

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 OCTOBER 2020

FUND INFORMATION

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:

R99.4 m

No of Units:

8,762,755

Unit Price:

126.35

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* 1.08%

Total Expense Ratio (TER) 2.33%

Transaction Costs (TC) 0.18%

Total Investment Charge (TIC) 2.51%

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

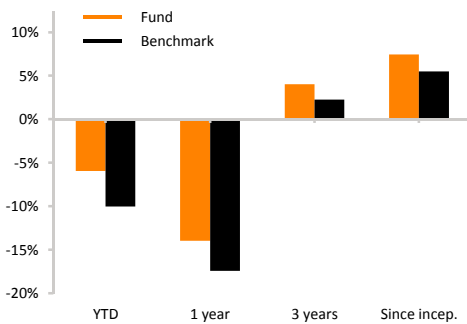
Income Distribution:

31 March 2020 - 1.25 cpu

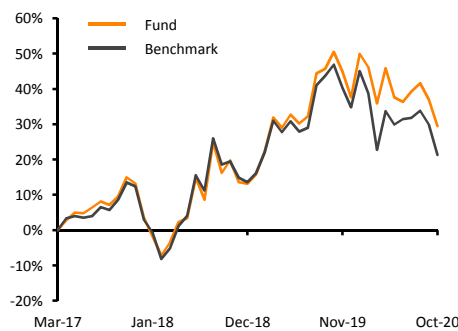
RISK INDICATOR



ANNUALISED PERFORMANCE (%)



CUMULATIVE PERFORMANCE



ANNUALISED PERFORMANCE (%)

	Fund	Benchmark
1 year	-13.98	-17.41
3 years	4.04	2.25
Since incep.	7.45	5.51
Highest rolling 1 year	36.72	38.12
Lowest rolling 1 year	-13.98	-17.41

RISK AND FUND STATS

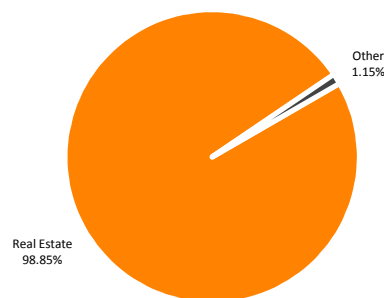
Since inception (p.a.)	Fund	Benchmark
Alpha	1.94%	
Sharpe Ratio	0.06	-0.08
Standard Deviation	18.00%	17.97%
Max Drawdown	-19.26%	-19.09%
Max Gain	14.89%	13.32%
% Positive Months	54.55%	56.82%

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

ASSET ALLOCATION (%)

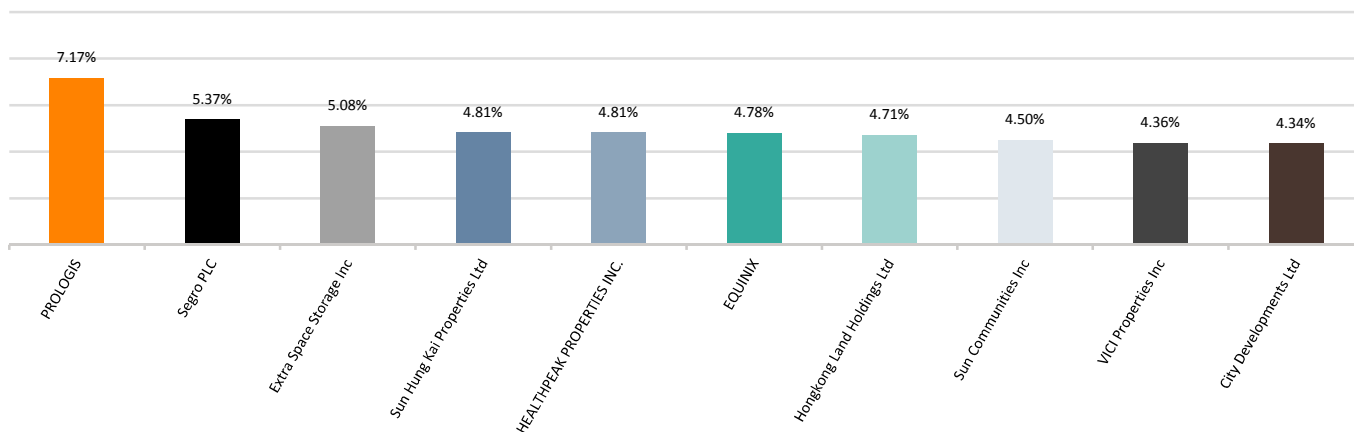
	S.A	Foreign	Total
Cash	0.40	5.98	6.38
Property	0.00	92.54	92.54
Equity	0.00	1.08	1.08
Total	0.40	99.60	100.00

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%	-0.95%	2.24%	1.58%	-3.26%	-5.46%			-5.94%

MARKET COMMENTARY

We outperformed the benchmark by 106bps during the month, with our fund down 227bps and the benchmark down 333bps. The outperformance was primarily driven by the third bite of the apple, namely stock selection which contributed 73bps to the overall outperformance. Country and sector allocation, the first and second bites of the apple, contributed 34bps while currency effects were flat for the month. The first bite of the apple outperformance was the result of being underweight Japan and overweight Hong Kong. The second bite contribution was driven by our underweight exposure to the US triple net lease sector coupled with our underweight positioning in the US healthcare sector. We remain underweight the triple net lease sector on the back of its high concentration of retail tenants and we continue to maintain our underweight position in the US healthcare sector due to the recent resurgence of COVID-19 cases, which we believe will incrementally put pressure on the already subdued move-ins across the senior housing segment. While the fund is down 18% YTD, we have outperformed our benchmark by 5% over the same time frame. The fund is down 4% in ZAR terms, and outperforming the JSE All Share index by 6% YTD.

The top performer for the month was Extra Space Storage, the US focused self-storage landlord, which rose 8% and outperformed the US storage benchmark by 4%. We have increased our exposure from underweight to overweight the US storage sector on the back of improving operating metrics and a more subdued supply growth outlook. Camden Property Trust, the US apartment owner and operator with a strong market concentration across the Southeast and Southwest markets, rose 4%, and thus outperformed the US residential sector benchmark by 7% in October. The US Sunbelt focused Apartment landlords continue to outperform their coastal markets focused peers and we expect this trend to continue given the recent resurgence of COVID-19 cases in the US. The third best performer for the month was hotel operator Hilton Worldwide Holdings, which rose 3% and outperformed its respective benchmark by 6%. We remain underweight the lodging sector as we believe that its recovery will be slow given compressed demand from corporate transient travellers as well as groups.

The worst performing stock in our portfolio was City Developments. The Singaporean listed developer fell 17% and in turn underperformed the Singaporean non-REITs index by 8%. This was driven by the unexpected resignation of the company's board member over the continued cash drain caused by China investment Sincere. The second worst performing stock was US office landlord Boston Properties, which fell 10% and underperformed the US office index by 124bps. We remain underweight the office sector on the back of the prevailing cyclical and structural headwinds. The third-worst performing stock in the portfolio was Swedish office landlord Fabege, which fell 9% and underperformed the European (excluding UK) property benchmark by 3%.

The US reported its highest 7-day average of COVID-19 cases over the last week of October. Furthermore, COVID-19 cases have markedly resurged across Europe. As a result, a number of European countries have reinstated curfews, lockdown restrictions and other measures. The UK announced its second lockdown after cases surpassed 1m. France also announced a second nationwide lockdown and Germany imposed a partial one-month lockdown. Consequently, we maintain our relatively defensive positioning. We remain overweight Singapore, where we believe that the government is likely to be able to resuscitate the economy, and are overweight Hong Kong where valuations are extremely attractive. From a sector perspective we are most overweight industrials globally, residential, malls, data centres as well as self-storage. We are underweight office, net lease, healthcare, shopping centres and lodging.

**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.

A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges, and which could result in a higher fee structure for the feeder fund.

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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