

# CATALYST FLEXIBLE PROPERTY PRESCIENT FUND

## MINIMUM DISCLOSURE DOCUMENT

JANUARY 2019

### ABOUT THE FUND

|  |   |  |       |
|--|---|--|-------|
| Benchmark                                | CPI Plus 4%   |  |       |
| Investment Universe                      | JSE and International listed real estate securities, participatory interest in property CIS, financial instruments, liquid assets and non-equity securities (that the act or the Registrar may allow)   |  |       |
| ASISA classification                     | South African-Real Estate-General   |  |       |
| Investment Term                          | 3 + years recommended   |  |       |
| Portfolio Manager                        | Zayd Sulaiman CA (SA)   |  |       |
| Launch Date                              | 1st October 2015  |  |       |
| Min. Lump sum investment                 | R2000   |  |       |
| Min. Monthly Deposit                     | R300  |  |       |
| Initial Charges                          | No initial fees are charged   |  |       |
| Annual Management Fee Class B            | 1.43% (Incl. VAT)   |  |       |
| TER Annualised Fee Class B               | Management Fee  |  | 1.43% |
|  | Other Fees  |  | 0.26% |
|  | Total Expense Ratio (TER)   |  | 1.69% |
|  | Transaction Cost (TC)   |  | 0.27% |
|  | Total Investment Charge (TIC)   |  | 1.96% |
| Maximum Advisor Fee                      | 2.30% (Incl. VAT)   |  |       |
| Performance Fee                          | N/A   |  |       |
| Fund Size as at 31 January 2019          | R 91,103,122  |  |       |
| Who should Invest:                       | Investors seeking exposure to both SA & Global listed property generating long term returns in excess of bonds and cash. This fund is appropriate for individuals and institutions seeking an income stream plus the prospect of income growth. The fund is ideal for investors looking for a proxy for real estate and provides a property building block for the investor's diversified investment portfolio. |  |       |
| Risk Indicator                           |    |  |       |
| Risks to Consider                        | Changes in interest rates; Changes in property market fundamentals & the Macro-economic Environment   |  |       |
| JSE Code Class B                         | CFPPB   |  |       |
| Unit Price as at 31 January 2019 Class B | 115.07 Cents  |  |       |
| Income Distribution                      | 31 March (Annually)   |  |       |
| Payment Dates                            | 05 April  |  |       |

### MONTHLY COMMENTARY

The SA Listed Property Index (SAPY) and the All Property Index (ALPI) recorded total returns of 9.18% and 8.39% respectively for the month of January, with the historic yield of the SAPY ending the month at 8.56%. The yield-to-maturity (YTM) on the Long-Term South African government bond (RLRS) re-rated by 24bps to end the month at 8.98% (9.22% - 31 December 2018). SA Listed Property recorded the highest total return (9.18%) for the month of January, followed by SA Bonds (2.91%), SA Equities (2.81%) and SA Cash (0.60%). SA Listed Property (SAPY) continues to underperform other asset classes on a rolling 12-month period (-9.43%), with SA Bonds outperforming with returns of (8.79%), followed by SA Cash (7.25%) and SA Equities (-6.06%).

Globally, the FTSE EPRA/NAREIT Developed Net Rental Index, recorded a net total USD return of 10.80% in January. The best performing listed real estate market was the UK, which recorded a total USD return of 12.38% for the month. Japan recorded the lowest total monthly USD return of 6.55%. After an undoubtedly tough 2018, most investors breathed a sigh of relief following a strong rally in January.

The Fund's offshore allocation is approximately 47% on a see-through basis. Global real estate operating fundamentals, although moderating, remain overall healthy. Positive GDP growth, low unemployment, wage growth, and moderate inflation all contribute towards a healthy economic backdrop. Locally, SA centric companies are trading at forward yields above the long-term South African Government Bond proxy (RLRS). Similarly, dual listed offshore companies are trading at attractive forward yields relative to their respective long-term government bond yields. We expect the sector's growth in distribution per share over the medium term to be similar to inflation.

Source of data: IRESS, Bloomberg, Company Information and Catalyst Fund Managers

### FUND OBJECTIVE

The CATALYST FLEXIBLE PROPERTY PRESCIENT FUND is an actively managed portfolio, which has a total return objective and seeks to offer investors a return in excess of CPI + 4% over the long term. The fund will have a flexible mandate allowing investment in both local listed property securities, global listed property securities and local and offshore cash.

| DECLARATION DATE | DISTRIBUTION AMOUNT | EX-DISTRIBUTION PRICE (CENTS) |
|------------------|---------------------|-------------------------------|
| 31 March 2018    | 3.99 cents per unit | 1.00                          |

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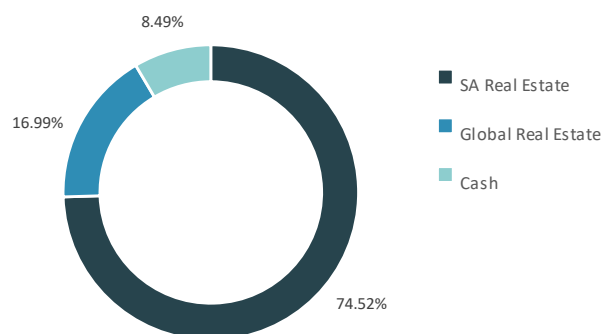
#### PERFORMANCE TO 31 JANUARY 2019 (ZAR)

|                                   | CPI + 4%* | Class B<br>(Net NAV to NAV) |
|-----------------------------------|-----------|-----------------------------|
| 3 month                           | 2.11%     | 1.90%                       |
| 6 months                          | 4.28%     | 8.33%                       |
| 12 months                         | 9.39%     | 6.02%                       |
| 3 years annualised return         | 9.69%     | 6.33%                       |
| Since inception annualised return | 9.21%     | 6.69%                       |

|                               | Return (net) | Period                     |
|-------------------------------|--------------|----------------------------|
| Best 12 month rolling return  | 18.80%       | 1 Dec. 2016 - 30 Nov. 2017 |
| Worst 12 month rolling return | -9.76%       | 1 Jan. 2018 - 31 Dec. 2018 |

\*CPI +2 month lag is utilised

#### FUNDS SECTORAL ALLOCATIONS AS AT 31 JANUARY 2019

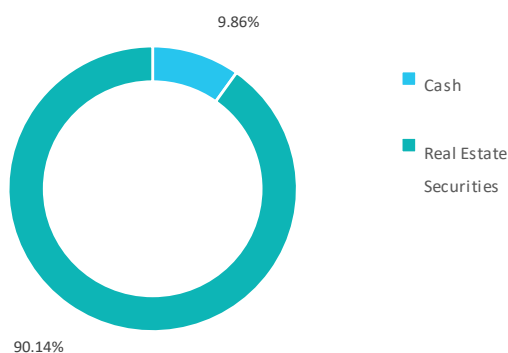


\*based on JSE closing prices

#### FUND TOP TEN AS AT 30 NOVEMBER 2018 (ALPHABETICAL)

|   |
|---|
| Arrowhead Prop Ltd A                        |
| Catalyst Global Real Estate Feeder Fund - B |
| Catalyst Global Real Estate UCITS Fund - D  |
| Dipula Income Fund-A                        |
| Growthpoint Props Ltd                       |
| Hammerson Plc                               |
| Hyprop Inv Ltd                              |
| Nepi Rockcastle Plc                         |
| Redefine Prop Ltd                           |
| Resilient Reit Ltd                          |

#### ASSET ALLOCATION AS AT 31 JANUARY 2019



#### SPECIFIC FUND RISK

|                           |  |
|---------------------------|--|
| 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.   |
| 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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| TERM                                  | MEANING  |
|---------------------------------------|--|
| 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.  |
| Co-named Collective Investment Scheme | A portfolio approved and branded in the name of both the manager (Prescient Management Company) and the financial services provider (Catalyst Fund Managers) and where the financial services provider undertakes the function of discretionary financial services in relation to the assets of the portfolio. |
| Income Distribution                   | The interest and/or dividend income that is generated by the underlying investments in the Fund and that is declared and distributed to investors in the Fund periodically.  |

### 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. CISs 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. Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change. 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.catalyst.co.za](http://www.catalyst.co.za).

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 The Management Company and Trustee are registered and approved under the Col-  
 lective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the  
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