Minimum Disclosure Document

High Street High Equity Prescient Fund

As at 30 June 2020 – Issued on 10 July 2020

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 Term Fixed Interest Rate – Composite Index, net of fees

ISIN:
ZAE000264552

MINIMUM INVESTMENT:
Lump sum: R10,000
Monthly: R500

ADMINISTRATOR:
Prescient Fund Services (Pty) Ltd

CUSTODIAN:
Nedbank Investor Services

UNIT PRICE (cents):
133.87

FUND SIZE:
R121.03m

ANNUAL DISTRIBUTION:
March 2020 - No Distribution

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

ANNUAL MANAGEMENT FEE - RETAIL:
Class A1: 1.00% (excl. VAT)

ANNUAL PERFORMANCE FEE:
None

TOTAL EXPENSE RATIO:
TER incl VAT: 1.41%
TIC incl VAT: 1.71%

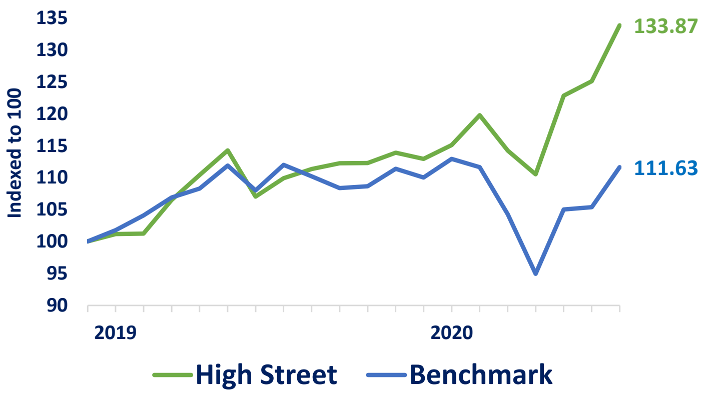
RISK PROFILE:
Moderate – High

RECOMMENDED TIME HORIZON:
5 years

ANNUALISED RETURNS (NET OF FEES)

RETURN PERIOD	HIGH STREET	BENCHMARK
1 month	7.01%	5.92%
3 months	21.12%	17.57%
6 months	16.30%	-1.15%
1 year	21.79%	-0.35%
3 years	N/A	N/A
5 years	N/A	N/A
Since Inception	19.79%	7.05%
Highest rolling 1-year return	21.79%	10.95%
Lowest rolling 1-year return	0.11%	-12.32%

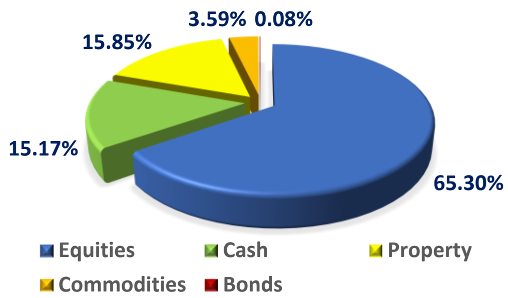
PERFORMANCE GRAPH *



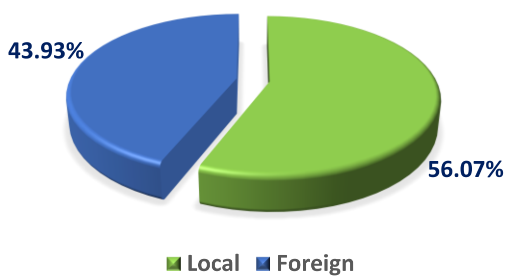
RISK RATIOS (SINCE INCEPTION)

STATISTIC	HIGH STREET	BENCHMARK
Annualised Standard Deviation	13.79%	15.03%
Sharpe Ratio	0.64	-0.26
Sortino Ratio	1.23	-0.39
Maximum Drawdown	-7.70%	-15.90%
Time to Recover (Months)	*3*	*N/A*
Positive Months	79%	63%
Tracking Error	2.27%	
Information Ratio	5.62	
Out/(Under)performance	12.74%	

ASSET ALLOCATION



GEOGRAPHIC EXPOSURE



** The illustrative investment performance which is shown is for illustrative purposes only and is calculated by taking the actual initial fees ** and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date. ** There is no initial charge*

TOP HOLDINGS

Equities		Property	Bonds
Prosus	Sygnia S&P 500 Tracker	MAS Real Estate	African Bank
Naspers	JD.com	Sirius Real Estate	
Microsoft	Merck	RDI REIT	
Alibaba	AbbVie	Stenprop Ltd	
Mondi	Master Drilling		

% MONTHLY PERFORMANCE (NET OF FEES)

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2020	FUND	4.06	-4.62	-3.26	11.15	1.83	7.01							16.30
	BENCHMARK	-1.13	-6.61	-8.95	10.62	0.35	5.92							-1.15
2019	FUND	0.06	5.22	3.66	3.49	-6.32	2.69	1.32	0.78	0.04	1.44	-0.84	1.91	13.78
	BENCHMARK	2.26	2.70	1.31	3.33	-3.48	3.72	-1.62	-1.68	0.29	2.50	-1.21	2.63	10.95
2018	FUND												1.17	1.17
	BENCHMARK												1.78	1.78

Investment Management Commentary

The fund returned 7.01% for the month of June relative to a benchmark return of 5.92%, with the rand appreciating by 1.11% against the US dollar. For the second quarter of the year, the fund returned 21.12% versus a benchmark return of 17.57%. We are pleased that the fund was once again able to generate alpha despite the rand having appreciated by 2.73% against the US dollar.

The first calendar quarter culminated in the S&P 500 Index suffering its fastest descent into a bear market (a 20% decline from the market peak) on record – a nerve-shattering 16 trading days. Not to be outdone, the bulls took charge going into the second quarter with the index taking a mere 12 trading days to rally more than 20% from its lows to regain its bull market status. The cumulative outcome sees the S&P 500 Index down a modest 4% year-to-date. An investor returning from a six-month island holiday with no access to communication could be forgiven for asking what all the fuss is about.

The second quarter recovery can largely be ascribed to the record stimulus packages implemented by governments and extraordinary loose monetary policy adopted by central banks across the globe. These actions have reignited the belief in the “Fed put” and seen a rapid turnaround in investor sentiment. The “Fed put” is the general idea that the Federal Reserve Bank is willing and able to adjust monetary policy in a way that is bullish for the stock market. Short-term interest rates are the primary tool which a central bank has at its disposal. Low interest rates result in a higher present value of cash flows and profits used in company valuations which increases analyst target prices. Furthermore, low interest rates cause bond yields to decline which enhances the forecasted relative returns for equities over bonds. Jerome Powell, the current Chair of the Federal Reserve Bank, has been very dovish since the pandemic emerged and has given the market little reason to believe their accommodative stance will change anytime soon.

The local equity market followed international trends and was up 23.18% for the quarter led by another strong showing from Naspers and Prosus. South Africa’s Finance Minister, Tito Mboweni, delivered South Africa’s Emergency Budget speech on 24 June and painted a very bleak picture for the economic outlook. Highlights included:

- The economy is expected to contract by 7.2 % in 2020 – the largest contraction in nearly 90 years
- Tax collection is expected to miss its tax target by more than R300 billion for the 2020/21 fiscal year as the budget deficit is forecast to rise to 15.7% of GDP - a sharp increase from February’s estimate of 6.8% of GDP
- National debt is expected to settle at R4 trillion, 81.8% of GDP, by the end of this fiscal year. This is compared to an estimate of R3.56 trillion, 65.6% of GDP, as projected in the February budget

Most concerning is that government now spends 21 cents on its interest costs for every rand generated in tax revenues. The trajectory of this interest expense shows no sign of abating. With tax revenues dwindling in the face of a bruised economy and government’s lack of political desire to implement the necessary reforms, South Africa is fast finding itself on the edge of a fiscal precipice. We acknowledge that Covid-19 has been an extraneous event outside of government’s control, however, our deteriorating financial position leading up to the pandemic has left us with no room to stimulate the economy as the developed nations are doing. As such, we took the decision during the quarter to cut all remaining exposure to SA Incorporated on the back of resurgent share prices from their March lows. Discovery was especially difficult to let go as we believe they are global-pioneers in the medical insurance sector. That said, approximately 80% of profits are still generated in South Africa and their target market is increasingly being financially squeezed. Fortunately, we currently have exposure to Ping An, Discovery's partner in China, through a holding in High Street's offshore Wealth Warriors Fund.

As always, the large rand hedge component of the fund enables South African investors to protect the global purchasing power of their local savings, should they express concern with the prevailing political and economic climate in South Africa. As such, the fund will show a high correlation to the rand exchange rate – i.e. a weak rand will generally see strong fund performance, and vice versa, all else being equal.

Ross Beckley, CFA
Fund Manager

Minimum Disclosure Document

High Street High Equity Prescient Fund

As at 30 June 2020 – Issued on 10 July 2020

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

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.

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)	
Base Fee (including administration)	1.10%
Performance Fee	0.22%
Other Fees	0.09%
Total Expense Ratio (TER)	1.41%
Transaction Costs (TC)	0.30%
Total Investment Charge (TIC)	1.71%

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.

** As at 31 March 2020*