

Portfolio Manager Commentary

Everyone in our firm and a number of our direct family-members invest in this fund in the same fee-class as our investors. This results in an important alignment of interest. Not only do we care deeply about the investment decisions we make, but we also care deeply about getting and keeping fund costs as fair and reasonable as possible; for everyone.

We took notice when the Total Expense Ratio (TER) measured over the fund's first 12 months worked out to 1.67%. We have confirmation that the actual TER is running at 1,32%, of which 0.15% is VAT.

We looked into this together with our fund administrators, Prescient Fund Services. We found the current TER to be significantly overstated due to the way the standard industry calculation penalises a fund in its first few months. In short, we concluded all our investors are in fact paying a fair and reasonable fee - as per our commitment.

We take this sort of thing seriously and it was formally reviewed at Perspective's board meeting in November.

Just so you know, if we found evidence that pointed to us having charged you an excessive fee, we would have offered you a reduction in portfolio management fees to make up for it.

We anticipate the TER to reflect reality from early on in the new year.

For those of our investors that may be interested in the finer technical details of expense ratio calculations, you are more than welcome to contact any of us and we will gladly share the maths and explain.

We wish you and your loved ones a joyful, relaxing and safe festive season and a prosperous 2019.

Our work continues...

Fund Asset Allocation

	% of Fund
ZAR Equity	41,7%
ZAR Property Equity	1,8%
Offshore Equity	6,8%
Offshore Cash	3,9%
ZAR Cash	41,6%
ZAR Government Bonds	4,2%
Preference Shares	0,0%
Commodities	0,0%

Top 10 Equity Holdings

	% of Fund
Sasol	4,8%
WBHO	2,8%
Discovery	2,8%
Omnia	2,7%
MTN	2,7%
Remgro	2,3%
Anglogold Ashanti	2,3%
Randgold Resources ADR	2,2%
Coronation	1,9%
Metair	1,9%

Fund Performance: Class A1

Performance since inception (net of costs)	3,9%
Benchmark since inception (estimate)	10,4%
1-Year Performance (net of costs)	1,2%
1-Year Benchmark	10,1%
Highest annualised return	9,09%
Lowest annualised return	1,20%

Income Distributions

March 2018 A1 class: 2,33cpu

Fund Information

Fund Manager	Perspective Investment Management Daniel Malan and Sean Neethling
ASISA Fund Classification	SA – Multi Asset – High Equity
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund NAV	ZAR 21.8mn
ISIN	ZAE000248605
Fund Launch Date	Monday, 04 September 2017
Issue Date	Thursday, 06 December 2018
Income Distribution	Annually in March
Management Fees	1,15%
Fund Costs	0,52%
Total Expense Ratio (TER)	1,67%
Transaction costs	0,56%
Total Investment Cost (TIC)	2,23%
Minimum Investment	Lump Sum: R 10 000 / Monthly: R 500

About the Fund Manager

Perspective is an investment management firm based in Cape Town, South Africa. The firm was founded in January 2017 and is designed to be an employee-owned and managed business focused on the principles of long-term investing on behalf of our clients. Our commitment is to establish a resilient enterprise that creates exceptional long-term value for all our current and future clients and stakeholders.

Daniel Malan B.Com, CFA

Daniel has 23 years of investment industry and business management experience across multiple asset classes and geographies.

Sean Neethling M.Com Finance

Sean has 17 years of relevant industry experience across listed and unlisted credit and fixed income markets.

Investment Objective

The Fund aims to provide investors with long-term investment returns after costs at or above its benchmark of the South African inflation rate plus 5%.

Investment Strategy

The Fund complies with Regulation 28 of the Pension Funds Act and may invest up to maximums of 75% in equities and 25% in offshore assets. The Fund will invest in a diversified range of equities, investment grade bonds, property and cash, but may also invest in preference shares, currencies and commodities when sensible opportunities present themselves.

The flexibility of this mandate empowers the fund managers to be more fully invested when a diversified selection of good assets are cheap and to be positioned defensively when good assets are very expensive or highly concentrated in a single sector.

Suitability

The Fund is most suited to investors with an investment horizon of five to ten years seeking a combination of principal preservation, income generation and long-term capital growth.

Tax Free Investment

Based on section 12T of the Income Tax Act this Fund qualifies as a tax-free investment account (“TFSA”). This allows South African individuals to qualify for no tax on distributions and / or capital gains while invested in the Fund. The current tax framework limits contributions to tax-free investments to R33 000 per tax year with the lifetime limit capped at R500 000. Any contributions exceeding these limits will be subject to tax. It is recommended that any investor considering investing in the Fund for specific tax purposes and requires explicit tax advice consult directly with a qualified tax professional. Perspective Investment Management (Pty) Ltd does not render financial advice but can recommend accredited professionals who are licenced to do so if required.

What It Really Means

Long-Term: An investment period of five to ten years.

ASISA: Association for Saving & Investment South Africa.

Moderate Risk: The fund aims to maximise long-term capital growth and can invest up to 75% in equities, which provide the best opportunity for high returns but also carry the risk of temporary and / or permanent capital loss.

CPI: South African Consumer Price Index.

Fund NAV: The total amount of investor capital in the fund.

ISIN: The International Securities Identification Number is a code that uniquely identifies your fund.

Issue Date: The date that this MDD document is approved for publication.

Annualised Performance: Shows fund performance re-scaled to a 12-month period. The average return per year over the period. Actual annual figures are available to the investor on request

Highest and Lowest Return: The highest and lowest return over a 12-month period since the inception of the fund.

Total Expense ratio (“TER”): The total cost to the investor from investing in the fund inclusive of audit, custody and trustee fees.

Contact Details

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.
0800 111 899 | info@prescient.co.za | www.prescient.co.za

Trustee: Nedbank Investor Services

Physical address: 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709
+27 (0) 11 534 6557 | 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: Perspective Investment Management (Pty) Ltd – **Registration number:** 2015/211710/07

Physical and postal address: Unit 22, Victoria Junction, Prestwich Street, Cape Town 8001
+27 (0) 21 418 0686 | info@perspectiveim.co.za | www.perspectiveim.co.za

Perspective Investment Management (Pty) Ltd is an authorised Financial Services Provider (FSP No. 47672) 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.

Disclaimer for Fund 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 is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.

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.

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.

General Disclaimer

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act. 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, macroeconomic 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.

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 brochures and application forms please go to www.perspectiveim.co.za.

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.
