

PRESCIENT EQUITY INCOME FUND

MINIMUM DISCLOSURE DOCUMENT

INVESTMENT AND RETURN OBJECTIVE

The Fund aims to provide an income from dividends that is greater than the FTSE/JSE Africa Shareholder Weighted Index by investing in shares that offer an attractive yield relative to the benchmark. It further aims to outperform the benchmark over the long-term.

INVESTMENT PROCESS

The Fund uses quantitative techniques to build a high income equity portfolio which aims to deliver superior dividend income and performance relative to its benchmark. The selection process targets those shares that offer an attractive dividend yield but screens out high dividend yield shares that is out of favour. A further screen ensures that the portfolio is scalable and maintains high liquidity.

WHO SHOULD INVEST

Investors with a long-term investment horizon seeking broad based exposure to higher dividend yielding stocks in the South African equity market.

RISK INDICATOR DEFINITION

These portfolios typically hold meaningful equity and/or offshore exposure which may result in significant capital volatility over all periods. Due to their nature expected long term returns are higher than for the other risk categories.

RISK INDICATOR



ANNUALISED PERFORMANCE (%)				CUMULATIVE PERFORMANCE	
	Fund	Benchmark	Dividend Plus		
1 year	6.51	7.94	15.47		
3 years	1.53	7.11	4.04		
5 years	8.72	13.50	7.26		
Since incep.	9.79	13.98	6.86		
Highest 1 year	29.74	31.88	24.70		
Lowest 1 year	-12.30	-5.04	-22.00		

RISK AND FUND STATS (Since inception)			TOP 10 SHARES	
Since inception (p.a.)	Fund	Benchmark		% of Fund
Alpha	-4.19%		Standard Bank Group Ltd	6.8
Sharpe Ratio	0.38	0.81	Liberty Holdings Ltd	5.9
Standard Deviation	10.53%	10.10%	Firstrand Ltd	5.1
Max Drawdown	-17.47%	-9.19%	MTN Group Ltd	4.8
Dividend Yield	5.30%	2.90%	BHP Billiton Plc	4.6
PE Ratio	12.56		Growthpoint Properties Ltd	4.2
			Assore Ltd	4.1
			The Spar Group Ltd	3.9
			Imperial Holdings Ltd	3.8
			Tiger Brands Ltd	3.7
			Total	47.0

ASSET ALLOCATION	SECTOR ALLOCATION

PRESCIENT

MANAGEMENT COMPANY

31 AUGUST 2017

ABOUT THE FUND

Fund manager:
Mario Fisher
Seeso Matlanyane

Fund classification:
South African - Equity - General

Benchmark:
FTSE/JSE Africa Shareholder Weighted TR Index (SWIX)

Fund Size:
R5.4 m

No of units:
390,744

Unit price:
142.83

Inception date:
31 March 2012

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

Income distribution:
31 March 2017 - 4.06

Initial Fee:
0.00%

Annual management fee:
1.14% (incl VAT)

Fee breakdown:	
Management Fee	1.00%
Performance Fees	0.00%
Other Fees*	0.34%
Total Expense Ratio (TER)	1.34%
Transaction Costs (TC)	0.59%
Total Investment Charge (TIC)	1.93%

*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
2012				2.09%	-3.10%	2.11%	5.92%	2.08%	-0.29%	2.67%	3.14%	3.60%	19.47%
2013	1.66%	-1.10%	0.50%	-0.81%	4.14%	-3.22%	1.77%	-0.52%	6.20%	4.62%	-1.09%	3.67%	16.51%
2014	-5.21%	5.41%	4.27%	2.21%	1.20%	2.94%	0.72%	1.93%	-1.45%	2.64%	1.60%	-0.48%	16.49%
2015	3.54%	2.13%	1.15%	3.42%	-4.82%	-0.56%	-1.80%	-2.34%	-1.90%	3.96%	-3.72%	-3.91%	-5.27%
2016	-1.77%	-0.33%	6.60%	3.85%	-4.14%	-1.11%	4.19%	-5.28%	-0.07%	-1.15%	1.08%	2.55%	3.82%
2017	0.70%	-1.12%	0.28%	-0.38%	-3.57%	-3.23%	6.71%	5.03%					4.03%

FUND COMMENTARY

There appears to be a widening gap between macroeconomic stability and geopolitical uncertainty and August was no exception. But in the face of conflicting signals, financial markets have seemed rather complacent with the status quo. Hence, market volatility remained muted: Locally, the Top 40 index returned 2.57% and the ALBI delivered 1.6% total return for the month. Globally, US and European stocks were largely flat in USD terms: the S&P 500 inched up 0.05%, the DAX and the CAC40 indices returned 0.07% and 0.43% respectively and the FTSE 100 fell 1.5%. China was a winner again in August with a return of 4.25% USD while Africa ex SA fell -0.7%.

The Divi+ continued its surge, returning +4.99% in August after a strong July (+6.86%). The Fund likewise ended up 5.13% for the month, 2.71% ahead of the benchmark and 0.12% ahead of the Divi+ Index. Year to date, the SWIX index is still significantly ahead (+12.51%) of the Divi+ Index (+8.29%). The sector composition of the Fund remains overweight Basic Materials, Telecommunications and Financials, funded by the underweight exposure to in Consumer Services and Consumer Goods. During the month, we decreased our holdings in Sasol and Bidvest, which has had a great run. The proceeds were used to add to our position in Liberty Holdings ahead of declared dividends.

Contributors to Performance:

The positions that the contributed the most to the performance of the Fund are Assore Ltd (+30.05%), Sibanye Gold Limited (+23.56%) and Imperial Holdings Ltd (+20.01%).

Detractors from Performance:

The largest detractors from performance were Liberty Holdings Ltd (-5.88%), Woolworths Holdings Ltd (-5.81%) and Telkom SA Ltd (-3.52%).

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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.

Dividend Yield: The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.

PE Ratio: The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.

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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