

PRESCIENT

14 July 2020

Dear Investor

PRESCIENT RECM GLOBAL FEEDER FUND – BALLOT

This letter is important and requires your immediate attention.

The purpose of this letter is to inform you of the proposed amalgamation of the **Prescient RECM Global Feeder Fund** with the **Counterpoint SCI Global Equity Feeder Fund** and to provide you with sufficient information to vote on this proposal.

In December 2019, Counterpoint Asset Management and RECM announced that they would merge their operations in March 2020, with the consolidated business to ultimately trade under the Counterpoint brand. The merger sees RECM and Counterpoint's investment capabilities combine, resulting in greater depth and research capabilities for all investors. This process will result in RECM Collective Investment Scheme portfolios merging with Counterpoint Sanlam Collective Investment Scheme portfolios that have similar investment policies. The existing Trustees (approved by the Commissioner in terms of the Collective Investment Schemes Control Act) of the Prescient Unit Trust Scheme have formally consented to the ballot process as a means for determining the wishes of the majority of the investors as set out in this letter.

Both the **Prescient RECM Global Feeder Fund** and the **Counterpoint SCI Global Equity Feeder Fund** have similar investment objectives and mandates. Details of the similarities and differences are explained in Annexure A, as well as the impact on you as an investor.

Provisions of the Collective Investment Schemes Control Act

In terms of Section 99 of the Collective Investment Schemes Control Act, 45 of 2002 ("the Act"), the ballot will be valid if the majority of investors vote in favour of the amalgamation. Absence of a response will be regarded as a vote in favour of the amalgamation.

Action required

- 1) Please read the below information on the proposed amalgamation of the two portfolios, the impact that this action will have on you, and your rights as an investor.
- 2) Please complete the attached ballot form and return it to our external auditor in the enclosed self-addressed envelope or email it to them at prescientballots@za.ey.com – the completed ballot form

PRESCIENT MANAGEMENT COMPANY (RF) PTY LTD

Prescient House, Westlake Business Park, Otto Close, Westlake, 7945. South Africa
P.O. Box 31142, Tokai 7966 Tel: +27-21-700 3600 Fax: +27-21-700 3700 Website: www.prescient.co.za
Executive Directors: Craig Mockford Herman Steyn
Non-Executive Directors: Zane Meyer* Goolam Modack*
Reg No 2002/022560/07

*Independent

must reach our auditor on or before 27 August 2020. If you do not participate in the ballot in time, you will be deemed to have voted in favour of the amalgamation.

- 3) Please do not include any other instructions regarding your holdings together with your ballot return – e.g. requests for repurchases, etc. Your ballot form will go directly to our auditor and as such, we will be unable to guarantee that any instruction subsequent to the commencement of the ballot process will be effected.

If you are no longer invested in the Prescient RECM Global Feeder Fund, no action is required

We encourage you to vote in favour of the amalgamation of the two portfolios, as we believe that this proposal is in the best interest of all investors.

Effective date of the amalgamation

The effective date of the proposed amalgamation of the two portfolios will be 9 October 2020 provided that the necessary consent is obtained from investors and the Commissioner of Collective Investment Schemes.

Motivation for the amalgamation

For RECM, the amalgamation makes sense in that it:

- Provides greater depth of resources, investment skills and research capabilities resulting from the combined investment team;
- Reduces administration costs by moving all assets to a third party Management Company – namely Sanlam Collective Investments, which administers the portfolios under the SCI Scheme;
- Reduces operational complexity, allowing greater focus on delivering good investment outcomes and providing excellent client service.

How the amalgamation impacts you, the investor

Section 99 (3) (a) of the Collective Investment Schemes Control Act stipulates that on the effective date, every investor:

“shall... hold in the new scheme or portfolio, such participatory interests with an aggregate money value that is not less than the lower of the net asset value or market value, as may be fair and reasonable in the circumstances of the participatory interests which such investor, immediately before the date on which the proposed transaction becomes effective, held in an original scheme or portfolio.”

In other words, when the current portfolio of the **Prescient RECM Global Feeder Fund** is absorbed into and amalgamated with the **Counterpoint SCI Global Equity Feeder Fund**, investors will be issued with replacement participatory interests (units) in the new amalgamated portfolio. The replacement units will be equal in market/monetary value to the units held prior to the amalgamation, although the number of units held may change. The **Prescient RECM Global Feeder Fund** will cease to exist.

- Thus, there will be no impact on your investment i.e. on amalgamation you will receive participatory units in the amalgamated portfolio equal in value to the units held prior to amalgamation.

The amalgamation is treated as a roll-over event for Capital Gains Tax purposes, resulting in your original base cost of your investment being 'carried-over' into the amalgamated portfolio and therefore zero tax consequences.

After the amalgamation, reporting, such as statements and transaction forms, would include the same detail as is currently provided, but would also include Sanlam's logo along with their terms and conditions. The Sanlam Client Service team would also be able to administer your transactions directly and answer any queries you have about your investment.

Charges, performance, unit pricing & special distribution

- Investors will not be liable for the payment of any additional fees, charges, taxes or brokerage as a result of the amalgamation.
- Future performance and unit pricing will be determined by the new amalgamated portfolio, i.e. the **Counterpoint SCI Global Equity Feeder Fund**.
- The **Prescient RECM Global Feeder Fund** will pay a final special distribution to its investors on 09 October 2020.

The attached Annexure A is a summary of the similarities and differences of the portfolios to be amalgamated.

Investment management of the Counterpoint SCI Global Equity Feeder Fund

The investment management team of Counterpoint Boutique (Pty) Ltd, which was merged with the RECM investment team in March 2020, will continue to manage the assets of the portfolio.

Your rights as investor

The rights of all investors are firmly entrenched in the Collective Investment Schemes Control Act. In terms of section 99 of the Act, the Commissioner of Collective Investment Schemes requires that:

- All investors in the affected portfolios will be advised in writing of the details of the proposed amalgamations of the portfolios.
- All investors are given an opportunity to vote in favour of, or against, the proposed amalgamations.
- An independent auditor will verify the outcome of the ballot.
- All investors will be notified in writing of any proposed material changes to the collective investment schemes and portfolios in which they hold units, and
- All investors be balloted in order for them to vote on the proposed changes.

If investors do not respond before the cut-off date, they will be deemed to have voted in favour of the amalgamation.

In addition, you have the following alternative available:

- Should you not be comfortable with the amalgamation proposal, you may elect to redeem your units at any time and withdraw your funds at the net asset value price, as defined in the Trust Deed. Please note

that by electing to redeem your units, your action will constitute a capital gains tax (CGT) event and you will be liable for CGT at your next income tax assessment.

If you choose not to switch or sell your funds prior to the effective date of the amalgamation, the amalgamation proposals, as set out in this letter (if approved by investors), will automatically apply to your investment.

Please note that, in terms of the Collective Investment Schemes Control Act (2002), the Financial Sector Conduct Authority (“the Authority”) will not consent to the amalgamation of the portfolio unless the Authority is satisfied that the amalgamation will not be detrimental to any investors.

Covid-19 contingency

Due to the impact of the current Covid-19 crisis we have implemented various contingency plans, amongst others:

- In the event that you are unable to provide us with your signed ballot letter, please contact us via email or call us at the number below and we will arrange for alternative arrangements to assist you in getting your vote to the auditor before the due date.
- In the event that the ballot is aborted or delayed before the response deadline, 27 August 2020, we will stop the ballot process. In such case we will agree a new effective date with the Authority and recirculate ballot letters once we can recommence with the ballot process.
- In the event that the response deadline is met and the ballot is successful, but the effective date has to be postponed, then we will determine a new date and obtain approval from the FSCA where after we will notify investors of the change.

The existing Trustees (approved by the Commissioner in terms of the Collective Investment Schemes Control Act) of the RECM Collective Investment Scheme have formally consented to the ballot process as a means for determining the wishes of the majority of the investors as set out in this letter.

Attachments

- A comparison between the Prescient RECM Global Feeder Fund and the Counterpoint SCI Global Equity Feeder Fund and the impact of changes on you as investor
- Ballot Form

For more information

Should you wish to know more about the amalgamation, or if you are in any doubt as to what action to take, please consult your financial advisor or call RECM on (021) 657 3440.

Yours faithfully,



Craig Mockford

PRESCIENT

ANNEXURE A

Prescient RECM Global Feeder Fund (source fund)	Counterpoint SCI Global Equity Feeder Fund (target fund)	Changes for Prescient RECM Global Feeder Fund (source fund) investor
Risk Profile Moderate-Aggressive	Risk Profile Aggressive	The risk profile of the target fund is higher
ASISA Fund Classification Global Multi asset Flexible	ASISA Fund Classification Global Equity General	The ASISA fund category differs. The source fund classification of “Global Multi Asset Flexible” means the source fund invests at least 80% of its assets outside South Africa, in a flexible combination of equity, bonds, money, and property. The target fund however has the ASISA classification of “Global Equity General” which means it is required to have a minimum of 80% total exposure to equities at all times. The target fund is therefore more restrictive than the source fund, with less flexibility, and requires a higher allocation to equities throughout the market cycle. The resultant impact on the investor is that they will, through their interest in the fund, have at least 80% exposure to equities throughout the investment cycle – whereas with the source fund, this may vary depending on market conditions.
Portfolio Benchmark MSCI All Countries World Index measured in ZAR	Portfolio Benchmark MSCI World Index measured in ZAR	The MSCI All Countries World Index measured in ZAR, the benchmark of the source fund, includes the performance of stocks across 23 developed and 26 emerging markets, measured in ZAR. The MSCI World Index measured in ZAR, the benchmark of the target fund, is a broad global equity index that represents performance across 23 developed markets countries only. Therefore, the benchmark of the source fund includes both developed market and emerging market stocks, whereas the benchmark of the target fund includes only developed market stocks and no emerging market stocks.
Annual Service Fees (excluding VAT) Class A 0.25% (excl. VAT) Class B 0.75% (excl. VAT) Class C 0.50% (excl. VAT) Class D 0.15% (excl. VAT) No performance fees	Annual Service Fees (excluding VAT) Class B 0.10% (excl. VAT) Class A 0.60% (excl. VAT) Class C 0.35% (excl. VAT) Class B 0.10% (excl. VAT) No performance fees	Investors will pay lower fees as they paid before the amalgamation.
Income distribution Annually	Income distribution Bi-Annually (Jun, Dec)	Income will be distributed more frequently
Minimum Lump sum Investment R10,000	Minimum Lump sum Investment R10,000	The minimum stays the same
Minimum Monthly Investment 500	Minimum Monthly Investment R500	The minimum stays the same

PRESCIENT MANAGEMENT COMPANY (RF) PTY LTD

Prescient House, Westlake Business Park, Otto Close, Westlake, 7945. South Africa
 P.O. Box 31142, Tokai 7966 Tel: +27-21-700 3600 Fax: +27-21-700 3700 Website: www.prescient.co.za
 Executive Directors: Craig Mockford Herman Steyn
 Non-Executive Directors: Zane Meyer* Goolam Modack*
 Reg No 2002/022560/07

*Independent

Prescient RECM Global Feeder Fund (source fund)	Counterpoint SCI Global Equity Feeder Fund (target fund)	Changes for Prescient RECM Global Feeder Fund (source fund) investor
<p>Investment policy</p>	<p>Investment policy</p>	
<p>The Prescient RECM Global Feeder Fund is a feeder fund portfolio. The investment objective of the Fund is to achieve long-term capital appreciation. To achieve its investment objective the Feeder Fund will apart from assets in liquid form consist solely of participatory interest in the approved RECM Global Fund (underlying fund) under the RECM Global Fund Limited domiciled in Guernsey.</p> <p>The underlying fund will seek to achieve its objective primarily though investing in securities listed on Recognized Exchanges around the world. These assets will primarily consist of listed equity investments. The underlying fund is permitted to invest in listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time.</p> <p>The Feeder Fund as permitted in Par 12(f) of Chapter IV of Board Notice 80 of 2012 will be allowed to enter into financial transactions for the exclusive purpose of hedging exchange risks subject to the conditions and limitations as stipulated in Chapter V of Board Notice 80 of 2012.</p> <p>Nothing in the supplemental deed shall preclude the underlying funds Investment Manager from varying the ratios of asset allocation and securities, to maximize absolute return and investment potential in changing economic environments or market conditions or to meet the requirements, if applicable, of any exchange formally recognized in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and any Supplemental Deeds thereto; provided that the manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of securities of the aggregate value required from time to time by the Act.</p> <p>The Trustee shall ensure that the investment policy set out in this supplemental deed, the Deed and in all Supplemental Deeds thereto is carried out.</p> <p>For the purpose of this portfolio, the manager in consultation with the Investment Manager shall reserve the right to close the portfolio to new investors on a date determined by the manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the manager</p>	<p>The investment objective of the portfolio is to provide investors with long-term capital growth.</p> <p>The portfolio will apart from assets in liquid form, invest solely in the participatory interests of the Counterpoint Global Equity Fund established under the Sanlam Global Funds PLC scheme. This portfolio invests in participatory interests of underlying portfolios that provide exposure to investments across a broad range of asset classes, currencies and market sectors, operated in territories with a regulatory environment which is to the satisfaction of the Manager and Trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa.</p> <p>Nothing in the supplemental deed shall preclude the Manager from varying the ratios of asset allocation and securities, to maximize absolute return and investment potential in changing economic environments or market conditions or to meet the requirements, if applicable, of any exchange formally recognized in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and any Supplemental Deeds thereto; provided that the Manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of securities of the aggregate value required from time to time by the Act.</p> <p>For the purpose of this portfolio, the Manager shall reserve the right to close the portfolio to new investors on a date determined by the Manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The Manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the Manager.</p> <p>The Trustee shall ensure that the investment policy set out in the preceding clauses are adhered to; provided that nothing contained in this clause shall preclude the Manager from varying the proportions of securities in terms of changing economic factors or market conditions or from retaining cash in the portfolio and/or placing cash on deposit</p>	<p>Although it has a very similar mandate than that of Prescient RECM Global Feeder Fund (source fund), it is important to note that the risk profile of the Counterpoint SCI Global Equity Feeder Fund (target fund) is noted as "Aggressive" which is higher than the risk profile of "Moderate-Aggressive" noted for the Prescient RECM Global Feeder Fund. The target fund, due to the classification of "Global Equity General" requires a higher allocation to equities throughout the market cycle than the source fund. The resultant impact on the investor is that they will, through their interest in the fund, have at least 80% exposure to equities throughout the investment cycle – whereas with the source fund, this may vary depending on market conditions. The impact on investors is that, given a higher allocation to equities throughout the cycle, the risk profile of the target fund is higher than that of the source fund, which has greater flexibility to move out of equities and into other asset classes such as bonds and cash.</p>