

Minimum Disclosure Document - 31 March 2019

Fund Performance: (figures are annualised)	Aylett Balanced Prescient Fund - Class A1	Composite Index
1 Year	5.1%	5.9%
3 Years	9.3%	6.8%
5 Years	8.8%	8.6%
Inception	8.9%	9.0%
Highest 1 year return*	17.2%	21.5%
Lowest 1 year return*	1.0%	-5.2%

*Highest and lowest consecutive 12-month returns since inception.

Fund Details:	
Market value	R652.4 million
Offshore exposure	20%
Top 10 holdings (in alphabetical order)	ANGLo AMERICAN PLC BERKSHIRE HATHAWAY INC-CL B MELCO INTERNATIONAL DEVELOP. MTN GROUP LTD ORIENTAL WATCH HOLDINGS REINET INVESTMENTS SCA ROYAL BAFOKENG PLATINUM LTD RSA GOVERNMENT BOND 10.50% R186 TRANSACTION CAPITAL TRELIDOR HOLDINGS LTD

Fund Facts:	
Fund target	To provide long term growth in both capital and income over time
Fund category	South African Multi Asset High Equity
Inception	1 November 2013
Benchmark	Composite
Recommended term	Medium to long term
Portfolio manager	Walter Aylett - Aylett & Company (Pty) Ltd
Management company	Prescient Management Company (RF) (Pty) Ltd
Fund auditors	KPMG
Fund trustees	Nedbank Investor Services. Tel: +27 11 534 6557

Fees & minimums:									
Minimum	Lump sum: R5 000								
Investments	Debit order: R500								
Initial fees	None								
Annual management fee	Minimum: 1.15% (including VAT)								
A1 Class	Fees are class dependent: Calculated on the market value of the fund's assets, accrued daily and paid monthly.								
Total expense ratio	<u>Total TER of 1.20% comprised of:</u>								
A1 Class	<table border="1"> <tr> <td>Management fee</td> <td>1.15%</td> </tr> <tr> <td>Performance fee</td> <td>Not Applicable</td> </tr> <tr> <td>Other cost</td> <td>0.05%</td> </tr> <tr> <td>Total TER</td> <td>1.20%</td> </tr> </table>	Management fee	1.15%	Performance fee	Not Applicable	Other cost	0.05%	Total TER	1.20%
Management fee	1.15%								
Performance fee	Not Applicable								
Other cost	0.05%								
Total TER	1.20%								
Transaction Costs	Transaction costs 0.18%								
Total Investment Charges	Total Investment Charges 1.38%								

Income Distributions:	
Declaration & payment	Declared: Last business day of March annually. Distributed: By the 2nd working day after declaration date.
March 2019: 6.25 cpa	

Fund Investment Summary and Objectives

Our Investment Strategy and Philosophy

Shares are evaluated, not by a fluctuating ticker or a graph on a screen, but by what they represent, a certificate of ownership. We seek great businesses that are well run and managed, trading at a discount to their intrinsic value. We follow the adage that the return of an investment is determined not by the exit price but by the price one pays.

Fund Objective

The Aylett Balanced Prescient Fund will aim to deliver a reasonable level of income and moderate capital growth over time for investors through investing in a broad range of asset classes in a balanced manner.

Fund Universe

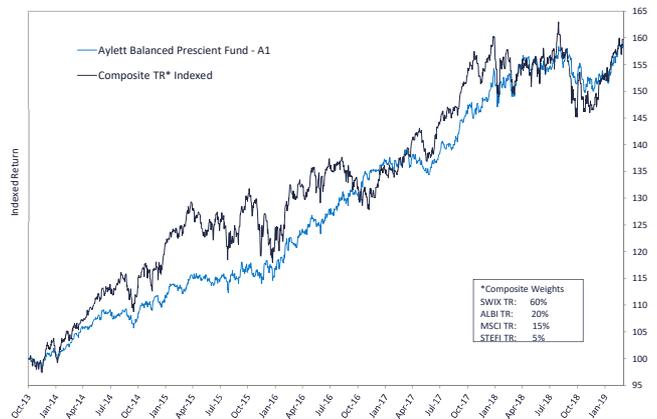
The maximum net equity exposure of the Aylett Balanced Prescient Fund is 75%, with offshore asset exposure being limited to 30%. This fund is managed to comply with the investment limits governing retirement funds.

Fund Risk Profile

The Fund has a moderate risk profile as it is actively managed across global equities, cash and listed assets.



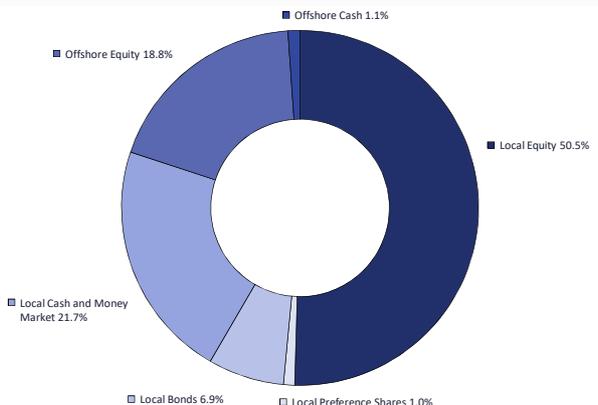
Aylett Balanced Prescient Fund vs. Benchmark



*Total Return Index is net of fees and assumes dividends and distributions are reinvested. Cumulative outperformance since inception is -1%. For illustrative purposes only.

Source: Bloomberg, inception to end 31 March 2019

Asset Allocation



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Fund Manager Commentary:**OVERVIEW**

As we write this, the global markets are in risk-off mode, a reaction to the dovish tone adopted by the US Federal Reserve – something we discussed as a possibility in a previous quarterly commentary. We suspect that the pause contemplated by Mr. Powell (Federal Reserve Chairman) appears related to the pressure exerted by Donald Trump and a reaction to a perceived slowdown in the US economy which has seen a weakening of the US dollar against emerging market currencies like the South African rand.

Our long-time investors in the fund will know that we favour a bottom-up approach to constructing the portfolio. As a result, total equity exposure has increased to approximately 70% of the fund.

The increase in equity exposure is a result of attractive assets being found at attractive prices. We cannot remember the last time we have seen such high yields on South African assets. In some cases, certain companies are trading on price earnings multiples of between four and five.

In general, low interest rates are a positive for asset prices. The market is anticipating lower US interest rates and South African rates will benchmark off this, resulting in less pressure for local rates to rise.

THE PORTFOLIO

One of our most notable transactions was the reduction of our R186 bond portfolio, with a net return of 5%, mainly as a result of finding more attractive opportunities in equities. The proceeds from this sale were used to increase our positions in Reinet, Royal Bafokeng Platinum and Melco International Development.

Reinet (8%)

Reinet is a holding company with two primary assets; British American Tobacco and Pension Insurance Corporation. While British American Tobacco will be well known to most, Pension Corp is an unlisted company that assumes the liabilities of company pension funds for an up-front sum.

At present, Reinet trades at 40% discount to the sum of its parts, the majority of which we think are valued cheaply. BAT currently trades on 10 times earnings and management conservatively place a 20% discount on the embedded value of Pension Corp. In addition, the management team is buying back its own shares - a clear indication of rational capital allocation.

While there are many reasons why a holding company trades at a discount to the sum of its parts, we think the performance fee structure at Reinet is a significant contributing factor to Reinet's wide discount. We note that Reinet is currently very far away from the high watermark, above which the performance fee would apply. It is not inconceivable that a change of thinking by management could remove the performance fee and reduce the discount.

Berkshire Hathaway (4%)

Mr. Buffett has been clear that shareholders should expect subdued returns from Berkshire Hathaway as the law of large numbers continues to hamper its long-term record of outstanding performance. At present it is the 5th largest component of the S&P 500. Investors may then ask why we own it. We think it is a wonderful proxy for the S&P 500 and a reasonable way to obtain exposure to the US economy. It is a company we know well, run by arguably the most rational investors in the world with exceptional capital allocation skills. Berkshire has a very low head office cost and a valuation which is not far from a level where Mr. Buffett is prepared to purchase the shares back. The company is positioned for longevity and the future management teams have been selected and entrenched with the DNA of Berkshire. We suspect in times to come that the new managers may start paying dividends as they struggle to invest the prodigious excess cash flows.

Melco International Development (4%)

Melco is one of six casino concessionaires in Macau. It is run by Lawrence Ho, whose family were the original casino owners in Macau and still are. The difference is that Melco is his show, and the company is driven by a different set of principles. This is mainly as a result of his western education which is evident in his capital allocation skills. Such skills have been tested and he has passed with flying colours.

The long-term prospects for Macau are good as the region becomes the established gambling destination for Chinese gamblers. This is a situation that suits the Chinese government and is acceptable to them in terms of control and regulation.

With Mr. Ho, there is always potential for something new, the effect of which is not built into their share price and certainly not into our thinking. Ultimately, over the next ten years, we believe having exposure to one of the largest and most profitable casino markets makes sense, particularly when getting that exposure through a holding company that trades at a significant discount to the value of the underlying assets.

Royal Bafokeng Platinum (3%)

RB Platinum is the sixth largest platinum producer in South Africa. While a relatively easy company to understand, RB Platinum has been largely ignored by the market as a result of its small size and limited free float. Investors have tended to focus on the larger producers despite RB Platinum being a higher quality, lower risk platinum group metal producer. Management has used its capital to purchase good assets at bargain basement prices. It has very good BEE credentials being 40% owned by the Royal Bafokeng Nation, has good labour relations and has been relatively unscathed from worker union issues. Our position has been built up over the years and this is a company that we have spent many hours getting to know. Ultimately it's the platinum group metal prices, a group of commodities that we still believe has a bright future that will determine its success as an investment.

Transaction Capital (3%)

Transaction Capital essentially does two things; it lends money to the taxi industry and is the biggest buyer of distressed books from retailers and banks. The management team is never content to sit still and continues to invent new ways to add value to shareholders and diversify its revenue streams. They are market leaders in their segments, dominate their markets and never cease to look for ways to delight their customers and enlarge the moat around their businesses. In addition, management is backed by the founding shareholders who themselves have proven to be remarkable capital allocators.

OUTLOOK

The companies discussed above, along with the investment in the fund of Longleaf Asia Pacific fund, account for approximately 25% of the fund. The rest of the portfolio is also cheap, in particular the smaller positions in South African stocks such as RECM & Calibre and Bowler Metcalf.

We are optimistic about these counters and the fund stands a good chance of doing well from these positions.

Walter Aylett

31 March 2019

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Balanced Fund Risk Disclosure

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.

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.

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 CIS 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 15:00 (SA). 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 and application forms, please visit www.aylett.co.za.

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Risk Profile

Moderate

- These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios
- In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios
- The probability of losses are higher than that of the low risk portfolios but less than high risk portfolios
- Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios

Glossary

Annualised performance: Annualised performance shows 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.

Composite Index: 60% SWIX Total Return Index, 20% All Bond Total Return Index, 15% World MSCI, 5% Cash STEFI

CPU: Cents per unit

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

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. Prescient is a member of the Association for Savings and Investments SA.

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).

Investment Manager:

Aylett & Company (Pty) Ltd, Registration number: 2004/034008/07 is an authorised Financial Services Provider (FSP No. 26/10/20513) 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.

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