

FUND INFORMATION
Investment Objective

The Metope Property Prescient Fund is an actively managed listed real estate portfolio that seeks to maximise income returns and long-term capital growth by investing in stocks in the Real Estate sector. Through active management and stock selection, the fund aims to provide superior returns to the FTSE/JSE SA Listed Property Index.

Investment Strategy

Metope's in-depth fundamental research underpins the funds objective to invest in real estate stocks with good quality assets, strong management teams and sustainable, cash-based distributions.

Investment Policy

In order to achieve the fund's objective, the fund will invest in property securities, property collective investment schemes, property loan stock, real estate equity shares, money market instruments, bonds, fixed deposits and other interest bearing securities, derivatives and assets in liquid form. The portfolio will invest at least 80% of the market value of the portfolio in securities listed in the FTSE/JSE Real Estate sector or similar sector of an international stock exchange. Up to 10% may be invested in securities outside the defined sectors in companies that conduct similar business activities as those in the defined sector.

Risks to Consider

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. As a result of these risks, the fund is classified as a moderate-high risk investment and the recommended investment term is 3-5 years.

ASISA Classification	SA Real Estate General
Benchmark	FTSE/JSE SA Listed Property Total Return Index
Portfolio Manager	Liliane Barnard
ISIN Number	ZAE000200879
JSE Code	MMPCA
Portfolio Size	R 98.8 m
Portfolio Inception	2 February 2015
Minimum Lumpsum	R1,000
Minimum Monthly	R250
Management Fee (Class A)	1.25% p.a. (excl VAT)
Performance Fee	15% p.a. above the benchmark over a 2-year rolling period
Cost ratios (see glossary for definitions) at 30 Jun 2018	Total Expense Ratio: 1.64% Transaction Costs Ratio: 0.38% Total Investment Charge: 2.02%
Distribution Declaration	Quarterly: 31 Mar; 30 Jun; 30 Sept; 31 Dec
Rolling Historic Income Yield	6.2% (Class A, net of all costs)
NAV at 31 October 2018	86.94 cpu (Class A)
Risk Indicator	● Moderate-High
Issue Date	5 November 2018

TOP 10 HOLDINGS

Echo Posilka Properties
Equites Property Fund
Fortress REIT A
Fortress REIT B
Hyprop Investments Ltd
MAS Real Estate
Nepi Rockcastle
Redefine Properties
Resilient REIT
Vukile Property Fund

ASSET ALLOCATION


Income Distributions Declaration Date:	Total Distribution	NAV	Trailing Income Yield
31 December 2017	1.398	124.47	4.1%
31 March 2018	1.267	82.86	5.7%
30 June 2018	1.190	83.64	6.2%
30 September 2018	1.570	87.14	6.2%

Total Returns *	Fund	Benchmark	Alpha
1 Month	-0.2%	-1.7%	1.5%
3 Months	6.3%	-2.2%	8.5%
6 Months	-3.4%	-11.6%	8.2%
Year to Date	-26.7%	-23.5%	-3.3%
1 Year	-24.8%	-18.7%	-6.1%
2 Years	-7.7%	-9.7%	2.0%
3 Years	-10.0%	-12.4%	2.4%
Launch	2.1%	-0.6%	2.7%

Annualized Returns *	Fund	Benchmark	Alpha
1 Year	-24.8%	-18.7%	-6.1%
2 Years	-3.9%	-5.0%	1.0%
3 Years	-3.5%	-4.3%	0.9%
Launch	0.6%	-0.2%	0.7%

Highest & Lowest Return *	Rolling 12-month Return	Period
Highest Annual Return	28.4%	Dec 2016 - Nov 2017
Lowest Annual Return	-24.8%	Nov 2017 - Oct 2018

* Class A returns net of fees



Fund Commentary

Markets were weak across all asset classes in October, with equities experiencing a sharp correction amidst a global sell-off. The All Share index declined 5.8%, with bonds and property both losing 1.7%. South Africa's new finance minister, Tito Mboweni, delivered his maiden Medium-Term Budget Policy Statement in a tough economic environment and highlighted the challenges faced by the government. A decrease in growth assumptions and a wider than anticipated budget deficit over the medium term were negatively received by the market, with bond yields rising and the currency weakening following the statement. Positively, the expenditure ceiling has been maintained despite the constrained revenue stream (given low growth) as treasury attempts to reprioritise spending within the budget to drive growth and employment. The disappointing MTBPS could see Moody's downgrade SA's credit rating outlook to negative. A downgrade of the rating by Moody's (the last of the three ratings agencies to maintain SA's investment grade rating) would put significant selling pressure on SA bonds and the rand, the possibility of which is already priced into bond yields.

The October reporting season kicked off with Equites, who delivered a solid 11.7% growth in DPS for their interim results to August 2018. The fund is expecting to hit the upper quartile of its distribution guidance (10% - 12%) for the full year ending February. The strong results were achieved through 7.8% like-for-like income growth over the period, combined with a decreasing finance cost, reduced gearing, filling of vacant space, and the completion of some acquisitions and developments over the period. The company is built on solid fundamentals, with a 99% industrial portfolio leased to 93% A-grade tenants, and a weighted average lease term of 8.3 years. Equites continues to be one of our top picks, and has performed admirably over the period.

Octodec delivered their annual results for the FY18 year, keeping distributions flat at 203 cents per share. Like-for-like growth in rental income for the year was below inflation at 2.6%, putting pressure on distribution growth. Sharon's Place, one of Octodec's flagship developments in the Pretoria (Tshwane) CBD was completed during the period and will be fully let going into the FY19 financial year, but dragged on earnings over the period due to the property not being fully income-producing during the let-up stage. Octodec's results highlight the challenging conditions faced by the sector, with economic and political uncertainty weighing on consumer confidence and economic growth. Octodec is fully invested in the Gauteng region, with 67% of their portfolio in Tshwane, and 33% in Johannesburg.

The Western Cape appears to be faring somewhat better, as Spear's interim results to August show. The company achieved growth in distributions of 9.3%, and is guiding to full year growth of between 9% - 11%. 98% of the portfolio is invested in the Western Cape. Over the period the company recycled capital from mature or low-growth assets into those which they believe offer better opportunities, and grew the average property value in the process. 12% of the portfolio revenue is derived from the hospitality sector, which has struggled over the period due to the severe drought in Cape Town as well as some refurbishment projects underway. Spear REIT listed in November 2016, and has performed well over the past two years.

The sector is currently trading at a forward yield of 9.4%, with South African companies offering a forward yield of over 10% and inflation-linked distribution growth over the next 3 years.

GLOSSARY OF TERMS

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.
NAV	The net asset value represents the assets of a Fund less its liabilities.
Highest & Lowest Return	The highest and lowest returns for any 1 year over the period since inception have been shown
Total Expense Ratio (TER)	Total Expense Ratio (TER) is the percentage of the average NAV of the fund that was incurred as charges, levies and fees related to the management of the portfolio
Transaction Costs (TC)	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
Total Investment Charge (TIC)	The Total Investment Charge (TER + TC) is the percentage of the NAV of the fund incurred as costs relating to the investment of the portfolio.
Performance fee	The Fund charges a base and performance fee. Performance fees are payable on outperformance of the benchmark using a participation rate of 15%. A permanent high watermark is applied, which ensure that performance fees will only be charged on new performance. There is no cap on the performance fee.

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.

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.metopegroup.com

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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:

Metope Investment Managers (Pty) Ltd, Registration number: 2004/035077/07, is an

authorised Financial Services Provider (License no: 21999) 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 (No.37 of 2002). Please be advised that there may be representatives acting

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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.

