Minimum Disclosure Document

High Street High Equity Prescient Fund

As at 30 June 2019 – Issued on 09 July 2019

PRESCIENT MANAGEMENT COMPANY

highstreet Asset Management

FUND OBJECTIVE & INVESTMENT POLICY

The fund aims to deliver medium to long-term capital growth over time. The fund invests in a diversified range of equities, preference shares, bonds, debentures, money market, fixed income, property markets and instruments based on the value of any precious metal. The equity allocation will be managed at a maximum effective exposure, including offshore equity, up to 75%. The fund is permitted to invest in listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time. The fund will predominately invest in South African markets but is however permitted to include investments in offshore jurisdictions subject to the investment conditions determined by legislation from time to time. The fund complies with Regulation 28 of the Pension Funds Act.

PORTFOLIO DYNAMICS

FUND MANAGER:
High Street Asset Management (Pty) Ltd
- Ross Beckley, CFA

LAUNCH DATE:
19 December 2018

CLASSIFICATION:
South African – Multi Asset – High Equity

BENCHMARK:
75% FTSE/JSE All Share Total Return Index
25% SAFE South Africa Short Fixed Term Interest Rate – Composite Index, net of fees

ISIN:
ZAE000264552

MINIMUM INVESTMENT (negotiable):
Lump sum: R10,000
Monthly: R500

ADMINISTRATOR:
Prescient Management Company (RF) (Pty) Limited

CUSTODIAN:
Nedbank Investor Services

UNIT PRICE (cents):
109.92

FUND SIZE:
R106.91m

DISTRIBUTION:
Annually End of March (Optional)

FEES:
Initial Fund Fee: Nil
Exit Fund Fee: Nil

ANNUAL MANAGEMENT FEE:
Class A1: 0.75%

ANNUAL PERFORMANCE FEE:
5% of Growth Above the Hurdle Rate
(Hurdle Rate is 10% Per Annum)

TOTAL EXPENSE RATIO:
TER incl VAT: New Fund
TIC incl VAT: New Fund
(only available after 12 months)

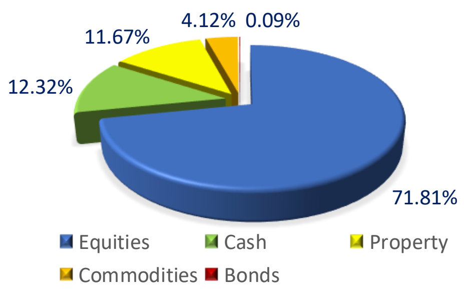
RISK PROFILE:
Moderate – High

RECOMMENDED TIME HORIZON:
5 years

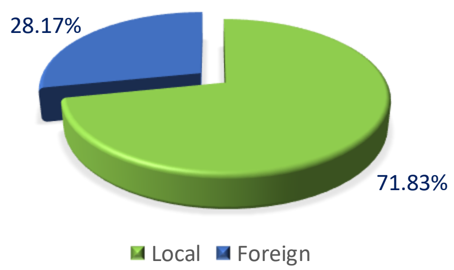
% MONTHLY PERFORMANCE (NET OF FEES)

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2019	FUND	0.06	5.22	3.66	3.49	-6.32	2.69							8.65
	BENCHMARK	2.26	2.70	1.31	3.33	-3.48	3.72							10.06
2018	FUND												1.17	1.17
	BENCHMARK												1.78	1.78

ASSET ALLOCATION



GEOGRAPHIC EXPOSURE



TOP 5 HOLDINGS

Equities
Naspers
Mondi
Anheuser-Busch InBev
Adcock Ingram BEE Shares
Discovery

Property
Sirius Real Estate
NEPI Rockcastle
Dream Global

Bonds
African Bank

PERFORMANCE GRAPH

(Please note that the graph will be available after 12 months)

ANNUALISED RETURNS

RETURN PERIOD	FUND	BENCHMARK
1 year	N/A	N/A
3 years	N/A	N/A
5 years	N/A	N/A
Since Inception	N/A	N/A
Highest rolling 1-year return	N/A	N/A
Lowest rolling 1-year return	N/A	N/A

Investment Management Commentary

The fund returned 2.69% for the month of June relative to a benchmark return of 3.72%. The rand strengthened by 3.38% against the dollar, which explains the monthly underperformance. As mentioned in previous commentary, the fund now has an approximate 80% rand hedge bias which is in-line with its objective. We are satisfied with the year-to-date performance which has been achieved in a rand strengthening environment.

Locally, economic indicators continued to paint a substandard growth environment. Key datapoints included:

- 1Q GDP growth flat year-on-year (estimated 0.6%)
- April retail sales up 2.4% year-on-year (estimated 1.2%). This number was ahead of expectations, however, the average over the past year has been markedly below that of the five-year average
- May vehicle sales down 5.7% year-on-year (estimated 0.9%)
- April electricity consumption up 1.8% year-on-year
- May Consumer Price Inflation up 4.5% year-on-year (estimated 4.4%). This muted data point coupled with the stagnant growth outlook may justify the Reserve Bank to cut interest rates at their next meeting on 18 July. As of writing the market is pricing in a 60% chance of this occurring

The fund continued to increase our rand hedge component on the back of a strengthening local unit. Exposure was increased to Master Drilling, Mondi, Naspers and the Platinum ETF. In-line with previous commentary, we were waiting to initiate a position in several technology stocks contingent on a retracement in their share prices. This opportunity was afforded to us on the back of escalating trade tensions which saw a market de-rating, especially in the technology sector. Along with our investment in Wealth Warriors, this sector gives the fund exposure to some growth themes predicated on continuing advancements in the utility of the internet – a theme which is underrepresented in South Africa. Exposure was initiated in Alibaba, Amazon, JD.com, Facebook and Alphabet (formerly Google).

Two of the fund's holdings, coincidentally our two largest positions, reported in June:

Naspers reported results for the year ending 31 March 2019. The rump of the business (all divisions excluding Tencent) continued to reduce trading losses as some of these divisions continued to move towards profitable inflection points. Their classifieds unit has moved into profitability and we believe management can deliver similar returns on their other ecommerce divisions – they have achieved an annualised internal rate of return of circa 17% in US Dollars since 2008 on their non-Tencent investments. Backing management is integral to the Naspers' investment thesis as the company invested a further USD3.1bn in these initiatives over the past year, circa 3% of the current market capitalization. They also announced that the previously announced 'NewCo' will be named 'Prosus' and its listing date has been pushed out to early September.

Sirius reported yet another strong set of results highlighted by like-for-like rental growth of 7.1% with most of this coming through rent-per-square increases. This result is particularly pleasing when considering German inflation currently stands at 1.4%. When combining top-line growth with ongoing operational excellence and economies of scale, the result is an increase in like-for-like net asset value per share of 13.3%. Cash generation remains strong and with a payout ratio of 70%, the dividend yield of circa 4.5% remains secure. We feel the share still offers reasonable upside from current levels, despite having re-rated markedly since results were released, and deserves to trade on a higher premium to what the market has attached.

We believe the fund is well positioned given the lackluster local economy and should be largely insulated from any fallout should the local political climate deteriorate further.

Ross Beckley, CFA
Portfolio Manager

PRESCIENT MANAGEMENT COMPANY highstreet Asset Management

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, 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 fund prices, brochures and application forms please go to www.prescient.co.za

FUND SPECIFIC RISKS

1. **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 it vital. The worse the credit quality, the greater the risk of default and therefore investment loss.
2. **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.
3. **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.
4. **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.
5. **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.
6. **Currency exchange risk**: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.
7. **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.
8. **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.
9. **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.

GLOSSARY SUMMARY

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 return: The highest and lowest returns 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.

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. **Telephone number:** 0800 111 899. **E-mail address:** 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:
High Street Asset Management (Pty) Ltd, **Registration number:** 2013/124971/07 is an authorised Financial Services Provider (FSP45210) 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 (N0.37 of 2002). Please be advised that there may be representatives acting under supervision.
Physical address: The Offices of Hyde Park, Block B, 1 Strouthos Rd / Off 2nd Rd, Hyde Park, 2196 **Postal address:** P.O. Box 523041, Saxonwold, 2132 **Telephone number:** +27(0)11-3254006 **Website:** www.highstreetassetmanagement.co.za

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Management and administration:
Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

TER & TC

FEES (Incl VAT)	
Invest Management Fee	0.75%
Performance Fee	New Fund
Other Fees	New Fund
Total Expense Ratio (TER)	New Fund
Transaction Costs (TC)	New Fund
Total Investment Charge (TIC)	New Fund

The TER and TC ASISA Standard came into effect from 1 January 2016. This standard is to ensure that all ASISA members operate within the outcomes of TCF. Therefore, it is a requirement to disclose both the TER and TC numbers. Transaction Costs are not included in the calculation of TER hence we need to disclose both the TER and TC numbers separately and also Total Investment Charge which is the combination of TER and TC. This will impact the MDDs as we will have to disclose this and amend the disclaimer to cater for the definition of Total Costs.

Please note that the Total Expense Ratio and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product and the funds. The TER will be available after one year.