

# Abax Mosaic Multi Strategy Prescient RI Hedge Fund



PRESCIENT  
MANAGEMENT COMPANY

## Minimum Disclosure Document, 31 October 2018

### Investment Objective and Summary

\* Abax Mosaic Multi Strategy Prescient RI Hedge Fund's (herein referred to as "Abax Mosaic Multi-Strategy"/ "the Fund") is a multi-strategy hedge fund. The fund combines long/short equity, market neutral equity and fixed interest hedge fund investment strategies, adding gearing to these strategies, in order to maximise alpha. The Fund will aim to provide consistent superior, risk-adjusted absolute returns to investors, primarily through exploiting stock based opportunities in the South African listed markets. The Fund will aim to exhibit low correlation between its investment performance and that of the South African stock market. In addition, capital preservation and the avoidance of negative compounding are primary investment objectives. The Fund will have maximum flexibility to invest in a wide range of instruments including, but not limited to, equities, options, warrants, convertible debt securities, contracts for difference ("CFDs"), futures and any other listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time.

The Fund will take long and short positions and may also retain amounts in cash or cash equivalents, including but not limited to short term fixed deposits, corporate paper and preference shares pending reinvestment, in order to maximise returns. The Fund may further include fixed income instruments such as government bonds, interest rate swaps, money market instruments and forward rate agreements (FRAs). The Fund's equity exposure will generally be confined to equities listed or traded on the JSE Securities Exchange. Unlisted investments in these asset classes are permitted as determined by legislation from time to time. The fund will employ a VAR approach to measure exposure.

### About the Fund

The Fund is a multi-strategy hedge fund. The Fund combines long/short equity, market neutral equity, and fixed interest hedge fund investment strategies, adding gearing to these strategies, in order to maximise alpha.

The Fund is managed by Wallie van der Walt, Omri Thomas and Marius Van Rooyen.

### Fund details

Inception Date	01-03-2012
Establishment of CIS Date	01-03-2017
Unit Price (Cents)	10,361.69
Fund Size (Rm)	299
Minimum Investment (R)	1,000,000
Benchmark	12 Month STEFI rate
ASISA Sector	Multi-Strategy Retail Hedge Fund

### Fees (% p.a.)

Annual Fee (excl. VAT)	1.5
Performance Fee** (excl.VAT)	20
Total Expense Ratio (incl.VAT)	1.12
Transaction Costs (incl.VAT)	0.53
Total Investment Charges (incl.VAT)	1.65

### Definitions

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.

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.

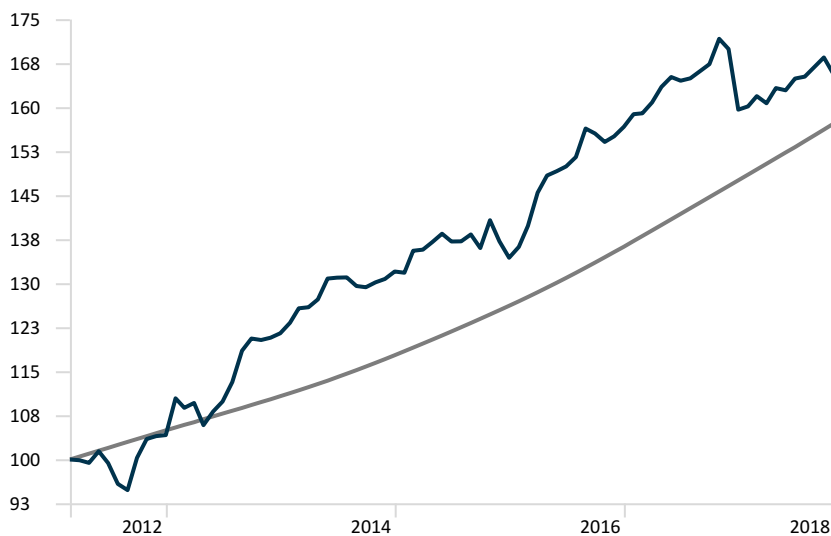
Please note that the TER and TC calculations are based on actual data where possible and best estimates where actual data is not available.

\*\*The performance fee is calculated as 20% of the outperformance of the fund's benchmark, which is the STEFI cash rate (STFIND), subject to a High Water Mark. The performance fee is accrued for monthly and payable either on redemption or annually at the end of December.

### Distributions

Distribution Frequency	Annually
Distribution Dates	31 Mar
Latest Distribution (Cents)	54.20

### Investment growth of a R100 investment (Figures are in Rands)\*\*\*



— Abax Mosaic Multi-Strategy \*

— STEFI 12 Month

### Returns (% annualised)\*\*\*\*

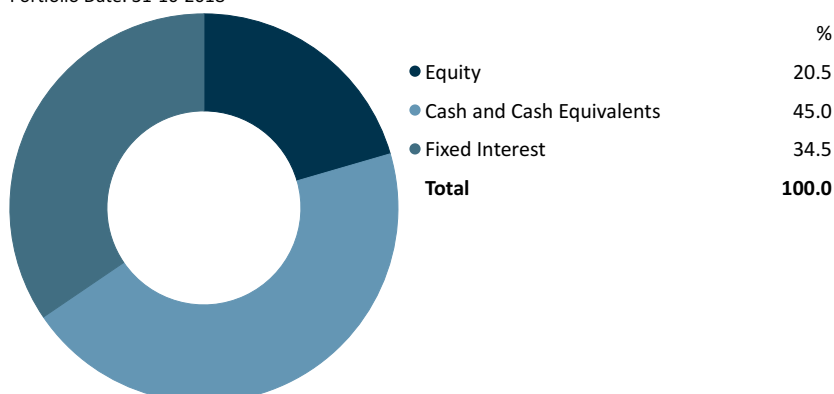
	1-m	3-m	1 yr	3 yrs	5 yrs	Incep.
Abax Mosaic Multi-Strategy *	-1.7	0.2	-3.5	5.6	6.6	7.9
STeFI 12 Month	0.7	1.9	7.9	8.0	7.5	7.0

### Risk (annualised since inception)\*\*\*\*

	Std Dev	Sharpe Ratio	Max Drawdown
Abax Mosaic Multi-Strategy *	6.6	0.1	-7.0
STeFI 12 Month	0.3	—	—

### Asset and Sector Allocation

Portfolio Date: 31-10-2018



## Monthly returns \*\*\*\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	0.3	1.1	-0.7	1.6	-0.2	1.2	0.2	1.0	1.0	-1.7			3.8
2017	1.4	0.1	1.2	1.6	1.0	-0.4	0.2	0.7	0.7	2.6	-1.0	-6.1	1.9
2016	1.4	2.6	4.1	2.0	0.5	0.5	1.1	3.2	-0.5	-0.9	0.6	1.0	16.6
2015	-0.2	2.8	0.1	1.0	1.0	-1.0	0.0	0.9	-1.7	3.5	-2.6	-2.0	1.8
2014	1.5	2.0	0.1	1.1	2.8	0.1	0.0	-1.1	-0.2	0.7	0.4	1.0	8.7
2013	6.0	-1.5	0.8	-3.5	2.2	1.6	3.0	4.7	1.7	-0.2	0.3	0.6	16.7
2012	—	—	-0.1	-0.4	2.0	-2.0	-3.6	-1.1	5.8	3.2	0.5	0.2	—

## Best and worst periods (%)

Best 12-months

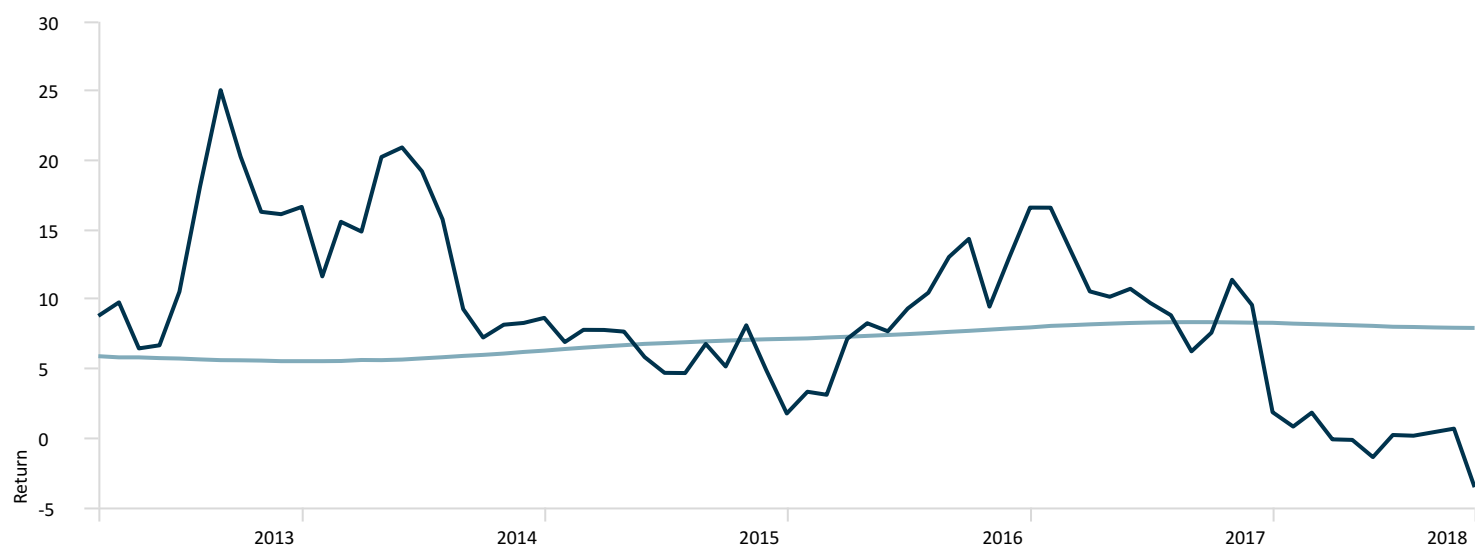
25.07

## Best and worst periods (%)

Worst 12-months

-3.53

## 1-year Rolling returns



— Abax Mosaic Multi-Strategy \*

— STeFI 12 Month

## Investment manager

Investment Manager: Abax Investments Proprietary Limited, Registration number: 2000/008606/07 is an authorised Financial Services Provider (FSP856) 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: 2nd Floor, Colinton House, The Oval, 1 Oakdale Road, Newlands. Postal address: P.O. Box 23851, Claremont, 7735 Telephone number: 021 670 8960. Website: [www.abax.co.za](http://www.abax.co.za)

## Management company and Trustee

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.

## Definitions

**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.

**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.

## Important information

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

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. 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 and excludes performance fees. 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. Fund Performance has been calculated using net NAV to NAV numbers with income reinvested. The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the investment 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.

The Manager retains full legal responsibility for any third-party-named portfolio.

Investing: hedge fund applications are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14h00 on the 2<sup>nd</sup> business day prior to the last day of the month. Your application will be processed on the 1st day of the following month. Redemptions: hedge fund redemptions are processed at the end of each month and we require a months' notice. In order to receive month end prices, your redemption instruction must be submitted to Prescient before 14h00 on the last business day of the month, for processing at the end of the following month. Funds are priced at 5 pm on the last day of the month. This Portfolio operates as a white label fund under the Prescient Retail Hedge Fund Scheme. For any additional information such as fund prices, brochures and application forms please go to [www.abax.co.za](http://www.abax.co.za).

\*\*\*The illustrative investment performance which is shown is for illustrative purposes only and is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date.

\*\*\*\* Performance includes returns prior to the establishment of CIS date.

Source: Abax, Bloomberg and Morningstar.

## Risk Disclosure

The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

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.

Default risk: The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.

Derivatives risk: The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.

Developing Market (excluding SA) risk: Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

Foreign Investment risk: Foreign securities investments may be subject to risks pertaining to overseas jurisdictions and markets, including (but not limited to) local liquidity, macroeconomic, political, tax, settlement risks and currency fluctuations.

Interest rate risk: The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises.

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.

Currency exchange risk: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

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.

Derivative counterparty risk: A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

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.

Value-at-Risk (VaR): Value at Risk is widely used technique used to measure the risk of loss, or to estimate the probability of portfolio losses, based on the statistical analysis of historical price trends and volatilities. VaR is the expected maximum loss that a portfolio can realize at a given level of confidence. Regulation in BNS2 states that VaR be calculated as an historical calculation at a 99% confidence level. In order to generate an appropriate historical value, 252 data points shall be used.