

# PRESCIENT AFRICA EQUITY FUND

## INVESTMENT AND RETURN OBJECTIVE

The Fund invests in listed equity markets across Africa, excluding South Africa. It aims to achieve returns above the MSCI Emerging and Frontier Markets Africa ex South Africa Index by investing in shares that are showing value relative to their trading price.

## INVESTMENT PROCESS

The investment process follows a quantitative bottom-up approach, which aims to generate superior performance in a structured manner. The value approach looks at various metrics from financial statements to determine a fair value for each share. Financial statement numbers are scrutinised and adjusted to reflect the true underlying value of the company. To compliment the value core process two additional strategies are used in the portfolio to select growth shares with rising earnings. The investment process is conducted in a risk return framework. Political and economic risks are managed.

## RISK INDICATOR



| PERFORMANCE (%): ZAR   |      |           | PERFORMANCE (%): USD   |        |           |
|------------------------|------|-----------|------------------------|--------|-----------|
|                        | Fund | Benchmark |                        | Fund   | Benchmark |
| 1 Year                 | 4.55 | 10.43     | 1 Year                 | -13.31 | -8.44     |
| Since inception (p.a.) | 2.84 | 8.53      | Since inception (p.a.) | -11.42 | -6.52     |

\*Benchmark change:  
90% MSCI Africa ex ZA 10% US TB prior November 2011.

| EQUITY COUNTRY EXPOSURE (%)   | TOP 10 EQUITY HOLDINGS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|---------------------|------|-----------------|------|---------------------------|------|------------------------|------|-------------------------------|------|---------------------------|------|-----------------------------|------|---------------|------|---------------------------|------|---------------|------|
|                               | <table border="1"> <thead> <tr> <th></th> <th>% of Fund</th> </tr> </thead> <tbody> <tr> <td>Guaranty Trust Bank</td> <td>6.78</td> </tr> <tr> <td>Zenith Bank Plc</td> <td>6.59</td> </tr> <tr> <td>Orascom Construction Inds</td> <td>6.10</td> </tr> <tr> <td>Nigerian Breweries Plc</td> <td>5.40</td> </tr> <tr> <td>Commercial International Bank</td> <td>5.32</td> </tr> <tr> <td>First Bank of Nigeria Plc</td> <td>5.30</td> </tr> <tr> <td>Egyptian Kuwaiti Holding Co</td> <td>4.75</td> </tr> <tr> <td>Telecom Egypt</td> <td>4.08</td> </tr> <tr> <td>Kenya Commercial Bank Ltd</td> <td>3.78</td> </tr> <tr> <td>Safaricom Ltd</td> <td>3.41</td> </tr> </tbody> </table> |  | % of Fund | Guaranty Trust Bank | 6.78 | Zenith Bank Plc | 6.59 | Orascom Construction Inds | 6.10 | Nigerian Breweries Plc | 5.40 | Commercial International Bank | 5.32 | First Bank of Nigeria Plc | 5.30 | Egyptian Kuwaiti Holding Co | 4.75 | Telecom Egypt | 4.08 | Kenya Commercial Bank Ltd | 3.78 | Safaricom Ltd | 3.41 |
|                               | % of Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Guaranty Trust Bank           | 6.78                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Zenith Bank Plc               | 6.59                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Orascom Construction Inds     | 6.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Nigerian Breweries Plc        | 5.40                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Commercial International Bank | 5.32                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| First Bank of Nigeria Plc     | 5.30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Egyptian Kuwaiti Holding Co   | 4.75                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Telecom Egypt                 | 4.08                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Kenya Commercial Bank Ltd     | 3.78                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |
| Safaricom Ltd                 | 3.41                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |           |                     |      |                 |      |                           |      |                        |      |                               |      |                           |      |                             |      |               |      |                           |      |               |      |

PRESCIENT  
MANAGEMENT COMPANY

JUNE 2012

## ABOUT THE FUND

### Fund manager:

Jonathan Kruger

Brett Kalil

### Fund classification:

Foreign General Equity

### Benchmark:

\*MSCI EFM Africa ex ZA Net Total Return Index

### Fund size:

R72 952 484

### Inception date:

30 March 2011

### Minimum investment:

R10 000 lump-sum

R500 per month

### Income distribution (annually):

4.05 cents per unit for the last 12 months

### Initial Fee:

1.14% (incl VAT)\*\*

\*\*An upfront initial fee of 1% and upfront exit fee of 1% will be charged to offset the trading costs occurred in the portfolio. This amount is refunded to the Portfolio. The redemption notice is 10 business days.

### Annual management fee:

1.31% (incl VAT)

### Total expense ratio:

1.74%

## WHO SHOULD INVEST

Investors with a long term investment horizon who are seeking capital growth and have an appetite for African equity market volatility.

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## FUND COMMENT

The second quarter of 2012 proved to be a challenging climate as uncertainty over the Euro-zone and concerns of a slowdown in China persisted. MSCI World and EM fell 5.8% and 10% respectively. African markets, however, produced healthy returns as investors priced in future economic growth on the continent.

An uncertain political environment in Egypt created extremely high levels of volatility in the market. The army generals dissolved parliament and Islamist Mohamed Mursi was declared the eventual winner of the tightly contested presidential election. The market welcomed the news rallying towards the end of the month. The EGX30 closed 6.2% lower for the quarter leaving the YTD return at 30%. The Fund reduced its Egypt position at the beginning of the quarter. EFG-Hermes (EFG) shareholders ratified a decision to form a joint investment bank with Qatar's QInvest. The Fund continued its underweight in Orascom Telecom and EFG on weak valuations. Egypt Kuwaiti Holding remained a fund favourite showing good value and momentum. It announced plans to build a local hydrocarbon project.

Morocco's economic growth eased to 2.8% in the first quarter on weakening agriculture and tourism activities. The market continued to struggle as heavyweight Maroc Telecom fell. In Tunisia S&P cutting credit ratings on the banks. The market returned 2.2%. Kenya proved to be a star performer as it rose 10%. The Fund increased its exposure during the quarter. Safaricom is showing a value on a fundamental basis. It has consistently shown its ability to innovate and source new revenue streams in telecoms and the mobile banking space. The MPC maintained the CBR at 18% citing KES vulnerability. Kenya Commercial Bank first quarter profit increased 37%.

Nigeria saw a broad-based rally with United Bank for Africa returning a spectacular 43% on a total return basis. The stock tripled its Q1 2012 earnings. The Fund continues to favour banks over the more expensive brewers and consumer sectors. Exposure to Guaranty Trust Bank and Zenith Bank were increased. MSCI Nigeria rose 6.5% over the quarter. India has overtaken the USA as Nigeria's topmost trading partner according to the country's 1Q12 trade statistics.

Over the period the dividend and book value models performed well, both beating the index by over 4%. Trading profit and cashflow models detracted from performance while momentum was flat with the index. High volatility saw large swings in performance intra-quarter with the Fund eventually returning 2.6% in ZAR and -3.62% in USD for Q2 2012. The rand weakened 6.4% assisting ZAR based investors.

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 are traded at the ruling price and can engage scrip lending and borrowing 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 Prescient Management Company Ltd. Commission and incentives may be paid and if so, would be included in the overall costs. Different classes of units may apply in a portfolio and are subject to different fees and charges. A fund of funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. 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. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value 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.