

**Investment objective (summary of investment policy)**

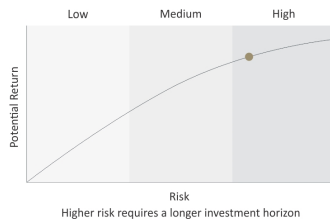
The PSG Global Flexible Sub-Fund's investment objective is to achieve medium- to long-term capital growth through exposure to selected sectors of the global equity market, bond market or money market. The fund is denominated in US dollars and domiciled in Malta. The investment policy provides for an actively-managed, flexible asset allocation to listed and unlisted financial instruments according to changing market conditions and may invest up to 100% in equities.

**Who should consider investing?**

**Fund specific risks:** The fund sits in the top end of the risk/reward spectrum and investors should be comfortable with fluctuations in global stock markets. The risk of short-term monetary loss is high due to volatility of exchange rates and global markets. The portfolio is exposed to equity as well as default and interest rate risks. Interest rate risk is the risk that the value of fixed income investments tends to decrease when interest rates and/or inflation rises. Default risk is where the issuers of fixed income instruments may not be able to meet interest or capital repayments. Investing in foreign securities 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. Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

This fund is suitable for investors who:

- want a managed solution in offshore markets
- are comfortable with global equity market risk
- have a medium- to long-term investment horizon of four years and longer

**Risk/reward profile**

**Fund details**

|                                  |  |
|----------------------------------|--|
| Inception Date                   | 2 January 2013   |
| Investment Adviser               | PSG Asset Management (Pty) Ltd                                   |
| Fund manager                     | PSG Fund Management (Malta) Ltd<br>Philipp Wörz and Greg Hopkins |
| Fund size (USD)                  | \$ 122 920 692   |
| Benchmark                        | US Inflation + 6%  |
| Minimum investment (USD)         | 5000   |
| Regulation 28 compliant          | No   |
| Morningstar category             | EAA Fund USD Flexible Allocation                                 |
| Number of units                  | 609709   |
| Price (net asset value per unit) | \$12.22  |

This is a non-distributing fund.

**To invest**

Speak to your financial adviser or visit [www.psgkglobal.com](http://www.psgkglobal.com).

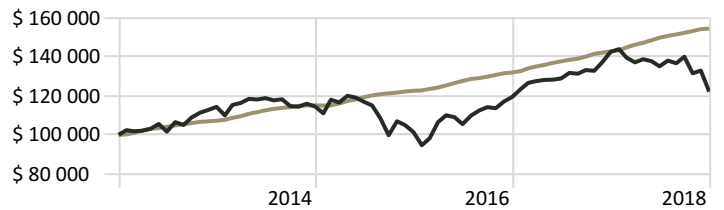
**Year-to-date (YTD) performance (%)**

|                      |  |
|----------------------|--|
| YTD (not annualised) |  |
|----------------------|--|

Return **-14.34**

**Cumulative long-term performance**

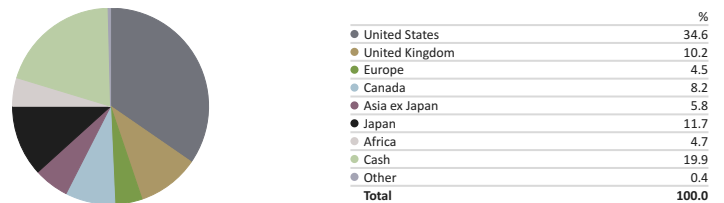
Time Period: 1/03/2013 to 12/31/2018



■ PSG Global Flexible Sub-Fund A (Performance) USD 122 191.0 ■ US CPI+6% (USD) (Benchmark)

154 546.7

Value of notional \$100,000 invested on 1/03/2013 with all distributions reinvested on reinvestment date after fees. Investment performance is for illustrative purposes only.

**Regional allocation**


There may be slight differences in the totals due to rounding.

**Asset allocation/investment exposure (%)**

As of Date: 12/31/2018

|              |            |
|--------------|------------|
| Equity       | 73.4       |
| Property     | 6.7        |
| Cash         | 19.9       |
| <b>Total</b> | <b>100</b> |

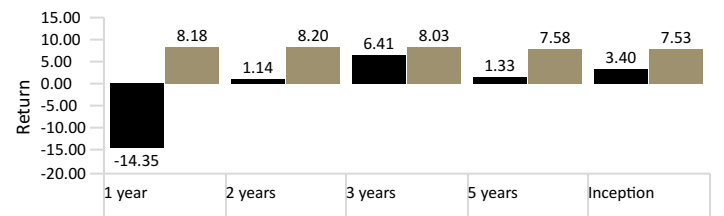
**Top ten equity holdings (%)**

As of Date: 12/31/2018

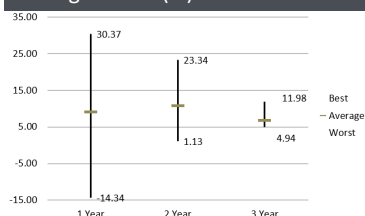
|                                 |     |
|---------------------------------|-----|
| Brookfield Asset Management Inc | 8.2 |
| Japan Post Insurance Co Ltd     | 7.1 |
| L Brands Inc                    | 4.9 |
| Liberty Global Inc              | 4.4 |
| The Mosaic Co                   | 4.3 |
| AIA Group Ltd                   | 3.5 |
| Babcock International Group plc | 3.4 |
| Simon Property Group Inc        | 3.4 |
| Colfax Corp                     | 3.2 |
| Washington Prime Group Inc      | 3.2 |

**Annualised returns % (after fees)**

As of Date: 12/31/2018



■ PSG Global Flexible Sub-Fund A (Performance) ■ US CPI+6% (USD) (Benchmark)

**Rolling returns (%)**


This chart shows you how the performance can vary over time. It is an indication of the distribution of historical rolling returns from the portfolio over each rolling 12-month period.

### What is a total expense ratio?

The Total Expense Ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past three years. This percentage of the average Net Asset Value (NAV) of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER ratio imply a good return. The current TER cannot be regarded as an indication of future TERs. Part of the Annual Management Fee is payable to the financial intermediary. The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns.

### Fees

A schedule of fees and charges and maximum commissions is available on request from PSG Fund Management (Malta) Limited. Commission and incentives may be paid and, if so, are included in the overall costs. Different classes of participatory interest can apply to these portfolios and are subject to different fees, charges and possibly dividend withholding tax and will thus have differing performances. Adviser fees are negotiated between the client and adviser and is distinct from the other fees on this document.

### Total investment charge

Total Investment Charge annualised for the period 1/1/2016 to 31/12/2018

| Total Expense Ratio %                 | 1.76  |
|---------------------------------------|-------|
| Annual Management Fee %               | 1.00  |
| Other costs excl. transaction costs % | 0.19  |
| Administration Fee %                  | 0.25  |
| Performance Fee %                     | 0.32* |
| Transaction costs %                   | 0.21  |
| Total Investment Charge %             | 1.97  |

\*In the event the Investor Shares of a particular Class deliver returns in excess of the high water mark ("HWM") as measured at the end of any given Valuation Point, the Investment Manager will levy and be paid a Performance Fee calculated as follows:  
 (1) The Performance Fee, if any, will be accrued at the end of any given Valuation Point and payable monthly and will be recovered from the Sub-Fund.

(2) The Performance Fee shall be calculated per the formula set out below:

Performance Fee = PR x (NAVBPFF - HWM) x N

Where:

PR = the rate of participation as defined in (3) below.

NAVBPFF = NAV per Share before accrual of the Performance Fee.

HWM = the highest previous NAV per Share on which a Performance Fee has been charged, less any distributions since the date on which the highest previous NAV was determined.

N = number of Shares in issue at the beginning of the day.

(3) The rate of participation ("PR") shall be:

(A) nil, if the NAVBPFF is less than or equal to the HWM.

(B) 7%, if the NAVBPFF exceeds that of the HWM.

If the Performance Fee is greater than zero, the Performance Fee will be payable to the Investment Manager monthly in arrears. After the Performance Fee is accrued, the NAV per Share, after the deduction of the Performance Fee, will become the new HWM.

### Transaction costs

Transaction costs are shown separately and are a necessary cost in administering the Financial Product and impacts Financial Product returns. Transaction costs should not be considered in isolation as return may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

### General information and risks

Collective Investment Schemes (CIS) in securities are generally medium- to long-term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. The portfolio may borrow up to 10% of the market value to bridge insufficient liquidity.

Past performance is not a reliable indicator of future results and you may get back less than you originally invested. This publication is for private circulation and information purposes only and does not constitute a personal recommendation or investment advice or an offer to buy/sell or an invitation to buy/sell securities in the fund. The information and any opinions have been obtained from or are based on sources believed to be reliable, but accuracy cannot be guaranteed. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

No responsibility can be accepted for any consequential loss arising from the use of this information. The information is expressed at its date and is issued only to and directed only at those individuals who are permitted to receive such information in accordance with Malta laws and regulations. In some countries the distribution of this publication may be restricted. It is your responsibility to find out what those restrictions are and observe them. Please always refer to the fund's prospectus.

The Fund's risk and reward category may not capture all material risks to which the Fund may be subject, such as:

**Geopolitical Risk** - investments in equities issued or listed in different countries may imply the application of different standards and regulations, exposure to changes in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility.

**Liquidity Risk** - in extreme market conditions some equities may become hard to value or sell at a desired price.

**Exchange Rate Risk** - The Fund may invest in equities denominated in currencies other than US Dollars, this exposes the Fund to fluctuations in exchange rates.

**Default Risk** - One or more bond or other debt instrument issuers could become unwilling or unable to make their scheduled payments to the Fund.

Further information on risks may be found in the "Risk Factors" section in the Fund's Prospectus.

### Performance

All performance data for a lump sum, net of fees, includes income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The Portfolio is valued at 23:59 (CET) on each dealing day. Actual annual figures are available to the investor on request. Figures and benchmark quoted are from Morningstar, Inc. Prices are published daily and available on the website [www.psgkglobal.com/global-asset-management/funds](http://www.psgkglobal.com/global-asset-management/funds). PSG Fund Management (Malta) Ltd does not provide any guarantee with

the respect of the capital or the return of the portfolio.

### Performance Fee

7% of the net trading gain calculated on the NAV at each valuation point. The performance fee is calculated on a "High Water Mark" basis. In the event of the portfolio outperforming the High Water Mark, a performance fee of 7% of the net trading gain above the High Water Mark calculated on the NAV at each Valuation Point will be levied. The performance fee is calculated on the average NAV for the period 1/10/2015 - 30/9/2018.

|                                   |   |
|-----------------------------------|---|
| Base fee                          | 1%  |
| Performance fee example at HWM    | 0.62%   |
|                                   | Assume gross performance of 8.92%. This results in a performance fee of 0.62% (8.92% x 7%) resulting in a net performance of 8.3% (US inflation + 6%) |
| Fee hurdle                        | High Water Mark   |
| Sharing ratio                     | 7%  |
| Minimum fee                       | 1%  |
| Maximum fee                       | Uncapped, with a since inception High Water Mark the fund's highest total TER since inception of TER was 2.11% per annum                              |
| Current Total Expense Ratio (TER) | 1.76%   |

Frequently Asked Questions on Performance Fees are available on the website [www.psg.co.za/asset-management/Performance-Fee-Frequently-Asked-Questions](http://www.psg.co.za/asset-management/Performance-Fee-Frequently-Asked-Questions).

### Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the portfolio including income accruals less permissible deductions divided by the number of units in issue.

### Cut-off times

The cut-off time for submitting investment transactions is twelve noon one business day prior to dealing day.

### Company details

PSG Fund Management (Malta) Limited as General Manager is licensed by the Malta Financial Services Authority ("MFSA") and Vistra Fund Services (Guernsey) Limited as Administrator is licensed by the Guernsey Financial Services Commission ("GFSC"). The fund is a UCITS compliance fund regulated by the MFSA. The Management of the fund has been delegated to PSG Asset Management (Pty) Limited, which is registered with the South African Financial Sector Conduct Authority as a registered Financial Service Provider (FSP no. 29524) and is licensed to operate under the Financial Advisory and Intermediary Services Act, 2002.

### Custodian

Sparkasse Bank Malta plc, 101 Townsquare,  
 1x-Xatt ta Qui-si-Sana,  
 Sliema, SLM3112,  
 Malta  
 Contact no. (+356) 21335705.

### Additional information

Additional information is available free of charge on the website [www.psgkglobal.com](http://www.psgkglobal.com) and may include publications, brochures, forms and annual reports.

This is the Minimum Disclosure Document (MDD) for the PSG Global Flexible Sub-Fund A.

Management Company:  
 PSG Fund Management (Malta) Limited

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 Kalkara, Malta SCM1001

Website: [www.psgkglobal.com](http://www.psgkglobal.com)  
 Telephone: +356 21807586

Date issued: 01/14/2019

Representative agreement:  
 PSG Collective Investments (RF) Limited.

### Current context

2018 was a tough year for most investors, despite a strong start. Global markets hit record highs in January, and the market environment in developed markets overall – and the US specifically – was relatively benign over the first nine months of the year. The MSCI World Index rose 3.8% and the S&P 500 Index rose 9.0% for the year to September. However, events took a turn for the worse in the last few months of the year. Investor sentiment swayed as the realities of rising interest rates, geopolitical concerns and generally elevated market valuations set in. The MSCI World Index declined 13.8% in the final quarter of 2018 and the S&P 500 Index was down 14.0%. Emerging markets, which in contrast to their developed counterparts had struggled for most of the year, continued their disappointing run. In combination, this resulted in global markets experiencing their worst annual performance since the financial crisis. For 2018, the MSCI World Index declined 10.4% (a total return of -8.2% including dividends), the S&P 500 Index fell by 6.2% (-4.4% total return) and the MSCI Emerging Markets Index was down 16.6% (-14.5% total return).

Fixed income markets experienced similar swings, with the US 10-year government bond selling off to a yield of 3.25% in November before ending the year at 2.64%. Only last month market participants were expecting a series of interest rate hikes by the US Federal Reserve in 2019, while this is no longer the case.

### Our perspective

A year ago, we cautioned against the unusually low levels of fear and high levels of complacency in markets, which were reflected in 14 consecutive monthly gains by the S&P 500; its longest ever historical run. Overall, global equity valuations are not yet at levels we perceive to be highly attractive. In many cases, valuations were too stretched and have merely normalised somewhat. There are, however, pockets in global markets where investor fear has become pervasive. This has resulted in price action that is now presenting a number of opportunities where valuations can be likened to those available in the midst of a bear market. These tend to be in the more cyclical parts of the markets, where low expectations and low prices have resulted in quality assets trading at wide margins of safety. These include Brookfield Asset Management, Japan Post Insurance, Mosaic & Co, L Brands and Liberty Global. Most of these are companies we have held for some time and which we believe offer even better return prospects post the recent sell-off.

### Portfolio positioning

After the sharp rise in asset prices throughout 2017 and early 2018, we harvested many of our existing holdings as they approached and exceeded our estimates of intrinsic value. A lack of new high-conviction opportunities resulted in a record-high cash level of 38% in late January 2018. As communicated in previous commentaries, we allocated capital to select opportunities over the course of 2018, mainly in Japanese financials, US retail real estate and the global fertilizer industry. This resulted in cash levels averaging 27% over the first nine months of the year. With global markets and existing holdings coming under severe pressure in the last quarter of 2018 (and in December specifically), we increased conviction levels in a number of these holdings. As a result, the fund ended the year with 20% in cash and 80% in equities. While significantly reduced, we view this cash balance as healthy firepower to be employed if we see further market disruption or as high-quality opportunities go on sale.

We are disappointed with the fund's drawdown in the last quarter of 2018 but maintain the view that the holdings in the portfolio are of above-average quality and now trade at even wider margins of safety (and generally, on low levels of earnings). Low share prices, wide discounts to intrinsic values and a cheap portfolio valuation of around 10 times earnings generally bode well for strong long-term returns.

### Changes in portfolio positioning

|                     | Q3 2018 |          | Q4 2018 |
|---------------------|---------|----------|---------|
| Equity              | 65.6%   | Equity   | 73.4%   |
| Property            | 6.6%    | Property | 6.7%    |
| Cash*               | 27.8%   | Cash     | 19.9%   |
| *Includes 1.7% gold |         |          |         |

| Q3 2018       |       | Q4 2018       |       |
|---------------|-------|---------------|-------|
| US            | 32.1% | US            | 34.6% |
| Europe        | 4.8%  | Europe        | 4.5%  |
| UK            | 10.6% | UK            | 10.2% |
| Asia ex Japan | 5.0%  | Asia ex Japan | 5.8%  |
| Japan         | 7.7%  | Japan         | 11.7% |
| Canada        | 8.1%  | Canada        | 8.2%  |
| Africa        | 3.5%  | Africa        | 4.7%  |
| Other         | 0.4%  | Other         | 0.4%  |
| Cash          | 27.8% | Cash          | 19.9% |

*There may be slight differences in the totals due to rounding.*

All data as per Bloomberg to 31 December 2018.