

# LONG BEACH FLEXIBLE PRESCIENT FUND

## MINIMUM DISCLOSURE DOCUMENT

**2017 Raging Bull award for the Best South African Multi-Asset Flexible Fund for the 3 years to 31 December 2017.**

### INVESTMENT AND RETURN OBJECTIVE

The Long Beach Flexible Prescient Fund is an actively managed portfolio which aims to provide real long-term growth in capital. Investors should note that a flexible collective investment scheme can hold any combination of shares, bonds and cash, as well as invest up to 30% of the portfolio in foreign assets. The Fund will predominantly invest in equities and may either hold cash and/or make use of derivatives to protect capital in periods of market turbulence.

### RISK INDICATOR



PERFORMANCE AND RISK (%)		FUND COMMENT
	<b>Fund Benchmark</b>	
Since inception (24/06/09)	<b>263.26</b> <b>186.80</b>	The <b>Long Beach Flexible Prescient Fund</b> returned -0.54% for December, the fund's benchmark returned 2.34% and the FTSE/JSE All Share Index 4.25%.
Since inception (annualised)	<b>14.51</b> <b>11.70</b>	
2018 year (31 December)	<b>0.91</b> <b>-6.96</b>	
<b>Annualised Returns</b>		For 2018, the <b>Long Beach Flexible Prescient Fund</b> returned 0.91%, the fund's benchmark returned -6.96% and the FTSE/JSE All Share Index -8.53%.  Global markets continued to struggle with the S&P500 down by -9.03% in December and finishing the year down -4.38% in USD terms. Fears over slowing global growth, in particular for China, and fears over Trump's ongoing trade war, the US government's dysfunction and shutdown over Trump's border wall combined with an illiquid market in December lead to an exaggerated sell-off. This was in contrast to the incoming economic data with US retail sales up 5.1% in December and PMI's which remain at comfortable levels for expansion. The US Fed from a forward guidance position of four expected rates hikes in 2019, has significantly backed off, and is now willing to be 'patient' and assess the incoming data, in other words remain on hold. This supports the view of ongoing growth, although at a more moderate level, and without further economic shocks the recession fears which are priced into the US yield curve look to be exaggerated.  The South African economy remains hostage to policy inaction ahead of this year's general election, although lower fuel prices will have a small positive effect and help to limit upward inflation pressures. Post the election, with a refreshed mandate, the government needs to deliver on structural reforms to improve growth and take action to resolve the mismanagement and corruption which plagues South Africa's SOEs and in particular restructure Eskom to be financially sustainable.  The <b>Long Beach Flexible Prescient Fund's</b> offshore holdings continue to be fully invested in global equities with attractive earnings growth prospects. The fund's local holdings are now balanced between local SA companies and global companies which are attractively valued and with good earnings growth prospects. The fund maintains a strong preference for large cap companies which have a sound balance sheet and an attractive business franchise.
Latest 1 year	0.91 -6.96	
Latest 2 years	11.17 4.67	
Latest 3 years	8.22 4.86	
Latest 5 years	11.73 6.41	
Latest 7 years	12.47 10.08	
Latest 9 years	13.10 10.29	
Annualised Standard Deviation	12.59 8.61	
Maximum drawdown	-17.38 -13.35	
Highest rolling 12 month return	30.92 25.91	
Lowest rolling 12 month return	-3.94 -9.05	
<i>Source: MoneyMate</i>		
<i>All performance data is net of fees</i>		
ASSET ALLOCATION (%)		
<b>EQUITY</b>	<b>88.9</b>	
<b>SA EQUITY</b>	<b>59.4</b>	
Resources	0.0	
Financials	22.3	
Industrials	37.1	
<b>OFFSHORE EQUITY</b>	<b>29.5</b>	
<b>PROPERTY</b>	<b>9.9</b>	
<b>CASH</b>	<b>1.2</b>	
<b>TOTAL</b>	<b>100.0</b>	
TOP TEN HOLDINGS (%)		
	<b>% of Fund</b>	
Naspers Ltd - N	14.9	
Discovery Holdings Ltd	10.2	
Capital and Counties Properties Plc	9.9	
Paypal Holdings Inc	9.3	
Compagnie Financiere Richemont SA	8.8	
Investec Plc	6.1	
Alphabet Inc	6.1	
Standard Bank Group Ltd	6.0	
Woolworths Holdings Ltd	6.0	
Booking Holdings Inc	3.2	

# LONG BEACH CAPITAL

31 DECEMBER 2018

### ABOUT THE FUND

#### Fund manager:

David Hansford CFA

#### Fund classification:

South African - Multi Asset - Flexible

#### Benchmark:

75% FTSE/JSE Shareholder Weighted All Share Index (SWIX) Total Return + 25% Cash (STEFI)

#### Fund size:

R187,379m

#### Inception date:

24 June 2009

#### Minimum investment:

R10 000 lump-sum  
R500 per month

#### Income distribution (31 March 2018):

0.00 cents per unit for the 12 month period to 31 March 2018.

#### Annual management fee:

1.25% (excl VAT)

#### Performance fee:

No. Long Beach Capital believes all investment performance should accrue to our clients.

#### Management and administration:

Prescient Management Company (RF) (Pty) Ltd (The Fund is a white label portfolio operating under the Prescient Unit Trust Scheme).

#### Domicile:

South Africa

#### Fee breakdown:

Management fee (Incl VAT)	1.44%
Other costs	0.09%
<b>Total TER</b>	<b>1.53%</b>
Transaction costs	0.54%
<b>Total costs</b>	<b>2.07%</b>

The annualised TER and costs shown above are for the 12 month period to 30 September 2018. This percentage of the Net Asset Value of the portfolio 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. Since Fund returns are quoted after deduction of the above expenses, the TER and transaction costs should not be deducted from the published returns. Other costs include VAT, audit and custody fees.

#### Trustee:

Nedbank

#### Auditors:

KPMG

#### Long Beach Capital (Pty) Ltd

Prescient House  
Westlake Business Park  
Otto Close, Westlake  
Cape Town 7945  
P O Box 30067, Tokai 7966

Tel: +27 21 700 3600

Fax: +27 21 700 5495

Email: [info@longbeachcapital.co.za](mailto:info@longbeachcapital.co.za)

Web: [www.longbeachcapital.co.za](http://www.longbeachcapital.co.za)

**PRESCIENT**  
MANAGEMENT COMPANY

# LONG BEACH FLEXIBLE PRESCIENT FUND

---

## 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 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.

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. 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.

The portfolio risk classification is Medium to Medium - High, these portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios. In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

For any additional information such as fund prices, brochures and application forms please go to [www.longbeachcapital.co.za](http://www.longbeachcapital.co.za).

2017 Raging Bull award for the Best South African Multi-Asset Flexible Fund for the 3 years to 31 December 2017. The full details and basis of the award are available from the manager.

## DISCLAIMER FOR FUND SPECIFIC RISK

**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.

# LONG BEACH FLEXIBLE PRESCIENT FUND

---

## GLOSSARY

**Annualised performance:** Annualised performance shows longer term performance rescaled to a 1 year period. It 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 12 month period since inception have been show, based on monthly return data.

**NAV:** The net asset value represents the assets of a Fund less its liabilities.

**Standard Deviation:** The deviation of the return stream relative to its own average, based on monthly return data.

**Maximum Drawdown:** The maximum percentage decline over any 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 address:** info@prescient.co.za. **Website:** www.prescient.co.za.

### Trustee:

Nedbank Investor Services **Physical address:** 2<sup>nd</sup> 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:

Long Beach Capital (Pty) Ltd, Registration number: 2004/032569/07 is an authorised Financial Services Provider (FSP 22265) 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 30067, Tokai 7966 **Telephone number:** 021 700 3600 **Website:** www.longbeachcapital.co.za.

### Management and administration:

Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

*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.*