9% q-o-q (seasonally adjusted annual rate basis). US reporting season saw the majority of companies beating revised expectations. With the US dollar weakening, US real rates are close to record lows and equity markets are close to record highs.

We remain underweight the US market, because we expect the Dollar to weaken further. Other markets, like Britain and China, offer better cyclical recovery potential. The global economy and equity markets are still vulnerable, so we don't have any significant sector bets. While the value versus growth heats up, we find it easier to generate alpha with a bottom-up approach at this stage.

Global markets feel ominously calm at the moment, inching higher every day. We have seen record retail trading account openings across the world, and it will be interesting to see how they react when something rattles the cage. Markets cannot continue to go up in a straight line, while so many questions remain unanswered about the virus and unemployment rates. We are seeing a second wave of infections in some countries, which has led to the reinstatement of lockdown measures. This has not deterred financial markets, as liquidity in the system has to find a home. At the same time geopolitical risks are rising as the US/China relationship soured and upcoming US elections are adding fuel to the fire. Safe havens like gold and treasury bonds remained well supported with gold up 11% and the US 10 year remaining close to 0.5% despite improving data.

# FAIRTREE GLOBAL EQUITY 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.

**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.

## 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)

**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](mailto:info@prescient.co.za) **Website:** [www.prescient.co.za](http://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](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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