AYLETT BALANCED PRESCIENT FUND - A1

MINIMUM DISCLOSURE DOCUMENT

31 DECEMBER 2020

Aylett [&Co] Fund Managers

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 Regulation 28 of the Pension Funds Act.

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**	ASISA South African - Multi Asset - High Equity Category Average
Recommended term	Medium to 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
TFSA	Qualifying Tax Free Savings Account Investment
Regulation 28 Compliant	Yes

FUND DETAILS

Market value	R783.6 million
Offshore exposure	23%
Top 10 holdings	RSA 10.50% R186 211226
	REINET INVESTMENTS SCA
	ROYAL BAFOKENG PLATINUM LTD
	AECI LTD
	BERKSHIRE HATHAWAY INC-CL B
	TRANSACTION CAPITAL
	ANGLO AMERICAN PLC
	MELCO INTERNATIONAL DEVELOP.
	SPUR CORP LTD
	STANDARD BANK GROUP LTD

FEES & MINIMUMS

Minimum	Lump sum: R5 000
Investments	Debit order: R500
Initial fees	None
Annual management fee	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

A1 Class	Total TER of 1.19% comprised of:
Management fee	1.15%
Performance fee	Not Applicable
Other cost	1.19%
Total TER	**1.19%**
Transaction costs	**0.12%**
Total Investment Charges	**1.31%**

INCOME DISTRIBUTIONS

Declaration & payment	31 March 2020: 4.12 cpu
	Declared: Last business day of March annually. Distributed: By the 2nd working day after declaration date.

PRESCIENT MANAGEMENT COMPANY

FUND PERFORMANCE

(Figures are annualised and net of fees)	Aylett Balanced Prescient Fund - Class A1	Benchmark**
1 Year	5.0%	9.4%
3 Years	5.1%	5.9%
5 Years	7.9%	8.0%
7 Years	8.0%	8.7%
Inception	7.9%	8.9%
Highest 1 year return*	17.2%	21.5%
Lowest 1 year return*	-14.4%	-10.0%

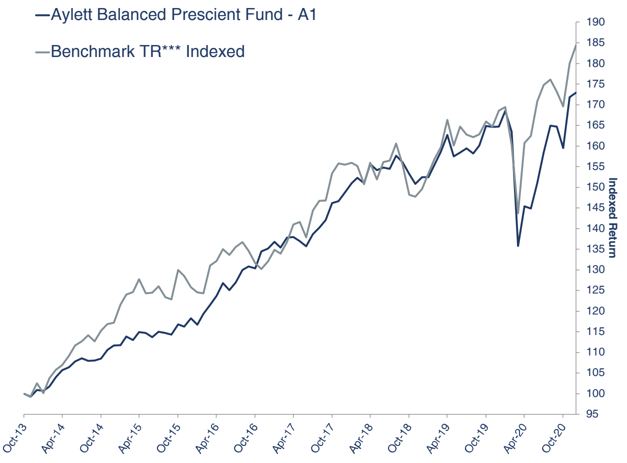
**Highest and lowest consecutive 12-month returns since inception.*
***Effective from 1 November 2020 the funds benchmark changed from a Composite Benchmark (60% SWIX Total Return Index, 20% All Bond Total Return Index, 15% World MSCI, 5% Cash STeFI) to the ASISA South African - Multi Asset - High Equity Category Average.*

Fund Risk Profile

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

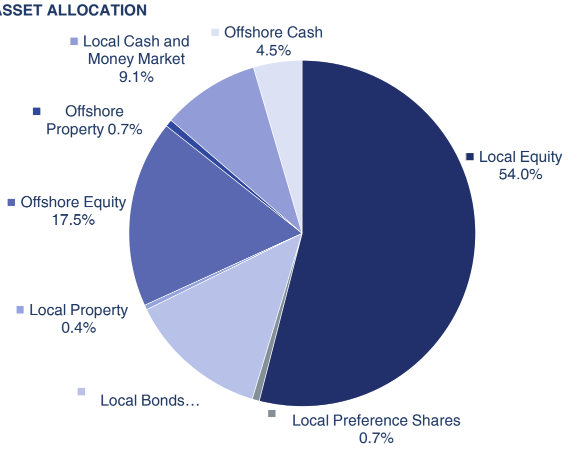
Low | Low - Moderate | **Moderate** | Moderate - High | High

AYLETT BALANCED PRESCIENT FUND vs BENCHMARK PERFORMANCE (Net of fees)



****Total Return Index is net of fees and assumes dividends and distributions are reinvested. Cumulative outperformance since inception is -11.5%.*
For illustrative purposes only: The illustrative performance 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.
Past performance is not indicative of future performance
Source: Bloomberg, inception to 31 December 2020

ASSET ALLOCATION



FUND MANAGER COMMENTARY

INTRODUCTION

2020 was a year of two halves. The first half was dominated by falling markets due to the Covid-19 pandemic and resultant economic shutdowns globally. Relative to other funds our funds were weighted to South African assets which in our view were materially undervalued. As the Covid 19 pandemic peaked in the middle of the year and stimulus was rolled out, stocks started to recover which resulted in a very strong second half. We were fortunate not to sell our assets and we used the weakness to add into the shares we already owned and to invest in numerous new counters.

In our experience, we have never witnessed such indiscriminate selling of top-quality assets. Fund managers had no choice but to sell to fund their outflows. Fortunately for Aylett & Co., we managed to attract new flows into the funds which allowed us to purchase many counters at bargain basement prices. The maxim that pessimism is on the side of the buyer was never truer than during the second quarter of 2020.

ACTIONS TAKEN

New investments were made into companies such as Long4Life Limited, Hudaco Industries Ltd and Spur Corporation Limited. In addition, we invested in South African bonds which yielded excellent results for us. The correction offshore allowed us to invest in travel related sectors, which we will detail later.

The most noteworthy actions we took were to hold onto our current investments despite the significant decreases in share price value, and we added to them as they declined. Examples of this include L Brands Inc, Oriental Watch Holdings and Transaction Capital Ltd which have rewarded us handsomely for being patient. The quality of our investments stood out and not one of the companies we hold needed a rights issue. In addition, their earnings and cash flow did better than we would have expected given the headwinds experienced.

In previous commentary we had mentioned our concerns for the local economy and this view has not changed. In fact, as the year has unfolded it may have become worse. As a result we have slightly increased our offshore exposure. No new local ideas have been introduced into the fund since the pandemic-driven sell-off and with the delisting of African Oxygen Limited we have decided to reinvest the proceeds offshore as we have been able to find some interesting stocks. Because the shift has been significant, we have shared some of our thoughts on these ideas below.

NEW IDEAS

Travel and aerospace-related companies saw a large sell-off last year and the recovery off the lows was muted given that their industry was among the most affected. However, within the sectors we saw opportunity for companies that were mispriced relative to their long-term cash generation ability. Specifically, we invested in the following companies: Spirit Aerosystems and Sabre Corporation. Each of the companies have their own specific drivers as described below, but their commonality was that they were heavily sold-off in the pandemic. Post a strong recovery on positive vaccine news they all still remain attractive investments in our view, if not even more so given the compression of the recovery timeline on faster rollout of vaccines than we had initially assumed.

SPIRIT AEROSYSTEMS

Spirit Aerosystems manufacture aerostructures (fuselages, wings and engine components) for both Boeing and Airbus, and are one of their largest and most important suppliers. Their competitive advantage lies in their manufacturing expertise, cost control and on-time performance – where they are best in class. The business was severely affected by the grounding of the Boeing 737 Max (which was responsible for half of their revenue) and the subsequent production cuts on nearly all planes due to the pandemic. These headwinds, combined with debt levels that appeared high at first glance, resulted in the company being valued at a significant discount to intrinsic value. Significant cost, restructuring and liquidity actions have been taken and Spirit will emerge as a more profitable business post-pandemic. Aerospace is currently in a weakened state, but the industry will grow again and Spirit are well placed to benefit when this occurs. Additionally, even as new fuel and energy sources start to appear in aerospace, Spirit have no risk as currently there is no technology that replaces the body of the plane. So whether the plane is flown on hydrogen, battery or jet fuel, Spirit's products will continue to play a vital part.

SABRE CORPORATION

Sabre is a critical part of the travel ecosystem as a key provider of booking functionality through the second largest global distribution system, which is effectively connecting demand and supply for travel agents. In addition to this, they are a key provider of operations and revenue management software for airlines and hotels. Their software and systems are key products for many travel industry participants, but as they are paid a fee on booking their revenue collapsed during the pandemic and is still recovering. Sabre is also undergoing a technology transformation which is obscuring near-term profitability but will result in a more competitive offering in future.

Due to their private equity history and annuity-like revenue stream (in normal circumstances), they entered the pandemic with debt that was in hindsight too high. Strong cost and liquidity actions have been undertaken subsequently and now there is ample liquidity to wait out a recovery. Their exposure to business travel will also result in a slower recovery than leisure travel, but we are not paying for a full recovery in the current valuation. Sabre is a key technology provider to the travel industry, and in the process of becoming a more profitable and higher return business through their technology investments, an attractive proposition that is hidden through a near term focus on the weakness in the travel sector.

CONCLUSION

In conclusion it is likely we will move more capital offshore as opportunities continue to present themselves. Developed markets do look expensive in aggregate though and as such we are hesitant to be fully invested right now. However, we are still managing to find companies at attractive valuations within these markets and will continue to do detailed research on them. In the meantime, should the rand strengthen we will transfer the cash offshore. Then, should a correction occur we will then be able to invest the cash in these franchises and any more we might uncover.

Walter Aylett

31 December 2020

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
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.

RISK PROFILE

Moderate
- These portfolios generally hold
- In turn the expected volatility is
- The probability of losses are
- Expected potential long term

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

PRESCIENT
MANAGEMENT COMPANY

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