

# PRESCIENT

## FINDING CALM IN THE 2020 GLOBAL INVESTMENT STORM

It takes an adaptable and robust investment management process to successfully navigate through the high levels of volatility and unpredictability of the financial markets over the last few years. In 2019, the markets were buffeted by waxing and waning of US-China trade tensions, and, during the first month of 2020 alone, geopolitical tensions and an outbreak of the deadly coronavirus have tested investors' ability to gain consistent ground.

As world leaders attending the World Economic Forum in Davos grappled with the mounting climate risks confronting the world economy down the road, the coronavirus took centre stage. It became clear that the unpredictability and uncertainty that has prevailed since the 2008 crisis is here to stay for the foreseeable future.

If that's the case, how can investors confidently navigate the global financial markets and achieve investment results that are consistently wealth-creating? Prescient Head of Asset Allocation Bastian Teichgreeber believes there are two critical components to delivering consistently strong investment returns.

### Strip out the emotions

Fortunes have been won and lost on emotions, ranging from fear through to greed, that often drive investment decisions. Eliminating the human biases that lead to emotive and volatile decision making is an essential first step towards achieving more consistent returns, says Teichgreeber. He notes that investors will have a more predictable and high success ratio if they make less emotive decisions.

Prescient's quantitative investment process does just this by relying on millions of data points and a 22-year investment track record to guide its investment decisions. It's not a passive decision-making process, says Teichgreeber. "We always need to double-check that we are capturing all the factors that are influencing the financial markets. For instance, when there is load shedding or political uncertainty, which show up in poor business sentiment, we need to make sure this factor is adequately represented."

### Diversification offers calm in the storm

When market conditions are as unpredictable as they have been of late, a diversified portfolio offers the best assurance that you will be able to ride out the storm, protecting your wealth from the potentially significant impact of an event on one single asset class.

How diversified should an investment portfolio be? Bastian says the Prescient Balanced Fund, a top- quartile performer over most periods to end December, is globally diversified across asset classes, including equities, fixed interest and credit assets, as well as both developed and emerging-market assets. These exposures also need to be actively managed to take advantage of opportunities that arise when sentiment causes asset class valuations to move away from their underlying valuations.

### PRESCIENT INVESTMENT MANAGEMENT (PTY) LTD

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Executive Directors: Cheree Dyers (CEO) Herman Steyn Guy Toms  
Non- Executive Directors: Thabo Dloti Varusha Daljee  
Reg No. 1998/023640/07 FSP No. 612

Prescient, generally known for managing fixed-income assets, has built up formidable expertise in the equity and multi-asset class investment management space; the performance of which has been formally acknowledged. In January, Prescient was recognised as the third-best performing manager of the year at the 2020 Raging Bull Awards, highlighting the investment management company's ability to deliver consistent performance across all its offerings on behalf of its customers.

The Manager of the Year Awards are based on the average PlexCrown rating achieved across all the manager's qualifying funds. As such, the award acknowledges the breadth and consistency of performance gained across all asset classes and funds for periods up to five years.

Morningstar unit trust performance figures show that the Prescient Balanced Fund is a top quartile performer over one, three, four and five years. Over five years, the Fund was the eighth-best performer out of the 107 funds and seventh out of 160 over three years in the multi-asset class Association of Savings and Investments South Africa unit trust category. Meanwhile, the Prescient Positive Return Fund has also delivered top quartile performance over two, three, four and five years and the SA Income Provider Fund has achieved top quartile over four and five years.

On Prescient's recognition as the third-best performing manager of the year at the Raging Bull Awards, Prescient CEO Cheree Dyers says, "Achieving a third place in these Awards shows that we are a strong investment manager across all asset classes." She adds, "Prescient's focus will always be on delivering consistent returns for investors and that this industry acknowledgement was a bonus. It confirms that we continue to deliver on our investment goal, which is to deliver consistent performance through exceptionally volatile and uncertain market conditions."

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About Prescient:

- Prescient Holdings (Pty) Ltd is a diversified, global financial services group with a 21-year track record of providing solutions to our clients in Asset Management, Investment and Platform Administration, Retirement Solutions, Stockbroking and Wealth Management. As at 31 Dec 2019 the group had R98.4 billion client assets under management (AUM) and administered R478 billion client assets (AUA), split between asset admin (R328 billion) and unit holder admin (R150 billion). Prescient has established operating businesses in the following main jurisdictions: Prescient has successfully operated for 21 years in South Africa, 12 years in Ireland & the UK and 6 years in China.

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Prescient Management Company (RF) Pty Ltd (the manager) is approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient Investment Management is an authorised Financial Service Provider (FSP 612) under the Financial Advisory and Intermediary Services Act (No.37 of 2002).

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The Raging Bull Manager of the Year Award was made on 28 January 2020. AUM and AUA information sourced from Prescient Investment Management at 31 December 2019. Fund performance information: Morningstar for 31 December 2019.

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. CISs 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. The Manager retains full legal responsibility for any co-named portfolio. Performance has been calculated using net NAV to NAV numbers with income reinvested. 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 as well as the basis of the award 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](http://www.prescient.co.za)

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