

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 99.1 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	5.9% (Class A, net of all costs)
NAV at 31 July 2018	88.71 cpu (Class A)
Risk Indicator	● Moderate-High
Issue Date	5 October 2018

TOP 10 HOLDINGS

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

ASSET ALLOCATION


Income Distributions	REIT Dividend	Interest	Total
30 September 2017	1.337	0.011	1.348
31 December 2017	1.303	0.095	1.398
31 March 2018	1.268	0.000	1.268
30 June 2018	1.190	0.000	1.190

Total Returns *	Fund	Benchmark	Alpha
1 Month	0.9%	-2.6%	3.5%
3 Months	6.1%	-1.0%	7.1%
6 Months	8.4%	-3.2%	11.6%
Year to Date	-26.6%	-22.2%	-4.4%
1 Year	-22.1%	-15.7%	-6.4%
2 Years	-6.3%	-7.7%	1.4%
3 Years	-6.1%	-7.3%	1.2%
Launch	2.3%	1.1%	1.3%

Annualized Returns *	Fund	Benchmark	Alpha
1 Year	-22.1%	-15.7%	-6.4%
2 Years	-3.2%	-3.9%	0.7%
3 Years	-2.1%	-2.5%	0.4%
Launch	0.6%	0.3%	0.3%

Highest & Lowest Return *	Rolling 12-month Return	Period
Highest Annual Return	28.4%	Dec 2019 - Nov 2017
Lowest Annual Return	-23.0%	Aug 2017 - Jul 2018

* Class A returns net of fees

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Fund Commentary

A weaker than expected local GDP release put the country in a technical recession after the GDP fell for the second consecutive quarter, highlighting the many challenges faced by South Africa including increasing unemployment, struggling SEO's and the pressure on the fiscus; as well as weak investor confidence given uncertainty around global trade and political rhetoric around land issues locally. The currency weakened to levels last seen in early 2016 before recovering losses and ending the month stronger on improving emerging market sentiment and dollar weakness following additional trade tariffs announced by President Trump; as well as a positive market reaction to President Ramaphosa's "Economic Stimulus and Recovery Plan" focusing on inclusive growth that is budget neutral. Global markets continue to diverge on monetary policy, with the Fed raising rates in the US given strong labour markets and economic activity, while other developed markets and emerging markets remain more accommodative in policy. The SARB kept rates on hold in a close decision, as low growth continues to plague the economy. A weaker currency and higher oil price pose upside risk to the inflation and interest rate outlook.

Given the weak local economy and investor confidence, SA focused REIT's continue to warn of difficult times ahead and many have revised growth expectations downwards. SA Corporate reported interim results to June and guided for -3% distribution growth (from flat growth previously guided) in for FY2018 on the back of a tough environment, negative reversions on renewals in the industrial and office portfolios and weak turnover rentals in the retail portfolio.

Attacq released annual results to June 2018, declaring a maiden dividend of 74cps after converting to a REIT. The group is targeting growth of between 7.5% and 9.5% for FY19 and 13-14% for FY20 growth, revised downwards from initial targets of 20% due to negative economic conditions and the effect on disposals and the roll-out of development activity.

Bucking the trend, Fairvest delivered a strong set of results for the year ended Jun 2018, delivering distribution growth of 9.9%. The group's exposure to underserved, low LSM retail assets in rural and non-metropolitan markets offers a niche portfolio with conservative gearing, which is expected to deliver distribution growth of 8-10% in FY2019 despite the challenging economic landscape.

Property fundamentals in Europe, and in particular Central Eastern Europe remain stronger than in South Africa. Echo Polka Properties (EPP) delivered stronger than expected interim results, growing dividends for the first half by 12% and maintaining full year guidance of between 6.7% and 8.6% growth. Growth was supported by reduced vacancies and like-for-like income growth of 4% in the retail portfolio as well as acquisitions concluded during the period.

MAS Real Estate delivered its targeted 30% growth in distributions for FY18. A change in policy will see the group no longer distributing from reserves, and as a result guidance has been lowered to 15% growth for FY2019 as it distributes only sustainable cash flows. Low gearing and a strong pipeline of developments in partnership with Prime Kapital should see the group deliver strong results in the medium term.

The SA listed property index is currently trading on a forward yield of 9.1%, its highest level since 2009 and is expected to offer distribution growth of 6% for the next 12 months. Given the tough fundamentals the growth outlook remains subdued, however we expect distributions to remain ahead of inflation, while valuations are currently offering an attractive entry point into the sector.

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:

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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.