



# ABRIDGED ANNUAL REPORT

FOR THE YEAR ENDED  
31 MARCH 2018

**PRESCIENT**  
MANAGEMENT COMPANY



# PRESIDENT

## CONTENTS PAGE

QUALIFIED CLASS UNITS	3
OUR QUALIFIED HEDGE FUNDS	5
OUR FINANCIAL INFORMATION	18
TRUSTEES REPORT	20

# QUALIFIED CLASS UNITS

## PRESCIENT QI HEDGE FUND SCHEME

### ANNUAL MANAGEMENT FEE

(EXCL VAT)

27four Alternate Income Prescient QI Fund of Hedge Funds	0.90%
27four Long Short Equity Prescient QI Fund of Hedge Funds	1.20%
Aylett Prescient QI Hedge Fund	1.00%
Bateleur Long Short Prescient QI Hedge Fund	2.00%
Bateleur Market Neutral Prescient QI Hedge Fund	1.50%
Catalyst Alpha Prescient QI Hedge Fund	1.50%
Go Green Interest Income Prescient QI Hedge Fund	1.00%
Laurium Aggressive Long Short Prescient QI Hedge Fund	1.50%
NMRQL Multi Strategy Prescient QI Hedge Fund	0.75%
Prescient Wealth Market Neutral QI Hedge Fund	1.00%
RECM Flexible Value Prescient QI Hedge Fund	1.00%
Southchester Smart Escalator Prescient QI Hedge Fund	1.30%

# QUALIFIED CLASS UNITS (CONTINUED)

## DISTRIBUTIONS

### PRESCIENT QI HEDGE FUND SCHEME

#### ANNUAL DISTRIBUTIONS

FUND	PAYMENT DATE	CENTS PER UNIT
27four Alternate Income Prescient QI Fund of Hedge Funds	1 April 2018	219
27four Long Short Equity Prescient QI Fund of Hedge Funds	1 April 2018	40
Aylett Prescient QI Hedge Fund	1 April 2018	531
Bateleur Long Short Prescient QI Hedge Fund	1 April 2018	19 192
Bateleur Market Neutral Prescient QI Hedge Fund	1 April 2018	10 606
Catalyst Alpha Prescient QI Hedge Fund	1 April 2018	108
Go Green Interest Income Prescient QI Hedge Fund	1 April 2018	633
Laurium Aggressive Long Short Prescient QI Hedge Fund	1 April 2018	69
Prescient Wealth Market Neutral QI Hedge Fund	1 April 2018	950
RECM Flexible Value Prescient QI Hedge Fund	1 April 2018	26
Southchester Smart Escalator Prescient QI Hedge Fund	1 April 2018	4

# OUR QUALIFIED HEDGE FUNDS

## PRESCIENT QI HEDGE FUND SCHEME

27four Alternate Income Prescient QI Fund of Hedge Funds

27four Long Short Equity Prescient QI Fund of Hedge Funds

Aylett Prescient QI Hedge Fund

Bateleur Long Short Prescient QI Hedge Fund

Bateleur Market Neutral Prescient QI Hedge Fund

Catalyst Alpha Prescient QI Hedge Fund

Go Green Interest Income Prescient QI Hedge Fund

Laurium Aggressive Long Short Prescient QI Hedge Fund

NMRQL Multi Strategy Prescient QI Hedge Fund

Prescient Wealth Market Neutral QI Hedge Fund

RECM Flexible Value Prescient QI Hedge Fund

Southchester Smart Escalator Prescient QI Hedge Fund

# 27FOUR ALTERNATE INCOME PRESCIENT QI FUND OF HEDGE FUNDS

## FUND INFORMATION

<b>Fund manager:</b>	27four Investment Managers (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	SteFI
<b>Fund size:</b>	R86.9 m
<b>Inception date:</b>	01 February 2009
<b>Transition date:</b>	01 February 2017
<b>Risk profile:</b>	Low

## OBJECTIVE

A unique fixed income fund of hedge funds blend. The Fund is an optimal blend of fixed income hedge funds exploiting relative value and credit arbitrage opportunities in the listed credit space around a portable alpha core. We place a strong emphasis on risk controls, both at the single manager and fund of fund levels.

## ASSET ALLOCATION

<b>Other CIS</b>	100.00%
------------------	---------

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	8.24%	7.45%

# 27FOUR LONG SHORT EQUITY PRESCIENT QI FUND OF HEDGE FUNDS

## FUND INFORMATION

<b>Fund manager:</b>	27four Investment Managers (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	SteFI
<b>Fund size:</b>	R440.4 m
<b>Inception date:</b>	01 February 2009
<b>Transition date:</b>	01 February 2017
<b>Risk profile:</b>	Medium

## OBJECTIVE

The Fund is an equity long short fund of hedge funds that blends a diverse combination of different manager strategies and styles. The Fund is designed to deliver positive risk-adjusted returns, with some market directions. We place a strong emphasis on risk controls, both at the single manager and fund of fund levels.

## ASSET ALLOCATION

<b>Other CIS</b>	96.53%
<b>Cash – net receivables and payables</b>	3.47%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	-0.02%	7.45%

# AYLETT PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Aylett & Company (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	SteFI
<b>Fund size:</b>	R79.6 m
<b>Inception date:</b>	13 June 2008
<b>Transition date:</b>	01 September 2016
<b>Risk profile:</b>	Medium - High

## OBJECTIVE

The Fund is a multi-strategy hedge fund that aims to deliver consistent, long-term positive returns in all market conditions.

## ASSET ALLOCATION

<b>Financials</b>	9.40%
<b>Resources</b>	7.55%
<b>Industrials</b>	18.41%
<b>International equities</b>	9.61%
<b>Specialist securities</b>	6.96%
<b>Other CIS</b>	29.96%
<b>Cash – net receivables and payables</b>	18.11%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	4.45%	7.45%



# BATELEUR LONG SHORT PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Bateleur Capital (Pty) Ltd
<b>Fund classification:</b>	Qualified Hedge Fund
<b>Benchmark:</b>	CPI +4%
<b>Fund size:</b>	R598.4 m
<b>Inception date:</b>	01 January 2005
<b>Transition date:</b>	01 October 2016
<b>Risk profile:</b>	Medium

## OBJECTIVE

The Fund is a long/short equity hedge fund and aims to produce returns in excess of inflation over the medium to longer-term, whilst placing a high premium on protecting capital.

## ASSET ALLOCATION

<b>Financials</b>	14.72%
<b>Resources</b>	14.04%
<b>Industrials</b>	29.13%
<b>Property</b>	2.99%
<b>International equities</b>	4.01%
<b>Specialist securities</b>	1.02%
<b>Other CIS</b>	22.35%
<b>Cash – net receivables and payables</b>	11.74%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 year</b>	6.10%	8.03%

# BATELEUR MARKET NEUTRAL PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Bateleur Capital (Pty) Ltd
<b>Fund classification:</b>	Qualified Hedge Fund
<b>Benchmark:</b>	SteFi
<b>Fund size:</b>	R186.9 m
<b>Inception date:</b>	01 July 2008
<b>Transition date:</b>	01 October 2016
<b>Risk profile:</b>	Low

## OBJECTIVE

The Fund is a relative value equity hedge fund that is generally positioned to be market neutral and aims to produce returns in excess of the Short Term Fixed Interest Call Deposit Index, on an annual basis, at low levels of volatility, whilst placing a high premium on protecting capital.

## ASSET ALLOCATION\*

<b>Financials</b>	9.62%
<b>Resources</b>	13.15%
<b>Industrials</b>	10.36%
<b>Property</b>	0.38%
<b>Other CIS</b>	25.69%
<b>Cash – net receivables and payables</b>	40.80%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	1.21%	7.45%

\*The asset allocation does not include derivatives settled daily to the margin account and comprise the fair value of derivatives and not the exposure (notional value).

# CATALYST ALPHA PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Catalyst Fund Managers Alternative Investments (Pty) Ltd
<b>Fund classification:</b>	Hedge Fund
<b>Benchmark:</b>	3 Month JIBAR Rate
<b>Fund size:</b>	R219.1 m
<b>Inception date:</b>	01 February 2006
<b>Transition date:</b>	01 August 2016
<b>Risk profile:</b>	High

## OBJECTIVE

Maximise the extraction of total returns on equity from opportunities presented or related to the real estate sector, through a long-term approach and the use of derivatives, hedging and leveraging strategies. It is acknowledged that in order to maximise return, increased exposure to certain risks will occur. The Fund is a variable bias long short equity hedge fund.

## ASSET ALLOCATION

<b>Property</b>	49.72%
<b>International equities</b>	0.77%
<b>Other CIS</b>	28.28%
<b>Debt securities</b>	-17.79%
<b>Cash – net receivables and payables</b>	39.02%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	13.48%	7.17%

# GO GREEN INTEREST INCOME PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Green Oak Capital (Pty) Ltd
<b>Fund classification:</b>	Qualified Hedge Fund – Fixed Income
<b>Benchmark:</b>	STeFI Composite
<b>Fund size:</b>	R91.8 m
<b>Inception date:</b>	01 November 2009
<b>Transition date:</b>	01 September 2016
<b>Risk profile:</b>	Medium

## OBJECTIVE

The Fund targets absolute returns of STeFI x 2.5 while maintaining capital stability. The Fund aims to achieve returns through yield curve, basis & duration trades in the SA fixed income market. The strategy has a medium - high risk level and is suitable for investors with a long-term investment horizon.

## ASSET ALLOCATION\*

<b>Derivatives</b>	-0.78%
<b>Cash – net receivables and payables</b>	100.78%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	5.55%	7.45%

\*The asset allocation does not include derivatives settled daily to the margin account and comprise the fair value of derivatives and not the exposure (notional value).

# LAURIUM AGGRESSIVE LONG SHORT PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Laurium Capital (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	STeFI
<b>Fund size:</b>	R1.02 bn
<b>Inception date:</b>	01 January 2013
<b>Transition date:</b>	01 August 2016
<b>Risk profile:</b>	High

## OBJECTIVE

To deliver a return of at least 10% p.a. greater than the SA Consumer Price Index on a rolling 3-year basis.

## ASSET ALLOCATION\*

<b>Financials</b>	0.04%
<b>Industrials</b>	4.32%
<b>Derivatives</b>	1.90%
<b>Debt securities</b>	4.83%
<b>Other CIS</b>	41.59%
<b>Cash – net receivables and payables</b>	47.32%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	5.67%	7.45%

\*The asset allocation does not include derivatives settled daily to the margin account and comprise the fair value of derivatives and not the exposure (notional value).

# NMRQL MULTI STRATEGY PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	NMRQL Research (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	STeFI Index
<b>Fund size:</b>	R28.8 m
<b>Inception date:</b>	01 November 2015
<b>Transition date:</b>	01 August 2016
<b>Risk profile:</b>	High

## OBJECTIVE

NMRQL is a quantitatively driven investment management company. Our objective is to deliver consistent long-term out performance (rolling 3-year period) for our clients, which has a low correlation to the general market.

## ASSET ALLOCATION\*

<b>Specialist securities</b>	14.48%
<b>Other CIS</b>	28.28%
<b>Cash – net receivables and payables</b>	57.24%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	-4.67%	7.45%

\*The asset allocation does not include derivatives settled daily to the margin account and comprise the fair value of derivatives and not the exposure (notional value).

# PRESCIENT WEALTH MARKET NEUTRAL QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Prescient Wealth Management (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	STeFI
<b>Fund size:</b>	R4.0 m
<b>Inception date:</b>	01 October 2014
<b>Transition date:</b>	01 April 2016
<b>Risk profile:</b>	Medium

## OBJECTIVE

The Prescient Market Neutral Hedge Fund seeks to deliver STeFi Call +6% over any rolling 12 month period with the volatility of returns below 6% p.a. The Fund aims to produce active alpha by exploiting equity market inefficiencies regardless of market direction.

## ASSET ALLOCATION\*

<b>Other CIS</b>	76.73%
<b>Cash – net receivables and payables</b>	23.27%

## PERFORMANCE

	FUND	BENCHMARK
<b>1 Year</b>	-9.62%	7.45%

\*The asset allocation does not include derivatives settled daily to the margin account and comprise the fair value of derivatives and not the exposure (notional value).

# RECM FLEXIBLE VALUE PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Regarding Capital Management (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	FTSE/JSE All Share Index
<b>Fund size:</b>	R68.5 m
<b>Inception date:</b>	02 May 2017
<b>Risk profile:</b>	High

## OBJECTIVE

The Fund's aim is to outperform the South African equity market over the long term by buying assets that are mispriced because they are neglected, ignored or unloved by virtue of their size, current circumstances or lack of liquidity.

## ASSET ALLOCATION

<b>Financials</b>	11.16%
<b>Resources</b>	11.84%
<b>Industrials</b>	45.47%
<b>Property</b>	-4.57%
<b>Information technology</b>	5.28%
<b>International equities</b>	3.38%
<b>Cash – net receivables and income</b>	27.44%

## PERFORMANCE

	FUND	BENCHMARK
<b>Since inception (p.a.)</b>	3.97%	5.74%



# SOUTHCHESTER SMART ESCALATOR PRESCIENT QI HEDGE FUND

## FUND INFORMATION

<b>Fund manager:</b>	Southchester Investment Managers (Pty) Ltd
<b>Fund classification:</b>	Qualified Investor Hedge Fund
<b>Benchmark:</b>	REPO + 4%
<b>Fund size:</b>	R113.7 m
<b>Inception date:</b>	02 November 2017
<b>Risk profile:</b>	Medium

## OBJECTIVE

The Fund is a fixed income long/short fund which aims to generate a superlatively stable level of capital growth between 3 and 5% over the benchmark (REPO), whilst employing multiple risk controlled strategies to provide capital protection. The Fund's objective is to provide a higher yield in South African Rand's than leading long only fixed income funds.

## ASSET ALLOCATION

<b>Debt securities</b>	44.02%
<b>Other CIS</b>	19.63%
<b>Cash – net receivables and payables</b>	36.65%

## PERFORMANCE

	FUND
<b>Since inception (p.a.)</b>	5.96%

# OUR FINANCIAL INFORMATION

## PRESCIENT QI HEDGE FUND SCHEME

R'000

27four Alternate Income Protection QI Fund of Hedge Funds	27four Long Short Equity Prescient QI Fund of Hedge Funds	Aylett Prescient QI Hedge Fund	Bateleur Long Short Prescient QI Hedge Fund	Bateleur Market Neutral Prescient QI Hedge Fund	Catalyst Alpha Prescient QI Hedge Fund
-----------------------------------------------------------------	-----------------------------------------------------------------	-----------------------------------	---------------------------------------------------	-------------------------------------------------------	----------------------------------------------

### CONDENSED STATEMENT OF FINANCIAL POSITION

#### ASSETS

Securities at market value	86 850	425 067	70 178	544 503	162 029	191 205
Other assets	1 214	18 152	13 654	84 953	84 634	102 684
<b>Total</b>	<b>88 064</b>	<b>443 219</b>	<b>83 832</b>	<b>629 456</b>	<b>246 663</b>	<b>293 889</b>
Total unitholder funds	86 847	440 365	79 594	598 437	186 914	219 069
Total liabilities	1 217	2 854	4 238	31 019	59 749	74 820
<b>Total</b>	<b>88 064</b>	<b>443 219</b>	<b>83 832</b>	<b>629 456</b>	<b>246 663</b>	<b>293 889</b>

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Net income/(deficit)	7 827	13 979	5 465	76 875	(1 975)	33 713
Distributions	1 379	2 402	3 917	12 489	10 034	1 943
Undistributed income/(deficit) at year end	6 448	11 577	1 548	64 386	(12 009)	31 770

# OUR FINANCIAL INFORMATION (CONTINUED)

## PRESCIENT QI HEDGE FUND SCHEME

R'000

Go Green Interest Income Prescient QI Hedge Fund	Laurium Aggressive Long Short Prescient QI Hedge Fund	NMRQL Multi Strategy Prescient QI Hedge Fund	Prescient Wealth Market Neutral QI Hedge Fund	RECM Flexible Value Prescient QI Hedge Fund	Southchester Smart Escalator Prescient QI Hedge Fund
--------------------------------------------------------	-------------------------------------------------------------	----------------------------------------------------	-----------------------------------------------------	---------------------------------------------------	------------------------------------------------------------

### CONDENSED STATEMENT OF FINANCIAL POSITION

#### ASSETS

Securities at market value	104 180	724 464	18 516	3 130	66 143	534 647
Other assets	58 358	512 895	10 327	1 468	19 258	42 323
<b>Total</b>	<b>162 538</b>	<b>1 237 359</b>	<b>28 843</b>	<b>4 598</b>	<b>85 401</b>	<b>576 970</b>

Total unitholder funds	91 776	1 018 232	28 764	4 079	68 500	113 681
Total liabilities	70 762	219 127	79	519	16 901	463 289
<b>Total</b>	<b>162 538</b>	<b>28 843</b>	<b>28 843</b>	<b>4 598</b>	<b>85 401</b>	<b>576 970</b>

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Net income/(deficit)	8 441	29 651	(1 198)	(705)	1 867	8 418
Distributions	5 717	1 180	-	481	169	9 240
Undistributed income/(deficit) at year end	2 724	28 471	(1 198)	(1 186)	1698	(822)

# TRUSTEES REPORT

**Trustee's report on the administration of the Collective Investment Scheme managed by: Prescient Management Company (RF) (Pty) Limited (as the Manager) in respect of the Prescient Unit Trust Scheme (the Scheme).**

**Financial year ended 31 March 2018.**

**Report in terms of Section 70(1) (f) of the Collective Investment Schemes Control Act 2002 (Act No 45 of 2002).**

As trustee of the above mentioned Collective Investment Scheme, we are required to report to the participatory interest holders on the administration of the Scheme during each annual accounting period.

We advise that for this accounting period that we reasonably believe that the Manager has administered the Scheme in accordance with:

- i) The limitations imposed on the investment and borrowing powers of the Manager by the Act; and
- ii) The provision of the Act and the Trust Deed.

We further confirm there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolio.

Yours truly



**Renee Theron**  
Senior Manager



**Shonese Hassim**  
Manager CIS Trustee

## CONTACT INFORMATION

Prescient House, Westlake Business Park  
Otto Close, Westlake  
Cape Town, South Africa  
PO Box 31142, Tokai 7966

Toll-free: 08600 111 899

Tel: +27 21 700 3600

Fax: +27 21 700 3700

Email: [info@prescient.co.za](mailto:info@prescient.co.za)

Website: [www.prescient.co.za](http://www.prescient.co.za)

Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at the ruling price and can engage scrip lending and borrowing 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 Prescient Management Company (RF) (Pty) Ltd. 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. A fund of funds is a portfolio that invests in portfolios of collective investment schemes which levy their own charges which could result in a higher fee structure for these portfolios.

**PRESCIENT**  
MANAGEMENT COMPANY