

PRESCIENT CHINA BALANCED FUND

MINIMUM DISCLOSURE DOCUMENT

INVESTMENT AND RETURN OBJECTIVE

The Fund aims to generate capital growth and to outperform Chinese inflation by 3% over the long-term. Returns can be volatile.

INVESTMENT PROCESS

The Fund invests predominantly in mainland Chinese equities, bonds, money market and derivative instruments with an active asset allocation overlay. The Fund may also hold instruments listed in Hong Kong. Equity selection focuses on value, quality and momentum reversion. The Fund has a flexible mandate and can vary asset classes from 0% to 100%.

WHO SHOULD INVEST

Investors with a long term investment horizon who seek significant real returns and value the diversification benefits that an allocation to China can bring to a global portfolio even though the returns of the China Balanced Fund can be quite volatile in itself.

RISK INDICATOR DEFINITION

These portfolios typically hold meaningful equity and/or offshore exposure which may result in significant capital volatility over all periods. Due to their nature expected long term returns are higher than for the other risk categories.

RISK INDICATOR



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ASSET ALLOCATION		CURRENCY EXPOSURE																											

PRESCIENT

GLOBAL FUNDS

30 JUNE 2017

ABOUT THE FUND

Fund manager:

Liang Du
Shaun Hu

Fund classification:

UCITS

Benchmark:

China CPI MoM + 3% USD

Fund Size:

\$90.3 m

No of units:

11,486,798

Unit price:

159.61

Inception date:

30 April 2013

Minimum Investment:

\$1 000

Income distribution:

31 March 2016 - 0 cpu

Initial Fee:

0.00%

Performance Fee:

15% of outperformance of the benchmark with High Water Mark since inception

Annual management fee:

1.00% (incl VAT)

Fee breakdown:

Management Fee	0.88%
Performance Fees	0.00%
Other Fees*	0.48%
Total Expense Ratio (TER)	1.36%
Transaction Costs (TC)	0.00%
Total Investment Charge (TIC)	1.36%

*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

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SECTOR EXPOSURE	TOP 10 HOLDINGS																								
<p>Detailed description: A pie chart illustrating the fund's sector exposure. The largest slice is Financials at 32.63%, followed by Consumer Goods at 15.69% and Industrials at 15.22%. Other sectors include Cash (11.10%), Health Care (6.45%), Basic Materials (5.84%), Technology (4.47%), and Other (8.61%).</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">% of Fund</th> </tr> </thead> <tbody> <tr> <td>Ping An Insurance Group Co of</td> <td style="text-align: right;">2.9</td> </tr> <tr> <td>Agricultural Bank of China Ltd</td> <td style="text-align: right;">2.0</td> </tr> <tr> <td>China Everbright Bank Co Ltd</td> <td style="text-align: right;">2.0</td> </tr> <tr> <td>China Minsheng Banking Corp Lt</td> <td style="text-align: right;">1.9</td> </tr> <tr> <td>Huaxia Bank Co Ltd</td> <td style="text-align: right;">1.9</td> </tr> <tr> <td>Muyuan Foodstuff Co Ltd</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>Jiangsu Yanghe Brewery Joint-S</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>Henan Shuanghui Investment & D</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>China Minsheng Banking Corp Lt</td> <td style="text-align: right;">1.3</td> </tr> <tr> <td>AnXin Trust & Investment Co Lt</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">17.4</td> </tr> </tbody> </table>		% of Fund	Ping An Insurance Group Co of	2.9	Agricultural Bank of China Ltd	2.0	China Everbright Bank Co Ltd	2.0	China Minsheng Banking Corp Lt	1.9	Huaxia Bank Co Ltd	1.9	Muyuan Foodstuff Co Ltd	1.4	Jiangsu Yanghe Brewery Joint-S	1.4	Henan Shuanghui Investment & D	1.4	China Minsheng Banking Corp Lt	1.3	AnXin Trust & Investment Co Lt	1.2	Total	17.4
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FUND MONTHLY RETURNS													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2013					4.51%	-13.12%	0.19%	7.00%	3.07%	-0.52%	2.80%	-2.92%	-0.40%
2014	-5.42%	-1.30%	-0.94%	-0.61%	0.17%	1.61%	9.98%	0.24%	4.42%	2.98%	8.33%	12.54%	35.19%
2015	0.21%	3.93%	13.58%	11.76%	2.82%	-5.32%	-11.92%	-8.55%	-1.21%	9.27%	0.40%	2.60%	15.26%
2016	-16.07%	-0.85%	11.20%	-0.76%	-0.26%	-0.59%	2.68%	2.81%	-0.84%	0.82%	3.29%	-6.25%	-6.94%
2017	2.78%	2.22%	0.50%	-0.69%	1.05%	5.91%							12.20%

FUND COMMENTARY

The Fund's Net Asset Value (NAV) closed 5.91% up in June, added 12.21% YTD, 14.68% in last 12 month and 12.27% higher since inception in USD terms. The equity component of the Fund was up 6.12% in USD and slightly outperformed the CSI 300 equity index. Overall performance YTD has been in line with equity markets and significantly better than our CPI + 3 long term benchmark by over 12%. We continue to use our 3-factor model, which consists of Value, Quality and Behavioural factors. The factors were chosen due to their effectiveness in China and the stability in returns gained from blending the three diversified factors.

Contributors to performance:

The Value and Quality factors outperformed the market slightly. CNY strengthened against USD and thus also added to performance.

Detractors from performance:

Behaviour factor continued to underperform the market but the trend should reverse as market sentiment has been positive and retail activity has picked up in the market. Future discount was small and remained at the same level over the month. Additionally, the Hong Kong dual-listed shares did not partake in the market rally and thus underperformed mainland shares.

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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 TERs. During the phase in period TERs 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 cost is 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.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

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, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. 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.prescient.co.za

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GLOSSARY

Annualised performance: Annualised performance show 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 performance: The highest and lowest performance 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.

Current Yield: Annual income (interest or dividends) divided by the current price of the security.

Alpha: Denoted the outperformance of the fund over the benchmark.

Sharpe Ratio: The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.

Standard Deviation: The deviation of the return stream relative to its own average.

Prescient uses a 3 factor model in their equity selection process for the China Balanced Funds, the factors are often the result of biases in investors in China. The fund seeks to look through the biases and invest in a logical and research driven process, thus outperforming the market. The factors identified are Value, Behaviour and Quality. Over the long term all outperform the market, yet each has its own cycle, by combining them we have a stable portfolio that consistently outperform the market.

Value: The Value factor looks for cheaper stocks than average within its sector. Chinese investor tend to ignore value and go with the growth story, yet over time, value is one of the most consistent performers in China.

Quality: Unlike global stocks, high quality stocks in China are often ignored, stocks with high returns on equity, and strong consistent ability to generate profits are considered boring in China. As such over the long term quality stocks out-perform.

Behaviour: Chinese market over-reacts to any news or earnings release. We identify the stocks that have fallen most relative to their peers on small retail volume, understanding that it likely to be an over-reaction. By buying a portfolio of such stocks we know that on average it will outperform, as the overreaction fades, and the price reverts to its neutral level.

Management Company:

Prescient Global Funds PLC, **Registration number:** **Physical address:** 49 Upper Mount Street, Dublin 2, Ireland **Postal address:** 33 Sir John Rogerson's Quay, Dublin 2, Ireland **Telephone number:** 00 353 1 676 6959 **E-mail:** info@prescient.ie **Website:** www.prescient.ie

Trustee:

BNY Mellon Trust Company, **Physical address:** The Bank of New York Mellon SA/NV, Brussels Head Office, 46 Rue Montoyerstraat, B-100 Brussels, Belgium **Telephone number:** +322 545 8111 **Website:** www.bnymellon.com

Investment Manager:

Prescient Investment Management (Pty) Ltd, Registration number: 1998/023640/07 is an authorised Financial Services Provider (FSP 612.0) 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. **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake 7945 **Postal address:** PO Box 31142, Tokai 7966 **Telephone number:** +27 21 700 3600 **Website:** www.prescient.co.za

*China Balanced Performance Fee: The Fund charges a base and performance fee. Performance fees are payable on outperformance of the benchmark using a participation rate of 15%. A permanent high watermark is applied, which ensure that performance fees will only be charged on new performance. There is no cap on the performance fee.

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