Aylett Equity Prescient Fund

Minimum Disclosure Document - 31 March 2020

Fund Performance: (figures are annualised)	Aylett Equity Prescient Fund - Class A1	JSE All Share TRI
1 Year	-23.1%	-18.4%
3 Years	-3.9%	-2.1%
5 Years	0.6%	-0.1%
7 Years	4.8%	4.7%
10 Years	7.8%	7.7%
Inception	10.0%	8.6%
Highest 1 year return*	48.2%	48.3%
Lowest 1 year return*	-23.1%	-37.6%

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

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 Equity Prescient Fund is a general equity portfolio. The Manager in selecting securities for the portfolio will seek to follow an investment policy which will secure for investors an optimum overall return, that is to say the steady growth of income and the preservation of capital in real terms.

Fund Universe

The Aylett Equity Prescient Fund is required to invest a minimum of 80% of the portfolio in equities at all times, with offshore asset exposure being limited to 30%.

Fund Details:	
Market value	R1.52 billion
Offshore exposure	21%
Top 10 holdings	AECI LTD
(in alphabetical order)	ANGLO AMERICAN PLC
	BERKSHIRE HATHAWAY INC-CL B
	BHP GROUP PLC
	BRITISH AMERICAN TOBACCO PLC
	MELCO INTERNATIONAL DEVELOP.
	REINET INVESTMENTS SCA
	ROYAL BAFOKENG PLATINUM LTD
	STANDARD BANK GROUP LTD
	TRANSACTION CAPITAL

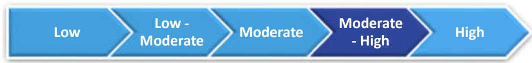
Fund Facts:	
Fund target	To provide long term growth in both capital and income over time.
Fund category	South African Equity General
Inception	3 July 2006
Benchmark	JSE ALL Share TRI
Recommended term	Long term
Portfolio manager	Walter Aylett - Aylett & Company (Pty) Ltd
Management company	Prescient Management Company (RF) (Pty) Ltd
Fund auditors	Ernst & Young Incorporated
Fund trustees	Nedbank Investor Services. Tel: +27 11 534 6557

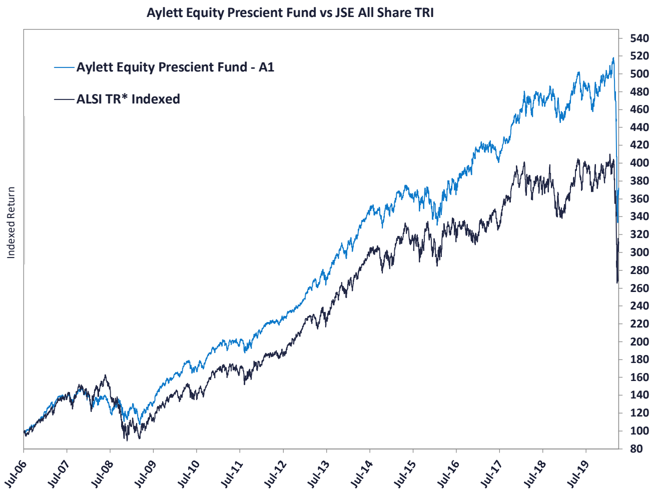
Fees & Minimums:		
Minimum	Lump sum: R5 000	
Investments	Debit order: R500	
Initial fees	None	
Annual management fee	Minimum: 1.15% (including VAT)	
A1 Class	Fees are class dependent: Calculated on the market value of the fund's assets, accrued daily and paid monthly.	
Total expense ratio	Total TER of 1.17% comprised of:	
A1 Class	Management fee	1.15%
	Performance fee	Not Applicable
	Other cost	0.02%
	Total TER	**1.17%**
	Transaction Costs	**0.21%**
	Total Investment Charges	**1.38%**

Income Distributions:	
Declaration & payment	Declared: Last business day of March annually.
March 2020: 103.15 cpu	Distributed: By the 2nd working day after declaration date.

Fund Risk Profile

The Fund has a moderate risk profile as it is actively managed across equities, cash and other listed assets both domestically and in foreign markets.

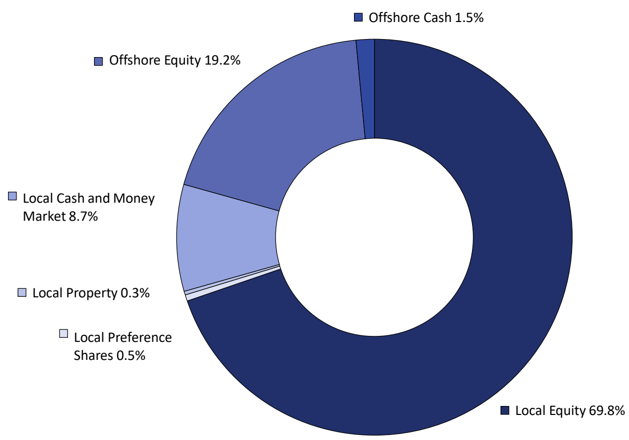




*Total Return Index is net of fees and assumes dividends and distributions are reinvested.
Cumulative outperformance since inception is 60.5%. For illustrative purposes only.

Source: Bloomberg, inception to 31 March 2020

Asset Allocation



Issued on: 22 April 2020

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Fund Manager Commentary:

"Remember George, this is no time to go wobbly"
Margaret Thatcher (start of the Kuwait War 1990)

"When the facts change, I change my mind. What do you do, sir?"
John Maynard Keynes

Since our last quarterly commentary, the world has confronted the greatest pandemic in over a hundred years. So far COVID-19 has sickened millions of people, killed over a hundred thousand and the health crisis is far from over. Global financial markets have been through one of the most volatile periods in recorded history. The S&P500 declined 20% for the quarter while the JSE All Share Index finished down 22% over the same period. Peak to trough, the JSE was down more than a third at one point during the quarter.

I started managing money in 1995 and twenty-five years later not much seems to have changed in the investment markets other than that each crisis comes with a new name. Each time, the initial destruction of wealth is enormous but the outcomes always seem to end the same way and dare I say, life goes on.

Without wanting to understate the terrible suffering that COVID-19 has brought on, I have to ask: Is this going to end the same way as all the prior crisis the world has faced? I simply don't know. There is a lot about this crisis we don't know. Perhaps it is better to focus on what we do know. In a piece Howard Marks recently wrote he puts it well:

"What does the U.S. (and the world) see today?
• One of the greatest pandemics to reach us since the Spanish Flu of 102 years ago,
• The greatest economic contraction since the Great Depression, which ended 80 years ago,
• The greatest oil-price decline in the OPEC era (and, probably, ever), and
• The greatest central bank/government intervention of all time."

To add to that and to bring the observations a little closer to home, our country has been downgraded and locked-down – both of which a country with fundamental economic challenges like ours, does not need at this time.

So, what do I know?
• I cannot forecast the future,
• Our philosophy of investing in assets we understand with the appropriate risk management, we believe, is intact,
• Our ability to say no to many opportunities without the fear of missing out will stand us in good stead,
• The cost of money is near zero,
• Seeking companies with balance sheet strength, management who are willing to adjust quickly, and whose products we need seems like a sound strategy,
• South Africa was cheap before this crisis. It just got cheaper,
• Our investment actions have not changed over the last three months. We have continued to add to assets we like and understand.

THE PORTFOLIO:
Approximately 40% of the fund is invested in six assets. They are in order of size, and as a percentage of the total fund, Reinet Investments SCA (13%), Berkshire Hathaway Inc-Class B (7%), BHP Group PLC (6%), Anglo American PLC (5%), Royal Bafokeng Platinum (4%), and Standard Bank Group (4%).

We refer readers to past fact sheets where the companies listed above have been discussed in detail. These bear rereading as, while the prices of these assets may be lower, the facts have not changed. Clearly, there are new risks we must consider but none of these risks has been enough for us to change our mind. In some instances, the investment case for some of the assets has improved.

With the inevitable downgrade now behind us it seems like the South African government is starting to take the tough actions required to strengthen the country's balance sheet (actions such as the refusal to continue to fund South African Airways and the potential prosecution of corrupt officials). The political landscape has improved, and inflation does not appear to be a problem.

The fund has approximately 30% effective exposure to the South African economy. These are strong companies that meet our investment requirements. Examples include Spur, Long for Life, AECI and Bowler Metcalf.

In conclusion, should markets fall again, surplus funds will either be used to add to quality assets we know well or to invest in new assets that until now have been too expensive to purchase. We will keep investors informed of any additional news.

In the interim, we wish you and those close to you all the best in this very difficult environment, and we thank you for your continued support.

Walter Aylett
31 March 2020

Equity 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

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.

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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.

Risk Profile

Moderate - High:

- Generally, these portfolios hold more equity exposure than any other risk profiled portfolios. These portfolios therefore tend to carry more volatility.
- Expected potential long-term returns could be higher than other risk profiles, in turn potential losses of capital could be higher.

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.

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 (N0.37 of 2002). Please be advised that there may be representatives acting under supervision.

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