

# PRESCIENT EQUITY TOP 40 FUND

## MINIMUM DISCLOSURE DOCUMENT

### INVESTMENT AND RETURN OBJECTIVE

The Fund aims to outperform the FTSE/JSE Africa Top 40 index. Tracking error to the index is minimised in the process.

### INVESTMENT PROCESS

The Fund is an equity index fund where returns are enhanced by taking advantage of low risk arbitrage opportunities in the market. Additional benefits are gained from efficient implementation of cash flows, dividend reinvestments, management of corporate actions, use of future discounts and index rebalancing. The Fund aims to remain fully invested in equities at all times.

### WHO SHOULD INVEST

Investors seeking broad based exposure to the large capitalisation sector of the South African equity market. This Fund is appropriate for investors with a long-term investment horizon.

### 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		
1 year	22.48	22.92		
3 years	8.54	8.89		
5 years	12.43	12.98		
10 years	9.13	9.37		
Since incep.	17.65	17.60		
Highest rolling 1 year	70.73	72.85		
Lowest rolling 1 year	-38.73	-39.70		

RISK AND FUND STATS (Since inception)			TOP 10 SHARES	
Since inception (p.a.)	Fund	Benchmark		% of Fund
Alpha	0.05%		Naspers Ltd - N Shares	23.1
Sharpe Ratio	0.67	0.67	Compagnie Financiere Richemont SA	10.4
Standard Deviation	15.96%	16.00%	Depository Rec	8.3
Max Drawdown	-42.83%	-43.42%	BHP Billiton Plc	4.6
Dividend Yield	2.70%	2.70%	Anglo American Plc	4.3
PE Ratio	22.64	22.51	British American Tobacco Plc	3.6
			Sasol Ltd	3.5
			MTN Group Ltd	3.3
			Standard Bank Group Ltd	2.7
			Old Mutual Plc	2.6
			Firststrand Ltd	2.6
			<b>Total</b>	<b>66.4</b>

ASSET ALLOCATION	SECTOR ALLOCATION

# PRESCIENT MANAGEMENT COMPANY

31 OCTOBER 2017

## ABOUT THE FUND

**Fund manager:**  
Prescient Equity Team

**Fund classification:**  
South African - Equity - Large Cap

**Benchmark:**  
FTSE/JSE Africa Top 40 Index

**Fund Size:**  
R214.2 m

**No of units:**  
262,184

**Unit price:**  
624.97

**Inception date:**  
30 June 2003

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

**Income distribution:**  
31 March 2017 - 27.38

**Initial Fee:**  
0.00%

**Annual management fee:**  
0.57% (incl VAT)

Fee breakdown:	
Management Fee	0.50%
Performance Fees	0.00%
Other Fees*	0.13%
<b>Total Expense Ratio (TER)</b>	<b>0.63%</b>
<b>Transaction Costs (TC)</b>	<b>0.10%</b>
<b>Total Investment Charge (TIC)</b>	<b>0.73%</b>

\*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
<b>2003</b>							10.51%	4.73%	-3.38%	10.06%	-1.02%	8.40%	32.06%
<b>2004</b>	5.32%	0.55%	-2.01%	-2.64%	0.90%	-3.28%	2.21%	9.26%	5.42%	-1.85%	6.86%	1.05%	23.03%
<b>2005</b>	1.14%	5.81%	-0.50%	-5.85%	10.34%	2.89%	6.73%	1.96%	10.32%	-2.44%	1.70%	8.02%	46.45%
<b>2006</b>	8.90%	-4.27%	7.31%	4.47%	-2.22%	4.72%	-1.96%	5.29%	2.31%	4.12%	2.07%	4.03%	39.74%
<b>2007</b>	1.54%	0.98%	6.92%	2.85%	2.08%	-0.30%	1.31%	0.71%	5.44%	4.72%	-2.62%	-5.04%	19.55%
<b>2008</b>	-4.46%	12.43%	-1.76%	4.76%	4.15%	-3.26%	-10.11%	-0.44%	-14.27%	-11.76%	1.80%	0.84%	-22.60%
<b>2009</b>	-4.99%	-10.50%	12.72%	0.67%	11.02%	-3.57%	10.12%	3.02%	-0.21%	6.14%	2.94%	2.32%	30.71%
<b>2010</b>	-3.79%	-0.04%	7.56%	0.03%	-5.33%	-3.37%	6.93%	-4.40%	10.14%	3.18%	0.58%	5.83%	17.06%
<b>2011</b>	-2.00%	2.85%	0.90%	2.11%	-0.52%	-2.39%	-2.84%	-0.12%	-4.40%	11.30%	-1.36%	-0.65%	2.04%
<b>2012</b>	6.01%	1.40%	-1.97%	2.44%	-3.43%	0.82%	3.36%	2.51%	1.62%	5.51%	2.08%	3.22%	25.78%
<b>2013</b>	3.24%	-2.14%	0.76%	-2.47%	8.99%	-6.49%	5.17%	3.39%	4.84%	3.83%	-1.39%	3.26%	21.96%
<b>2014</b>	-2.29%	5.08%	2.16%	1.83%	2.13%	2.44%	1.39%	-1.35%	-2.73%	0.55%	0.63%	-0.97%	8.95%
<b>2015</b>	2.44%	4.49%	-1.35%	4.91%	-3.62%	-0.07%	0.00%	-4.20%	2.04%	7.77%	-3.41%	-1.63%	6.79%
<b>2016</b>	-4.08%	0.02%	6.10%	0.64%	3.22%	-4.10%	-0.12%	1.06%	-1.19%	-2.97%	-0.53%	0.35%	-2.04%
<b>2017</b>	4.82%	-3.95%	3.27%	4.41%	0.20%	-3.62%	7.57%	2.53%	-0.51%	6.66%			22.70%

## FUND COMMENTARY

October was another bright month in local and global financial markets. Locally, the JSE SWIX returned 6.5%, resource stocks in the RESI20 index delivered 6.4%, financials (FINI15) did 2.6% and property stocks (SAPY) returned 2%. The greatest contribution to this rally came from the largest stock on the JSE; Naspers. After delivering an astounding 18% in October alone, the stock is now up 72.4% year to date. The MTBPS disappointed the market through a combination of bad economic data, low revenue collection and projections of South Africa's Debt / GDP ratio to reach 60% by 2021. The National Treasury is highly dependent on economic activity to generate tax revenue and the negative trend explains most of the disappointing revenue collection in 2017. Going forward, the fiscal situation of South Africa is highly dependent on a recovery in economic growth. This is unlikely to come from fiscal stimulus or structural policy and we must therefore look to monetary policy or external forces to generate growth in consumer demand.

The low risk enhancements employed continued to contribute to the positive performance of the Fund relative to the benchmark. The Fund returned 6.69% for the month, 0.09% ahead of the FTSE/JSE Africa Top40 Index. Year to date the Fund is up 23.29%, which is 0.34% ahead of its benchmark (22.95%).

### Contributors to Performance:

The positions that contributed the most to the performance of the Fund are Naspers (17.98%), Compagnie Richemont (+6.05%) BHP Billiton (+6.97%).

### Detractors from Performance:

The largest detractors from performance were Mondi (-6.15%), Vodacom (-4.68%) and Woolworths (-5.91%).

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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.

**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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