

## **ADOPT A PRAGMATIC APPROACH WHEN NAVIGATING RAMPANT VOLATILITY.**

Global markets are witnessing an unprecedented dislocation between emerging and developed markets, excluding South Africa, having fallen much further over the recent past and larger developed markets expected to continue delivering more stable returns.

Influenced by the sharp decline in the Chinese market, emerging market valuations look more attractive than those of their developed counterparts. Also indicative of the dislocation is that the JSE is twice as expensive as emerging markets in general, similar to the UK market.

Mario Fisher, Portfolio Manager at Prescient Investment Management, explained the group's approach in these difficult markets: "With currency and debt markets in flux and global economies fragile, markets are rife with pitfalls. "Because of the vagaries of using forecasting and gut-feel to predict where economic drivers will take the stock market, we prefer a more pragmatic approach. We actively manage risk and build investment portfolios by evaluating current market pricing, with a view to trading assets based on their current valuation, across a variety of drivers, without forecasting".

Prescient Investment Management, the only domestic asset manager not to lose money for investors following the 2008 crises, trades assets based on current valuations. It integrates risk into the management of its portfolios and diversifies the drivers of asset returns across multiple premia.

Fisher said that, while the consequences of an interest rate increase in the US are already priced into emerging markets, there is little economic justification for the Federal Reserve to hike rates. Wage stagnation, the strong dollar and an inflation rate less than Fed's 2% target to go against the usual argument for firmer rates, which is to dampen an over-heating economy where inflation is too high.

That said, an interest rate increase would remove speculation and reduce irrationality amongst investors. "Stock prices and markets are impacted by many economic and fundamental influences. Occasionally, a single event is powerful enough to dominate these other factors and influence market returns. However historically speaking, this is often an unpredictable event. "Economic growth, earnings, valuation, interest rates, inflation and a plethora of other factors will ultimately decide the future direction of investment markets.

Attempting to forecast or predict the exact magnitude, direction and effect of these forces borders on the realm of the mystic. "Liquidity in markets is based on the psychology of market participants: when it turns from positivity toward increasing negativity, bids dry up, valuations collapse and forecasts become meaningless. This is especially so currently where central banks and government make unexpected decisions that can have drastic impact on asset prices rippling through global markets.

"The pragmatic, risk- controlled approach followed at Prescient Investment Management ensures that we are able to navigate through these uncertain times and plot a course that

generates consistent returns, without a crystal ball,” said Fisher.

Ends

***For media interviews:***

Monique Martheze

PR/ Media

Email: [monique.martheze@prescient.co.za](mailto: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 7<sup>th</sup> 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](mailto:info@prescient.co.za) or visit [www.prescient.co.za](http://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](http://www.prescient.co.za)