

## Minimum Disclosure Document - 30 September 2016

Fund Performance: (figures are annualised)	Fund - Class A1	Composite Index
1 Year	14.4%	9.6%
2 Years	10.0%	9.3%
Inception	9.6%	10.8%
Highest 1 year return	14.4%	21.5%
Lowest 1 year return	4.4%	0.2%

Fund Details:	
Market value	R271.4 million
Offshore exposure	21%
Top 10 holdings (in alphabetical order)	AECI LTD ANGLO AMERICAN PLC BERKSHIRE HATHAWAY INC-CL B BOWLER METCALF LIMITED NEDBANK GROUP LTD REINET INVESTMENTS SA-DR ROYAL BAFOKENG PLATINUM LTD STANDARD BANK GROUP LTD TRANSACTION CAPITAL TRANSPACO LTD

Fund Facts:	
Fund objective	To provide long term growth in both capital and income over time
Fund category	South African Multi Asset High Equity
Inception	1 November 2013
Benchmark	Composite
Recommended term	Medium to long term
Portfolio manager	Walter Aylett - Aylett & Company (Pty) Ltd
Management company	Prescient Management Company (RF) (Pty) Ltd
Fund auditors	KPMG
Fund trustees	Nedbank Investor Services. Tel: +27 11 534 6557

Fees & minimums:	
Minimum	Lump sum: R5000
Investments	Debit order: R500
Initial fees	None
Annual management fee	Minimum: 1.14% (including VAT) Maximum: 1.14% (including VAT)
	Fees are class dependent: Calculated on the market value of the fund's assets, accrued daily and paid monthly.
Total expense ratio A1 Class	<u>Total TER of 1.28% comprised of:</u> Management fee 1.14% Performance fee 0.00% Other cost 0.14% Total TER 1.28%
Transaction Costs	Transaction costs 0.13%
Total Investment Charges	Total Investment Charges 1.42%
<b>Income Distributions:</b>	
Declaration & payment March 2016: 3.21 cpu	Declared: Last business day of March annually. Distributed: By the 2nd working day after declaration date.

### Fund Investment Summary and Objectives

#### Our Investment Strategy and Philosophy

Shares are evaluated, not by a fluctuating ticker or a graph on a screen, but by what they represent, a certificate of ownership. We seek great businesses that are well run and managed, trading at a discount to their intrinsic value. We follow the adage that the return of an investment is determined not by the exit price but by the price one pays.

#### Fund Objective

The objective of the Aylett Balanced Prescient Fund is to maximise long term capital appreciation by investing in assets on behalf of clients that will preserve their purchasing power in real terms and earn a satisfactory return on that capital.

#### Fund Universe

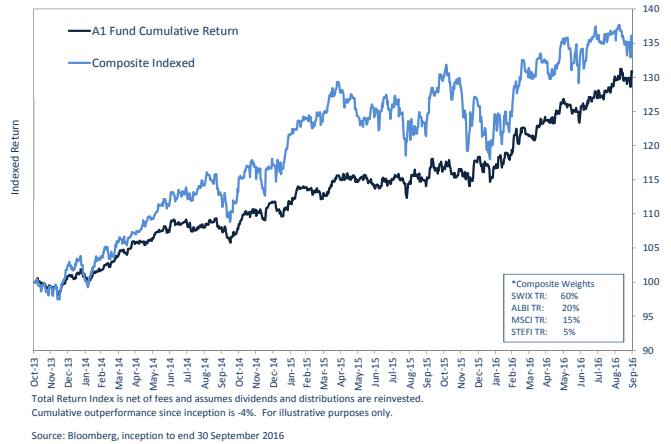
The maximum net equity exposure of the Aylett Balanced Prescient Fund is 75%, with offshore asset exposure being limited to 25%. This fund is managed to comply with the investment limits governing retirement funds.

### Fund Risk Profile

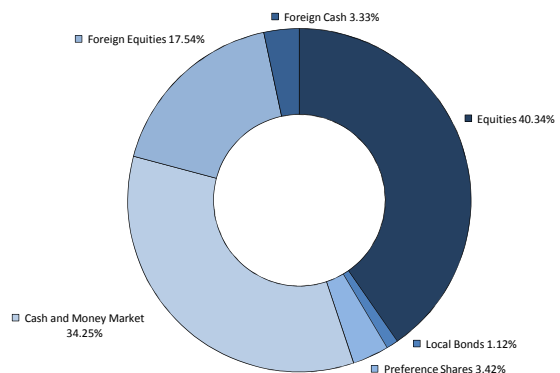
The Fund has a moderate risk profile as it is actively managed across global equities, cash and listed assets.



### Aylett Balanced Prescient Fund vs. Benchmark



### Asset Allocation



Issued on: 13 October 2016

**Fund Manager Commentary:**

The world continues to be concerned about a number of issues with the market seeing no good news in the near term. Chief among these concerns is the confrontation between Putin and the rest of the western world, Brexit, possible rate increases in the US and the outcome of Trump vs. Clinton. These are the known uncertainties.

Locally, politics and a potential downgrade continue to dominate thinking with little being said about South Africa's longer term prospects. Consensus seems to be that a weak rand is a certainty and that the stewardship of our economy is under threat. While we do not profess to predict the future and we don't spend much time worrying about the macro, top down issues, South African assets in dollar terms look cheap compared to their history and "SA Incorporated" stocks seem like they are being ignored.

With the proceeds of the SAB Miller shares having been paid out, the large South African based fund managers have a problem on their hands - where do they put the money? Their size and the short term nature of their investors mean that the dilemma is compounded. Much of the market (the small and mid-caps stocks) is unavailable to them and even if they do buy them, they simply do not move the needle.

From the beginning of this year we have been more optimistic about South Africa. To reflect this, our portfolios continue to increase their exposure to commodity related, banking and small cap stocks. We have continued to invest in one-year paper of the South African banks, locking in yields above 8.50%.

Lastly, should the potential downgrade not occur and the longer term GDP prospects of the region surprise to the upside, our funds will prosper.

*Walter Aylett*

30 September 2016

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**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.

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 and 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 and application forms please go to [www.aylett.co.za](http://www.aylett.co.za).

**Risk Profile**

**Medium / 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
- The probability of losses are higher than that of the 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

**Glossary**

**Annualised performance:** Annualised performance shows 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.

**Composite Index:** 60% SWIX Total Return Index, 20% All Bond Total Return Index, 15% World MSCI, 5% Cash STEFI

**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)

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. Prescient is a member of the Association for Savings and Investments SA.

**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).

**Investment Manager:**

Aylett & Company (Pty) Ltd, Registration number: 2004/034008/07 is an authorised Financial Services Provider (FSP No. 26/10/20513) 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.

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