

PRESCIENT BALANCED FUND - A2

MINIMUM DISCLOSURE DOCUMENT

INVESTMENT AND RETURN OBJECTIVE

The Fund aims to achieve significant real returns over the long term and to outperform the average South African balanced unit trust fund over a full market cycle by maintaining meaningful exposure to growth assets like equities.

INVESTMENT PROCESS

The Fund invests in equities and interest bearing assets domestically and overseas. The allocation to the underlying asset classes will typically remain fixed at the benchmark weights but can be varied tactically from time to time to capitalise on perceived mispricing in the market. The exposure to the underlying asset classes will be managed on an enhanced indexation basis where possible, utilising Portable Alpha techniques to deliver consistent and predictable outperformance of the respective asset class benchmarks.

WHO SHOULD INVEST

Investors seeking significant real returns over the long term but who are cost conscious. The Fund is suitable for investors with a medium to long-term investment horizon and is Regulation 28 compliant.

RISK INDICATOR DEFINITION

These portfolios typically exhibit more volatility and potential for capital losses due to higher exposure to equities and exposure to offshore markets where currency fluctuations may result in capital losses. These portfolios typically target returns in the region of 5% - 6% above inflation over the long term.

RISK INDICATOR



ANNUALISED PERFORMANCE (%)			CUMULATIVE PERFORMANCE		
ANNUALISED PERFORMANCE (%)			RISK AND FUND STATS		
	Fund	Benchmark	Since inception (p.a.)		
1 year	6.86	8.66	Fund		
3 years	6.79	6.96	Alpha	-0.12%	
Since incep.	8.08	8.20	Sharpe Ratio	0.25	
Highest rolling 1 year	19.78	19.62	Standard Deviation	6.92%	
Lowest rolling 1 year	-0.57	-0.33	Max Drawdown	-4.53%	
			% Positive Months	64.00%	
ASSET ALLOCATION (%)			SA EQUITY SECTOR EXPOSURE		
	S.A	Foreign	Total		
Money Market	15.97	0.00	15.97		
Bonds	11.10	3.24	14.33		
Equity	45.42	19.44	64.87		
Property	4.83	0.00	4.83		
Total	77.32	22.68	100.00		

PRESCIENT

MANAGEMENT COMPANY

31 JULY 2018

ABOUT THE FUND

Fund manager:
Prescient Balanced Team

Fund classification:
South African - Multi-Asset - High Equity

Benchmark:
SWIX 40 Capped (TR) 45.00%
All Bond Index (TR) 12.00%
STeFI 13.00%
SAPY (TR) - 5.00%
MSCI World (TR) 20.00%
US 1 Month TB 5.00%

Fund Size:
R324.2 m

No of units:
166,802,739

Unit price:
109.21

Inception date:
31 May 2014

Minimum Investment:
R10 000 lump-sum
R1 000 per month

Income distribution:
31 March 2018 - 7.01

Initial Fee:
0.00%

Annual management fee:
0.35% (incl VAT)

Fee breakdown:	
Management Fee	0.30%
Performance Fees	0.00%
Other Fees*	0.15%
Total Expense Ratio (TER)	0.45%
Transaction Costs (TC)	0.06%
Total Investment Charge (TIC)	0.51%

*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

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FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014						1.64%	1.39%	0.62%	-0.65%	1.13%	1.55%	0.36%	6.18%
2015	3.00%	2.13%	0.63%	2.33%	-2.26%	0.61%	0.38%	-1.81%	0.38%	5.40%	-0.51%	-1.62%	8.72%
2016	-1.72%	-0.44%	4.21%	0.54%	2.64%	-1.49%	0.53%	0.89%	-1.15%	-2.00%	-0.77%	0.95%	2.03%
2017	1.69%	-1.09%	2.41%	3.65%	0.44%	-2.23%	4.75%	1.28%	0.37%	4.81%	1.39%	-0.80%	17.70%
2018	-0.60%	-0.91%	-2.29%	3.87%	-3.07%	2.04%	0.87%						-0.28%

FUND COMMENTARY

Global markets made a positive start to the second half of the year. The MSCI World index rose by an impressive 3.05% over the period and beat the MSCI Emerging Market index, which added 1.68%. Risk appetite returned to the market, but the fact that emerging market equities underperformed shows an element of caution was still in place. After the Trump Administration officially entered a trade war with China, initial expectations were for a tit-for-tat retaliation and in essence, a race to the bottom. However, China had been keeping their cards close to their chest while all of this was taking place but when the time was right, they introduced an intensive fiscal stimulus programme to cushion uncertainty surrounding external trade. Global markets reacted favourably with the S&P500, DAX and Shanghai Composite indices closing the month 3.6%, 4.1% and 1.0% up respectively. The JSE All Share index meanwhile went against most other emerging markets and lost -0.25%. SA specific factors were the culprits. More specifically, wage strikes at Eskom leading to load shedding and a significant loss posted there for the previous financial year weighed on sentiment. Moody's cautionary statement surrounding land expropriation without compensation also created selling pressure. SA bonds had a good month as global flows picked up. The R186's yield lost 0.26% and the ALBI added 2.4% in July. On the other hand, safe haven assets lost their allure. The US 10Y Treasury Bond yield rising by 0.11% was evidence and a similar picture was painted over the Atlantic in European bond markets.

Contributors to performance:

Among our local assets, SA government bonds were the main contributor to performance in July. Offshore, we also benefitted from positive equity returns, but these were muted by the rand strength.

Detractors from performance:

Local equities and rand strength were the main detractors from performance.

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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 TERs. During the phase in period TERs 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 cost is 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. Money Market Funds are priced at 1pm, all other 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, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. 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.prescient.co.za

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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.

Highest & Lowest performance: The highest and lowest performance for any 1 year over the period since inception have been shown.

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

Current Yield: Annual income (interest or dividends) divided by the current price of the security.

Alpha: Denoted the outperformance of the fund over the benchmark.

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.

Max Drawdown: The maximum peak to trough loss suffered by the Fund since inception.

% Positive Month: The percentage of months since inception where the Fund has delivered positive return.

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:** 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:

Prescient Investment Management (Pty) Ltd, Registration number: 1998/023640/07 is an authorised Financial Services Provider (FSP 612.0) 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:** Prescient House, Westlake Business Park, Otto Close, Westlake 7945 **Postal address:** PO Box 31142, Tokai 7966 **Telephone number:** +27 21 700 3600 **Website:** www.prescient.co.za

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