


# CATALYST FLEXIBLE PROPERTY PRESCIENT FUND

## MINIMUM DISCLOSURE DOCUMENT

**OCTOBER 2018**

### 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		0.25%
	Total Expense Ratio (TER)		1.68%
	Transaction Cost (TC)		0.27%
	Total Investment Charge (TIC)		1.95%
Maximum Advisor Fee	2.30% (Incl. VAT)		
Performance Fee	N/A		
Fund Size as at 31 October 2018	R 42,448,149		
Who should Invest:	Investors seeking long term returns in excess of bonds and cash. This fund is appropriate for individuals and institutions seeking a high yielding income stream plus the prospect of income growth. The Fund is ideal for investors looking for a proxy for real estate and requires a property building block for their entire diversified investment.		
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 October 2018 Class B	112.92 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 -1.69% and -0.46% respectively for the month of October, with the historic yield of the SAPY ending the month at 9.28%. The yield-to-maturity (YTM) on the Long-Term South African government bond (RLRS) de-rated by 41 bps, ending the month at 9.63% (9.22% - 30 September 2018). SA Cash was the only asset class to post positive returns in the month, recording a total return of (0.63%) in a month of negative returns across other major asset classes. This thread held on a year-to-date (YTD) basis with SA Cash leading at 6.04%, followed by SA Bonds (3.07%), SA Equities (-9.38%) and SA Property (-23.48%). For the rolling 12-month period, SA Listed Property (SAPY) continues to underperform other asset classes with SA Bonds the best performing asset class with a total return of 7.79% over the same period.

Globally, the FTSE EPRA/NAREIT Developed Net Rental Index, recorded a net total USD return of -3.10% in October. The best performing listed real estate market was Japan, which recorded a total USD return of -1.30%. Hong Kong recorded the lowest total USD return for the month of -8.26%. The outlook for real estate returns in the face of expected interest rate increases is understandably a current focus point for many investors. Conventional wisdom and the narrative that is most commonly encountered is that rising interest rates is the Achilles heel that will bring about the end of the current real estate cycle.

The Fund's offshore allocation is approximately 52% on a see-through basis. Global real estate fundamentals overall remain healthy, mainly due to manageable supply levels relative to demand, with an improved economic growth outlook. Taking the estimated forward FAD (Funds Available for Distribution) yield of 5.01%, and medium-term growth prospects into account, listed real estate currently looks fairly valued on a risk-adjusted basis. Despite the weak outlook for local property fundamentals and downward revisions to earnings, SA listed real estate remains attractively priced. We expect the sector to achieve inflationary growth in distribution per share over the long term.

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 OCTOBER 2018 (ZAR)

	CPI + 4%*	Class B (Net NAV to NAV)
3 month	2.12%	6.31%
6 months	4.50%	4.84%
12 months	9.13%	-4.15%
2 years annualised return	9.05%	5.82%
Since inception annualised return	9.26%	6.60%

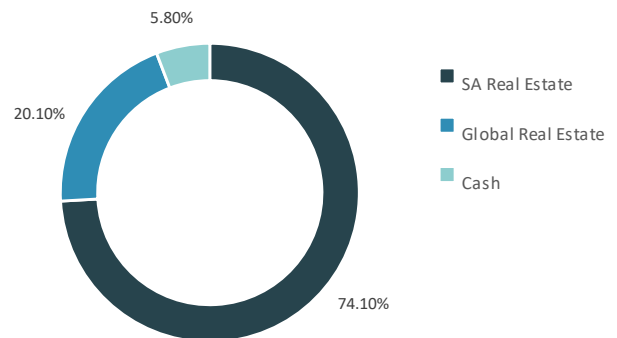
	Return (net)	Period
Best 12 month rolling return	18.80%	1 Dec. 2016 - 30 Nov. 2017
Worst 12 month rolling return	-5.25%	1 April 2017 - 31 March 2018

\*CPI +2 month lag is utilised

#### FUND TOP TEN AS AT 31 AUGUST 2018 (ALPHABETICAL)

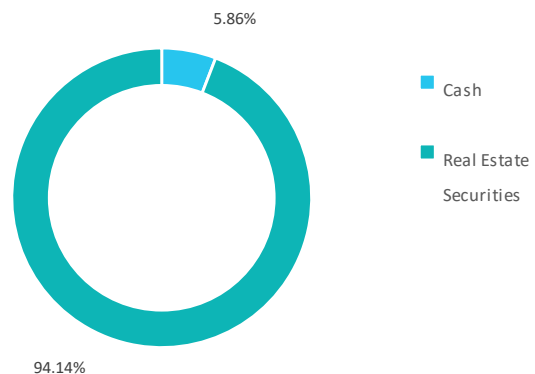
Catalyst Global Real Estate Feeder Fund - B
Catalyst Global Real Estate UCITS Fund - D
Dipula Income Fund-A
Echo Polska Properties Nv
Fortress Reit Ltd - A
Gemgrow Properties Ltd -A
Hyprop Inv Ltd
Mas Real Estate Inc
Nepi Rockcastle Plc
Rebosis Prop Fund Ltd - A

#### FUNDS SECTORAL ALLOCATIONS AS AT 31 OCTOBER 2018



\*based on JSE closing prices

#### ASSET ALLOCATION AS AT 31 OCTOBER 2018



#### 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. CIS's 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).

### CONTACT DETAILS

**Management Company:**

Prescient Management Company (RF) (Pty) Ltd,  
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 Website: [www.prescient.co.za](http://www.prescient.co.za)

**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](http://www.nedbank.co.za)

*The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No. 45 of 2002). Prescient is a member of the Association for Savings and Investments SA.*

**Investment Manager:**

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 Tel: +27 21 657 5500  
[mail@catalyst.co.za](mailto:mail@catalyst.co.za)

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Date issued – 9 NOVEMBER 2018

**PRESCIENT**  
 MANAGEMENT COMPANY

The CATALYST GLOBAL REAL ESTATE PRESCIENT FEEDER FUND is managed by Catalyst Fund Managers Global (Pty) Ltd and is structured as a co-branded portfolio operating under Prescient Management Company (RF) Pty Ltd.  
 \*Managed via a sub delegation relationship with Catalyst Fund Managers SA (Pty) Ltd (Licence number 36009)