

# PRESCIENT POSITIVE RETURN QUANTPLUS<sup>®</sup> FUND

## MINIMUM DISCLOSURE DOCUMENT

### INVESTMENT AND RETURN OBJECTIVE

The Fund aims to outperform CPI + 3% per annum over the medium term by generating consistent positive returns while protecting capital over rolling 12-month periods.

### INVESTMENT PROCESS

The Fund invests in cash, capital market instruments and equities with an active asset allocation overlay. The equity component of the Fund is protected to reduce the risk of capital loss. The Fund is thus structured to optimise returns in positive market cycles and to protect capital during negative periods/cycles.

### WHO SHOULD INVEST

Investors seeking real returns above cash through the market cycle (typically 7 year periods) but also require capital preservation and downside protection over the shorter term (typically 1 year periods). This Fund is suitable to investors with a medium- to long-term investment horizon and is Regulation 28 compliant.

### RISK INDICATOR DEFINITION

These portfolios typically have moderate equity exposure or in the case of bond funds, longer duration bond exposure, resulting in some capital volatility over the shorter term. They are managed in such a manner that the probability of capital losses over one year periods is unlikely. These portfolios typically target returns in the region of 3% - 4% above inflation over the long term.

## RISK INDICATOR



ANNUALISED PERFORMANCE (%)		CUMULATIVE PERFORMANCE																						
<p>Bar chart showing annualised performance (%) for Fund (dark blue) and Benchmark (light blue) across YTD, 1 year, 3 years, 5 years, 10 years, and Since incep. The Fund generally underperforms the benchmark in the short term but outperforms it significantly in the long term.</p>		<p>Line chart showing cumulative performance (%) for Fund (dark blue) and Benchmark (light blue) from Apr-04 to May-18. The Fund shows a steeper upward trend than the benchmark, ending at approximately 250% while the benchmark is around 200%.</p>																						
ANNUALISED PERFORMANCE (%)		RISK AND FUND STATS																						
	<b>Fund</b> <b>Benchmark</b>	<b>Since inception (p.a.)</b>	<b>Fund</b> <b>Benchmark</b>																					
1 year	5.02 7.63	Alpha	0.32%																					
3 years	4.45 8.52	Sharpe Ratio	0.56 1.38																					
5 years	5.62 8.49	Standard Deviation	4.29% 1.51%																					
10 years	6.37 8.81	Max Drawdown	-4.49% -0.62%																					
Since incep.	9.23 8.91	% Positive Months	73.37%																					
Highest rolling 1 year	34.51 17.04																							
Lowest rolling 1 year	1.58 6.31																							
SENSITIVITY ANALYSIS		EXPOSURE TO MARKETS																						
<p>Line chart showing Performance Projection (MAY 2017 to MAY 2018) vs Equity Market Move From Current Level. A solid line represents 'Sensitivity with up/down market' and a diamond represents 'Fund Return Projected Performance Period'. The projection is flat at 0% until a 10% market move, then rises to approximately 10%.</p>		<table border="1"> <thead> <tr> <th></th> <th>*Market Up</th> <th>*Market Down</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Preference Shares</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>International - Equity</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>Protected Equity</td> <td>22.00%</td> <td>3.00%</td> </tr> <tr> <td>Cash</td> <td>78.00%</td> <td>97.00%</td> </tr> <tr> <td></td> <td>100.00%</td> <td>100.00%</td> </tr> </tbody> </table>			*Market Up	*Market Down	Bonds	0.00%	0.00%	Preference Shares	0.00%	0.00%	International - Equity	0.00%	0.00%	Protected Equity	22.00%	3.00%	Cash	78.00%	97.00%		100.00%	100.00%
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		*Fund exposure if market above or below protection levels																						

# PRESCIENT MANAGEMENT COMPANY

31 MAY 2018

## ABOUT THE FUND

### Fund manager:

Prescient Balanced Team

### Fund classification:

South African - Multi Asset - Medium Equity

### Benchmark:

CPI + 3%

### Fund Size:

R1 bn

### No of units:

6,579,371

### Unit price:

228.95

### Inception date:

30 April 2004

### Minimum Investment:

R10 000 lump-sum

R1 000 per month

### Income distribution:

31 March 2018 - 17.99

### Initial Fee:

0.00%

### Annual management fee:

0.86% (incl VAT)

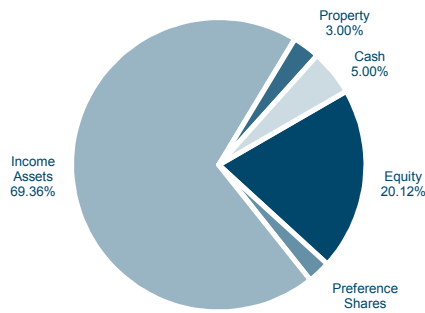
### Fee breakdown:

Management Fee	0.76%
Performance Fees	0.00%
Other Fees*	0.12%
<b>Total Expense Ratio (TER)</b>	<b>0.88%</b>
<b>Transaction Costs (TC)</b>	<b>0.12%</b>
<b>Total Investment Charge (TIC)</b>	<b>1.00%</b>

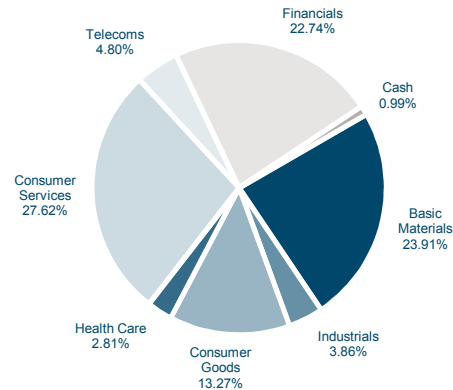
\*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

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## ASSET ALLOCATION



## SA EQUITY SECTOR EXPOSURE



## FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2004</b>					0.91%	-0.68%	1.13%	2.52%	1.86%	-0.15%	1.68%	0.55%	8.04%
<b>2005</b>	0.54%	2.57%	-0.31%	-1.46%	4.82%	1.49%	3.45%	1.60%	5.56%	0.86%	0.89%	3.71%	26.17%
<b>2006</b>	4.49%	-1.19%	2.89%	1.65%	-0.02%	1.83%	-0.64%	2.24%	0.50%	2.04%	0.10%	0.82%	15.60%
<b>2007</b>	1.67%	1.22%	3.29%	0.94%	1.65%	0.00%	1.17%	0.59%	2.50%	2.11%	-1.25%	-2.19%	12.21%
<b>2008</b>	-1.12%	4.10%	-0.30%	1.21%	1.77%	0.57%	1.23%	0.93%	0.59%	0.24%	0.78%	0.63%	11.06%
<b>2009</b>	-0.04%	-0.69%	2.87%	0.90%	2.13%	0.07%	1.47%	0.62%	0.48%	0.84%	0.65%	0.45%	10.15%
<b>2010</b>	0.49%	0.47%	1.21%	0.34%	-0.01%	-0.01%	1.22%	-0.21%	1.50%	0.83%	0.41%	1.03%	7.50%
<b>2011</b>	-0.15%	0.76%	0.39%	0.54%	0.00%	-0.39%	-0.71%	0.49%	-0.17%	1.78%	-0.24%	-0.14%	2.16%
<b>2012</b>	1.43%	0.45%	-0.92%	0.78%	-0.75%	0.20%	0.55%	0.56%	0.39%	2.14%	1.05%	1.24%	7.29%
<b>2013</b>	1.39%	-0.46%	0.02%	-0.79%	3.32%	-2.01%	1.57%	1.46%	2.16%	1.94%	-0.65%	1.36%	9.57%
<b>2014</b>	-0.87%	1.69%	0.83%	0.77%	1.14%	1.28%	0.95%	-0.31%	-0.86%	0.55%	0.28%	-0.01%	5.53%
<b>2015</b>	1.08%	1.57%	-0.15%	1.60%	-0.90%	0.28%	0.13%	-0.80%	0.51%	2.78%	-1.34%	-0.37%	4.40%
<b>2016</b>	0.21%	0.32%	1.30%	0.70%	1.47%	0.30%	1.14%	0.69%	0.10%	-1.10%	0.06%	0.14%	5.42%
<b>2017</b>	1.46%	-1.55%	0.18%	1.11%	0.58%	-0.82%	1.34%	0.93%	0.44%	1.55%	0.53%	0.64%	6.53%
<b>2018</b>	-0.37%	-0.53%	-0.33%	2.31%	-0.72%								0.32%

## FUND COMMENTARY

European equity markets experienced significant selling pressure after political parties in Italy became entangled in a power struggle between Eurosceptic populists and the remaining pro-EU establishment politicians. The prospect of rising popularity of populism after Italy's lacklustre economic performance over the last while and President Sergio Mattarella (pro-EU and pro-austerity) controversially rejecting a deal where the proposed finance minister was a Eurosceptic, heightened fears that a populist party would lead Italy outright. The MIB index dropped by a mammoth -9.15% whilst the CAC40 index lost -2.21%. Meanwhile, US equity markets rose with the S&P500 and the Dow Jones Industrial Average indices added 2.16% and 1.41% respectively in May. Risk-off sentiment resulted in cash moving out of emerging markets. The JSE All Share index therefore struggled and lost -3.48% over the month. Financial shares were the main detractors. Amidst foreign outflows, South African's 10Y Government Bond sold off with its yield ending 0.36% up at 8.54%. Much the same, the All Bond index lost -1.95% in May in a rising interest rate environment. Increased risk meant higher demand for haven assets. As such, gold ended 0.74% up at USD1305/ounce whilst the 10Y US Treasury Bond rallied with its yield falling from 2.96% to 2.87%. With the Top40 index trading higher at the beginning of the month, we used the opportunity to lock in some gains and lift a portion of the protection up to 53 000pts. At the same point in time, we extended the duration of the hedge from September 2018 to March 2019 due to the relatively low level of implied volatility.. This reduced the time decay of the portfolio and therefore also the cost of protection over time. On the fixed income side, we still see more value at the front end of the curve vs at the back end. Our interest rate duration was therefore kept very short. Finally, we remained neutral on listed property at a five percent allocation. Our overweight allocation to preference shares was also still in place as valuations remained attractive.

**Contributors to performance:** The protection overlay added value in a falling market. Volatility picked up, which also helped. Income assets added value given that credit spreads remained almost unchanged.

**Detractor from performance:** Equities as well as property moved lower in May which meant that they detracted value from the portfolio. The fall in bond prices didn't affect the portfolio since we held a duration of close to zero.

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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](http://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.

**Sensitivity Analysis:** Shows the expected return of the Fund for the Performance Projection Period (label on vertical axis), at the end of the Performance Projection Period based on a range of potential moves in the equity market from this month-end to the end of the Performance Projection Period.

## 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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