



PENSION FUNDS LOOKING FOR NEW ENERGY AND INFRASTRUCTURE INVESTMENT OPTIONS

Strong demand from financial institutions in South Africa for infrastructure investments is being supported by a growing range of opportunities, notably in renewable energy. The big life companies are buying assets for their pension liability matching books. However, there's no shortage of investment opportunities thanks to a solid pipeline of development projects.

Prescient Investment Management has launched the Prescient Evolution Clean Energy and Infrastructure Debt Fund a joint venture with Evolution Africa. The fund currently has committed capital of some R525 million and R170 million invested in two wind farms and one solar project.

The fund will be actively managed by Portfolio Managers Jean-Pierre du Plessis and Ryan van Breda of Prescient Investment Management. Evolution Africa, the fund's technical adviser, is a niche asset management, corporate and project finance advisory house focusing on the unlisted African and sub-Saharan clean energy and infrastructure sectors headed up by Brett Jordaan and Daniel Palm.

The fund could deploy as much as R2 billion in the next 18 months. It aims to generate real returns over time, beating inflation by at least 4.5 percent, gross of fees, over any rolling three-year period. Volatility is expected to be very low.

The fund adopts a flat fee structure, with no performance fee. The vehicle through which the fund is accessed is permitted in terms of Regulation 28 of the Pension Funds Act and the Collective Investment Schemes Control Act.

The initial focus of the fund is on the renewable sector, in the long-term the fund's aim is to build a diversified portfolio of infrastructure and energy investments. In the short-term, there will be a strong bias towards projects under the DOE's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) with strong sponsor backing.

The fund is actively managed in terms of its maturity profile, issuer selection, and spread across types of infrastructure and renewable energy projects, debt structure and liquidity. Each project is evaluated on technical merit and safety, its ability to generate cash flows to pay debt holders, and the valuation or yield offered to investors.

This requires a full due diligence on each project to ensure credit risk is mitigated by the necessary guarantees and adequate insurance cover. Prescient Investment Management follows a conservative and disciplined approach to evaluating credit, focused on minimising the risk of default and receiving the correct yield compensation for the risk taken. Risk is also mitigated by investing in a diverse range of projects, technologies and maturities.

There is no lock-in the fund. However, the underlying investments are unlisted and long-term in nature, resulting in less liquidity. Qualified investors should be aware of the illiquidity risk and view this as a long-term investment.

Prescient Investment Management was named Bond Manager of the Year at the BATSETA (Council of Retirement Funds for SA) Imbasa Yegolide Awards for 2015. The awards recognise providers who have delivered excellent service to retirement funds.

Ends

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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
- Prescient Investment Management Ltd, is an authorised financial services provider (FSP 612). 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. Performance has been calculated using net NAV to NAV numbers with income reinvested. There is no guarantee in respect of capital or returns in a portfolio. Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). For any additional information such as fund prices, fees, brochures, minimum disclosure documents and application forms please go to www.prescient.co.za