

# AFENA CAPITAL

## INVESTMENT OBJECTIVE

The Afena Equity Prescient Fund (the fund) is a general equity product that aims to provide investors with long-term growth in capital and income. The product is designed to be a stock picking fund that is sector constrained. The fund's performance relative to the benchmark is expected to be primarily driven by a value-biased share selection process. The sector constraints limit the fund's exposure to unintended macroeconomic risks. The fund is actively managed relative to its benchmark. This benchmark cognisance is maintained in order to provide the fund with moderate beta to equity market returns. Investments in the fund are made with a 3 to 5 year investment horizon. We aim to be as fully invested in equities as possible at all times.

## FUND COMMENTARY

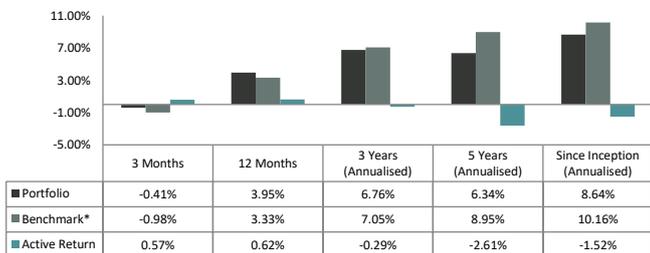
Notwithstanding a choppy ride in local equities over the last 12 months, investors in the fund have witnessed a 3.95% return over the last year, eclipsing benchmark ('JSE Capped All Share Index' or 'CAPI') return of 3.33% by 62 basis points ('bps'). Following a sound second quarter of 2018, the fund experienced a good third quarter which was dominated by good stock picking in the resources and industrials sectors which was partially offset by our exposure in banks, property and Brait ('BAT'). The portfolio generated -0.41% in the third quarter, outperforming the CAPI, which fell 0.98%, by 57bps.

The portfolio performance in the quarter benefited from good stock picking within the platinum, gold and general mining sub-sectors that form part of the broader resources sector. The extent of the good stock picking is underscored by resources contributing positively to performance despite the fund holding an underweight position in resources and resources outperforming all other sectors over the period. Platinum miners generated the second highest contribution to performance among the sub-sectors with overweight positions in preferred names Impala Platinum and Royal Bafokeng Platinum contributing 44bps and 10bps respectively. The fund was also bolstered by good stock picking within the industrials sector during the quarter. As the second largest underweight in the fund, Aspen's share price falling 36% in the quarter added 48bps to performance.

The fund's biggest detractors in the quarter emanated from the financials sector, mainly concentrated in the fund's exposures in banks, property and BAT. The underweight position in banks and property, which served the fund well in the second quarter, reversed some of the gains in the current quarter. Following a relief rally in the second quarter triggered by management and strategy changes at one of its underlying assets, UK retailer New Look, BAT fell 10% in the third quarter on the back of deterioration in trading conditions in the UK retail environment. BAT detracted 21bps to the performance of the fund in the quarter.

## INVESTMENT PERFORMANCE

Highest rolling 1 year return since inception : Fund 47.99%; Benchmark 48.14%  
Lowest rolling 1 year return since inception : Fund -12.82%; Benchmark -21.94%



Performance calculated on NAV with income reinvested Source: Afena Capital & Bloomberg

\*Benchmark changed from the FTSE/JSE SWIX to the FTSE/JSE CAPI on 1 November 2016

Date: 30 September 2018

## TOP TEN SHARES

Share Name	% of Fund	Share Name	% of Fund
NASPERS	9.74%	MTN GROUP	4.37%
RICHEMONT	9.27%	STANDARD BANK GROUP	3.41%
BHP BILLITON	8.62%	ANGLO AMERICAN PLC	3.08%
SASOL	5.06%	OLD MUTUAL	2.94%
BRITISH AMERICAN TOBACCO PLC	4.58%	REMGRO	2.66%

## AFENA EQUITY PRESCIENT FUND

Minimum Disclosure Document | 30 September 2018

## FUND CHARACTERISTICS

Fund Manager(s)	Mila Mafanya
ASISA Fund Classification	South African Equity General
Benchmark	FTSE/JSE CAPI
Fund Size	R 21.5 million
Fund Launch	22 May 2008
Income Distribution	Annually. Last distribution as at 1 April 2018 of 5.19 cents per unit.
Initial Fee	0%
Annual Management Fee*	0.45% (incl VAT)
Risk Profile**	High
Minimum Investment	R1000 lump sum and/ R100 monthly
Total Investment Charge***	1.01% (1 October 2017 to 30 September 2018)

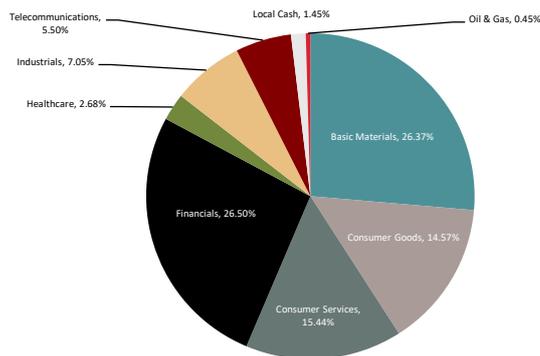
\*Different classes of units apply to this portfolio and are subject to different fees and charges.  
\*\*Risk comes from the uncertainty about whether an investment will yield the promised return. The greater the risk, the higher the potential rate of return or potential loss.

Risk Category	Product Characteristics
Low Risk	Limited price swings Narrow income growth potential Lower probability of capital loss
Moderate Risk	Moderate price swings Medium income growth potential Moderate probability of capital loss
High Risk	High price swings High income growth potential High probability of capital loss

\*\*\*A Total Investment Charge (TIC) comprises two cost components; transaction costs and a Total Expense Ratio (TER). TER is a measure of a portfolio's assets that are forgone as operating expenses. The current TER disclosed is expressed as a percentage of the average Net Asset Value of the portfolio for the period from 1 October 2017 to 30 September 2018. Included in the TER is the proportion of costs incurred as charges, levies and fees in the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TERs. The current disclosed TER is applicable to the institutional class (B3 units). The TER for the retail class (A1 units) is available on request. The breakdown of TIC for the period is as follows:

Management Fee	Other Fees	Total Expense Ratio (TER)	Transaction Costs (TC)	Total Investment Charge (TIC)
0.45%	0.24%	0.69%	0.32%	1.01%

## SECTOR ALLOCATION



ASSET ALLOCATION: 98.56% Local equity and 1.44% Cash

## AFENA CAPITAL

Afena Capital is an independent investment management firm that was established in November 2005, where management and staff have majority ownership of the company. The firm was founded by a team of entrepreneurial investment professionals who shared a common long term vision to build a trusted, professionally managed, quality investment management firm. The firm focuses on producing excellent long term investment returns, providing quality service to its clients and offering professional management of investment portfolios on behalf of third party clients. We currently employ 12 full time staff members and manage segregated and pooled portfolios on behalf of institutional investors. On 30 September 2018, total assets managed by Afena Capital were R5.0 billion.

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 TER's. During the phase in period TER's 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 costs are 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. 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. 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 with income reinvested. 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.afenacapital.com](http://www.afenacapital.com). Published on 31 October 2018.

## DISCLAIMER FOR FUND SPECIFIC RISK

**Property risk:** Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations. **Geographic / Sector risk:** For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow. **Liquidity risk:** If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected. **Equity investment risk:** Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company. **Currency exchange risk:** Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

## GLOSSARY OF TERMS

Term	Meaning
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 return	The highest and lowest returns 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.
Co-named Collective Investment Scheme	A portfolio approved and branded in the name of both the manager (Prescient Management Company) and the financial services provider (Afena Capital) and where the financial services provider undertakes the function of discretionary financial services in relation to the assets of the portfolio.
Income Distribution	The interest and/or dividend income that is generated by the underlying investments in the Fund and that is declared and distributed to investors in the Fund periodically
Liquidity	The ease with which a financial instrument can be sold and converted to cash without having much impact on its value or price.

## 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 address: [info@prescient.co.za](mailto:info@prescient.co.za) Website: [www.prescient.co.za](http://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](http://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:** Afena Capital Proprietary Limited, Registration number: 2005/017613/07 is an authorised Financial Services Provider (FSP 25033) 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:** Fifth Floor MontClare Place, Corner Campground and Mainroads, Claremont, 7708. **Postal address:** PO Box 23883, Claremont, 7735. **Telephone number:** 021 657 6240. **Website:** [www.afenacapital.com](http://www.afenacapital.com)

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**PRESCIENT**  
MANAGEMENT COMPANY

The Afena Equity Prescient Fund is managed by Afena Capital and is structured as a co-branded portfolio operating under Prescient Management Company (RF) Pty Limited

Postal address: PO Box 31142, Tokai, 7966

Fund trustee: Nedbank