

LONG BEACH WORLDWIDE FLEXIBLE PRESCIENT FUND



INVESTMENT AND RETURN OBJECTIVE

The Long Beach Worldwide Flexible Prescient Fund is an actively managed portfolio which aims to provide real long-term growth in capital. Long Beach will select assets for the fund based on our proprietary research, and the fund's portfolio will generally be concentrated in between 20-30 individual holdings with a focus on global equities. The fund aims to be substantially invested in equities and may also invest in depository receipts, ETFs, property, bonds, commodities, derivatives and hold cash. The fund will invest on a worldwide basis in offshore and local markets.



PERFORMANCE AND RISK

| | Fund | Benchmark | FUND COMMENT |
|---------------------------------|---------|-----------|--|
| Since Inception (24 June 2009) | 448,53% | 271,28% | The Long Beach Worldwide Flexible Prescient Fund returned -3.43% for May and the fund's benchmark -2.11%. |
| Since Inception Annualised | 15,33% | 11,62% | |
| 2021 year to 31 May | 1,07% | 4,62% | Investors who have been with Long Beach for some time may have heard my story of luxury goods and inflation. In the early 2000s, I travelled to Chile and Peru and stayed with a senior executive for one of the major mining houses. He told me about managing the company's operations in Argentina during the country's hyperinflation in 1989 and 1990. Every morning he would take two gym bags and visit the bank to withdraw any cash from the company's accounts. He then visited the Rolex watch dealer, and converted half the cash into watches, and the BA ticket office to convert the rest into first class tickets to London. Both high value, low volume, durable and easily fungible items. The process was reversed to make a payment. |
| Latest 1 year | 28,11% | 11,23% | |
| Latest 2 years | 19,17% | 10,88% | |
| Latest 3 years | 15,88% | 9,89% | |
| Latest 5 years | 11,63% | 5,34% | |
| Latest 7 years | 13,39% | 7,76% | |
| Latest 10 years | 13,28% | 11,52% | |
| Annualised Standard Deviation | 13,71% | 9,27% | |
| Maximum drawdown | -24,26% | -18,00% | |
| Highest rolling 12 month return | 62,54% | 32,56% | |
| Lowest rolling 12 month return | -9,18% | -5,88% | |

Source: IRESS

Please note: all performance data is NET of fees

Returns measured in ZAR

The fund's benchmark changed to: ASISA Worldwide Flexible Sector Average from 75% FTSE/JSE Shareholder Weighted All Share Index (SWIX) Total Return + 25% Cash (STEFI) with effect from 1 Feb 2021.

ASSET ALLOCATION

| | |
|-----------------|--------|
| EQUITY | 89,3% |
| SA EQUITY | 15,9% |
| OFFSHORE EQUITY | 73,4% |
| PROPERTY | 10,3% |
| CIS FUNDS | 0,3% |
| CASH | 0,1% |
| TOTAL | 100,0% |

TOP TEN HOLDINGS

| | |
|-------------------------------------|-------|
| Compagnie Financiere Richemont SA | 11,6% |
| Capital and Counties Properties Plc | 10,3% |
| PayPal Holdings Inc | 10,2% |
| Amadeus IT Group SA | 6,1% |
| Adyen NV | 5,8% |
| Spotify Technology SA | 4,2% |
| Roblox Corp | 3,4% |
| TeamViewer AG | 3,3% |
| Salesforce.com Inc | 3,2% |
| Discovery Holdings Ltd | 3,2% |

Richemont owns a number of well know luxury goods brands with long and storied histories, including Van Cleef & Arples and Cartier jewellery, Mont Blanc, IWC and Jaeger-LeCoultre watches. Richemont reported a good set of results for FY2021 with sales in China growing triple digits and Asia Pacific sales up 22% for the year. Sales for the full year FY 2021 were down 8% and grew 30% in Q4 as lockdown restrictions eased. Online sales are growing rapidly and are now 21% of overall sales. Richemont's direct sales have increased to 76% of overall sales, and technological integration with the wholesale channel has allowed Richemont to better manage inventory levels, leading to an improved operating margin of 11.2%. Global consumers have accumulated substantial excess savings from lockdowns and stimulus, with estimates of up to \$1.5trn or more. These savings represent substantial pent-up demand and are likely to benefit luxury goods sales. Richemont has significant pricing power, particularly in jewellery, although has been cautious to raise prices, and has substantial net cash of €3.4bn. The fund is a long-term investor in Richemont.

The Long Beach Worldwide Flexible Prescient Fund's holdings are invested in global equities and Capital & Counties Properties in the UK. The fund's portfolio is approximately equal weighted between companies which have benefitted from economic changes due to COVID, and companies which have been impacted by COVID. The fund maintains a preference for large capitalisation companies.

Fund manager:
David Hansford CFA

Fund Classification:
Worldwide - Multi Asset - Flexible

Benchmark:
ASISA Worldwide Flexible Sector Average

Fund size:
R 489,510 m

A1 Fee Class:
NAV(cpu) 522,07
Units in class 87,896,032.1077

Inception date:
24 June 2009

Minimum investment:
R3 000 lump-sum
R500 per month

Income distribution:
0,00 cents per unit for the 12 month period to 31 March 2021.

Annual management fee:
1.25% (excl VAT)

Performance fee:
No. Long Beach Capital believes all investment performance should accrue to our clients.

Domicile:
South Africa

Fee breakdown:
Management fee (incl VAT) 1.43%
Other costs 0,09%
Total TER 1,52%
Transaction costs 0,35%
Total costs 1,87%

The annualised TER and cost shown above are for the 12 months ended 31 March 2021. This percentage of the Net Asset Value of the portfolio was incurred as charged, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return. The current TER cannot be regarded as an indication of future TERs. Since Fund returns are quoted after deduction of the above expenses, the TER and transaction costs should not be deducted from the published returns. Other cost included VAT, audit and custody fees.

Trustee:
Nedbank

Auditors:
Ernst & Young Incorporated

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AWARDS

2020 Raging Bull Award for the Best South African Multi-Asset Flexible Fund for the 5 years to 31 December 2020 on a risk adjusted basis. The full details and basis of the award are available from the manager.

2020 Raging Bull Certificate for the Best South African Multi-Asset Flexible Fund for the 3 years to 31 December 2020. The full details and basis of the award are available from the manager.

2019 Raging Bull Award for the Best South African Multi-Asset Flexible Fund for the 5 years to 31 December 2019 on a risk adjusted basis. The full details and basis of the award are available from the manager.

2019 Raging Bull Certificate for the Best South African Multi-Asset Flexible Fund for the 3 years to 31 December 2019. The full details and basis of the award are available from the manager.

2018 Raging Bull Award for the Best South African Multi-Asset Flexible Fund for the 5 years to 31 December 2018 on a risk adjusted basis. The full details and basis of the award are available from the manager.

2017 Raging Bull Certificate for the Best South African Multi-Asset Flexible Fund for the 3 years to 31 December 2017. The full details and basis of the award are available from the manager.

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.

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 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.

The portfolio risk classification is Medium to Medium - High, these portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios. In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

For any additional information such as fund prices, brochures and application forms please go to www.longbeachcapital.co.za.

DISCLAIMER FOR FUND SPECIFIC RISK

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.

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.

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.

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.

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.

Currency exchange risk: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

Geographic / Sector risk: For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.

Derivative counterparty risk: A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

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.

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.

GLOSSARY

Annualised performance: Annualised performance shows longer term performance rescaled to a 1 year period. It is the average return per year over the period. Actual annual figures are available to the investor on request.

Highest & Lowest return: The highest and lowest returns for any 12 month period since inception have been shown, based on monthly return data.

NAV: The net asset value represents the assets of a Fund less its liabilities.

Standard Deviation: The deviation of the return stream relative to its own average, based on monthly return data.

Maximum Drawdown: The maximum percentage decline over any period.

INVESTMENT MANAGER

Long Beach Capital (Pty) Ltd, Registration number: 2004/032569/07 is an authorised Financial Services Provider (FSP 22265) 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: Block B, Silverwood Silverwood Lane, Steenberg Office Park, Tokai 7945. Postal address: PO Box 30067, Tokai 7966 Telephone number: 021 700 3600 Website: www.longbeachcapital.co.za.

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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