

THE JOURNEY MATTERS IN REACHING THE DESIRED INVESTMENT DESTINATION

Taking a pragmatic approach to navigating uncertain markets

If the investment destination, or objective, is to retire comfortably with a good income stream, it matters how you get there.

That's according to Mario Fisher, Portfolio Manager at Prescient Investment Management: "Ultimately the investment journey comes down to taking short- and medium-term risk controlled opportunities that give the benefit of continuously compounding off a higher base, keeping the focus on the long-term destination and hopefully exceeding those expectations."

Fisher stressed the importance of starting to save as soon as possible to take advantage of the power of compound interest.

"Never lose sight of the long-term goal to maximise returns, but take risk-controlled opportunities along the way. Along the investment road there will be the potential for bankable profits which grow through compounding. By taking advantage of these it's possible to exceed investment goals," said Fisher.

However, he noted the danger in taking excessive short-term risk to maximise short-term gains. If the investment declines, the long-term goal to maximise value will be affected, and a few successive bets that blow out will severely compromise objectives.

To avoid getting caught up in "short-termism", Prescient's approach as a fund manager is not lose sight of the destination.

"We never forget whose money is being managed, and we recognise that our decisions have consequences and that our actions carry weight. This helps to avoid falling into the trap of taking excessive short-term risk in the hope for a short-term reward," said Fisher.

In this regard, he said that because many forecasted events never materialise, while others happen without being anticipated, a pragmatic approach to investing delivers better results.

"We actively manage risk and build investment portfolios by evaluating current market pricing, with a view to trading assets based on their current valuation, without forecasting. This pragmatic approach ensures that we are able to navigate through uncertain times and plot a course that generates consistent returns, without a crystal ball."

According to Fisher, economic growth, earnings, valuation, interest rates, inflation and a plethora of other factors, including unpredictable events, ultimately decide the future direction of investment markets.

Attempting to predict the simultaneous magnitude, direction and effect of these forces

renders most forecasts meaningless.

In the context of its approach of taking decisions on the basis of the value of assets as they currently stand, Prescient Investment Management's view is that the domestic equity market offers little opportunity.

"Liquidity in markets is based on the psychology of the participants. When it becomes increasingly negative, bids dry up and valuations fall. Prescient's preferred approach is to get exposure to the South African equity market through derivatives."

Ends

For media interviews:

Monique Martheze

PR/ Media

Email: monique.martheze@prescient.co.za

+ 27 (0) 21 700 3663

About Prescient

- Prescient's subsidiaries include: Prescient Investment Management (SA), Prescient Securities, Prescient Management Company, Prescient Life, Prescient Fund Services, Prescient Fund Services (Ireland) Prescient Wealth Management, Prescient Profile, and EMHPrescient Investment Management.
- Prescient Investment Management is a signatory to the United Nations Principles of Responsible Investing (UN PRI) and pledged to the Codes for Responsible Investing in South Africa (CRISA).
- The Prescient Global Income Fund, now known as the Prescient Global Income Provider Fund, was ranked by Morningstar as the 7th top performing fund for 2015.
- **More recently, the Prescient Income Provider Fund won the Raging Bull Award for the Best South African Multi-Asset Income Fund, Best South African Interest-Bearing Fund as well as a certificate for the Best South African Multi-Asset Income Fund on a risk – adjusted basis over five years to December 31, 2016.**

- Morningstar data also confirmed that The Prescient China Balanced Feeder Fund has been the top performing South African domiciled fund for the second year in a row.
- Prescient Investment Management was the first institution in Africa to be granted a Qualified Foreign Institutional Investor (QFII) licence by the China Securities Regulatory Commission (CSRC).
- Prescient Investment Management was named Overall Investments/Asset Manager of the Year at the Imbasa Yegolide Awards 2011, Absolute Return Manager of the Year in 2013 and Bond Manager of the Year and Responsible Service Provider of the Year in 2015.
- The full details and basis of the award can be obtained from the fund manager.
- For any additional information such as fund prices, brochures and application forms, email info@prescient.co.za or visit www.prescient.co.za
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