

Portfolio Manager Commentary

Our Balanced Fund currently owns a healthy amount of cash.

An interesting thing about cash is that, when the prices of other assets go up, cash is boring and looks old-school, but when the prices of other assets start falling, cash is the investor's best friend and looks absolutely amazing.

Our investment approach positions the fund according to the best investment opportunities presented by the markets at any point in time. Put bluntly; when we find lots of great long-term investment opportunities - being great businesses, led by great people, priced attractively - you can expect that the fund will have as little cash as possible. When great investment opportunities are scarce, the fund will have lots of cash.

There is nothing 'magical' about this approach. It just makes common sense to us. We believe that it also makes common sense to our co-investors.

During the past 18 months, as we established our research universe and positioned this fund, it became clear to us that our list of great long-term investment opportunities is not extensive.

One of the cornerstones of the Perspective business and investment approach, patience, was therefore appropriate. Most of the equities and bonds of the wonderful companies that we would love to own one day are overvalued.

It is true that the share prices of many companies on the JSE have declined meaningfully over the past 6 months. Other than the assets we have already acquired, nothing else fitting our criteria has reached our buying levels. Yet.

Our work continues.

Fund Asset Allocation

	% of Fund
ZAR Cash	51,57%
ZAR Equity	36,86%
ZAR Government Bonds	4,85%
ZAR Property Equity	2,15%
Offshore	4,57%
Preference Shares	0,0%
Commodities	0,0%

Top 10 Equity Holdings

	% of Fund
Hosken Consolidated Investments	3,5%
Remgro	3,2%
Discovery Holdings	3,2%
Omnia Holdings	2,8%
The Spar Group	2,3%
Liberty Holdings	2,2%
Growthpoint Properties	2,2%
Old Mutual Plc	2,1%
Wilson Bayly Holmes - Ovcon	2,0%
Life Healthcare Group Holdings	2,0%

Fund Performance

N/A

Income Distributions

N/A

Fund Information

Fund Manager	Perspective Investment Management Daniel Malan and Sean Neethling
ASISA Fund Classification	SA – Multi Asset – High Equity
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund NAV	ZAR 5,16mn
ISIN	ZAE00248605
Fund Launch Date	Monday, 04 September 17
Issue Date	Wednesday, 07 February 2018
Income Distribution	March 2018
Annual Management Fee	1% exclusive of VAT
Total Expense Ratio (TER)	N/A
Minimum Investment	Lump Sum: R 10 000 / Monthly: R 500

About the Fund Manager

Perspective is an investment management firm based in Cape Town, South Africa. The firm was founded in January 2017 and is designed to be an employee-owned and managed business focused on the principles of long-term investing on behalf of our clients. Our commitment is to establish a resilient enterprise that creates exceptional long-term value for all our current and future clients and stakeholders.

Daniel Malan B.Com, CFA

Daniel has 22 years of investment industry and business management experience across multiple asset classes and geographies.

Sean Neethling M.Com Finance

Sean has 16 years of relevant industry experience across listed and unlisted credit and fixed income markets.

Investment Objective

The Fund aims to provide investors with long-term investment returns after costs at or above its benchmark of the South African inflation rate plus 5%.

Investment Strategy

The Fund complies with Regulation 28 of the Pension Funds Act and may invest up to maximums of 75% in equities and 25% in offshore assets. The Fund will invest in a diversified range of equities, investment grade bonds, property and cash, but may also invest in preference shares, currencies and commodities when sensible opportunities present themselves.

The flexibility of this mandate empowers the fund managers to be more fully invested when a diversified selection of good assets are cheap and to be positioned defensively when good assets are very expensive or highly concentrated in a single sector.

Suitability

The Fund is most suited to investors with an investment horizon of five to ten years seeking a combination of principal preservation, income generation and long-term capital growth.

Tax Free Investment

Based on section 12T of the Income Tax Act this Fund qualifies as a tax-free investment account (“TFSA”). This allows South African individuals to qualify for no tax on distributions and / or capital gains while invested in the Fund. The current tax framework limits contributions to tax-free investments to R33 000 per tax year with the lifetime limit capped at R500 000. Any contributions exceeding these limits will be subject to tax. It is recommended that any investor considering investing in the Fund for specific tax purposes and requires explicit tax advice consult directly with a qualified tax professional. Perspective Investment Management (Pty) Ltd does not render financial advice but can recommend accredited professionals who are licenced to do so if required.

What It Really Means

Long-Term: An investment period of five to ten years.

ASISA: Association for Saving & Investment South Africa.

Moderate Risk: The fund aims to maximise long-term capital growth and can invest up to 75% in equities, which provide the best opportunity for high returns but also carry the risk of temporary and / or permanent capital loss.

CPI: South African Consumer Price Index.

Fund NAV: The total amount of investor capital in the fund.

ISIN: The International Securities Identification Number is a code that uniquely identifies your fund.

Issue Date: The date that this MDD document is approved for publication.

Annualised Performance: Shows fund performance re-scaled to a 12-month period. The average return per year over the period.

Highest and Lowest Return: The highest and lowest return over a 12-month period since the inception of the fund.

Total Expense ratio (“TER”): The total cost to the investor from investing in the fund inclusive of audit, custody and trustee fees. Please note the Total Expense Ratio and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product and the funds TER will be available after one year.

Contact Details

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*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.*

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Disclaimer

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act. 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. 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 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.perspectiveim.co.za.

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