Aylett Equity Prescient Fund

Minimum Disclosure Document - 30 June 2020

Fund Performance: (figures are annualised)	Aylett Equity Prescient Fund - Class A1	JSE All Share TRI
1 Year	-11.9%	-3.3%
3 Years	1.6%	5.1%
5 Years	3.5%	4.2%
7 Years	6.8%	7.9%
10 Years	9.9%	10.9%
Inception	10.9%	10.1%
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.

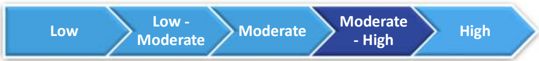
Fund Universe

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%.

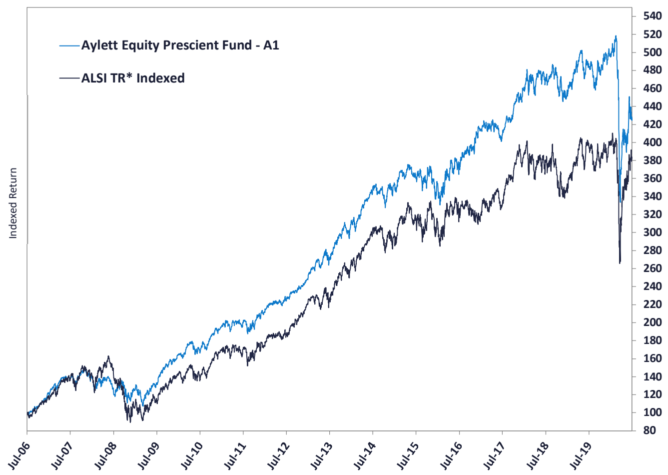
Fund Details:	
Market value	R2.06 billion
Offshore exposure	17%
Top 10 holdings	AECI LTD
(in alphabetical order)	ANGLO AMERICAN PLC
	BERKSHIRE HATHAWAY INC-CL B
	BHP GROUP PLC
	BRITISH AMERICAN TOBACCO PLC
	MELCO INTERNATIONAL DEVELOP.
	REINET INVESTMENTS SCA
	ROYAL BAFOKENG PLATINUM LTD
	STANDARD BANK GROUP LTD
	TRANSACTION CAPITAL

Fund Risk Profile

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



Aylett Equity Prescient Fund vs JSE All Share TRI



*Total Return Index is net of fees and assumes dividends and distributions are reinvested.
Cumulative outperformance since inception is 44.1%. For illustrative purposes only.

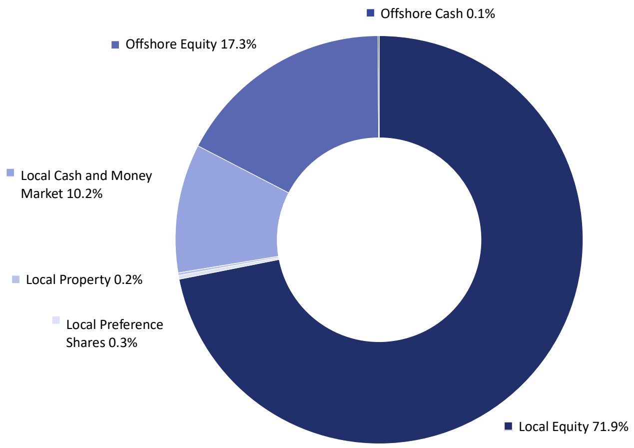
Source: Bloomberg, inception to 30 June 2020

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 Investments	Lump sum: R5 000	
	Debit order: R500	
Initial fees	None	
Annual management fee	Minimum: 1.15% (inclusive of 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 1.18% comprised of:	
A1 Class	Management fee	1.15%
	Performance fee	Not Applicable
	Other cost	0.03%
	Total TER	**1.18%**
	Transaction Costs	**0.23%**
	Total Investment Charges	**1.41%**

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.

Asset Allocation



Issued on: 23 July 2020

Fund Manager Commentary:

We are halfway through the year and it has certainly been the most eventful time in the markets we have ever experienced. In my opinion, the volatility this time has not only been worse across all markets, but the extent of the high correlation of negative returns has been unprecedented. We are going to avoid discussing the crisis, not wanting to under-emphasise the seriousness of the pandemic, but we feel so much has been written by individuals who are better placed to comment on it than we are.

What we know:

In the short-term, having exposure to South African assets and the rand turned out to be wrong. Interestingly the companies we have invested in, and continue to invest in, have managed the crisis better than we initially forecast. We apply a robust process to businesses we have known well for many years - Not one of our investments will need a rights issue, most of our companies have very strong balance sheets coupled with astute and fast-moving management teams that have shown the ability to act fast and responsibly.

In our large investments offshore, our experience has been the same. In our discussions with senior management of the companies we have invested in they have continually impressed us with their insights in dealing with this crisis. While we have been unable to meet directly with management, we have been more than impressed with their public actions.

We were also wrong on the ability of the South African government to deal with the economic implications of the pandemic. Initially after a great start, the President united a fragmented country in solidarity and compelled everyone into a hard lockdown to allow the government time to prepare health facilities. Unfortunately, the initial solidarity and goodwill did not last very long, and the government has seemingly reverted to old policies which have shown little success in the past. Bailing out SAA (with money they do not have), not allowing cigarette sales and losing the associated (much needed) tax revenue, and seemingly ignoring basic business principles does not appear to be working.

Despite the attractive valuations of local companies, we intend to limit our exposure to South Africa. We will favour equities of a rand hedge nature. Incremental investments are likely to be made in companies of South African origin with foreign revenue and local costs, and whose valuations more than adequately factor in the risks perceived. We also suspect inflation will start to rise as the dollar costs get fed into the cost supply chain which will be a further headwind to the already stressed local business and consumer environment. The hurdle for new South African exposed investments has increased for us given the higher risks for the domestic economy in the coming years.

Actions taken:

True to our investment philosophy and principles we have accumulated ownership in companies we understand and know well during this period of market weakness. We continued to acquire assets over the calendar year as their prices fell, despite the fact that the long-term value of these companies has not changed. In the past we anticipated that some of these assets were worth double their share prices. This has not changed except to say their upside has significantly increased over the next five years.

Small Caps:

We have added to shares such as Hudaco, AECI, Supergroup, Long 4 Life and some additional small caps. We suspect the small cap market to be very profitable for long term investors.

Offshore:

We continue to increase our Hong Kong holdings of Li Ka-shing. Berkshire Hathaway recently purchased an energy storage facility for USD10 billion. There are not many companies that can write out cheques for that amount. While it continues to underperform the market, we are quite content to sit with the company as we watch the value unfold over the long term.

It is apt to remind us of Mr. Buffett's sage advice: "Successful investing takes time, discipline and patience. No matter how great the talent or effort, some things just take time. You can't produce a baby in one month by getting nine women pregnant."

Conclusion:

The developed markets in particular look fair to over-valued. Emerging markets, Asia specifically, look attractive in terms of value. The negative sentiment expressed on South Africa's prospects are reflected in the pricing of domestic South African equities making them some of the cheapest assets in the world on most measures. Much of this is valid given the concerns around the economy and government, but there remain excellent businesses within the South African market that are run by capable management teams and trade at significant discounts to their intrinsic value. In time, the market will recognise the value of these businesses and we will sell these investments into strength and reallocate into other attractive opportunities, most likely offshore.

Walter Aylett

30 June 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 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.

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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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