FAIRTREE EQUITY PRESCIENT FUND
MINIMUM DISCLOSURE DOCUMENT - CLASS A1

INVESTMENT OBJECTIVE
The Fairtree Equity Prescient Fund is an actively managed domestic general equity fund with a focus on maximizing total returns for the client. The Fund's objective is to offer medium to long-term capital growth. The Fund aims to actively invest in equities with a level of capital appreciation and income potential and to outperform its benchmark, the FTSE/JSE Capped Shareholder Weighted All Share Total Return Index (CAPPED SWIX) over the long term.

INVESTMENT POLICY
The portfolio has a long-term focus and invests in securities across all sectors of the JSE Securities Exchange which trade below intrinsic value or have capital appreciation potential. The portfolio may invest in offshore securities when the benefit of higher returns and portfolio diversification are available. Up to 30% of the fund may be invested in foreign securities.

RISK INDICATOR
AGGRESSIVE

ANNUALISED PERFORMANCE (%)

Annualised Performance (%)
-5% 0% 5% 10% 15% 20%
YTD 1 year 3 years 5 years Since incep.

CUMULATIVE PERFORMANCE

Cumulative Performance
0% 50% 100% 150% 200% 250% 300%
Nov-11 Sep-14 Oct-17 Nov-20

RISK AND FUND STATS

Since inception (p.a.)
Alpha 5.62%
Sharpe Ratio 0.45 0.19
Standard Deviation 17.87% 13.28%
Max Drawdown -31.45% -30.19%
Max Gain 29.24% 14.18%
% Positive Months 58.72% 61.47%

ASSET ALLOCATION (%)

S.A Foreign Total
Equity 95.32 0.00 95.32
Property 3.44 0.00 3.44
Cash 1.24 0.00 1.24
Total 100.00 0.00 100.00

EQUITY SECTOR EXPOSURE

FAIRTREE EQUITY PRESCIENT FUND
30 NOVEMBER 2020

FUND INFORMATION

Fund Manager: Stephen Brown, Cor Booysen

Fund Classification: South African - Equity - General

Benchmark: FTSE/JSE Capped SWIX All Share Total Return

JSE Code: FECA1

ISIN Number: ZAE000161402

Regulation 28 Compliant: N/A

Fund Size: R16.4 bn
 grea
No of Units: 347,615,934
Unit Price: 292.98

Inception Date: November 2011

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

Initial Fee: 0.00%

Annual Management Fee: 1.00% (excl. VAT)

Performance Fee: 15% outperformance over Capped SWIX with a 1 year rolling highwater mark. Capped at 1.50% (excl VAT).

Fee Class: A1

Fee Breakdown:
Management Fee 1.00%
Performance Fees 1.63%
Other Fees* 0.16%

Total Expense Ratio (TER) 2.79%
Transaction Costs (TC) 0.47%
Total Investment Charge (TIC) 3.26%

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

Income Distribution: 31 March 2020 - 3.72 cpu
The FTSE/JSE All Share Index (ALSI) increased 10.5% during November 2020. FTSE/JSE Shareholder Weighted Index (SWIX) increased 8.31% and FTSE/JSE Capped Shareholder Weighted Index (Capped SWIX) increased 10.38%. The Rand strengthened by 5% during the month. Resources increased by 10.9%, Financials increased 17.1% and Industrials rose by 8.0%.

During November, Bonds rose 3.3% and Cash returned 0.3%. The MSCI Emerging Market Index increased by 9.2% (USD), behind the MSCI World Index which increased 12.7% (USD). The MSCI South Africa Index increased by 10.7% (USD). During November, Iron Ore fines increased 5.51% to $123.6/t and Thermal Coal increased by 37.4% to $83/t. Brent Crude oil increased by 24.7%, ending the month on $47.9/bbl. Gold was down -5.4% to $1777/oz and Platinum increased by 14.2% to $968/oz. Palladium increased by 7.5% to $2382/oz.

The dollar continued to weaken which offered price support for most commodities. A softer dollar coupled with a sharp and sustained China rebound as well as supply side disruption in mining due to a second wave of COVID-19, caused iron ore and copper to rise. The PGM basket drove higher underpinned by dollar weakness and continued recovery in global vehicle demand, our positions in PGMs and diversified mining contributed to positive performance and informs our continued overweight position in these resource sub-sectors. We saw a global rotation into cycicals and values as the world began to price in a vaccine and global recovery, this benefited our SA Inc. facing counters across the retailers, industrials and financials. Safe haven assets came under pressure weighing down on gold and detracting from some of our year to date performance.

Over the longer term we are expecting further dollar weakness given a continued global recovery and rotation in cyclicals and emerging markets. This has been informing our view to tilt the portfolio into the SA Inc. facing counters. We are of the view that South Africa is cyclically well-positioned for global recovery with a moderately undervalued currency, attractively priced bonds, and cheap equity market. Structurally we have problems, but we have begun a path of reform which is being championed at the highest level. With continued momentum and evidence of political, institutional and economic reform, we have started a new path. We will watch for key economic reform which would be demonstrated by public sector wage discipline and allowing for more private sector intervention in the failed state-owned enterprises. The VIX Index (Volatility or ‘Fear’ Index) was down 46% during the month.

The fund’s performance was positively impacted by positions in Impala (13.9%), Mr Price (32.4%), Northam (13.8%), Foschini (14.2%) and Anglo America (23.6%); while Goldfields (-23.8%), Harmony (-20.7%), AngloGold (-11.5%), Naspers (-0.84%) and Life Healthcare (-2.8%) detracted from performance. The fund invests in a number of focussed strategies. Amongst these strategies we are overweight Cyclical (Diversified Mining, Platinum), Defensive (Gold Mining) and Value (Property, Local Consumer Discretionary, Financials, Industrials).
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 are traded at the selling 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, SST, 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 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.prescient.co.za

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Trustee: Nedbank Investment Services, Physical address: 2nd Floor, 16 Constancia 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: 2004/003267/07 is an authorised Financial Services Provider (25917) under the Financial Advisory and Intermediary Services Act (No.37 of 2002) in its own capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). The Trustee acts as custodian, but does not act in such 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.

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