

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 All Property Index (ALPI).

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 All Property Total Return Index
Portfolio Manager	Liliane Barnard
ISIN Number	ZAE000200879
JSE Code	MMPCA
Portfolio Size	R 80.3 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 31 Dec 2020	Total Expense Ratio: 1.59% Transaction Costs Ratio: 0.06% Total Investment Charge: 1.65%
Distribution Declaration	Quarterly: 31 Mar; 30 Jun; 30 Sept; 31 Dec
Rolling Historic Income Yield	3.0% (Class A, net of all costs)
NAV at 31 March 2021	59.33 cents per unit (Class A)
Participatory Interests	135,281,146.51 units
Risk Indicator	● Moderate-High
Issue Date	12 July 2021

TOP 10 HOLDINGS

EPP
Equites Property Fund Ltd
Fortress Income Fund Ltd
Fairvest Property Holdings
MAS Real Estate Inc
NEPI Rockcastle PLC
Resilient Property Income Fund Ltd
Spear REIT Ltd
Stor-age Property REIT Ltd
Vukile Property Fund Ltd

ASSET ALLOCATION


Income Distributions Declaration Date:	Total Distribution (cents per unit)	NAV at Declaration Date (Clean)	Trailing Income Yield
30 September 2020	0.180	41.87	10.8%
31 December 2020	0.620	51.37	5.5%
31 March 2021	0.170	54.02	2.4%
30 Jun 2021	0.790	58.54	3.0%

Total Returns *	Fund	Benchmark	Alpha
1 Month	2.9%	3.0%	-0.2%
3 Months	9.8%	11.1%	-1.3%
6 Months	15.8%	20.1%	-4.2%
1 Year	19.0%	25.6%	-6.6%
2 Years	-21.4%	-24.6%	3.3%
3 Years	-15.8%	-24.0%	8.2%
5 Years	-26.6%	-29.6%	3.0%
Launch	-18.8%	-22.4%	3.7%

Annualized Returns *	Fund	Benchmark	Alpha
1 Year	19.0%	25.6%	-6.6%
2 Years	-11.3%	-13.2%	1.9%
3 Years	-5.6%	-8.8%	3.2%
5 Years	-6.0%	-6.8%	0.8%
Launch	-3.2%	-3.9%	0.7%

Highest & Lowest Return *	Rolling 12-month Return	Period
Highest Annual Return	35.5%	Apr 2020 - Mar 2021
Lowest Annual Return	-47.7%	Nov 2019 - Oct 2020

* Class A returns net of fees



Fund Commentary

Inflation was a hot topic in June, with the US CPI figure printing at a 13 year high of 5% in May. However markets reacted positively, as traders saw the spike as temporary, allowing the Fed to delay tapering of quantitative easing. Labour market conditions in the US remain tight however, with labour supply constrained as people are discouraged from entering the workforce due to record levels of financial aid, lack of child care and fears of contracting Covid-19. Increases in wages offered in order to fill vacancies pose further upside to inflation. Meanwhile South Africa recorded inflation of 5.2% y-o-y in May on strong base effects, particularly in transport costs. This is most likely the peak of inflation in the near term, with expectations of around 4.5% for the remainder of the year.

Despite successful vaccination programs abroad, with Europe quickening its pace in administering vaccines, the new Delta variant poses a threat to the full opening up and economic recovery with the UK, which has one of the highest vaccination rates, debating whether or not to lift restrictions fully in light of increasing infections. In South Africa the increase in cases and subsequent move to adjusted level 4 restrictions will dampen consumer and business confidence further. Equity markets ended their streak of positive moves in June, closing the month 2.4% down. The Rand fell from recent highs to end the month 4% weaker against the US Dollar as emerging markets were sold off in June.

The local listed property sector gained 3% for the month, led by Vukile (+14.5%) and Mas Real Estate (+10.7%). Vukile released an operationally good set of results for the year ended 31 March 2021. In the South African retail portfolio, vacancies were well contained at 3.2% (up from 2.9% in the prior year), with rental reversions ahead of peers at only -3.3% and a tenant retention ratio of 90%. Rental relief of R141m (around 12% of South Africa net property income) was provided to tenants during the year, with the majority offered in the first half of the reporting period. Footfalls in their portfolio of rural and township centres have recovered to close to pre-pandemic levels, with average trading density up 1.7%. Similarly, the fund's Spanish retail assets performed well, with vacancies well contained at 1.7% and rental collection above 95%. Net property income declined by 20%, while distributable income declined by 32%. The group's interest cover ratio declined to 3.3% as a result of lower operating profits. Vukile's LTV ratio strengthened to 42.8% from 46.1% due to ZAR strength (and the impact on cross currency swap derivative valuations) and the repayment of R3bn in debt thanks in part to the disposal of its

holding in Atlantic Leaf Properties. Given the strong operating performance of the portfolio, and despite going into level 4 lockdown in South Africa, we expect a recovery in Vukile's rental income in the medium term. There will however be some headwinds in terms of funding costs as a result of the unwind of cross currency swaps post year end (in order to de-risk the balance sheet) resulting in higher cost of debt for the group. Vukile declared a final dividend of 101cps, equivalent to 79% of Funds from Operations (FFO) and has guided to a payout ratio of 60-70% of total group FFO in the future (while still maintaining the minimum 75% of JSE defined distributable income requirement). The company has enjoyed a strong recovery of 140% since its low in October 2020, and is currently trading on a forward dividend yield of c.9%.

Accelerate released results to 31 March, with LTV rising to 48.5% on the back of cumulative portfolio write-downs of R1.6bn (or -12%). Covid relief provided to retail tenants (around 18% of revenue) saw net property income decline 42%, while increased debt costs saw distributable earnings negative. As a result no dividend has been declared for the year. The company's relatively high vacancies (at 15%) are worrying, while the short debt profile (at 1.8 years) poses refinancing risks.

Delta property fund released its results for the year ended 28 February 2021, and with is the company hopes to resume trading in the JSE after trading was suspended due to failure to release its 2020 results on time. The company's rental revenue was down 2.7% for the year. Due to the portfolio's composition being 80% government office buildings, rental relief provided was limited compared to the rest of the sector and aimed at smaller retail tenants. Funds from operations declined 10.4% due to increased administrative expenses. Finance costs declined due to a significant decrease in the weighted average cost of debt to 8.2% (from 10.3%) as the company has very little interest rate hedging in place and is able to take advantage of lower interest rates. The NAV declined 10% to R5.06 on negative property revaluations of 6%. At a share price of R0.35 (before suspension) Delta is trading on one of the deepest discounts to NAV at 93%. No dividend has been declared for the year, however on a distributable earnings basis the company's yield is 90%. However, the high LTV of 56.5%, average debt term of less than one year, and short lease profile (1.3 years) pose significant risks to the outlook.

Adherence to Policy Objective

The portfolio adhered to its policy objective during the quarter ended 30 June 2021

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.

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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.



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