PRESCIENT

DIVERSIFIED MULTI-ASSET FUNDS BRING STABILITY IN AN UNCERTAIN WORLD.

In the current environment were global market uncertainty and political risks impact investment returns, it is pretty stressful selecting which type of unit trust to invest in to achieve your investment objectives. With that in mind, a viable option should be multi-asset funds, which target long-term real returns that are more stable compared to single asset funds.

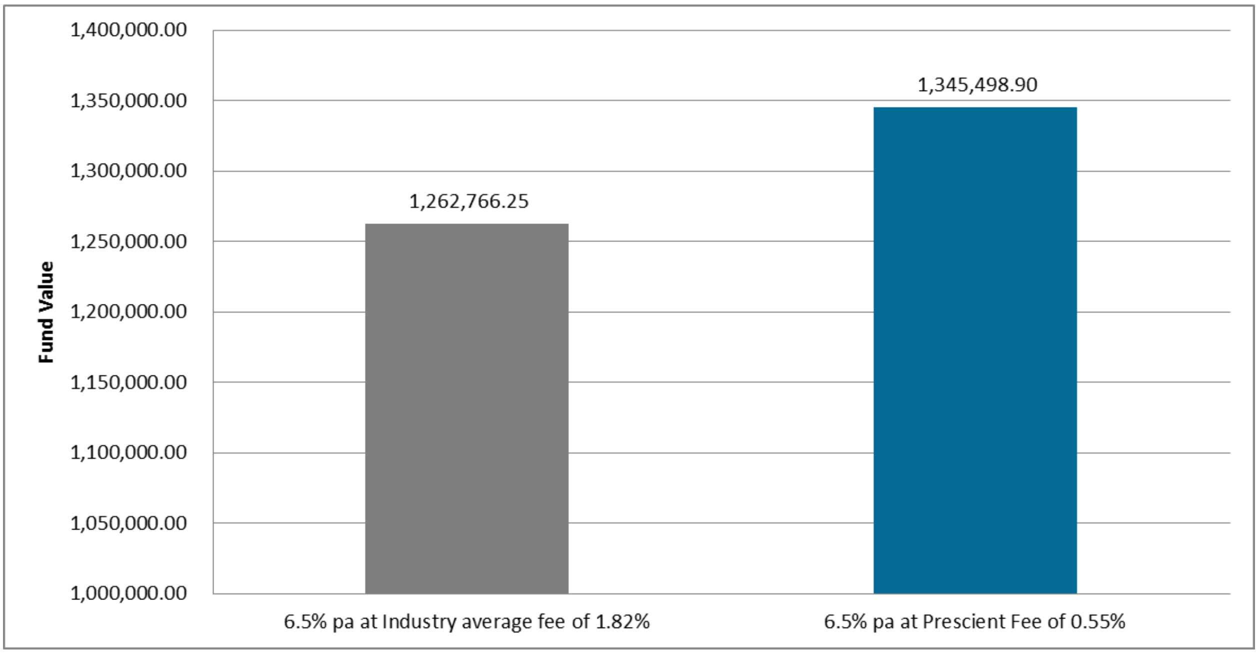
These funds are compliant with Regulation 28 of the Pension Funds Act and offer a wide risk spectrum to investors depending on their risk appetite. Significant diversification benefits are achieved as different asset classes and currencies are blended together. Statistics released by the Association for Savings and Investment South Africa (ASISA) show that the unit trust industry has cottoned on to this, favouring the funds in the ASISA Multi Asset High Equity category in particular.

Within this category, the Prescient Balanced Fund has just surpassed three years of existence, in which time it has performed particularly well. As at 30 June 2017, it ranked in the first quartile over three months, twelve months as well as the period since its inception on 31 May 2014.

Remarkably, the fund has returned 4.85% year-to-date and 7.08% per year since inception, while peer average returns over the same periods were 2.47% and 5.03% respectively. Despite its impressive performance record, the Prescient Balanced Fund is also the cheapest fund in the ASISA Multi Asset High Equity classification, with a total expense ratio (TER) of 0.55% and a total investment charge (TIC) of 0.58% a year.

On a comparative basis, Prescient's TER of 0.55% compares very favourably to the average categories TER of 1.82%, which consists only of Funds in the category with at least a three year track record.

In other circumstances, a 1.27% fee difference could possibly be overlooked. However, in the current low performance environment, investors need to scrutinise charges as expensive performance fees in many circumstances result in negative net of fee returns when gross returns were initially positive. Put differently, fees detract from fund performance and that determines how much cash is left at the end of the investment time horizon.



Source: Morningstar and Prescient Investment Management

The future is uncertain and of that, we are sure. However, paying lower fees is one way of ensuring better returns and this is illustrated in the above chart, which is based on an initial investment of R1 million returning 6.5% per annum for five years, before fees.

The Prescient Balanced Fund is a passively managed fund that offers a diversified mix of assets and geographic exposure. Accordingly, 55.25% of the fund is exposed to local equities and 9.75% to global equities. Similarly, 24.75% is invested in local interest-bearing assets while 5.25% is exposed to global interest-bearing instruments. The remaining 5% is invested in local property. The Fund targets returns of inflation plus 5% to 6% a year over the long-term.

The fund has been a star performer and its investment strategy has placed it squarely in the top quartile of comparable peers.

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About Prescient

- 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."
- 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 TER's. During the phase in period TER's do not include information gathered over a full year.
- Prescient Investment Management Ltd, is an authorised financial services provider (FSP 612). 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. Performance has been calculated using net NAV to NAV numbers with income reinvested. There is no guarantee in respect of capital or returns in a portfolio. Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). For any additional information such as fund prices, fees, brochures, minimum disclosure documents and application forms please go to www.prescient.co.za.