

27four Market Neutral Prescient RI Fund of Hedge Funds

Minimum Disclosure Document | 31 October 2018



FUND INFORMATION

Investment Manager	27four Investment Managers (Pty) Ltd, a category II licensed financial services provider, FSP No: 31045
Inception Date	01 February 2009
Establishment of CIS	01 February 2017
Fund Administrator	Prescient Fund Services
Fund Classification	Retail Investor Hedge Fund
Benchmark	STeFI
Fund Size	R74,926,508.23

RISK PROFILE

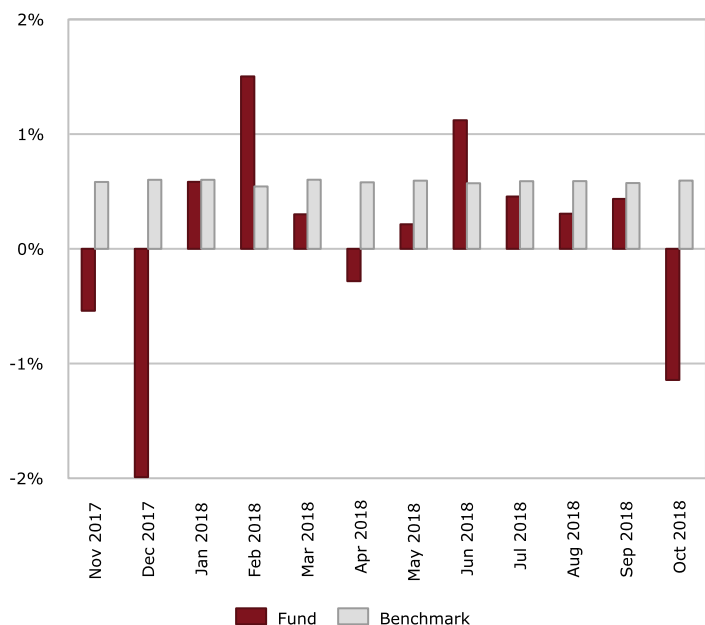


These portfolios generally have very low net equity exposure. The portfolios are designed to have limited market directionality and in turn the expected volatility should be low. The underlying hedge funds are allowed to make use of short selling and leverage which could result in capital losses at some point. The probability of losses are less than high risk portfolios with direct equity exposure. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure.

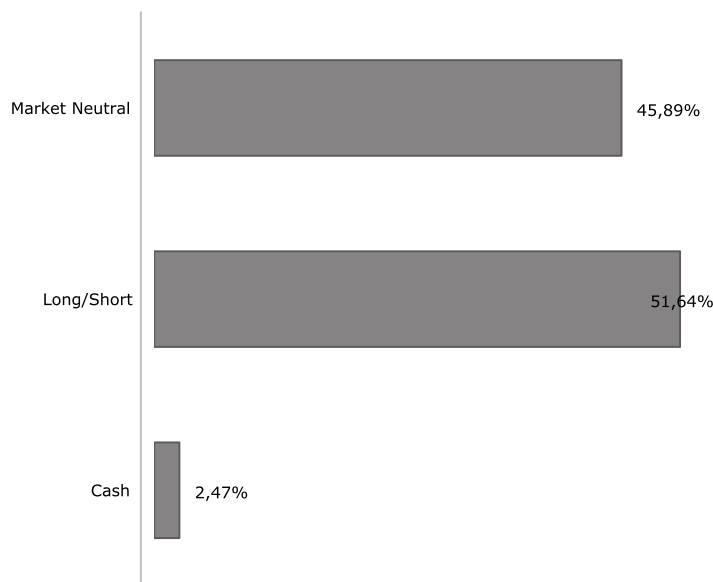
INVESTMENT OBJECTIVE AND SUMMARY

The 27Four Market Neutral Prescient RI Fund of Hedge Funds is an equity market neutral fund of hedge funds that blends a combination of different manager strategies and styles. The fund is exposed to a group of hedge funds that predominantly apply a moderate to low risk market neutral strategy. The fund has a moderate to low risk profile and is designed to deliver consistent positive risk-adjusted returns, independent of the direction of the market. The underlying funds will predominately be invested in equities, but is permitted to invest in other asset classes, including but not limited to fixed interest, commodities, debentures, money market and property markets. The underlying funds are permitted to invest in listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time. The fund will employ a VAR approach to measure exposure.

PERFORMANCE SUMMARY



ASSET ALLOCATION



Market Neutral: An investment manager strategy aimed at profiting from price increases and price decreases in one or more markets, while avoiding directional market risk.

Long Short: An investment manager strategy that involves taking long positions in a stock that is expected to increase in value and a short position in a stock that is expected to decrease in value.

PERFORMANCE ANALYSIS

	Fund	Benchmark
1 Month	-1.14%	0.59%
3 Months	-0.41%	1.77%
6 Months	1.38%	3.57%
YTD	3.53%	6.00%
1 Year	0.92%	7.26%
3 Years (annualised)	3.16%	7.35%
5 Years (annualised)	5.55%	6.84%
Inception (annualised)	7.95%	6.64%
Inception (cumulative)	110.89%	87.21%
Highest Rolling 1 Year Return	17.78%	8.76%
Lowest Rolling 1 Year Return	0.39%	5.18%

RISK ANALYSIS

	Fund	Benchmark
Volatility (annualised)	3.13%	0.32%
% Positive Months	82.91%	100.00%
% Negative Month	17.09%	-
Best Month	4.36%	0.88%
Worst Month	-1.99%	0.39%
Average Negative Month	-0.65%	-
Maximum Drawdown	-2.71%	-
Tracking Error	-	-
Sharpe Ratio*	0.31	-

* The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund and STeFI is used as risk-free rate.

PERFORMANCE SUMMARY

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	-	0.45%	1.49%	1.11%	2.78%	-0.37%	0.09%	-1.80%	1.81%	0.58%
February	0.17%	0.58%	1.02%	0.64%	0.87%	1.24%	2.16%	-0.93%	-0.50%	1.50%
March	1.37%	1.07%	0.35%	0.11%	1.98%	0.22%	1.65%	1.65%	0.67%	0.30%
April	1.50%	0.61%	0.83%	0.33%	0.13%	0.54%	0.87%	0.63%	1.29%	-0.28%
May	1.59%	-0.20%	0.69%	0.64%	4.36%	1.84%	0.53%	2.02%	0.41%	0.21%
June	0.91%	0.39%	0.03%	0.03%	-0.99%	0.27%	-0.11%	-1.39%	-0.80%	1.12%
July	1.54%	0.76%	0.02%	1.04%	2.35%	0.51%	1.60%	0.10%	1.01%	0.46%
August	0.58%	0.55%	0.68%	1.42%	1.08%	0.18%	-0.14%	1.27%	0.25%	0.31%
September	0.82%	0.33%	0.55%	1.05%	1.35%	0.53%	0.33%	-0.60%	0.64%	0.44%
October	1.54%	0.88%	1.35%	1.66%	1.06%	0.48%	2.17%	-0.59%	2.15%	-1.14%
November	-0.16%	-0.09%	0.58%	1.26%	0.26%	0.48%	0.83%	-0.11%	-0.54%	-
December	0.80%	0.15%	0.29%	-0.28%	1.06%	1.42%	0.32%	0.22%	-1.99%	-
Year	11.17%	5.61%	8.16%	9.37%	17.44%	7.57%	10.76%	0.39%	4.41%	3.53%

*Monthly performance indicated is prior to establishment of CIS

INVESTMENT TERMS

FEES

Initial Fee	0.00%
Annual Management Fee	0.90% p.a excl. VAT
Annual Performance Fee	15% p.a excl. VAT above a STeFI hurdle rate
Minimum Investment Size	R50 000
Minimum subsequent investment	Monthly debit orders: R1000 per month

REDEMPTIONS

30 Days Liquidity

INCOME DISTRIBUTION

2018/03/31 : 91.37 cents per unit

2017/03/31 : 00.00 cents per unit

DISCLAIMER

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.

A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios.

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 hedge funds are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14 h00, Five business days before the preceding month end. 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.

The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date

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

For any additional information such as fund prices, brochures and application forms please go to www.27four.com

Contact Details

Management Company:

Prescient Management Company (RF) (Pty) Ltd, **Registration number:** 2002/022560/07
Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945
Postal address: PO Box 31142, Tokai, 7966. **Telephone number:** 0800 111 899. **E-mail address:** info@prescient.co.za **Website:** 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

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:

27four Investment Managers (Pty) Ltd, Registration number: 2007/006556/07 is an authorised Financial Services Provider (FSP 31045) 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 under supervision.

Physical address: Fire Station Rosebank, Fifth Floor, 16 Baker Street, Rosebank, 2196 **Postal address:** PO Box 522417, Saxonwold, 2132, Johannesburg **Telephone number:** 011 442 2464 **Website:** www.27four.com

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Management and administration:

Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Retail Hedge Fund Scheme, which is governed by the Collective Investment Schemes Control Act.

TER BREAKDOWN

Management Fee	2.92%
Performance Fees	0.00%
Other Cost	0.28%
Total Expense Ratio (TER)	3.20%
Transaction Cost (TC)	0.64%
Total Investment Charge (TIC)	3.84%

GLOSSARY

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.
Best Month:	Largest increase in any single month.
Highest & Lowest Return:	The highest and lowest returns over any 1 year period since the inception date.
Max Drawdown:	The maximum peak to trough loss suffered by the Fund since inception.
NAV:	The net asset value represents the assets of a Fund less its liabilities.
Sharpe Ratio:	The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.
Standard Deviation:	The deviation of the return stream relative to its own average.
Tracking Error:	The volatility of the difference in returns between a Fund and its Benchmark. Also known as active risk.
% Positive Months:	The percentage of months since inception where the Fund has delivered positive return.

FUND SPECIFIC RISKS

Currency exchange risk:	Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.
Default risk:	The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.
Derivatives risk:	The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.
Derivative counterparty risk:	A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.
Developing Market (excluding SA) risk:	Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.
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.
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.
Geographic / Sector risk:	For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may fluctuate more than portfolios that are more broadly invested.
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.
Liquidity risk:	If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.
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.
VAR:	The Total Value at Risk of the fund on a 99% confidence interval may not be greater than 10% of the market value of the fund. The Value at Risk is measured over a 10 day period using price movements of the last calendar year. Should the total Value at Risk of the fund breach the Value at Risk must be reduced to within the limits within one business day.

CONTACT DETAILS

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