

PRESCIENT  
LIMITED

2016

INTEGRATED REPORT





PRESCIENT  
LIMITED



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## GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Financial and information management services
Directors	Murray Louw (Non-executive Chairman) Herman Steyn (Chief Executive Officer) Michael Buckham (Financial Director) Zane Meyer (Lead Independent Non-executive) Keneilwe Moloko (Independent Non-executive) Heather Sonn (Independent Non-executive) Ronell van Rooyen (Non-executive)
Registered office	Prescient House Westlake Business Park Otto Close Westlake 7945 South Africa
Postal address	PO Box 31142 Tokai 7966 South Africa
Website	<a href="http://www.prescient.co.za">www.prescient.co.za</a>
Auditor	KPMG Inc.
Company secretary	Bianca Pieters PBT House 1 Mews Close Waterford Mews Century City 7441
Company registration number	1936/008278/06
Audit, Risk and Compliance Committee	Zane Meyer (Chairman) Keneilwe Moloko Heather Sonn (resigned)
Remuneration and Nomination Committee	Zane Meyer (Chairman) Keneilwe Moloko Heather Sonn (resigned)
Social and Ethics Committee	Michael Buckham Murray Louw Ronell van Rooyen
Sponsors	Bridge Capital Advisors (Proprietary) Limited Link Market Services South Africa (Proprietary) Limited
Transfer secretaries	PO Box 4844 Johannesburg 2000 19 Ameshoff Street Braamfontein 2001

### Usability features



This icon signifies that related information is available elsewhere in the report.



This icon signifies that related information is available online at: [www.prescient.co.za/](http://www.prescient.co.za/).

# SCOPE AND BOUNDARY

Our Integrated Report is published annually and presents an overview of the activities, practices and progress of Prescient Limited for the 12-month period from 1 April 2015 through to 31 March 2016.

The 2016 Integrated Report provides both financial and non-financial information for the period.

The most recent previous report was the 2015 Integrated Report, and can be accessed on Prescient's website.

The 2016 Integrated Report covers relevant aspects of all the operations of Prescient, which includes the businesses of Prescient Holdings Proprietary Limited, Prescient Capital Proprietary Limited and the activities of the PBT Group of companies. There has been no change in the scope and boundary of this report, relative to previous reports.

There have been no significant changes in the size, structure or ownership during the current reporting period. There has been no restatement of information provided in earlier reports.

The information in this report has been selected to cater for the interests of providers of capital and other stakeholders who require a broad overview of the present and future direction and prospects of Prescient – shareholders, funders, regulators, prospective employees, suppliers and community members, amongst others. Stakeholders with more in-depth needs, such as employees and clients, are invited to contact Prescient directly or visit the website at [www.prescient.co.za](http://www.prescient.co.za) for further information.



## FRAMEWORKS AND ASSURANCE

The reporting principles that have been applied in this report were guided by the International Financial Reporting Standards (IFRS), the King Report on Corporate Governance for South Africa 2009 (King III) requirements, the Global Reporting Initiative's sustainability reporting guidelines and the Framework for Integrated Reporting. It also conforms to the statutory and reporting requirements of the South African Companies Act 71 of 2008 and the JSE Listings Requirements. Prescient is a signatory to the United Nations Principles of Responsible Investing (UN PRI) and we have pledged to uphold the Codes of Responsible Investing in South Africa (CRISA).

The Prescient Board and its sub-committees have reviewed the report and have satisfied themselves of the materiality, accuracy and balance of disclosures in this report. In addition, external assurance was sought for aspects of our reporting from a variety of sources.

These include:

- Independent auditors KPMG Inc. for our financial statements;
- AQRate has verified our Broad-based Black Economic Empowerment scorecard rating;
- GIPS compliance is verified by EComply; and
- Milliman Proprietary Limited for the actuarial valuation of Prescient Life (RF) Limited.

# APPROVAL OF THE INTEGRATED REPORT

The Board acknowledges its responsibility to ensure the integrity of this report. The directors confirm that they have collectively assessed the content of the Integrated Report and believe that it addresses the material issues and is a fair representation of the integrated performance of the Group. The Board has therefore approved the 2016 Integrated Report for publication.

On behalf of the Board.

**Murray Louw**  
Chairman

**Herman Steyn**  
Chief Executive Officer

## STRATEGY AND VALUES

WELL DIVERSIFIED

CLIENT CENTRIC

RECOGNISING THE VALUE OF OUR PEOPLE

GLOBAL REACH

INTEGRITY

ENTREPRENEURIAL SPIRIT

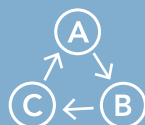


## CORE ENABLERS



### PEOPLE

- Strong industry, regulatory and legal knowledge
- Diverse skills
- High degree of intellectual capital
- Well incentivised staff, loyalty and buy-in



### PROCESS

- Unwavering philosophy
- Code of ethics
- Investment track record and industry experience
- Strong control environment



### FINANCIAL CAPITAL

- Access to capital
- Well capitalised



### SYSTEMS

- Integrated, market leading global information systems

SOUND CORPORATE GOVERNANCE

## VALUE CREATING PROPOSITIONS

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## VALUE CREATED



Peace of mind



Shareholder returns



Well established client relationships



Transparent and compliant



Responsible corporate citizen



Content and engaged workforce

## SOUND CORPORATE GOVERNANCE

# COMPANY PROFILE

“Prescient is a multinational business whose operations in financial and information management services span several continents.”

Two main operating segments make up Prescient Limited – a Financial Services segment and an Information Management Services segment, operating as PBT Group. The two businesses contribute to the diversity of the Group in terms of geography, assets, markets, revenue sources, skills and experience.

The two segments have operated alongside one another since 1998 and were brought together when Prescient Limited listed on the JSE on 20 August 2012 through a reverse acquisition of PBT. Both businesses demand a high level of intellectual capital while requiring relatively low levels of financial capital.

Prescient has a long-standing loyal client base in both segments and a robust business structure to facilitate continued growth.

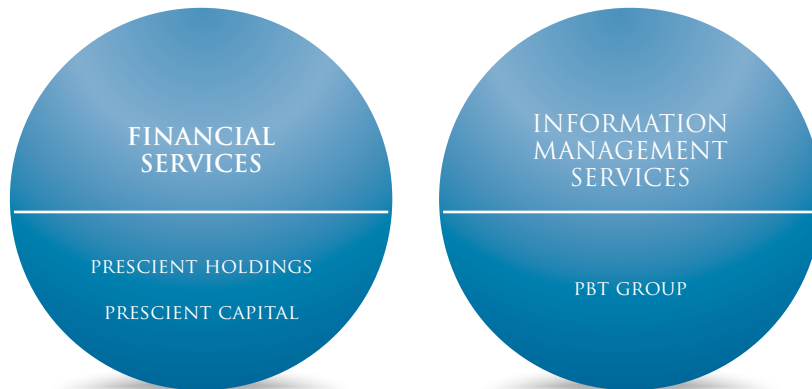
Today, Prescient Limited is a multinational business whose operations span sub-Saharan Africa, Europe, Australia and Asia.

Prescient has operated as an investment management and information management services business since 1998. Prescient’s financial services operations today include investment management, fund services and administration, stockbroking, wealth management, corporate advisory and retail and institutional retirement and insurance products. At the end of March 2016 the Group had assets under management of R74.2 billion (2015: R65.5 billion) and third party assets under administration of R76.4 billion (2015: R54.9 billion).

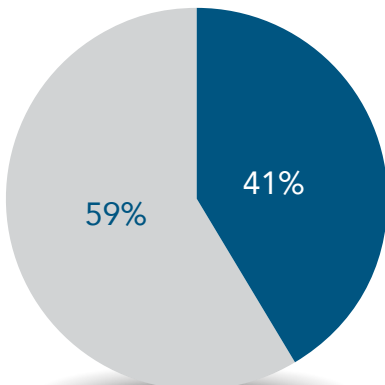
The information management service business is a key provider of information management and business intelligence consulting, application development and data integration solutions.

Prescient employs over 600 people, with a strong entrepreneurial culture and a sincere commitment to providing the highest levels of service and the most appropriate solutions to our clients.

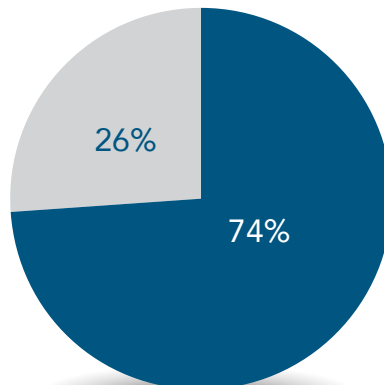
## PRESCIENT LIMITED



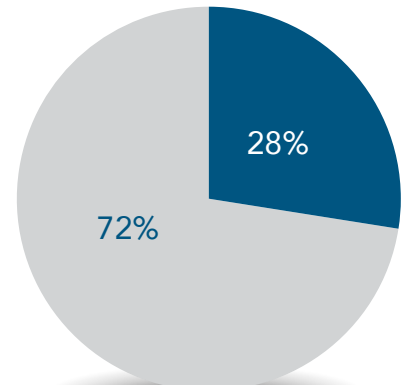
TOTAL INCOME



PROFIT AFTER TAX



NUMBER OF STAFF



■ Financial services ■ Information management services



# FINANCIAL SERVICES

“Prescient provides a globally competitive offering to clients across a range of financial disciplines.”

## PRESCIENT HOLDINGS

These offerings include investment management, fund services and administration, stock broking, wealth management, corporate advisory and retail and institutional retirement and insurance products.

**Prescient Investment Management** is one of South Africa’s leading investment management firms specialising in the delivery of superior risk-adjusted returns across a range of mandates.

Our core philosophy is to preserve capital and to manage relative and absolute downside risk. We have adhered to this approach to money management since inception. Prescient has remained at the forefront of investment management by providing our clients with innovative products, which recently include our renewable energy initiatives and access to growing markets such as China and Africa.

Prescient Investment Management has assets under management of R74.2 billion (2015: R65.5 billion) and manages money on behalf of retirement funds, medical schemes, other retirement vehicles and corporate entities, trust and individuals.

In the retail market, we focus on providing appropriate solutions at a fair price as we understand the importance of keeping costs low in a changing investment environment. In this regard, Prescient Investment Management offers a suite of very competitive index, quantitative equity and other investment products and mandates.

In November 2015 Prescient incorporated **Prescient Investment Consulting (Shanghai)**, which manages our China Balanced and Conservative Funds, establishing our working presence in Chinese Mainland. In March 2016 our China investment team relocated to Shanghai placing us in a unique position to provide a variety of investment services in Mainland China including access to our funds and a consultation on how to access the Chinese capital market. The Balanced Fund has a track record of just over three years since we were the first African institution to be granted a Qualified Foreign Institutional Investor (QFII) license by the Chinese authorities. The original quota of \$50 million was expanded during last year with a second quota which allowed for the launch of the China Conservative Fund.

**Prescient Fund Services**, our South African fund services and administration company, has continued to expand with local third party assets under administration up 39%, in the financial year under review, to R67.6 billion (2015: R48.6 billion). Our Dublin-based fund services company, Prescient Fund Services (Ireland), has continued to strengthen on the back of the growth of our third party client base and the growth of the China funds. Assets under administration at the end of March were €515.8 million (2015: €481.4 million).

Prescient Fund Services provides specialist outsourced fund services to external asset managers, multi-managers and other institutional

investors. Its offering includes portfolio valuation and administration, unitisation, liability administration, hedge fund administration, consolidated reporting, compliance monitoring and reporting services.

**Prescient Management Company** offers collective investment schemes (unit trusts) to retail and institutional clients who wish to access Prescient Investment Management’s distinctive investment style and philosophy, through an efficient vehicle. We cover all asset classes: cash, bonds, property, equity and multi-asset class portfolios. These portfolios have mandates that allow for the investment in SA, Africa, China and developed countries’ equity and interest-bearing assets.

Prescient Management Company also hosts third party asset managers under co-named arrangements combined with full administration services. We currently offer this service to 28 third party managers (2015: 24). The total third party assets under administration on the Prescient Management Company licence has grown from R19.3 billion in 2015 to R25.4 billion in 2016.

**Prescient Life Limited** was founded in 2006 as an investment-linked long-term insurer. Prescient Life is also an approved pension fund administrator, providing both institutional and retail retirement solutions to its range of clients. Prescient Life offers an investment administration platform through which asset managers and asset consultants are able to manage life-pooled portfolios on behalf of their retirement fund and medical scheme clients. Retail clients are offered living annuities, endowments, tax-free savings accounts, retirement annuity funds, preservation funds and umbrella funds. Prescient Life makes available a range of investment options that are administered by Prescient Fund Services. Although Prescient Life does not offer any risk business on its balance sheet it has established a relationship with an insurance provider whereby traditional insurance products such as group and individual life cover can be offered in conjunction with the full range of investment products.

**Prescient Securities** operates in a competitive stock broking market and offers efficient trade and execution services as well as a diverse research competency.

Prescient Securities focuses on backing up innovative technological enhancements with meticulous research.

**Prescient Wealth Management** is our wealth management and advisory business providing a comprehensive range of private client wealth and portfolio management services.

Portfolio management is supported by a full suite of specialist services for high net worth clients including financial planning, portfolio management, fiduciary services (including trust and administration services), accounting, tax and legal advisory services.

**EMHPrescient** is our Namibian business and is a joint venture between Prescient Holdings and EMH Capital.

EMHPrescient offers a range of funds, including a Money Market Fund, our Income Provider Fund, Absolute Balanced Fund and the Diversified Income Fund.

EMHPrescient Unit Trust Limited was awarded its trading licence from NAMFISA to provide a pooled solution to our clients and the retail market at large and is responsible for aspects of management, accounting, administration, client communication and compliance for the various collective investment portfolios (mutual funds) established under the registered scheme.

# FINANCIAL SERVICES (CONTINUED)

## PRESCIENT CAPITAL

Prescient Capital was established as an investment holding company for the interests of the Group outside of the traditional financial services activities. The primary interests of Prescient Capital include the following:

Stadia Capital which owns a property in Dublin.

Prescient Corporate Advisory (PCA) assists clients' business interests and philanthropic initiatives and has been integral in the planning, execution and delivery of many business transactions in sub-Saharan Africa. PCA's services include acquisitions, disposals, public markets, capital raising and business advisory.

## FINANCIAL SERVICES

### PRESCIENT HOLDINGS

- PRESCIENT INVESTMENT MANAGEMENT
- PRESCIENT INVESTMENT MANAGEMENT CHINA
- PRESCIENT FUND SERVICES
- PRESCIENT FUND SERVICES (IRELAND)
- PRESCIENT MANAGEMENT COMPANY
- PRESCIENT LIFE
- PRESCIENT SECURITIES
- PRESCIENT WEALTH MANAGEMENT
- EMHPRESCIENT INVESTMENT MANAGEMENT
- EMHPRESCIENT UNIT TRUST

### PRESCIENT CAPITAL

- STADIA CAPITAL
- PRESCIENT CORPORATE ADVISORY

# INFORMATION MANAGEMENT SERVICES

Established as an information management services company in 1998, the PBT Group of companies offers information management and business intelligence services to large national and international clients in South Africa, Africa, the Middle East and Australia.

With significant expertise and experience as data specialists, PBT Technology Services is a recognised leader in this field, which includes business intelligence and data warehousing, data quality, master data management, data visualisation, application development and advanced analytics.

PBT Technology Services, a certified Oracle partner, has one of the largest Oracle development facilities supplying services throughout South Africa, Africa and Middle East, including turnkey solutions in the data space.

PBT Group maintains a product independent approach, enabling it to deliver real and sustainable value to clients who represent a variety of industries including banking, insurance, healthcare and telecommunications.

Our strong partner network enables the use of the Group's technology expertise to best support our clients' specific business needs.

PBT Group has a staff complement of more than 400 skilled and professional consultants and has established strategic alliances with recognised local and international vendors.

PBT Insurance Technologies (PBTit) is a provider of specialist healthcare management solutions and services, and its clients include numerous reputable medical aid schemes.

Aimed at the medical aid and managed care sectors, PBTit incorporates a high level of flexibility, real time claims processing,

query capabilities, electronic data interchange, document management services, membership and contribution management and advanced medical savings account management.

PBT Australia provides specialist healthcare management services as well as business intelligence and information management services.

BI-Blue Consulting offers a comprehensive set of business intelligence services, including data warehouse architecture, business analytics and information management to help clients harness their data with a view to improving decision-making.

We have expertise and experience to deliver challenging reporting, query and analysis solutions using SAP Business Objects integration in SAP and non-SAP environments. BI-Blue Consulting is also a SAP value-added reseller.

Technique Business Intelligence Software (TBIS) is a premier IBM business partner that provides IBM software solutions and consulting services, specialising in information integration, data warehousing and analytics.

TBIS assists clients with integrating and managing key information across heterogeneous systems, to unlock business value by utilising data effectively. Its consultants have attained IBM Technical Mastery and Solution Specialist certifications in a range of disciplines, equipping them to provide services based on the IBM suite of business intelligence and data integration tools.

CyberPro Consulting is a leading Microsoft Gold Certified Partner software services company in the South African market with a focus on system integration, software development, web development and database, collaboration and business process management.

## INFORMATION MANAGEMENT SERVICES

- STRICKLANDS TETRA CAPE
- PBT INFOSIGHT
- PBT TECHNOLOGY SERVICES (CAPE TOWN)
- PBT TECHNOLOGY SERVICES
- PBT INSURANCE TECHNOLOGIES (PBTIT)
- PBT AUSTRALIA
- BI-BLUE CONSULTING
- TECHNIQUE BUSINESS INTELLIGENCE SOFTWARE (TBIS)
- CYBERPRO CONSULTING

# RECOGNITION OF EXCELLENCE

“The Prescient Income Provider Fund was recognised as Best SA Multi-Asset Income Fund on a Risk Adjusted Basis and Best Interest-Bearing Fund at the 2015 Raging Bull Awards.”

Our operating units continued to focus on their core strengths resulting in a number of new market initiatives and industry recognition in the form of awards for performance and innovation. Awards earned included:

## PRESCIENT INVESTMENT MANAGEMENT

### 2015 Raging Bull Awards

- *Prescient Income Provider Fund* – Best SA Interest-Bearing Fund

### 2015 Raging Bull Certificates

- *Prescient Income Provider Fund* – Top Performance in SA Multi-Asset Class
- *Prescient Income Provider Fund* – Top Performance on the basis of Risk Adjusted Returns

### 2015 BATSETA Imbasa Yegolide Awards (Council for Retirement Funds of South Africa)

- Bond Manager of the Year
- Responsible Investment Consultant/Service Provider of the Year

### Nominations

- Absolute Return Manager of the Year
- Responsible Investment Manager of the Year

## PRESCIENT FUND SERVICES

### Co-Named Funds – 2016 Morningstar Awards

- 27Four Balanced Prescient Fund of Funds – Best Moderate Allocation Fund
- Bateleur Flexible Prescient Fund – Best Flexible Allocation Fund

### Co-Named Funds – 2016 Raging Bull Awards

- Catalyst Global Real Estate Prescient Feeder Fund – Best Global Real Estate Fund
- 27Four Balanced Prescient Fund of Funds – Best SA Multi-Asset Medium Equity Fund

### Co-Named Funds – 2015 Raging Bull Awards

- 27Four Stable Prescient Fund of Funds – Best SA Multi-Asset Low Equity Fund
- 27Four Balanced Prescient Fund of Funds – Best SA Multi-Asset Medium Equity Fund
- Bateleur Flexible Prescient Fund – Best SA Multi-Asset Flexible Fund

## PRESCIENT WEALTH MANAGEMENT

Prescient Wealth Management was shortlisted in the Africa investor Advisor of the Year category for the Africa Investor (AI) Infrastructure Investment Awards 2015.

## EMHPRESCIENT

In 2014 EMHPrescient Investment Management was awarded Best Investment Management Company in Namibia as announced by leading financial magazine, World Finance.

## PRESCIENT SECURITIES

The 2015 Spire Awards recognised excellence in South Africa's fixed income, currency and commodity derivatives markets. Prescient Securities won the following categories:

- #1 - Best Agency Broker House - Bonds
- #1 - Best Agency Broker – Listed Interest Rate Derivatives
- #2 - Best Agency Broker – Spot Bonds
- #2 - Best Agency Broker – Listed FX Derivatives
- #3 - Best research team – Inflation Bonds

At the 2016 Financial Mail Rating the Analysts (equities and derivatives) Awards, Prescient Securities won in the following categories:

- #2 - Derivatives Research (#2 by Firm Ranking)
- #2 – Derivatives Dealing (11.7% versus 14.2% of the lead)
- #3 – Financial and Industrial Small and Medium Cap
- #3 – Hotels, Travel and Leisure
- #3 – Hotels, Travel and Leisure
- #3 – Computing and Electronics
- #3 – Innovative Research (#1 by Firm Ranking)
- #5 – Resources Small and Medium Cap
- #5 – Risk Management (#4 by Firm Ranking)



2015

Raging Bull Awards  
*Prescient Income Provider Fund*  
 Best South African Interest-Bearing Fund



2015

Raging Bull Awards  
*Prescient Income Provider Fund*  
 Top Performance on the basis of  
 Risk-adjusted Returns



2015

Raging Bull Awards  
*Prescient Income Provider Fund*  
 Top Performance in South African  
 Multi-Asset Income Class



2015

BATSETA – Imbasa Yegolide Awards  
 Responsible Investment Consultant /  
 Service Provider of the Year



2015

BATSETA – Imbasa Yegolide Awards  
 Bond Manager of the Year



2015

FM Ranking the Analysts Awards



2014

FM Ranking the Analysts Awards



2013

Raging Bull Awards  
*Prescient Positive Return Fund* – Best SA  
 Multi-Asset Medium Equity Fund & Best  
 SA Multi-Asset Medium Equity Fund on a  
 risk-adjusted basis



2013

POA – Imbasa Yegolide Awards  
 Absolute Return Manager of the Year



2013

Eagle Investment System Awards  
 Most innovative use of Eagle technology



2011

POA Imbasa Yegolide Awards  
 Overall Investments / Asset Manager  
 of the Year



2008

Raging Bull Awards  
*Prescient SA Balanced QuantPlus® Fund*  
 - Best performing fund on the basis of risk-  
 adjusted returns by a domestic collective  
 investment scheme



# BUSINESS MILESTONES

<p>Prescient Fund Services established its hedge fund capabilities and obtained approval for a Hedge Fund licence in Prescient Management Company Limited</p> <p>Announced a transaction with Stellar Capital Partners as set out in the SENS announcement dated 19 July 2016</p> <p>Launched Prescient Optimised Income Fund</p>	<p><b>2016</b></p>	<p>Established Prescient Investment Management China Limited</p> <p>Established Prescient Evolution Clean Energy and Infrastructure Fund</p>	<p><b>2015</b></p>
<p>Established Prescient Investment Management Jersey</p> <p>Launched Prescient China Conservative Fund</p>	<p><b>2014</b></p>	<p>Launched Prescient China Balanced Fund</p>	<p><b>2013</b></p>
<p>Listing of Prescient Holdings on the JSE through reverse acquisition</p> <p>Approval of QFII licence</p> <p>Acquisition of CyberPro and BI-Blue</p>	<p><b>2012</b></p>	<p>Established a joint venture in Namibia (EMHPrescient)</p> <p>Established Prescient Wealth Management</p>	<p><b>2011</b></p>
<p>Opened offices in Stellenbosch, Pretoria and Durban</p> <p>Established Prescient Administration Services</p> <p>Listing of PBT on the JSE through reverse acquisition</p>	<p><b>2010</b></p>	<p>Approval of Stadia Fund Management as UCITS management company in Dublin</p> <p>Launched Africa Equity Fund</p>	<p><b>2009</b></p>
<p>Established Prescient Investment Management office in Johannesburg</p> <p>Consolidation of Prescient Securities into Group through purchase by Prescient Holdings</p>	<p><b>2008</b></p>	<p>Opened representative office in Shanghai</p>	<p><b>2007</b></p>
<p>Registered Prescient Life and launched Pre- and Post-retirement products</p> <p>Launched Equity Active Quant as an investment mandate</p>	<p><b>2006</b></p>	<p>Prescient Investment Management approved as a Promoter and Investment Manager in Dublin, Ireland</p> <p>Launch of Global Funds – Global Growth, Income and Positive Return</p>	<p><b>2004</b></p>
<p>Established Prescient Management Company</p>	<p><b>2003</b></p>	<p>Commenced third party administration</p> <p>Established a staff and BEE shareholding</p>	<p><b>1999</b></p>
<p>Launched Prescient Investment Management with interest-bearing and Positive Return mandates</p> <p>Launched PBT as Prescient Business Technologies</p>	<p><b>1998</b></p>	<p>Established Prescient Securities</p>	

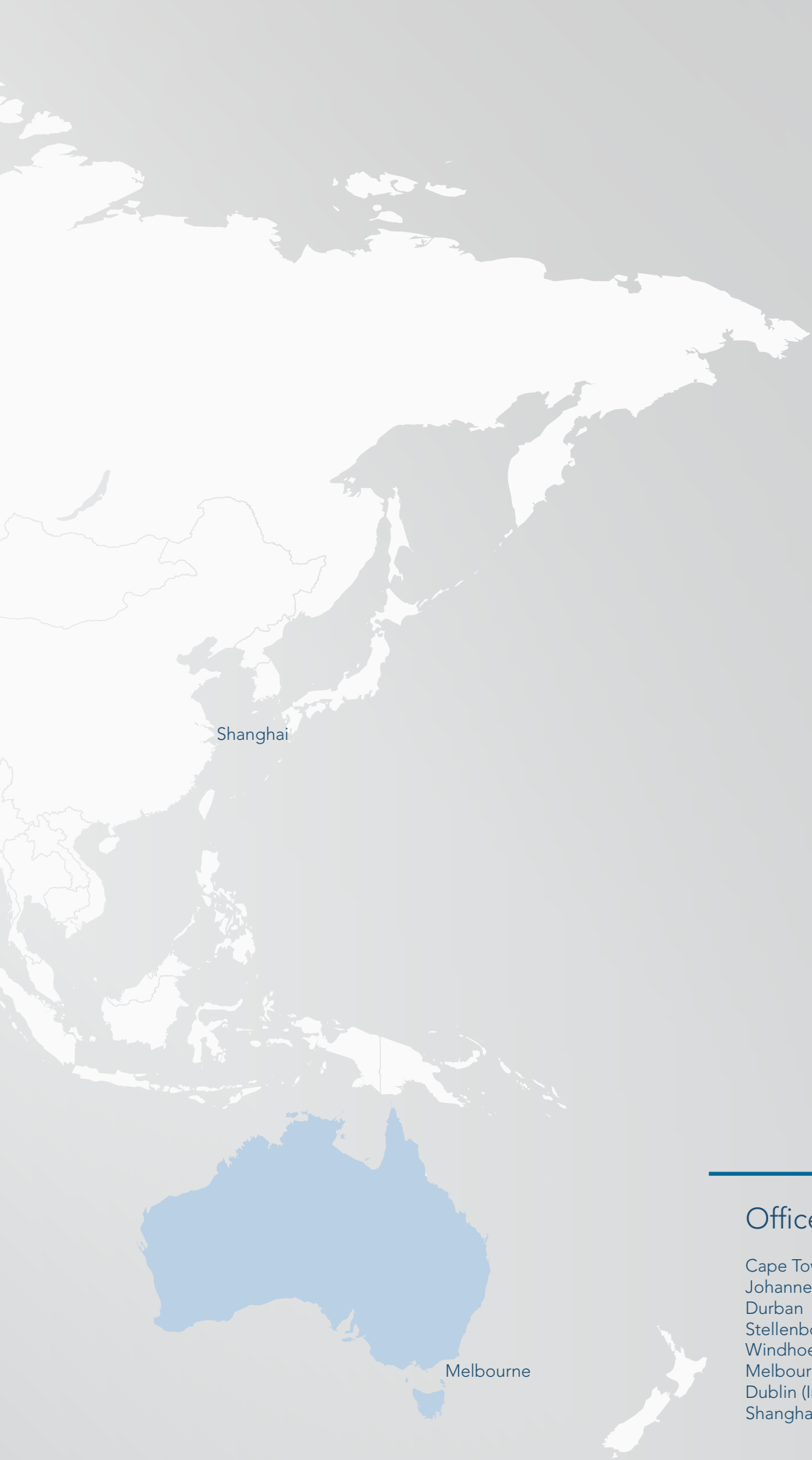
# FIVE YEAR REVIEW

## OPERATING RESULTS

R'000	2016	2015	2014	2013	2012
Total revenue	910 400	835 861	762 904	605 393	276 595
Revenue – continuing operations	910 400	835 861	664 626	477 308	276 595
Profit before tax	166 294	182 132	144 669	143 382	118 167
Profit before tax – continuing operations	166 294	182 132	152 231	137 542	118 167
<b>Continuing operations</b>					
Earnings attributable to shareholders	119 092	136 461	112 640	96 580	71 324
Non-controlling interests	(10 088)	(7 358)	(777)	(502)	–
Earnings attributable to ordinary shareholders	109 004	129 103	111 863	96 078	71 324
Headline earnings attributable to shareholders	107 338	124 491	108 954	98 439	71 324
<b>Discontinued operations</b>					
(Losses)/earnings attributable to shareholders	–	–	(48 775)	6 378	–
Non-controlling interests	–	–	–	–	–
(Losses)/earnings attributable to ordinary shareholders	–	–	(48 775)	6 378	–
Headline (losses)/earnings attributable to shareholders	–	–	(6 664)	6 378	–
<b>Total</b>					
Earnings attributable to shareholders	119 092	136 461	63 865	102 959	71 324
Non-controlling interests	(10 088)	(7 358)	(777)	(502)	–
Earnings attributable to ordinary shareholders	109 004	129 103	63 088	102 457	71 324
Headline earnings attributable to shareholders	107 338	119 847	102 290	104 817	71 324
Dividends declared	78 702	94 721	83 913	90 627	106 914
<b>Statement of financial position summary</b>					
Non-current assets	11 667 621	10 517 632	7 331 069	6 674 148	4 941 986
Current assets	1 077 824	906 102	528 262	676 985	672 804
Total assets	12 745 445	11 423 734	7 859 331	7 351 133	5 614 790
Non-current liabilities	11 018 427	9 842 927	6 745 265	6 101 012	4 837 867
Current liabilities	875 777	770 675	373 015	509 403	672 689
Total liabilities	11 894 204	10 613 602	7 118 280	6 610 415	5 510 556
Shareholders' equity	827 177	795 993	732 589	730 937	104 234
Non-controlling interest	24 064	14 139	8 461	9 781	–
Total equity	851 241	810 132	741 050	740 718	104 234
Intangible assets	397 960	414 048	423 361	472 816	69 348
<b>STATISTICS</b>					
Number of shares in issue	1 669 250 950	1 648 655 093	1 598 022 450	1 576 346 232	1 120 596 744
Weighted average number of shares in issue	1 600 156 235	1 589 707 275	1 565 528 451	1 396 375 360	1 120 596 744
Net asset value per share (cents)	51.00	49.14	46.37	46.99	9.30
Net tangible asset value per share	27.15	24.02	19.88	17.00	3.11
<b>Earnings per share – continuing operations</b>					
Earnings per share	6.69	8.31	7.15	6.88	6.36
Headline earnings per share	6.79	7.78	6.96	7.05	6.36
<b>Earnings per share – discontinued operations</b>					
Earnings per share	–	–	(3.12)	0.46	–
Headline earnings per share	–	–	(0.43)	0.46	–
<b>Earnings per share – continuing and discontinued operations</b>					
Earnings per share	6.69	8.07	4.03	7.34	6.36
Headline earnings per share	6.79	7.54	6.53	7.51	6.36
Dividends declared for the year ended per share	4.75	5.75	5.10	5.80	9.49
Dividend payout ratio	72%	69%	71%	84%	149%
Dividend cover	1.39	1.45	1.40	1.19	0.67

# GLOBAL FOOTPRINT





Shanghai

Melbourne

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## Offices

Cape Town (Head Office)  
Johannesburg  
Durban  
Stellenbosch  
Windhoek (Namibia)  
Melbourne (Australia)  
Dublin (Ireland)  
Shanghai (China)

 Business Operations

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# SHAREHOLDER PROFILE

During the current year the shares in issue increased from 1 648 655 093 to 1 669 250 950. The 20.6 million shares issued were comprised of 18.8 million shares issued to staff in terms of the Prescient Forfeitable Share Plan with the balance of 1.7 million shares being issued as capitalisation shares in February 2016.

Included in the total shares in issue of 1 669 210 950 were treasury shares of 30 383 292 shares.

The share register can be analysed as follows as at 31 March 2016:

## DISTRIBUTION OF SHAREHOLDERS

<b>Number of shares held</b>	<b>Number of shareholders</b>	<b>Percentage</b>	<b>Number of shares</b>	<b>Percentage</b>
1 – 10,000	1 203	54	3 031 693	–
10,001 – 100,000	672	30	22 256 634	1
100,001 – 1,000,000	246	11	83 953 426	5
1,000,000 – 10,000,000	91	4	257 080 754	16
Greater than 10,000,000	22	1	1 302 928 443	78
	<b>2 234</b>	<b>100</b>	<b>1 669 250 950</b>	<b>100</b>
Individuals	1 896	84.87	402 875 739	24.14
Nominees and trusts	152	6.80	647 039 503	38.76
Close corporations	18	0.81	4 333 382	0.26
Other corporate bodies	150	6.71	438 822 556	26.29
Banks	8	0.36	166 409 340	9.97
Insurance companies	1	0.04	134	–
Pension funds and medical aid schemes	3	0.13	1 499 620	0.09
Collective investment schemes and mutual funds	6	0.27	8 270 676	0.50
	<b>2 234</b>	<b>100.00</b>	<b>1 669 250 950</b>	<b>100.00</b>

## PUBLIC AND NON-PUBLIC SHAREHOLDERS

	<b>Number of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of total issued shares</b>
Shareholders holding greater than 10% of issued share capital	1	276 894 517	17%
Directors	4	353 952 334	21%
Public shareholders	2 229	1 038 404 099	62%
	<b>2 234</b>	<b>1 669 250 950</b>	<b>100%</b>



## MAJOR SHAREHOLDERS

The shareholders, other than directors, who are directly or indirectly beneficially interested in 5% or more of the Group's issued share capital at 31 March 2016 are as follows:

	<b>Ordinary shares</b>	<b>Percentage of total issued shares</b>
The St Helena Family Trust	274 789 746	16.46
Clearstream Banking S.A. Luxembourg	165 000 000	9.88
Seena Marina Financial Services Proprietary Limited	99 201 824	5.94
Prescient Empowerment Trust Proprietary Limited	89 940 842	5.39

## MANAGEMENT AND STAFF SHAREHOLDING

At 31 March 2016 management and staff of the Prescient Group held 57% of the issued shares of the Company. The extent of management and staff shareholding ensures that there is a direct alignment between shareholders and employees.

## B-BBEE SHAREHOLDING

The following table sets out the shareholding of B-BBEE shareholders:

	<b>Number of shares held</b>	<b>Percentage of total issued shares</b>
External BEE shareholding	274 129 226.45	16.42
BEE staff and management	121 001 956.53	7.25
	395 131 182.98	23.67

## DIRECTORS' HOLDINGS

The directors' holdings at 31 March 2016 were as follows:

	<b>Direct Number of shares</b>	<b>Percentage</b>	<b>Indirect Number of shares</b>	<b>Percentage</b>
Herman Steyn	1 702 321	0.10	329 027 231	19.71
Michael Buckham	9 518 520	0.57	–	–
Murray Louw	–	–	4 261 350	0.26
Ronell van Rooyen	–	–	19 757 187	1.18

The directors' holdings at 31 March 2015 were as follows:

	<b>Direct Number of shares</b>	<b>Percentage</b>	<b>Indirect Number of shares</b>	<b>Percentage</b>
Herman Steyn	1 625 745	0.10	329 027 231	19.96
Michael Buckham	8 518 520	0.52	–	–
Murray Louw	–	–	4 181 910	0.25
Ronell van Rooyen	–	–	19 229 108	1.17

# LETTER TO STAKEHOLDERS



## OPERATING ENVIRONMENT

We remarked in last year's Integrated Report that we live in interesting times, in the current local and global environment, and we sit here a year later and feel as if we could say the same thing. The last financial year was a very interesting one for the Prescient Group and much will change going into the next one, but the Group continues to be committed to adapting to the changing world we live in.

Many aspects of our environment seem to have changed but so much seems to have stayed the same. The South African business landscape in the recent past has been as turbulent as ever. In the previous year Eskom's inability to deliver power beset our economy significantly but, although the lights have remained on for most of the time in the recent period, the economy has been thrown many other, and potentially trickier, curve balls.

The most defining moment in the last year was certainly the bombshell of Nhlhla Nene's removal as our Finance Minister. It came at a time when the country was slowly winding down to a well-deserved Christmas break but all of that changed very quickly as the rand plummeted and international confidence in our ability to be credible and competitive took its biggest blow ever. David van Rooyen was instilled as the custodian of our fiscal policies and the panic that set in was real and necessary, but before an ad hoc ratings downgrade could be slapped on us by the ratings agency, sanity seemed to prevail and van Rooyen was removed as fast as he was appointed and Pravin Gordhan stepped into the breach to rescue the downward spiraling South Africa Incorporated.

We all breathed a huge sigh of relief at the time and thankfully further sighs were exhaled as each assessment of our country subsequent to Nene-gate put the country on high alert but stopped short of reducing our credit to junk.

Much has been written about the consequences of that possibility, so it is not our want to repeat that here, but it is important to note that we will be set for some very tough times if that should happen. Almost 10 months after that moment of madness it is sad that we are still in a place of great uncertainty. Pravin Gordhan faces charges from the Hawks and it seems as if that ratings downgrade is now inevitable.

Any developing democracy is a process through the cycles and this year has been no different. We all queued at the voting stations in what was an incredibly peaceful municipal election and it delivered an equally interesting result with the DA claiming even more ground against the ANC than was expected. The EFF continues to grow its small but noteworthy base and what has become more and more apparent is that the ANC is facing a situation where it will ultimately lose control. This gives us all the faith that the democratic process still holds true, despite the outrageous levels of corruption that seem to rot at the core of the layers of government. It is not hard to get excited about a country in which there is accountability for blatant theft of the hard-earned contributions from the working populace.

With the transfer of power in many of the economic metropolises it seems inevitable that a new wave is on its way. It is just a race against time to ensure that the change comes before the rot is too well set.

## 2016 HIGHLIGHTS

- Growth in total income for the Group of 9% to R910.6 million (2015: R835.9 million)
- Headline Earnings per share of 6.78 cents per share (2015: 7.54 cents per share)
- Final dividend declared of 1.9 cents per share for a total dividend for the year of 4.75 cents per share (2015: 5.75 cents per share)
- Increase of 13% in assets under management in Prescient Investment Management to R74.2 billion (2015: R65.5 billion)
- Growth in third party assets under administration for Prescient Fund Services of 39% to R67.6 billion (2015: R48.6 billion)
- Strong investment performance across mandates highlighted by the awarding of the Raging Bull award for the Best South African Interest-Bearing Fund to the Prescient Income Provider Fund
- Launch of the Prescient Evolution Clean Energy and Infrastructure Debt Fund
- Continued enhancement to the fund services offerings to local and offshore clients
- The launch of Prescient Fund Services' hedge fund administration capability
- Another set of strong ratings for Prescient Securities in the Financial Mail analyst ratings
- SAM and Retirement Reform-readiness for Prescient Life
- Total income growth for the PBT Group

### OPERATIONAL PERFORMANCE

In all of this macro turmoil, the Prescient Group has continued to apply its focus in adapting to the changing environment. Our most recent set of financial results were not as strong as we had hoped them to be. In financial services, the downturn in the China economy, the sideways-moving equity markets and impact of government and parastatal investment mandates migrating to black-owned managers, muted our growth in profitability.

Despite these negative impacts there was much to be proud of within the financial services component. Assets under management grew steadily, even in the face of the BEE-effect, our AUA grew substantially for another year and many of our platforms for growth have had their foundations laid. Prescient Securities secured a transaction that assigns a 51% ownership to black hands, Prescient Life continued its important solution building in the rapidly changing retirement space and Prescient Fund Services launched its hedge fund capacity to take advantage of the new regulatory environment. Despite Eskom's relative stability in the most recent year we still believe strongly in the opportunities that exist for renewables and the launch of the Prescient Evolution Clean Energy and Infrastructure Debt Fund is our commitment to that.

In information management services the trading conditions were difficult. The levels of business continued to grow strongly, however the decline in the successful and timely delivery of fixed price projects impacted profitability. Profitability was further impacted as the ZAR weakened on the back of Nenegate and the company entered into forward exchange contracts for a large portion of its revenue. The section below that focuses specifically on PBT highlight the future opportunities that are available in this space.

### CORPORATE ACTIVITY

At the point of publishing this report our shareholders will be fully aware of the changes that will most likely take place in the Prescient Group. On 19 July 2016, the Group announced a transaction whereby the financial services component will essentially unbundle from the listed entity. This unbundling will take the form of a dividend distribution whereby the value of R1.427 billion for the financial services operations will be placed in the hands of the shareholders. This distribution will be largely funded by Stellar Capital Partners, which will acquire approximately 49% in Prescient Financial Holdings ("PFH"). All shareholders will be entitled to select between three options or any combination thereof at the date of the transaction. These options are as follows:

- Realise the value by way of a cash receipt, net of applicable taxes;
- Apply the proceeds of the distribution to a subscription of SCP shares; or
- Apply the proceeds of the distribution to a reinvestment back into PFH.

Each of these options will give shareholders freedom to choose a course of action that is most suitable to them. It is noteworthy that at least 40% of existing Prescient shareholders will reinvest back into PFH to ensure the long-term alignment of these shareholders to the continuing unlisted operation.

It is as important to note that Prescient Limited will be renamed PBT Group Limited as the remaining operations of the Group (following the transaction) will be information management services dominant. The company will continue to be listed on the JSE and shareholders will continue to hold PBT shares and will be able to participate in the future of these operations.

# LETTER TO STAKEHOLDERS (CONTINUED)

The rationales for the transaction were as follows:

- Stellar Capital will acquire a strategic interest in a proven, scalable and diversified financial services business with exciting growth prospects;
- Stellar Capital will acquire its interest at a fair value and will be able to add long-term value via its network of relationships;
- the strategic alignment between Stellar Capital and PFH management through the reinvestment by PFH management shareholders in PFH shares at the same value as Stellar Capital, as well as new PFH management retention arrangements, will ensure the long-term commitment of the PFH management team to the future success of PFH;
- as a result of the Proposed Transaction, new broad-based Black economic empowerment ownership deals are expected to be completed at the level of PFH and Prescient Investment Management Proprietary Limited, enhancing the competitive position of the business due to the latest empowerment requirements for asset managers; and
- for Prescient Shareholders, the transactions, combined with the retention of Prescient Shares (which will remain listed on the JSE), are expected to result in a value unlock as Prescient has traded at a discount to the fair value of the two component parts of its business.

Further details of this corporate activity can be found in the SENS announcement that was posted on 19 July 2016 and can also be found in the Circular to Shareholders that was posted on 30 September 2016. This Circular details the expected timing for the transaction to reach completion.

Given the proposed transaction it is important to focus specifically on some detailed background of the PBT environment and its prospects.

## PROSPECTS FOR THE PBT GROUP

Since PBT's inception it has focussed exclusively on the data management market and, as a result, it finds itself ideally positioned to maximise the current and future potential revenue from this sector.

Key to PBT's success has been its decision, early on, to specialise rather than diversify. The decision to focus on one sector was a calculated risk that was taken on the back of solid experience and the foresight that data management will consistently outperform the growth figures from the rest of the ICT sector.

The focussed approach has resulted in PBT acquiring and retaining highly specialised skills in the field. With more than 450 consultants PBT has the capability to successfully service the end-to-end data management landscape.

PBT has a solid business strategy that allows for quick adjustments without compromising on the quality of the service that is delivered to its clients. The strategic objectives that underpins PBT's ongoing success are:

### Be product agnostic

In a market of consolidation and technical overload, the decision to be product agnostic has proven to be the right one. Not only does it ensure that PBT is trusted by its clients as an objective partner, but it also allows for the constant adjustment of its technology focus based on what it views as the best of breed, without the pressure from technology vendors to stay loyal to a brand that might no longer be delivering on customer expectation. At the same time it also allows for successful exposure to all industries.

### Specialise in data

Connectivity is the number one reason for an explosion in data. It started off with the internet, but has truly gained momentum with the introduction of social media, mobile and IoT (millions of devices, from cars to fridges, are connected and continuously generate petabytes of data). Data has, therefore, become central to every single aspect of running a business, from recruitment, to procurement; from finance to strategy to planning. Customer engagement and retention is no longer possible without near real time access to data. PBT acquired the skills and has the experience to capitalise on this by successfully transforming data into business value for its clients.

### Expand into Africa

Infrastructure has always been the Achilles heel for Africa. With the introduction of mobile, most of these barriers have been removed and the adoption of technology on a continent with 1.2 billion people has been nothing short of phenomenal. PBT realised the hunger for information in Africa early on, and has made the investment that resulted in a footprint across 22 countries in Africa. PBT has positioned itself exceptionally well to capitalise on the double figure growth potential that is projected for Africa – growth that is spearheaded by the hunger for data and connectivity.

### Worldwide expansion

The skills that PBT acquired and developed over the last two decades are of world class standards. This presented an opportunity to compete internationally and has resulted in the opening and successful running of two offshore offices in the highly competitive markets of Australia (Melbourne) and UAE (Dubai).

### Big Data

Big Data originated in an attempt to differentiate it from other data. Big Data is, however, becoming the norm rather than the exception and it might soon become "just data" again. A large component of PBT's consulting base has been part of the industry that gave rise to the term Big Data. The Telco's were the first to generate millions of lines of data every second. They allowed social media to get a foothold and in the process opened the door for terabytes of unstructured data in the form of videos, pictures and text to be uploaded continuously. They were also the first to realise the potential of analysing this data. Connectivity is what defined Big Data. Being part of this process allowed PBT to gain valuable experience and is assisting greatly in all current Big Data initiatives.

### Cloud

With the advent of Big Data, the move to Cloud was inevitable. More and more data required scalable infrastructure which was not financially viable within a decentralised model. Cloud allows businesses to focus on core differentiators whilst allowing standard components to be outsourced. PBT has aligned itself with all the Cloud players and is, at the same time, exploring providing analytics as a service in the cloud.

### Business Analytics

The ultimate objective of obtaining, cleaning and structuring data is to analyse it in a way that provides actionable insight that can drive an increase in bottom line returns for companies. PBT has a solid understanding of this concept and has aligned itself with developing technologies in this space. These include, but are not limited to, advanced analytics, machine learning, cognitive computing, data lakes and GIS.

### Train and mentor potential candidates

PBT married two components that are very specific to the South African market, namely skill shortage and empowerment, and devised a programme more than a decade ago that has seen hundreds of eager youngsters being skilled up and successfully deployed in the industry as BI consultants and analysts. The success of this programme is unprecedented and the talent that has been uncovered has been unbelievable. The programme has no equal in the market and the quality of the resulting skills are world class.

### Best of breed methodologies

Even though PBT has remained product agnostic it is constantly aligning itself with best of breed methodologies. PBT has established competency centres within the company that refine methodologies such as Ralph Kimball and Agile continuously to ensure that it aligns with new developments in the market.

PBT provides thought leadership in the data management space and has positioned itself well to meet, or even exceed, the growth potential that is projected for this sector. It has shown consistent growth through tough economic times, because it proactively adjusted its strategy to cater for challenges and to benefit from an extremely volatile market.

## BUSINESS STRATEGY

With the operating environment in mind, and our position as an entrepreneurial business operating in South Africa and the broader global economy, it is important for us to regularly review our strategic direction.

In determining our long-term business strategy we always focus on knowing who we are and what we are good at. We look carefully at our key strengths and competencies and ensure we employ those to our best advantage when formulating the strategy of the business. Likewise, knowing who we are steers us away from the strategic choices that will not maximise the sources of capital available to our business. Although the components of the Group will change substantially, in the 2017 financial year we will remain consistent when identifying our key strengths as follows:

- An entrepreneurial spirit and innovative culture
- A complement of highly skilled and motivated staff in key areas
- A client-centric and “excellence” culture in delivering services to our clients
- An acute understanding of our clients’ needs and objectives
- A strong technology backbone to support all layers of the business
- A well-capitalised balance sheet allowing room for growth

## GOVERNANCE

Prescient Limited remains committed to sound corporate governance principles, including integrity, transparency, and accountability, and we subscribe to the Code of Corporate Practices and Conduct as set out in King III.

There were no changes made to the board during the year although Heather Sonn resigned from the board on 31 July 2016.

## PRESCIENT FOUNDATION

Considering the challenges faced by our country, we believe that corporate social investment remains vitally important.

The Prescient Foundation has done stellar work in the communities we have identified, with a particular focus on education. As the capital base of the Foundation grows we will expand its reach.

## PROSPECTS FOR THE 2017 FINANCIAL YEAR

It goes without saying that the Group will go through significant changes in the 2017 financial year. From a corporate perspective we will endeavor to ensure our shareholders are provided with the most relevant information to assist in decision making when the significant transaction with Stellar Capital nears completion. It is vital to reassure our clients and staff that despite the continuous work that is ongoing for the transaction, the focus on delivering our products and services efficiently and economically will be unaffected. In other words, it will be business as usual.

## ACKNOWLEDGEMENTS

We would like to take this opportunity to thank our clients for their support, our staff, management and our Board of Directors for their hard work and input during the course of this interesting, but challenging year. We would especially like to thank Heather Sonn for her commitment to the Prescient board since her initial appointment in 2012. Heather has resigned from the board with effect from 31 July 2016 and will be applying her valuable time to focus on her demanding career. She has provided invaluable insight for the Company for the time she has been with us.

We would also like to thank our shareholders for their continued support during a time of change within the Group. 2017 is certainly going to be an interesting year.

**Murray Louw**  
Chairman

**Herman Steyn**  
Chief Executive Officer



# OPERATIONAL REPORTS

## FINANCIAL SERVICES

### Prescient Investment Management (PIM)

Established in 1998, Prescient Investment Management is a quantitative investment management house with a staff complement of over 50 people. PIM's core philosophy is that of capital preservation and the management of relative and absolute downside risk, which has helped us to deliver the returns our clients expect, within a defined risk framework. The team has been stable and we have added significantly to a diversified set of skills over time to ensure depth of skills and adequate succession.

We have adhered to this philosophy since inception, adapting processes where changes in the market have created new opportunities or closed past ones. Along with performance and service, we also strive to deliver innovation in the products that we offer.

PIM is well represented in the savings market, being one of the leading quantitative managers in South Africa. Its client base is diversified across a wide spectrum of industry sectors and includes retirement funds corporate clients, medical schemes, foundations and individuals. Our process of limiting downside or relative risk is well suited to clients who are concerned about benchmark relative losses, and also those focusing on absolute capital preservation. This attention to downside volatility is key, particularly in the current environment where interest-bearing assets offer low real yields and high uncertainty in equity markets continues as economic conditions remain weak in South Africa and tentative globally.

Prescient Investment Management continues to entrench itself in the retail space with good growth seen in this area. This was highlighted by the Prescient Income Provider Fund winning the Raging Bull Award for the Best South African Interest-bearing Fund. This is a great achievement given the highly competitive nature of the category. In addition, it was also awarded certificates for the top performance by a domestic collective investment scheme in the sub-category of South African multi-asset income and for top-performance on the basis of risk-adjusted returns by a domestic collective investment scheme in the sub-category of South African multi-asset income. In the index space, we have reinforced our position as a front-runner with good performance in SA property and equity mandates.

Prescient Investment Management, however, has a broader mandate base and with the appointment of Raphael Nkomo during the year, together with the investment team, there has been a focus on other areas where investment excellence will be emerging, resulting in stronger performance across all mandates.

Prescient Investment Management, together with its joint venture partner in Evolution Africa, also launched the Prescient Evolution Clean Energy and Infrastructure Debt Fund, during the current year. This mandate seeks to provide an alternative investment class for institutional and retail investors through the strong investment management experience and discipline brought by Prescient and the knowledge of the Renewable Energy space brought by Evolution Africa. This fund has made some very strong investments, currently earning inflation plus 7.5%, which is significantly above the benchmark of inflation plus 4.5%.

Furthermore, we launched the Prescient Optimised Income Fund, with significant demand expected for this fund delivering tax-efficient returns.

Prescient China, which manages the Prescient China Balanced Fund, has relocated some staff to Shanghai and the fund continues to be one of the top three performers despite the volatility of the Chinese market.

The joint venture which Prescient has with our Namibian counterparties has turned profitable whilst we are actively seeking business within Lesotho.

### Prescient Fund Services (PFS)

Prescient Fund Services, headed up by Craig Mockford, was established in 2010 and has a staff complement of 53 people (2015: 42 people), including Prescient Fund Services (Ireland), where the head is Grant Jacobi. This growth in staff complement reflects the growth in the business during the year.

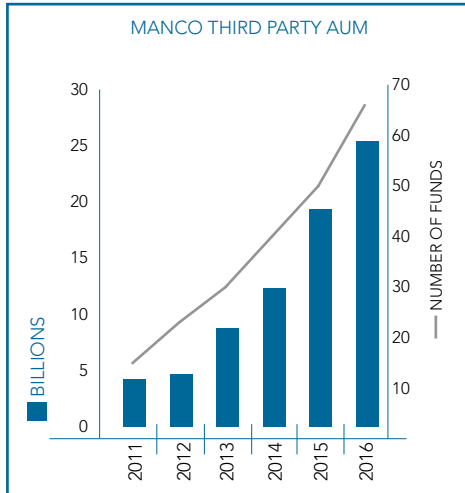
Craig is ably supported by a strong management team in Garth Foster and Taryn Elario who collectively manage the expanding team. They are both board members of PFS and add valuable operational insight at a strategic level.

PFS offers specialist outsourced fund services to investment managers, multi-managers, hedge funds, pension funds and other institutional investment providers. These services have developed as a core competency within the Group, however, the growth that has been experienced by PFS over the last few years has signalled a recognition by third party clients that the market is searching for a full-service outsourced offering.

This significant growth in Prescient Fund Services has been built on a very strong reputation in the industry, high levels of efficiency and accuracy in delivery and with minimal spend on marketing and advertising. The growth has been across a number of offerings including segregated administration and reporting, the co-name fund offering on the Prescient Management Company licence (where the number of co-name partners has grown from 19 to 29 and the number of co-name funds has increased from 47 to 60) as well as a comprehensive new offering for hedge fund administration where the Prescient Management Company was registered in April 2016 to offer a regulated space for the hedge fund industry. This approval includes licensing for Qualified and Retail hedge funds. This latter offering would not have added significant income to the 2016 results, but it is likely to be a very strong growth component in 2017 where a number of clients are already committed by way of mandates and are currently being brought onto book and generating income.



# OPERATIONAL REPORTS (CONTINUED)



The increased AUA for Prescient Fund Services has required an increase in head count; however, economies of scale have started to come through and the margins have increased. There is always pressure on these margins as a result of a technology cost base that is largely denominated in offshore currency, and the weakening of the rand during the current year has made this margin pressure more pronounced. We do believe, though, that it is an important strategy to contract with the best of breed service providers for the various components of our technology platform, and we are confident that the efficiencies gained through these systems will justify the expense attached to them.

Prescient Fund Services is still in a strong growth phase where quality fund services are in high demand. One of the major challenges the company faces will be finding the appropriate skill set in staff that can operate at the high level expected of the business. There will also always be the need to find more efficient ways to deliver the services and this may require continuing expenditure on the most appropriate systems.

Prescient Fund Services (Ireland), our UCITS-approved Manager in Dublin, also continues to leverage off the efficiencies gained in South Africa; however, there is a need to grow the client base more significantly. There was decent growth in the third party AUA from €481.4 million (R6.3 billion) in 2015 to €515.8 million (R8.8 billion) in 2016. The company is still strongly profitable and represents a sound base for future offshore client growth.

## Prescient Life

Despite an overall increase in policyholder assets from R9.8 billion in 2015 to R11.0 billion in 2016, Prescient Life Limited operated in difficult circumstances during the current year. Most disappointingly, significant effort was put in by the business to be pro-active to the changes proposed under Retirement Reform, which were due to be implemented in March 2015, and which were then delayed by the government at the eleventh hour. This resulted in a delay of client take-on into the innovative products and services offered by Prescient Life in accommodating Retirement Reform and therefore a delay in the positive income stream associated with these products. The business is confident that the offering is still ahead of industry competitors and will be easy to implement as the changes are fully brought on line.

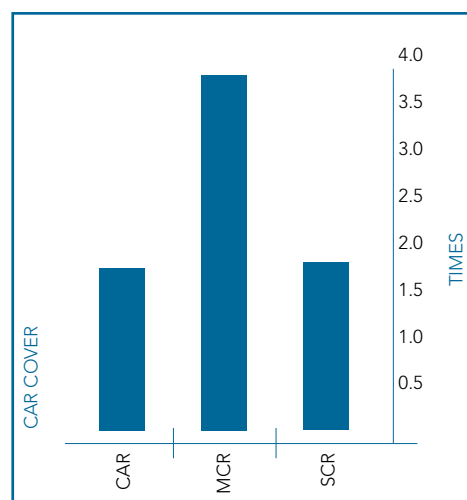
Further difficult conditions were experienced in the performance of the markets, affecting the returns on shareholder assets. The net investment returns were relatively flat and well below the CPI-plus

requirements in keeping up with the growing policyholder base. An increase in the administrative capabilities meant additional staff take-on and the rigorous demands placed on linked life companies in the context of Solvency and Assessment Management (SAM) meant a higher staff expense and accounting and actuarial fees. Comprehensive work has been performed by Prescient Life in being SAM-ready and this should put the business in a very good position with taking on new clients. There are concerns, however, that the goal posts for the capital requirements for linked licences are continually changing and we have actively engaged with the regulator to understand the reasons for these changes.

From an operational perspective, platform offerings have been well received by a number of institutional clients who have signed mandates with Prescient Life; however, implementation has also been slow as a result of long lead times with institutional clients selling to their client base.

A highlight of the current period has been an extension of Prescient Life's offering to include in-house umbrella fund administration. This was always an area that was outsourced to third party providers and which reduced our ability to expand the client base. From 1 April 2016 we have taken over this service offering from the outsourced providers and the capacity in-house has been built far more comprehensively than we have ever had before. Several clients are now live on our in-house system and the process has been relatively seamless in its implementation.

Further product and service enhancements have come through a strategic partnership with an insurance provider, allowing Prescient Life the ability to offer group and individual risk products alongside the linked investment products. These risk products will be underwritten on a separate cell captive so there has been no requirement to change the nature of the Prescient Life linked licence. This further expansion of the range of financial products available from Prescient will be a long-term benefit to the growth of the client base.



## Prescient Management Company

Established in 2003 as a means to pool investments for our clients, Prescient Management Company also established itself as a platform for other investment managers on a co-naming basis. To date, we have established relationships with 29 third party managers and have launched 60 unit trust funds for the third party managers. Refer to the Manco Third Party AUM chart above for values of unit trusts on the licence.

## Prescient Securities

Prescient Securities continued to experience top-line pressure, with income declining during the period. Costs also increased and these two factors combined for a resultant negative impact on operating profit.

The decline in Prescient Securities' revenue came from declines in derivatives and equity revenues – the two largest underlying divisions.

The derivatives division was negatively impacted by the loss of a significant hedge fund client, but did well to replace the bulk of lost revenue from other institutional clients.

The equities trading environment remains extremely competitive and challenging. Pressure points include changes to BEE legislation, lower brokerage fees (industry pressures) and Commission Sharing Agreements (CSAs) resulting in trade and research allocations coming under pressure.

The Research team is working hard to expand its coverage. The lead time to get recognition is around 12-18 months, which is merely a function of the industry. We remain positive on our research initiative prospects.

Given the work Prescient Securities continues to do to strategically reposition its research offering, this year's survey sets a good base to build on.

After year-end Prescient Securities concluded two BEE ownership deals. This positions the company well for the impending changes in the BEE legislation as Prescient Securities is now regarded as a black broker as defined in the draft FSC legislation.

## Prescient Wealth Management (PWM)

Founded in 2010, Prescient Wealth Management is an independent private client wealth and portfolio management business that provides clients with a comprehensive range of services.

Prescient Wealth Management had an improved year compared to 2015, however, it remains in a building phase but is making steady progress towards break-even, with a growth in AUM and the appointment of Richard Vine-Morris as the new CEO.

## EMHPrescient

EMHPrescient, our Namibian joint venture, continued to make inroads in a growing market, with a significant growth in AUM from N\$471 million in 2015 to N\$954 million at the end of March 2016. The business is headed by Melanie Allen, and will continue seeking opportunities in the institutional and retail markets where it is set to become a more significant participant in that market.

## INFORMATION MANAGEMENT SERVICES

PBT Group operates as a subsidiary of Prescient Limited and manages PBT Technology Services, PBTit, PBT Australia, Technique Business Intelligence Software (TBIS), CyberPro Consulting and BI-Blue Consulting Proprietary Ltd businesses. PBT has offices in Cape Town, Gauteng, Australia and has representation in 22 countries in Africa.

PBT is a preferred information management, business intelligence, application development and data integration solution provider to SA and MEA clients with increasing growth in Australia.

The PBT Group is headed by CEO Pierre de Wet and, together with executive directors Ken Wood, Nitesh Vallabh, Elizna Read and a staff complement of over 400 skilled and professional consultants, made a solid contribution to Group revenue with the added benefit that approximately 50% of its earnings were generated offshore.

Information management services had a difficult year with tough trading conditions in Africa with increased costs due to a weakening in the rand and the gains in total income being offset partially by losses on forward cover contracts. Demand for our services remains high and we are expecting continued income growth. New portfolios have been added to current service offerings and customer interest has exceeded our expectations. The latter should also enhance our current income streams.

# FINANCIAL DIRECTOR'S REPORT



## RESULTS OF OPERATIONS

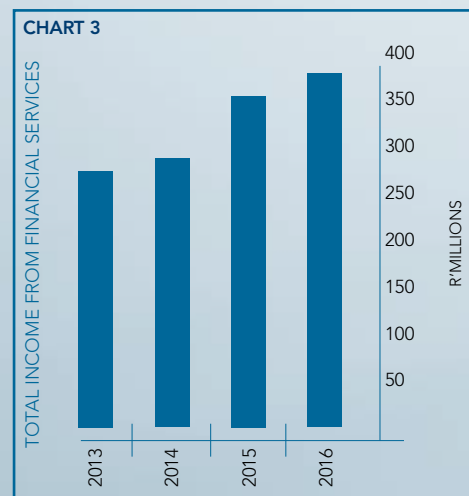
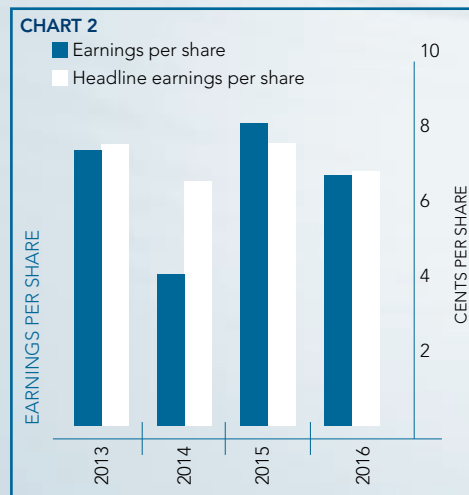
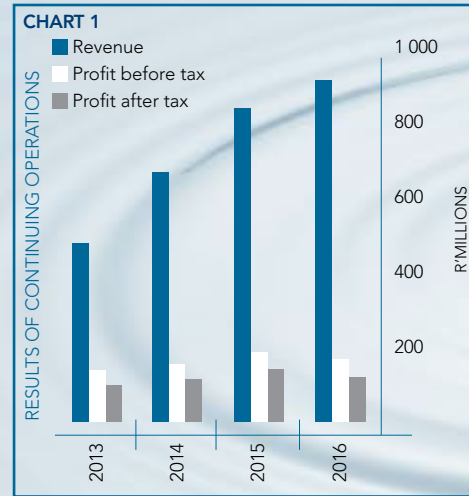
We are pleased to report on the results for 2016 as follows:

Total income for the Group increased by 9% from R835.9 million in 2015 to R910.4 million in 2016. The increase in total income from the prior year is due to growth in assets under management (AUM) of 13% from R65.5 billion to R74.2 billion, a growth in local third party assets under administration (AUA) of 39% from R48.6 billion to R67.6 billion and a 10% increase in total income for information management services through a continuing strong demand for their services locally and into Africa and Australia.

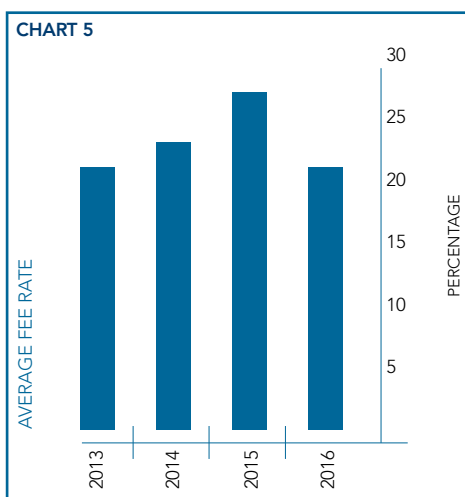
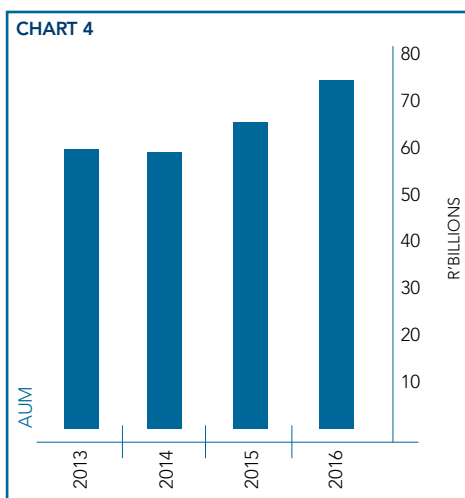
Total income growth was tempered to a degree as a result of the decline in the Chinese market, reducing the levels of AUM on which those fees were earned in the prior year. This impacted management and performance fees earned as well as fund services fees earned on these assets under administration. Furthermore, total income was impacted by reduced returns on financial assets, particularly the shareholder assets held in Prescient Life Limited. Prescient Securities also operated under difficult trading circumstances with reduced margins, resulting in a lower profit contribution than in the prior year.

Profit before tax declined by 9% to R166.3 million (2015: R182.1 million) with profit after tax down by 13% to R119.1 million (2015: R136.5 million). The decline in profit before tax was due to a combination of a number of factors on the expense side. These included an increase in staff costs in financial services in order to accommodate for increased growth, particularly in assets under administration; increased technology costs, mainly as a function of the depreciation in the rand against currencies in which the majority of technology costs are invoiced; a number of once-off costs in investment management; a substantial increase in costs of information management services as a result of the depreciation of the rand, as many of these costs are denominated in dollars; a loss on cover taken out on dollar-denominated invoicing in information management services and a loss on the sale of Greenfields Institute of Business (Greenfields).

Basic earnings per share in 2016 was 6.69 cents per share (2015: 8.07 cents per share). Headline earnings per share decreased by 10% from 7.54 cents per share to 6.79 cents per share. Headline earnings was adjusted, in total, by an amount of R1.7 million, which included the impact of the upward revaluation of the Irish property by an amount of R3.4 million (2015: R2.6 million), the loss on sale of Greenfields by an amount of R5.8 million and the gain on the partial sale of an equity-accounted investee of R0.7 million.







Further detail on the results of the individual operating segments is included below.

## FINANCIAL SERVICES

Total income from financial services increased by 7% from R352.9 million to R378.0 million.

The increase in total income was driven primarily from two sources, being the growth in AUM for Prescient Investment Management and a growth in assets under administration for Prescient Fund Services. Growth was muted as a result of difficult trading conditions for Prescient Securities and flat returns for Prescient Life on their shareholder assets. There was also a reduction of fee income generated from the China mandates as a result of the marked decline in the China stock exchange from June 2015 onwards.

Operating costs for the segment were also higher as a result of an increased staff complement across the board and further expenditure to bolster capability across the technology platforms.

More detail in respect of each constituent part of Financial Services is discussed below.

### Prescient Investment Management

Total income from investment management services increased between 2015 and 2016. The current year saw a growth in AUM of approximately 13% which resulted in enhanced management fees across most mandates.

This enhanced AUM is particularly relevant for the income mandates which saw continued flows from retail and institutional clients.

During the current year there was a decrease in the average fee due to reduced performance fees as a result of the slowed China performance. In addition there were once off adjustments against fee income that reduced the average fee rate.

PIM's average fee rate is relatively low due to our predominantly quantitative approach, the high percentage of institutional clients and a large proportion of fixed income and cash mandates.

### Prescient Fund Services

Prescient Fund Services and Prescient Fund Services (Ireland) have both expanded their service offering and client base (particularly in the local domicile) and this has led to a growth in total income.

Prescient Fund Services has increased its third party book by 39% from R48.6 billion at the end of March 2015 to R67.6 billion at the end of March 2016.

The assets under administration include unit trust administration (asset and liability side), pooled life portfolios and segregated administration.

The levels of AUA for the Irish operation decreased slightly primarily as a result in the decline in the value of AUM in the Prescient China Balanced Fund.

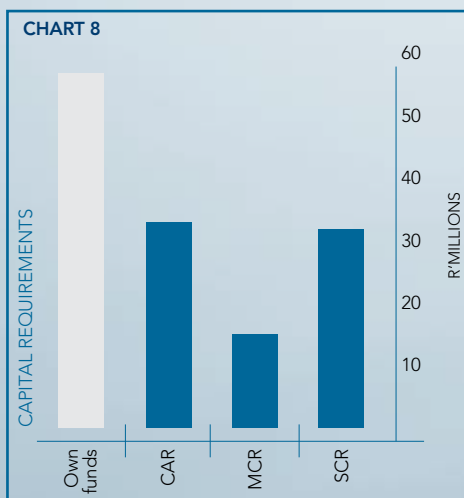
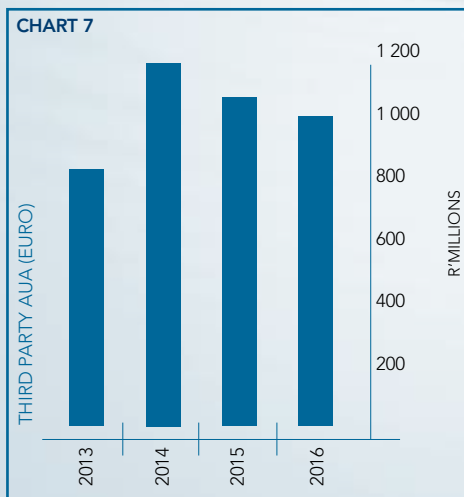
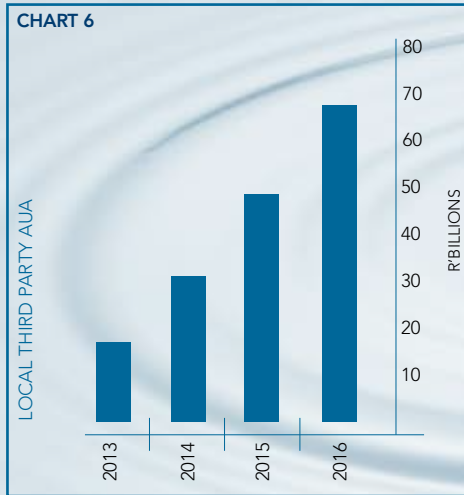
Expenditure in PFS was well controlled, however, there has been an increase in staff costs in order to manage the significant increase in the levels of AUM. Furthermore, substantial expenditure was incurred in bolstering the technology platform of PFS in order to offer an expanded range of services. These costs were capitalised on the balance sheet as they will have a useful life that extends beyond the current financial year.

### Prescient Life

Despite a satisfactory growth in the policyholder assets during the current year there has been a lag in the related growth in profitability for Prescient Life. This is due to an expanding cost base in order to accommodate the increased capacity of the company to offer the



# FINANCIAL DIRECTOR'S REPORT (CONTINUED)



range of services as well as the fact that the returns on the shareholder assets were disappointing during the year.

In addition, the take-on of more profitable lines of business has been delayed as a result of a delay in the government's implementation of retirement reform. Despite this, the product range and offered solutions are relevant regardless of the legislated requirements.

Prescient Life still remains as a fledgling business but as assets on the balance sheet grow in the coming financial year and the cost base is stabilised it is strongly believed that the company will generate strong profitability.

### Capital adequacy for Prescient Life

The 2016 financial year represented a continuation in the parallel implementation of solvency assessment and management (SAM) alongside the historic capital adequacy requirement (CAR) requirements. This SCR calculation takes into account far more factors in terms of the capital requirement of the company in comparison with CAR which was a flat 0.3% of policyholder liabilities. These factors require a sensitivity analysis under various "shock" events that would impact the policyholder and shareholder investments. The SCR will replace CAR entirely when SAM is fully implemented. Chart 8 indicates the capital requirements under the different measurements as well as the existing own funds that cover those requirements. The chart also reflects the minimum capital requirement (MCR) which reflects the minimum level of capital required for a long-term insurer, regardless of the sensitivity analysis.

This chart shows that the Company is well positioned for further growth with adequate cover under both measurement bases.

In addition to the financial implications for Prescient Life under the implementation of SAM, there are additional requirements under Pillar II of the regulations which have required a full review of the compliance environment. Prescient Life is very well positioned under these changing regulations with a large degree of focus on the risk management framework of the business during the last year.

### Prescient Securities

Prescient Securities had a challenging year. Trade volumes declined across asset classes. In addition, there has been continued downward pressure on brokerage rates while input costs have been rising. Total income for the stock broking entity decreased by 4% from the prior year. This decline in income is attributable to trade volumes coming off. Prescient Securities, however, continued to contribute positively to Group profits for the financial year ended 31 March 2016.


### Prescient Wealth Management

Prescient Wealth continues to work hard at growing the asset base on which fees are generated. Costs for the business unit were minimised during the latter part of the year and a far more streamlined operation should result in a quicker path to profitability. The solutions offered are well-managed and the unit continues to receive support within the Group.

### Prescient Capital

Prescient Capital operates as the private equity/investment holding entity within the Group.

The most significant event during the year was a sale of Greenfields Institute of Business. A loss on sale was incurred however it was believed that greater value for the venture could be achieved outside of the Prescient Group.



Stadia Capital is a property holding company (a wholly owned subsidiary of Prescient Capital) which holds the investment property in Dublin. The property market in Dublin has improved significantly and the offices had increased occupancy at the end of the year and a revised valuation indicated that the valuation had increased from €1.9 million to €2.1 million. This valuation is in addition to an equivalent revaluation in 2015. This property revaluation of €200 000 (Rand equivalent of approximately R3.4 million) has been reflected in the income statement in Investment Income, however, it is excluded from headline earnings in the reporting thereof.

## INFORMATION MANAGEMENT SERVICES

Total income for the year increased by 10% from R482.9 million to R532.6 million. Net profit before tax decreased by 23% from R57.7 million to R43.0 million. The contribution to Group earnings for the year decreased from R41.0 million to R27.6 million.

The financial results in 2016 for the PBT Group were disappointing in comparison with the prior year. Although revenue grew at a reasonable rate, profitability declined as a result of a number of factors. The most significant of those were the foreign exchange losses incurred on the hedged debtors' book and an increase in the cost base as a result of the weakening of the rand against foreign currency.

## DIVIDEND

The directors consider the payment of a dividend on a bi-annual basis taking into account prevailing circumstances and future cash and capital requirements of the Group in order to determine the appropriate dividend in respect of a particular financial reporting period.

At the date of the dividend declaration the company was under cautionary as a result of discussions with Stellar Capital Partners. In the context of those ongoing discussions the capital base of the Group had to be considered in terms of any potential transaction and therefore the directors applied a prudent approach in the determination of the distribution of a dividend to shareholders.

Furthermore, the Company was unable to declare a substantial dividend from Information Management Services as cash was retained to fund the operations of the business.

In that context, the Company declared a final dividend of 1.9 cents per share on 29 June 2016, which meant a total dividend for the year of 4.75 cents per share (2015: 5.75 cents per share) and a dividend cover of 1.41 times (2015: 1.5 times).

There were 1 669 250 950 shares in issue at the dividend declaration date, of which 30 383 292 were held as treasury shares. The total dividend amount payable is R31.7 million (March 2015: R49.5 million). The dividend is payable from income reserves.

## ACKNOWLEDGEMENTS

The finance team has worked tirelessly to ensure that this report and all its contents were prepared in time for the required deadlines. My thanks go to them for this considerable effort.

# DIRECTORATE

“Committed to sound corporate governance and the principles of integrity, transparency and accountability.”

## Herman Steyn

CHIEF EXECUTIVE OFFICER (EXECUTIVE DIRECTOR)

Age 55

Appointed December 2012

Herman has been involved in the investment management industry since 1985, having held senior management positions in several asset management companies. He began his career in investments after studying a BBusSc degree majoring in Actuarial Science, Statistics, and Economics at the University of Cape Town. Herman completed his BBusSc (Hons) in 1984 and in 1998 founded Prescient Investment Management. Herman was appointed a director and the CEO of Prescient Limited in December 2012.



## Zane Meyer

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Age 54

Appointed July 2012

After graduating from Stellenbosch University with a law degree in 1986, Zane joined the Department of Justice as a public prosecutor. He then worked as a candidate attorney before being admitted as an attorney in 1990. Zane is a Small Claims Court Commissioner and formerly chairman of the governing body of Paarl Girls High. He has been an independent director of Prescient Life since 2006, a non-executive director of Prescient Management Company and he is also Chairman of Prescient's Audit, Risk and Compliance Committee. He is a director of the law firm Faure & Faure Inc. and managing director of Louisvale Wines Stellenbosch.



## Murray Louw

NON-EXECUTIVE CHAIRMAN

Age 71

Appointed March 2004

Murray is a merchant banker with extensive corporate finance experience both locally and abroad. He was elected to the Board of Prescient Limited in March 2004 (then Wooltru Limited) and appointed non-executive chairman on 13 December 2012. Murray is also a non-executive director of Trematon Capital Investments Limited.



## Michael Buckham

FINANCIAL DIRECTOR (EXECUTIVE DIRECTOR)

Age 43

Appointed February 2012

Michael attended the University of Cape Town, completing a BBusSc degree with Finance and Accounting Honours in 1994. He qualified as a Chartered Accountant in 1996 and obtained his CFA in 2002. Michael joined Prescient in 2007, initially with responsibility for Prescient Life, but his involvement soon expanded to all financial areas within the Group. Michael was appointed the Chief Executive Officer of Prescient Financial Services in March 2016, but will continue to fulfill the role of Financial Director of Prescient Limited.



## Heather Sonn

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age 43

Appointed July 2012

Heather has a Master of Science degree in International Affairs from Georgetown University and a BA from Smith College, Massachusetts. She served as the CEO of Legae Securities and as the deputy CEO of Wipcapital. She was business development executive at Sanlam and an investment banking analyst at Merrill Lynch. Heather serves as an alternate director of Macsteel Service Centres. She has served on the board of the Nelson Mandela Foundation Investment and Endowment Committee and on the collective investment schemes sub-committee of the Financial Services Board (FSB). She was also the President of the South African Association of Investors. Heather resigned from the Board in July 2016 in order to focus on her demanding business interests.



## Ronell van Rooyen

NON-EXECUTIVE DIRECTOR

Age 47

Appointed February 2012

Ronell completed her MComm degree in 1994, majoring in Econometrics at the Randse Afrikaanse Universiteit. After graduating she worked for an actuarial consulting firm where she was responsible for economic and investment research. Ronell joined Prescient Investment Management in August 2001 as a portfolio manager and in April 2004 was appointed a director at Prescient Holdings, representing the interests of the Prescient staff. Ronell left the executive employ of Prescient during 2011 and is now involved as a director of the Company.



## Keneilwe Moloko

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age 46

Appointed July 2012

Keneilwe is a Chartered Accountant and a quantity surveyor. She started her career in quantity surveying, and, after six years in the construction industry, went back to study to become an accountant. Keneilwe completed her articles at KPMG Inc., working in the financial services and tax divisions. She currently serves on boards and audit committees of several organisations.



# CORPORATE GOVERNANCE

“We embrace sound corporate governance and the principles of integrity, transparency, and accountability.”

In doing so, Prescient Limited is committed to the Code of Corporate Governance Practices and Conduct as set out in King III. The Prescient Group is generally compliant with all the principles of the Code with no significant exceptions.



We provide more detailed information in this regard on the Prescient website at [www.prescient.co.za](http://www.prescient.co.za).

Our directors seek to identify and respond to risks, and to promote considered and swift decision-making to facilitate continuous improvement in operational and corporate business practices, underpinned by transparent communication with all stakeholders.

## BOARD COMPOSITION

The Board was made up of seven directors at the year end: Herman Steyn, Michael Buckham, Murray Louw, Zane Meyer, Keneilwe Moloko, Heather Sonn and Ronell van Rooyen.

There were no changes made to the board during the year, however Heather Sonn resigned from the Board with effect from 31 July 2016 in order to focus her energies on her business interests. There were no appointments to the Board during the year, however, to reiterate, the Board, together with the remuneration and nomination committee, is responsible for identifying and nominating new directors. The appointment process is conducted in a formal and transparent manner. In making new appointments the committee and the Board take into account the blend of skills and experience, as well as social and business concerns such as broad-based BEE.

Using the guidelines of King III, the Board confirms the classification of independent directors each year and is of the view that Heather Sonn, Keneilwe Moloko and Zane Meyer met the requirements of independence.

The roles of executive and non-executive directors are separate to ensure that no director can exercise unrestricted decision-making powers. The chairman provides guidance to the Board, encouraging proper deliberation on all relevant matters while obtaining input from other directors.

The executive directors are primarily responsible for implementing strategy and operational decisions while non-executive directors contribute their independent and objective knowledge and experience to Board deliberations.

Murray Louw is chairman of the Board, with Zane Meyer the lead independent non-executive director and Herman Steyn the Group's chief executive officer. The responsibilities of the chairman and CEO are separate.

Murray is considered by the Board to be non-executive as he does not perform any day-to-day activities for the Group. However, he is not independent due to his provision of consulting services to some of the operating entities within Prescient Limited. Murray is also a past financial director of PBT Group.

Michael Buckham is the Financial Director. In compliance with the JSE Listings Requirements, the Audit, Risk and Compliance Committee considers the expertise and experience of the Financial Director and confirms its satisfaction with his performance to shareholders annually.

The directors hold office until the next Annual General Meeting when one-third of directors will retire or, being eligible, make themselves

available for re-election by the shareholders. The executive directors will not be required to retire on a rotational basis. The non-executive directors have no fixed term of appointment and no service contracts with Prescient. Letters of appointment confirm the terms of their service.

The Board comprised five non-executive directors with a broad diversity of skills and experience. The details of each director are included on pages 30 to 31.

## BOARD FUNCTIONING

Prescient Limited's Board meets at least four times a year. Meetings are convened by formal notice incorporating a detailed agenda supported by relevant written proposals and reports.

In addition, the Memorandum of Incorporation of the Company provides for material decisions taken between meetings to be ratified by way of directors' resolutions. Details of directors' attendance at Board and committee meetings during the year are set out below:

Director	Meetings attended	Meetings eligible for
Herman Steyn	4	4
Michael Buckham	4	4
Murray Louw (Chairman)	4	4
Zane Meyer	4	4
Keneilwe Moloko	3	4
Heather Sonn	2	4
Ronell van Rooyen	4	4

Directors declare their interests in contracts and other appointments at all Board meetings.

The Company has an induction programme for all new employees and an open invitation is extended to the non-executive directors to attend this programme. In addition, ongoing formal and informal training is provided to the directors as is appropriate.

The Board members have direct access to the company secretary in relation to the affairs of the Group and are entitled to obtain independent professional advice regarding Group matters at the Group's expense. All members of the Board are expected to contribute to ensuring that Prescient Limited maintains high standards of corporate governance.

The Board of Directors performs an annual assessment of their performance through a detailed peer review and assessment questionnaire in order to assess the effectiveness of the Board and the Board members.



## BOARD COMMITTEES

The **Audit, Risk and Compliance, Remuneration and Nomination** and **Social and Ethics** committees are appointed by the Board.

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprised Zane Meyer, Keneilwe Moloko and Heather Sonn. Its composition was consistent with King III and the Companies Act requirement for at least three independent non-executive directors.

Committee meetings are also attended by relevant members of the executive to provide insight into items under review. In addition, Goolam Modack is invited to all meetings as an external consultant to provide guidance on various aspects. Goolam is Deputy Head at the College of Accounting at the University of Cape Town.

The committee meets at least three times a year and has specific oversight over the following functions:

- Nomination for appointment by the shareholders of the external auditors.
- Liaison with the external auditors and determining the external audit fee.
- Assessment of the independence of the auditor.
- Regulation of non-audit work performed by external auditors.
- Assessment of the effectiveness of the auditing processes.
- Approval of the financial statements.
- Monitoring of the adequacy and effectiveness of the internal control systems.
- Safeguarding the Group's and clients' assets.
- Assessment of the risk management process.
- Assessment of the governance processes.
- Assessment of the skills, expertise and capability of the finance function.
- Approval of the annual Internal Audit plan.

In terms of the requirements of the Companies Act, individual members of the Audit, Risk and Compliance Committee are elected by the shareholders at the Annual General Meeting.

The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its responsibility with regard to financial and auditing oversight, as well as the overall quality and integrity of financial and internal controls.

It also performs prescribed statutory requirements, including those applicable to the external auditor. This includes the annual recommendation of the external auditor to the shareholders at the Annual General Meeting.

Each year the committee reviews the extent of non-audit services provided by the external auditors. In terms of the JSE Listings Requirements, the Audit, Risk and Compliance Committee must perform an annual evaluation of the finance function of the Group. During the current year, the committee is satisfied that the Financial Director, and the finance function, possess the appropriate expertise and experience to meet their responsibilities.

The committee also expressed its satisfaction that PricewaterhouseCoopers' external auditor is independent of the Group and has nominated the re-appointment of KPMG Inc for the 2017 financial year. Gary Pickering is accredited on the JSE Limited's list of auditors in terms of its Listings Requirements.

The Audit, Risk and Compliance Committee has recommended the Integrated Report to the Board for approval.

#### Audit, Risk and Compliance Committee attendance

Members	Meetings attended	Meetings eligible for
Zane Meyer	3	3
Keneilwe Moloko	2	3
Heather Sonn	–	3

### Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committees, which meet during the year, are Zane Meyer, Heather Sonn and Keneilwe Moloko. All three members of the committee are independent non-executive directors of the Company. The primary responsibilities of this committee include:

- Ensuring that the Group's chairman, directors and senior executives are rewarded for their contributions in accordance with individual performance.
- Ensuring the retention of key personnel through benchmarking executive remuneration against industry norms and taking individual and Group performance targets into account in determining executive remuneration.
- Aligning annual bonuses with Group performance, and ensuring that executive interests are aligned with those of other shareholders.
- Ensuring appropriate human resources strategies, policies and practices.
- Reviewing the composition and performance of the Board and its committees.
- Overseeing the Board appointment process.
- Approving the remuneration of directors and senior executives.

#### Remuneration and Nomination Committee attendance

Members	Meetings attended	Meetings eligible for
Zane Meyer	1	1
Keneilwe Moloko	1	1
Heather Sonn	1	1

### Social and Ethics Committee

The members of the Social and Ethics Committee are Ronell van Rooyen, Michael Buckham and Murray Louw. The purpose of the committee is to monitor the Group's activities, taking into account relevant legislation, other legal requirements or prevailing codes of best practice, with regard to:

- Social and economic development, including the Group's standing in terms of the goals of:
  - The 10 principles set out in the United National Global Compact Principles.
  - The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption.
  - The Employment Equity Act.
  - The Broad-based Black Economic Empowerment Act.



# CORPORATE GOVERNANCE (CONTINUED)

- Good corporate citizenship, including the Group’s
  - Promotion of equality and prevention of unfair discrimination;
  - Contribution to the development of the communities in which it operates or within which its products or services are predominantly marketed; and,
  - Record of sponsorship, donations, and charitable giving.
- The environment, health, and public safety, including the impact of the Group’s activities and of its products or services.
- Consumer relationships, including the Group’s advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the Group’s standing in terms of the International Labour Organisation Protocol on decent work and working conditions, its employment relationships, and its contribution towards the educational development of its employees.

The committee also draws to the attention of the Board to matters within its mandate and reports to shareholders at the Annual General Meeting.

## COMPANY SECRETARY

Bianca Pieters is the Company Secretary for the Prescient Group. In terms of the JSE Listings Requirements regulations 3.84(i) and 7.F.6(j), the Board of Directors must satisfy itself, on an annual basis, on the competence, qualifications, and experience of the Company Secretary. The Board has satisfied itself on these criteria by confirming the Company Secretary’s qualifications and experience through verification with third parties. In terms of regulation 4.8(c) of the JSE Listings Requirements, the Company Secretary should maintain an arm’s length relationship with the Board of Directors and should ideally not be a director. The Board is satisfied that an arm’s length relationship does exist between the Company Secretary and itself in that the Company Secretary has no separate relationship of any nature with any of the directors which could lead to conflicts of interest and dilution of the Company Secretary’s independence.

## STAKEHOLDER COMMUNICATION

Prescient Limited strives in its communication with stakeholders, particularly the investment community, to present a balanced and easily understandable assessment of the Group’s position. In our financial reporting, formal announcements, media releases, annual meetings, presentations and dialogue with analysts and institutional shareholders, the objective is to provide clear and accurate information, disseminated as widely as possible.

## INTERNAL AUDIT AND INTERNAL CONTROL

The Board and management are responsible for maintaining effective systems of internal control.

These are designed to provide reasonable assurance as to the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of the Group’s assets; and, to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

We strive to maintain internal controls that ensure financial reporting systems contain complete, accurate and reliable information and safeguard the Group’s assets. The external auditors report to the shareholders and have ready access to the chairman of the Audit, Risk and Compliance Committee and the directors.

The Group has a formally established in-house Internal Audit Function. Internal Audit is an independent, objective assurance and consulting activity designed to add value to an organisation’s operations. In order to ensure its independence, the Internal Audit function reports directly to the Audit, Risk and Compliance Committee. The Internal Audit function carries out its responsibilities in terms of a Board-approved methodology and Internal Audit plan, following a risk-based approach.

Internal Audit aims to report on internal control adequacy and effectiveness to management and governance oversight bodies across the following control objectives:

- Strategic
- Operational
- Compliance
- Reporting

Nothing has come to the attention of the directors to suggest that the accounting records and systems of internal control were not appropriate or satisfactory, neither has any material loss, exposure or misstatement arising from a material breakdown in the functioning of the systems of internal control or accounting been reported to the directors in respect of the period under review.

## CODE OF ETHICS

Prescient’s human resources policy includes the parameters within which staff and directors are expected to conduct themselves. The policy includes a code of ethics which forms the foundation for the values and ethics of the Group. Staff and directors are expected to:

- Conduct themselves in a professional manner.
- Abide by the strictest code of ethical behaviour.
- Maintain an absolute degree of client and corporate confidentiality.
- Ensure that their personal positions are never placed before those of a client.
- Encourage an environment that is productive, efficient and entrepreneurial.
- Facilitate teamwork amongst peers, ensuring that all staff is treated with dignity and respect.

# REMUNERATION REPORT

“The aim of remuneration at Prescient is to reward staff for their contribution to long-term operating and financial performance of the Group. The overall philosophy is to ensure that the remuneration of employees is competitive and ensures that the Group attracts, motivates and retains individuals that are of the right calibre.”

## REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee is comprised of three members (Zane Meyer, Heather Sonn and Keneilwe Moloko), who are independent non-executive directors of the Company. The Remuneration and Nomination Committee aims to meet twice a year.

In order to ensure that the policy of remuneration is implemented and adhered to, the Remuneration and Nomination Committee is tasked with a number of responsibilities:

- Determine and approve the Group’s general remuneration policy, which is presented at each annual general meeting for approval by the shareholders.
- Ensure the retention of key personnel through benchmarking executive remuneration against industry norms and taking individual and Group performance targets into account in determining executive remuneration.
- Appraise the performance of the Chief Executive Officer.
- Approve the appointment and promotion of key executives.
- Approve the annual increase percentages.
- Undertake an annual assessment of the effectiveness of the committee and to report the findings to the Board.
- Approve any changes to the remuneration structure of the Group.
- Approve the performance targets for any long-term incentive awards.
- Prepare an annual remuneration report for inclusion in the Group’s Integrated Report.

Due to the operational diversity of the Group and the number of employees across these units, the Committee has delegated the responsibility of allocating percentage increases of individual staff at a non-management level to the operational heads. Furthermore, the allocation, per employee, of the short-term incentive (or bonus pool) is delegated to those operational heads as well. The committee remains fully involved in the approval of the remuneration packages of all executive staff as well as determining the overall quantum of incentives.

The Remuneration and Nomination Committee and the operational heads are fully supported through this process by the human resources function as well as by the Financial Director.

## THE REMUNERATION POLICY

The remuneration policy aims to follow the guidelines and recommendations of King III and is based on the following principles:

- Remuneration practices are aligned with corporate strategy.
- Total rewards are set at levels that are competitive relative to the specific industries in which the Group operates.
- Long-term incentive awards are earned through achieving performance measures and targets that ensures that they are sustainable and are aligned to the well-being of all stakeholders over the short, medium and long-term.
- Incentive plans, performance measures and targets are structured so as to operate effectively throughout the business cycle.
- The design of the long-term incentive plans is prudent and does not expose stakeholders to a position where the Group is placed at risk.

## COMPONENTS OF REMUNERATION

Total remuneration comprises a combination of fixed and variable remuneration. Fixed remuneration is made up of a basic salary and benefits, and relates to all employees. Variable remuneration consists of annual bonuses as well as long-term incentive awards. The annual bonuses are made available to all staff and are dependent on the profitability of the various operational units and staff performance. The long-term incentive plan is generally incorporated as a remuneration component for senior executives of the organisation who have a direct impact on the long-term sustainability and profitability of the Group.

The Remuneration and Nomination Committee will ensure that there is a suitable balance between all components of remuneration.

### Basic salary

This is the fixed element of remuneration. The purpose of the basic salary is to provide a competitive level of remuneration in the context of the rest of the companies within the industry in which the Group operates. The basic salary is subject to an annual review which takes into account the Group’s performance, the performance of the individual, cost of living adjustments and changes in scope of an employee’s role. Various industry surveys are utilised and all employees are benchmarked against their respective industry peers to ensure that the remuneration levels are fair and competitive.

# REMUNERATION REPORT (CONTINUED)

## Benefits

These provide employees with security for their and their family's health and well-being. They include benefits such as retirement benefits, medical aid and risk cover in the form of group life, dread disease and disability cover.

## Short-term incentives (annual bonuses)

The Group aims to reward employees with a short-term incentive on an annual basis. These incentive awards are entirely dependent on the financial performance of the Group as a whole, the underlying operational units and the employees' performance against peers and set performance targets. The annual bonus is entirely at the discretion of the Group and the quantum of the bonus pool is to be approved on an annual basis by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee will take into account the financial performance of the underlying operational units prior to the approval of the quantum.

Each employee is assessed in relation to a comprehensive peer review process that is conducted bi-annually and a portion of the bonus pool is allocated on that basis. The Remuneration and Nomination Committee delegates the responsibility of bonus allocation to non-managerial staff to the operational heads; however the Remuneration and Nomination Committee will actively approve all short-term incentive awards to the executive team.

## Long-term incentive – Forfeitable Share Plan (FSP)

The Group implemented a Forfeitable Share Plan in 2015 following approval of the Prescient FSP by shareholders when it was tabled at a General Meeting of shareholders that was held on 9 July 2014.

The FSP provides selected employees of employer companies within the Group with the opportunity of receiving shares in the Group through an award of forfeitable shares. The Remuneration and Nomination Committee approves the award of shares to eligible employees.

The award of shares is subject to performance conditions which include earnings growth, individual performance metrics and continued employment within the Group.

The FSP is used primarily as an incentive to participants to deliver the Group's business strategy over the long-term. It is also a retention mechanism for key staff and a tool to attract prospective employees. The FSP provides participants with the opportunity to share in the success of the Group and provide direct alignment between participants and shareholders.

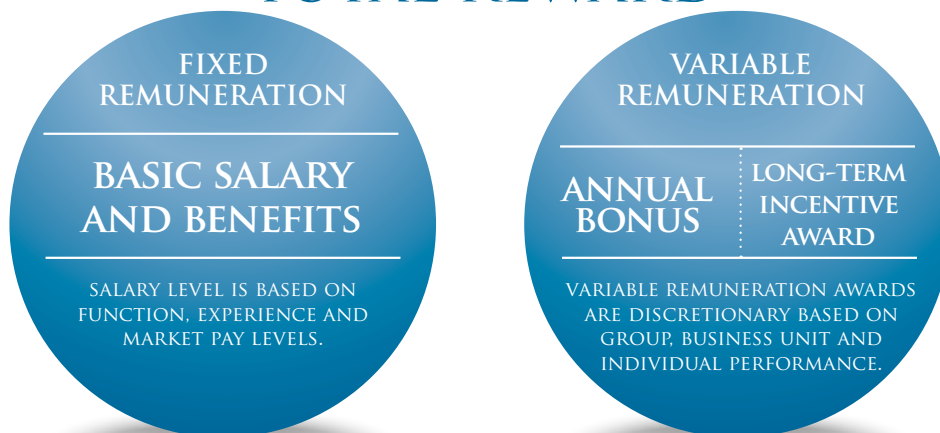
Through the delivery of real shares, participants will be shareholders in the Company. The FSP aligns with King III recommendations as it is less leveraged than option type plans, therefore mitigating the risk of unjustified windfalls.

Best practice indicates a move away from the use of option-type plans in isolation to the use of full share plans. Full share plans, like the FSP, are less leveraged and have less upside than option-type plans, but provide more certain outcomes.

During the current year 18 806 000 shares were granted in terms of the Prescient FSP. All shares issued were subject to performance conditions and an employment condition of five years. The details of the shares issued during the current year are contained in the notes to the financial statements which were published on 30 June 2016 and are available on the Prescient website at [www.prescient.co.za](http://www.prescient.co.za). The accounting policy note for the Prescient FSP can also be found in the notes to the financial statements.

There were no shares issued to Directors of the Company during the year, other than 1 million shares issued to Michael Buckham. These shares were issued on the same terms as all other grants at award date.

## TOTAL REWARD



## EXECUTIVE DIRECTORS' REMUNERATION

The remuneration paid to executive directors is set out in the table below:

Name/Designation	Director's fees	Basic salary	Bonuses	Value of non-cash benefits	Pension contributions paid	Share-based payment	Total	
Herman Steyn	677 797	–	–	–	–	–	677 797	Note 1
Michael Buckham	–	1 464 913	–	169 959	219 736	36 561	1 891 170	
	677 797	1 464 913	–	169 959	219 736	36 561	1 891 170	

Note 1: From 1 April 2013 Herman Steyn no longer received a basic salary, with benefits from the Group. The amount shown here reflects the directors' fees paid to Herman in respect of the directorships he holds for the Prescient Global Funds, the Qualifying Institutional Funds and Prescient Fund Services (Ireland), all of which are domiciled in Ireland. The total fees paid amounted to €45 000, converted to South African rands at the average rate.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board, in reviewing non-executive directors' fees, makes recommendations to shareholders in light of, firstly, fees payable to non-executive directors of comparable companies and, secondly, the importance attached to the retention and attraction of high-calibre individuals as non-executive directors. Remuneration is reviewed annually, with reference to surveys of non-executive director's remuneration. This remuneration is not linked to the Company's share price or performance. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the Board and in chairing or participation in its committees. To avoid a conflict of interest, the Remuneration and Nomination Committee, which consists entirely of independent non-executive directors, takes no part in the determination of non-executive directors' fees or in the recommendation to the Board and shareholders. Non-executive directors do not qualify for shares in terms of the Group's share incentive scheme. The Board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

The director's fee payable to each non-executive director is an annual fee and is not contingent on the number of meetings attended. Directors are assessed on an annual basis by the Board and their peers and persistent non-attendance at meetings will reflect negatively in that review.

The non-executive director fees for the year were as follows:

Name/Designation	Director's fees	Total
Murray Louw	214 000	214 000
Zane Meyer	190 000	190 000
Heather Sonn	163 000	163 000
Keneilwe Moloko	163 000	163 000
Ronell van Rooyen	163 000	163 000
	938 000	938 000

There are no special employment contracts, restraint agreements or non-standard notice periods contained in the contracts with the non-executive directors.

# ENTERPRISE RISK MANAGEMENT

## RISK PHILOSOPHY AND GOVERNANCE

Prescient's vision for risk management is for decisions to be made on the basis of an informed understanding of the risks involved and for risks to be managed to within risk appetite and tolerance in the achievement of Prescient's objectives.

Prescient is committed to its operations and innovation without compromising quality or assuming risk that is above what we are willing to accept.

Risk management plays an important role in assisting Prescient to understand the impacts and opportunities associated with achieving business priorities. It also provides transparency to governance structures that management is pursuing business strategies, with due consideration of the risks involved.

Risk is an inherent part of the operations of the Group. The Board is ultimately responsible for the governance of risk. The Audit, Risk and Compliance Committee, as a sub-committee of the Board, assists the Board in carrying out these responsibilities by providing oversight of the adequacy of the risk management process. At a management level a forum known as the Risk and Compliance Committee is convened on a quarterly basis and is comprised of executive and line management representatives from all operational units within the business. The Risk and Compliance Committee provides operational oversight of risk and compliance at a business process, business unit and entity level. Risk reporting is prepared for presentation to the Risk and Compliance Committee, the Audit, Risk and Compliance Committee and the Board on a quarterly basis. Risk management is the responsibility of all employees, within their areas of control, in the pursuit of value creation.

The Group recognises that the risk management framework, processes and strategies are dynamic and subject to ongoing review and modifications, taking into account risk appetite, risk tolerance and risk resilience of the Group.

Risk management is integral to promoting accountability and good governance. We are committed to embedding risk management into our business decision making. Through this framework and policy statement, Prescient formally establishes enterprise risk management and guides the actions of staff to manage risks. Our policy with regard to risk management is:

- the Board has a fiduciary duty to their stakeholders, clients and employees;
- the Risk Committee recognises that it is the Group's responsibility to provide value to all its stakeholders;
- all companies face uncertainty - it is management's responsibility to determine how much uncertainty is acceptable as the Group strives to create shareholder value;
- the risk management plan is critical in ensuring that clients' assets are safeguarded to the highest level possible;
- the Group's risk framework enables management to set strategy and to set a balance between growth, return-on-capital and related risks in order to employ capital and resources effectively in pursuit of the Group's objectives;
- the Group's risk framework takes into account that the Group faces a number of risks which affects different parts of the Group. The risk framework is designed to effectively respond to the inter-related impacts.

Through the risk management plan, management has created a tool to effectively manage uncertainty and associated risk and opportunity by:

- aligning the Group's risk tolerance and strategy – considering business initiatives and setting objectives to manage related risks;
- enhancing risk response decisions – the risk framework assists management in identifying and selecting among various potential risk responses – risk avoidance, reduction, sharing, and acceptance;
- reducing operational surprises and losses; and
- improving deployment of capital – obtaining a robust risk framework allows the Group to effectively assess overall capital requirements and enhance capital allocation.

In creating shareholder value, the objectives of the risk framework are as follows:

- Achieve the Group's performance and profitability goals.
- To prevent loss of resources.
- To ensure effective reporting and compliance with relevant laws and regulations.
- To protect the Group's reputation.
- To achieve our strategic objectives and effectively manage pitfalls and surprises along the way.

In pursuing our strategies, Prescient aims to operate within a certain risk appetite and tolerance. To this end we have developed the following risk appetite statement at a Group level:

"Prescient has a low appetite for risks relating to: the health, safety and well-being of our staff and the community; the administration of finances and safeguarding of assets; and legislative compliance.

There is a higher appetite for risk in emerging business, or where the benefits outweigh the risks and there is a sound business case for the benefits to be pursued."

## RISK MANAGEMENT FRAMEWORK

This Framework sets out the key principles that will guide risk management at Prescient and will assist in embedding risk management at all levels within the organisation – at a Group, business unit and business process level. It also outlines how risk will be managed effectively and efficiently.

The risk management framework defines how to approach and conduct risk management activities for the Group. This framework draws on the concepts, and is aligned to, the COSO Enterprise Risk Management Integrated Framework in setting out how we identify, analyse, respond to and monitor the risks which could impact the Group.

Below we have provided an overview of our risk management process:

- Risk identification – an initial and continuous effort to identify, quantify and document risks.
- Risk analysis and evaluation – evaluate identified risks to determine likelihood of occurrence, impact, and time frame.
- Risk response – establish an action plan for risk and assign responsibility.
- Risk monitoring and control – capture, compile, and monitor the reported risks.

## Risk identification

A baseline set of risks are determined and entered into business unit risk logs. These baseline risks have been identified through the ongoing risk identification process. Risk statements have been written for each identified risk. Risk descriptions are clear, concise and contain only one risk condition and one or more consequences of that condition.

The Risk Committee and the operational unit heads are responsible for identifying new risks. New risks identified during meetings are captured and added to the respective risk log. It is the responsibility of the Risk Manager to make sure this is accomplished.

## Risk analysis

A qualitative approach to risk analysis is utilised. This methodology uses a risk level matrix based on impact and likelihood. This allows for an independent assessment of probability and consequence of risk.

Each risk is evaluated to determine impact, likelihood of occurrence and possible timeframe. Each risk is examined to determine its relationship to other risks identified. Initially, the identifier of the risk shall provide an estimate of these attributes. The Risk Manager is responsible for further analyses and prioritisation of the risks.

## Risk response

Each risk is evaluated to determine impact, likelihood of occurrence and possible timeframe. Each risk is examined to determine its relationship to other risks identified. Initially, the identifier of the risk shall provide an estimate of these attributes. The Risk Manager is responsible for further analyses and prioritisation of the risks.

The Risk Manager, together with the Risk Owner, decides what action should be taken for each risk as it is brought to their attention through meetings, reports and dedicated risk workshops. The Risk Manager determines whether to keep the risk, delegate responsibility, or transfer the risk responsibility.

The risk management process requires a decision to perform further research, accept the risk (document acceptance rationale in the risk log and close the risk), monitor the risk attributes and status (define tracking requirements, document in the risk log, and assign a monitor action), or respond to the risk (create a Response Plan, assign action items, and monitor the activities and risk).

Response activities are documented in the Risk Register or by creating a separate Response Plan.

## Risk monitoring and control

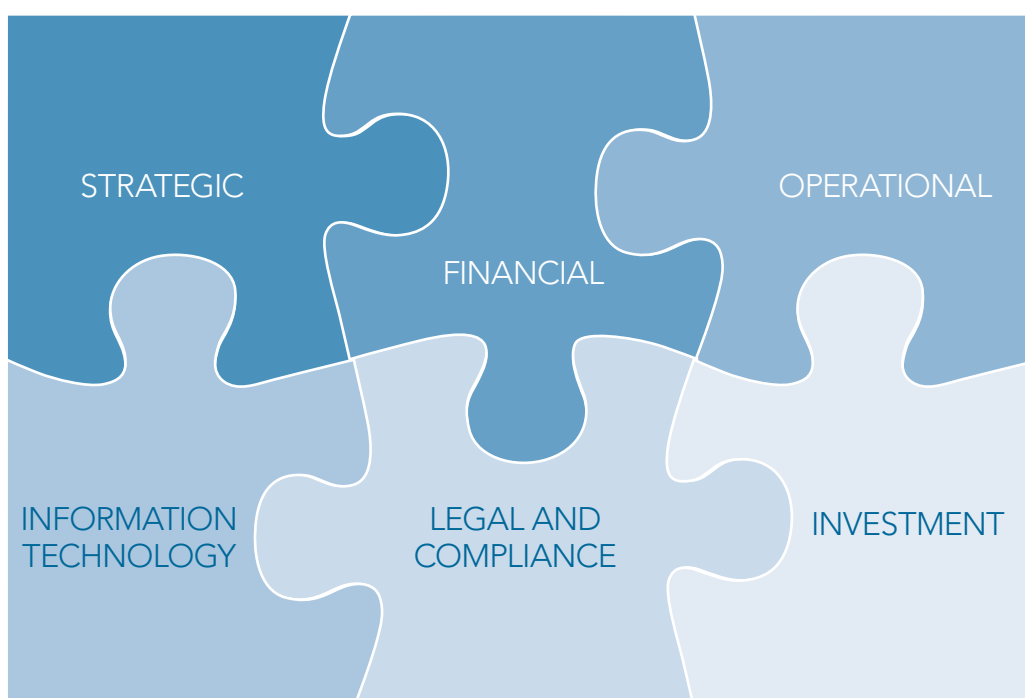
Risk information and metrics defined during the risk identification process are captured, tracked and analysed for trends. The person assigned responsibility for the risk provides routine trend and status reports on research and/or response activities to the Risk and Compliance Committee during meetings. Monitored risks are reported on during the meetings.

Decisions are made by the Risk and Compliance Committee during meetings to close risks, continue to research, respond to or monitor risks, re-plan or re-focus actions or activities, or invoke contingency plans.

## KEY RISKS

Risks are analysed quantitatively and qualitatively using impact, likelihood and possible timeframe classifications. Impact is the quantum of the effect or result that the risk event has on the organisation. Likelihood is based on the probability of an event on the basis of quantitative data and qualitative experience.

As part of our Enterprise Risk Management methodology Prescient groups risks into the categories depicted in the graphic below:





# ENTERPRISE RISK MANAGEMENT (CONTINUED)

The following table sets out the significant risks identified by the Risk and Compliance Committee:

Risk name	Risk description	Management and mitigation
<b>Client concentration</b> (Strategic)	<p>A high proportion of the revenue generated within the Group is derived from a limited number of clients and mandates. The risk exists that the loss of those critical clients or the poor performance of those mandates will result in a significant loss of revenue for the Group.</p> <p>This risk applies equally to the Financial Services and Information Management Services segments of the Group.</p>	<p>There is ongoing engagement with key clients to ensure that the Prescient Group remains innovative in delivering services to those critical clients.</p> <p>Client relationships are very carefully maintained and ongoing communication ensures that we maintain a very strong understanding of those clients.</p> <p>Within each business unit there is a dedicated business development process that continually seeks to diversify the revenue streams and clients across revenue streams. Further, the Group has, over a number of years, diversified its overall business offerings and that, in itself, has reduced the client concentration risk on the Group.</p>
<b>Human resources</b> (Operational)	<p>The skills base within our services organisations are the most important resources in order for the Group to generate ongoing revenue. There is the risk that our staff are not sufficiently skilled to perform their tasks effectively and that the vacant positions cannot be filled due to a lack of suitable candidates.</p> <p>Furthermore, there is the risk of losing key individuals through an inappropriate remuneration model and incentive structure.</p>	<p>The Group engages in regular training of all staff and there is a strong culture of sharing of information within the organisation. There is also a formal peer review process to ensure that staff are assessed on a bi-annual basis to monitor their progress against agreed competencies.</p> <p>The recruitment of staff is performed through reputable agencies who assist in assessing the fit to the organisation.</p> <p>The Group performs an annual benchmarking exercise against industry peers to ensure that staff are appropriately rewarded. Furthermore, the Group has implemented a long-term incentive plan that aims to retain and reward key strategic drivers of the business. The details of the remuneration structure of the Group are contained in the Remuneration Report on pages 35 to 37.</p> <p>The Group also has a suitable succession plan in place.</p>
<b>Cyber risk/data breaches</b> (Operational and information technology)	<p>A malicious or criminal attack, human error or system error that results in important/ sensitive information being breached or compromised (e.g. personal information and proprietary information). The risk that personal data may be lost or stolen and then used to commit fraud or other financial crime.</p>	<p>The business has a cyber risk management strategy in place which focuses on three core pillars:</p> <ol style="list-style-type: none"> <li>i. Technical controls (e.g. network security, business continuity, vulnerability scanning and penetration testing, etc).</li> <li>ii. Soft controls (e.g. awareness and training for staff).</li> <li>iii. Insurance.</li> </ol> <p>Cyber risk is a top priority for the business and is a standing governance agenda item.</p>
<b>Reputational risk</b> (Strategic)	<p>There is a risk that, through the actions of employees, shareholders, clients or other stakeholders, the Group is exposed to reputational risk as a result of negative publicity and/or litigation.</p>	<p>The Group demands the highest levels of ethical behaviour through its culture and Code of Ethics and ethics audits are conducted on a periodic basis.</p> <p>We recognise that the Group's reputation is of the highest fundamental importance to the brand of Prescient.</p>

Risk name	Risk description	Management and mitigation
<b>Investment risk</b> (Investment)	The risk exists that the performance of the mandates within the investment management businesses deviates from the expectations of clients.	The mandates are very clearly communicated to clients and appropriately drafted to ensure that the client's expectations are aligned to the agreed mandates.  There is ongoing communication with clients through formal report backs and monthly reporting to ensure that portfolio performance is monitored and shared with clients.
	Counterparty risk	Counterparty risk is managed through the appropriate credit committee which sets the credit policy and ensures the adherence thereto. Prescient also ensures that it only transacts with highly reputable counterparties to avoid default or losses.
	Exchange risk rate, market risk and liquidity risk	Exchange risk rate, market risk and liquidity risk are managed through a very clearly defined investment philosophy which is applied throughout the investment process and adherence is monitored as part of the risk management process.
<b>Compliance, regulatory and legal risk</b> (Legal and compliance)	The risk exists that there are changes to laws and regulations that will negatively impact the Group's ability to operate. Furthermore, there is the risk that the Group does not adhere to the applicable laws and regulations as well as client mandate restrictions which can lead to reputational risk.	There is a compliance and regulatory function that participates in industry committees to ensure that the Group is kept abreast of the most recent regulatory changes. This function also ensures that it plays a role in providing feedback with regards to regulatory changes that may be proposed within the industry.  The Group also ensures that it adheres to compliance requirements through a structured compliance monitoring program that covers all regulated entities and their respective submissions.  The Group has a full implementation of an investment compliance framework that ensures that any mandate or regulatory breaches are identified immediately/early and submitted for rectification.
<b>Technology and infrastructure risk</b> (Information technology)	The risk that there is a failure of the transactional and information technology platforms which may lead to inaccurate and erroneous outcomes for clients as well as poor service delivery.	The implementation of technology systems is accompanied by a comprehensive project plan which includes significant testing under all conditions.  The Group has a fully tested data and system recovery plan as well as a functioning offsite facility in the event of critical failure.  Data is backed up daily and is hosted offsite.
<b>Operational risk</b> (Operational)	There is a risk that the failure to adhere to processes and controls will result in errors on client records.	Processes within the operational environment are clearly documented and communicated to the operational teams. There are daily reconciliations of all positions to third party data providers to ensure that errors are identified immediately and rectified. The annual ISAE3402 controls programme provides independent testing of and assurance on key operational processes and controls. A Type II report is currently issued.  Any errors identified are documented and reviewed and reported to the risk committee for assessment of control failure.
<b>Government and macro-economic risk</b> (Legal and compliance)	There is a risk that macro-economic factors negatively impact the ability of the Group to obtain mandates and operate effectively. This would include B-BBEE legislation.	The Group actively ensures that it complies with the relevant B-BBEE requirements and continually strives to enhance its standing in this regard.

# SUSTAINABILITY REPORT (CONTINUED)

This Integrated Report strives to present Prescient's financial and sustainability performance in a way that gives stakeholders a holistic view of our business and its prospects. In this section of the report, we look at the Group's strategy and performance in the context of economic, social and environmental issues.

## BLACK ECONOMIC EMPOWERMENT

Prescient considers transformation and the creation of sustainable Broad-based Black Economic Empowerment an important part of the South African business landscape. Fulfilling the requirements is not simply a compliance exercise, but has significant benefits for our stakeholders and the economy.

In terms of the Broad-based Black Economic Empowerment Act, Prescient Limited is a Level 2 Contributor as verified by AQRate.

The Group's BEE certificate reflects our status as at 31 March 2016.

## EMPLOYMENT EQUITY AND HUMAN RESOURCES

Equity participation by staff results in an entrepreneurial team dedicated to looking after Prescient's clients and a desire to design and continuously improve the products and services we offer.

Where the Employment Equity Act is concerned, the profile of our workforce is detailed in the accompanying tables:

### Total staff

Occupational levels	Male				Female				Foreign Nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Executive directors and top management	2	3	2	24	1	3	2	3	3	1	44
Middle management	10	13	8	44	5	11	3	24	5	-	123
Skilled technical workers, junior management and supervisors	58	22	25	153	27	22	10	49	32	13	411
Semi-skilled and discretionary decision-making	1	-	1	3	11	3	1	17	-	1	38
Total permanent	71	38	36	224	44	39	16	93	40	15	616
Temporary employees	-	-	-	2	-	-	-	-	-	-	2
Total temporary	-	-	-	2	-	-	-	-	-	-	2
Grand total	71	38	36	226	44	39	16	93	40	15	618

### Financial services

Occupational levels	Male				Female				Foreign Nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Executive directors and top management	1	2	-	14	1	3	1	2	2	1	27
Middle management	7	11	4	17	2	9	2	13	2	-	67
Skilled technical workers, junior management and supervisors	8	3	4	13	6	15	2	14	-	1	66
Semi-skilled and discretionary decision-making	1	-	-	-	5	2	-	-	-	-	8
Total permanent	17	16	8	44	14	29	5	29	4	2	168
Temporary employees	-	-	-	2	-	-	-	-	-	-	2
Total temporary	-	-	-	2	-	-	-	-	-	-	2
Grand total	17	16	8	46	14	29	5	29	4	2	170

## Information management services

Occupational levels	Male				Female				Foreign Nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Executive directors and top management	1	1	2	10			1	1	1		17
Middle management	3	2	4	27	3	2	1	11	3		56
Skilled technical workers, junior management and supervisors	50	19	21	140	21	7	8	35	32	12	345
Semi-skilled and discretionary decision-making			1	3	6	1	1	17		1	30
Total permanent	54	22	28	180	30	10	11	64	36	13	448
Temporary employees											–
Total temporary	–	–	–	–	–	–	–	–	–	–	–
Grand total	54	22	28	180	30	10	11	64	36	13	448

## SKILLS TRANSFER AND ENTERPRISE DEVELOPMENT

Prescient is fortunate to have in its employ individuals of the highest calibre. They mentor less experienced staff on a daily basis and add depth to our intellectual capacity. Looking beyond our own people, however, we have long been involved with initiatives to train, upskill, enable and empower partners and clients.

In 2002, the Development Bank of South Africa (DBSA) supported Prescient as a young SMME and awarded us with a cash management mandate. The conditions were to provide capital preservation and yield enhancement whilst embarking on an agreed programme to transfer skills to the DBSA treasury team. On reaching the agreed milestones in assets under management, we fulfilled our training obligations and, since then, the DBSA's treasury team has managed the assets in-house. We continue to provide insight into interest-bearing markets and cash enhancement strategies.

Further examples are our commitment to establishing ongoing programmes to train our clients' treasury teams on global interest-bearing markets, cash management and cash enhancing strategies in the daily management of their assets.

The programme includes spending time with members of the treasury teams at their offices, as well as job shadow work and on-site training with the fixed interest team at Prescient's offices in Cape Town. Our head of fixed interest and the head of cash management, oversee these training programmes.

## RESPONSIBLE INVESTING

Although our investment decisions are guided by mathematical evaluation, our commitment to responsible investing principles dates back over seven years.

Responsible investing is about investment decision-making that is concerned not only with narrowly measured financial outcomes, but incorporates a broad view of the long-term interests of the investor.

It is based on the alignment of the interests of share and bond issuing organisations with those of other stakeholders, including employees, communities, suppliers and customers to deliver desirable outcomes including wealth creation, employment, safe workplaces and healthy environments.

Responsible investing is concerned with assessment of the performance of issuers with regard to environmental, social and governance risks and issues, and engagement with issuers by investors.

Although we adopt quantitative and index-based equity investment approaches, we still apply our minds to reviewing the conduct of listed companies in which we invest on behalf of clients. Unless instructed otherwise by clients, we regard it as part of our mandate to engage with companies via the annual general meeting and proxy voting channels. Similarly, we support the promotion of channels of engagement with important bond issuers.

## PROXY VOTING POLICY

On behalf of clients, Prescient votes on all resolutions put forward at the annual general meetings of companies in which we invest.

We have a well-developed policy that fully describes our principles, processes and guidelines. We also procure voting recommendation research from external service providers, including brokers and specialist agencies to augment our own process.

All voting is conducted in-house by our portfolio managers, and we take responsibility for the votes cast. All votes cast are recorded and saved on an internal database and we are able to provide a full record to clients on request.

# SUSTAINABILITY REPORT (CONTINUED)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Prescient Investment Management is a quantitative investment house, which means that our investment decisions are guided by mathematical evaluation, processes and models. This makes it more difficult to incorporate responsible investment considerations into our investment analysis and decision-making.

That we do not have an active research interface within the Company for the assessment of environment, social and governance (ESG) issues is a limiting factor and something that affects quantitative practitioners worldwide, as acknowledged by UNPRI and CRISA.

That said, we pay close attention to transparency and disclosure rankings and indices on ESG issues, although these have their limitations. Despite these, we are conducting ongoing research into models that apply rankings to quantitative portfolio selections.

We have the technology to apply overlays, and it is our intention that as indices become sufficiently broad and credible for the South African universe, investment portfolios incorporating these overlays will be made available should our clients wish to select them.

Currently the only established channel through which we actively incorporate environment, social and governance factors into our process is through voting at annual general meetings and via the proxy voting process.

We believe that being a quantitative investment manager does not exempt us from our responsibility as a shareholder to act on and be aware of corporate governance issues.

## ESG ENGAGEMENT

We are developing a parallel process, which forms part of the mandate of the head of fund management, to assess and monitor ESG issues and to engage with the issuers with whom we invest. The head of fund management is accountable to the Board of Prescient Investment Management for delivery on this aspect.

The majority of our investment mandates specify absolute or relative investment performance as a means to fund the liabilities of fund members. In our experience, there is a low level of concern from the ultimate beneficiaries of the investment process regarding responsible investment. This is reflected in the actions of the allocators of money who represent members.

Therefore, a barrier to the implementation of responsible investing is a low level of understanding amongst fund beneficiaries and allocators on the importance of these issues.

Addressing this requires investor education, including empirical evidence establishing the link between responsible investing and long-term performance. Such evidence is in short supply in South Africa and we support industry level initiatives that promote a development agenda.

Industry initiatives to promote the goals of responsible investing amongst allocators and trustees are gaining momentum, indicating a new era of awareness in the South African investment market. Establishing the link between the application of responsible investing principles and improved investment returns would assist greatly in ensuring that fund allocators espouse these principles and incorporate them in allocation decisions.

The inclusion of responsible investing into our investment process represents an additional cost which is unhelpful in terms of our value proposition for index-replication at low cost, or benchmark-cognisant outperformance at a reasonable cost. However, we believe in the

principles of responsible investing and will continue to develop avenues for its incorporation into our processes.

Prescient Investment Management is a signatory to the United Nations Principles of Responsible Investment (UNPRI) since 2007. We have also adopted the Codes for Responsible Investing in South Africa (CRISA) and implemented where practically possible within our quantitative investment style.

In addition to these specific areas, we incorporate sustainability into our general business activities, embracing the mutually reinforcing values of commercial success and empowerment. Initiatives range from fostering an entrepreneurial environment, to assisting staff and the social upliftment projects driven by the Prescient Foundation.

Testimony to our dedication as a responsible financial services institution, Prescient has been nominated by our clients for an award in two categories.

- Responsible Investment Manager of the year 2015. The investment manager that has clearly communicated to its clients how it has incorporated environmental, social and governance (ESG) considerations when managing client assets.
- Responsible Investment Consultant/Service Provider of the year 2015. The service providers as having been most proactive in assisting fund clients understanding how to apply the ESG requirements of Regulation 28, CRISA and UN-backed Principles for Responsible Investment (PRI).

## CORPORATE SOCIAL INVESTMENT The Prescient Foundation

Founded in 2005, the Prescient Foundation was established as a vehicle for the Prescient Group to invest in the “human capital” potential of South Africa. The Foundation believes in the inherent human ability to, with the provision of opportunities and support, become ‘more’. Like financial investments that are cared for, monitored and shielded from adverse conditions, humans – especially children – require much the same level of attention. As a registered public benefit organisation, the Foundation strives to facilitate real and sustainable change and maximise impact.

### Focus

The Foundation is committed to support initiatives that fall within three broad areas, which are:

- Education;
- Social projects; and
- Entrepreneurial business ideas.

In addition we aim to ground the sustainability of our projects and establish ways where different communities and projects can work together and learn from each other.

## Projects Education

The education program currently focuses on three areas; Early Childhood Development (ECD), Primary Education Support and a Bursary program. The funding of schools goes towards improving facilities and basic conditions and helping schools with the resources necessary to function, including teachers’ salaries and educational material and books. Once basic needs have been taken care of, the next level is to introduce an element of pride with school uniforms, and educational outings and excursions. Out of these schools, students are identified for a bursary to either attend secondary or tertiary education.

The Foundation has adopted a long-term approach by investing, not only in schools, but also impacting the communities. The learners benefitting from our programs are predominantly from the Camdeboo area in the Eastern Cape, Ocean View, Vrygrond and Retreat in the Western Cape and East Rand in Gauteng.

#### Early childhood development (ECD) support

- De Vrede Kleutergroe – Camdeboo, Eastern Cape

#### Primary education support

- Roodebloem Primer – Camdeboo, Eastern Cape
- The Biggs Primer – Camdeboo, Eastern Cape
- Upper Klipdrift Primer – Camdeboo, Eastern Cape
- Bloemhof Primer – Camdeboo, Eastern Cape
- Sullivan Primary – Retreat, Western Cape

The support provided to the above ECD centre and schools included classroom enhancement and improvements, building repairs, learner and teaching aids, school uniforms, sporting equipment and various social opportunities.

### Bursaries and individual support Camdeboo

In the Camdeboo region, two young girls, originally from the farm schools, have been identified as showing credible potential. One of the girls is being supported to attend Hoër Volksskool in Graaff Reinet. Support includes hostel fees, school fees, uniforms, transport and sundries. The second girl, who matriculated in 2014, is currently completing an Early Childhood Development Course in Wellington. With this qualification she will be able to apply for work at any day care or school to work with children up to the age of five years old. Both young ladies are reported to be progressing well.

#### Ocean View and Vrygrond

Nineteen learners from the Ocean View and Vrygrond community continue to be supported to attend the Laerskool Paul Greyling in the neighbouring community of Fishhoek. The project funds uniforms, and other expenses, and has helped the school start an after-school homework facility where these children are given lunch, helped with homework, and play educational games and sport. Progress reports indicate that the academic achievements of the learners have improved significantly.

In 2012, the Foundation helped establish a remedial class for learners at Laerskool Paul Greyling who need one-on-one assistance to catch up and return to mainstream classes.

Two learners, originally part of the Laerskool Paul Greyling project, have bursaries to attend Hoërskool Jan van Riebeeck in the City Centre. Both learners, Grade 9 and Grade 10, are excelling both scholastically and in sport. Both girls qualified to be a part of the Western Province netball teams in their age group.

A further two learners that have been supported by the Foundation since grade 1, one of which was elected as head boy and the other as a prefect at Laerskool Paul Greyling, have been accepted to attend Hoërskool Jan van Riebeeck.

#### Leadership program

The leadership program is an initiative that was started by the principle of Paul Greyling and was shortly joined by the ex-principle of Sullivan.

Paul Greyling and Sullivan hosted a leadership camp and leadership summit in 2015 that was funded by the Foundation. The Foundation has continued this support in 2016 through funding, participation, sourcing human resources and hosting meetings for the camp and summit.

2015 culminated in the resounding success of the first annual Youth Leadership Summit hosted at Sullivan Primary on the 17th of September 2015. Four schools from the Steenberg community and Paul Greyling Primary school in Fish Hoek were treated to a host of motivational speakers of both national and international acclaim.

The leadership camp consists of activities which include leadership training, team building, leadership dynamics, problem-solving tactics and project management. The young leaders of Sullivan Primary and Laerskool Paul Greyling are taken through an extensive programme, hosted by trained professionals, focusing on the specific dynamics of the Group as it unfolds. Art and music is also used to facilitate the young leaders' awareness and development of their potential.

Another sub-project of the Prescient Foundation, initiated by Michael Buckham, a director on the Board of the Prescient Group, is the establishment of an awareness programme that introduces kids from disadvantaged areas to the joys of birds and birdlife. This initiative was introduced to the Sullivan Primary school kids at the 2015 leadership camp and was once again a highlight at the 2016 camp.

### Social projects

#### Housing assistance

The Prescient Foundation has an ongoing commitment to assist employees who do not qualify for home loans from traditional banking institutions to obtain their own homes. To date three loans have been granted of which two have been repaid. These staff members were able to move out of informal housing and closer to the office. The housing scheme has resulted in employees acquiring their own properties, facilitating a lifestyle change, ownership of an appreciating asset and loyalty to the Company.

### Entrepreneurial business ideas

#### Adult skills development

Where adults are concerned, the focus is on adopting a practical approach to teaching skills such as first aid, crafts and dealing with challenges within the communities. Besides equipping people with skills that might help them to secure employment or open avenues for self-employment, adult training programs also help change attitudes to life.

Considering the challenges faced by our country, we believe that the Foundation's work remains vitally important and education remains one of the areas where the foundation will remain active.

Plans for the future are to focus on the Foundation's current activities, to embed existing projects and, where educational initiatives are concerned, to apply what has been learnt for the benefit of additional schools. We'll also look for synergies between projects with a view to leveraging benefits and sharing skills.

#### Beneficiary status

The Foundation is audited each year for the purpose of issuing an Independent Competent Person's Report as required in terms of the Broad-based Black Economic Empowerment legislation. This certificate shows that more than 90% of the beneficiaries are black and more than 50% are black women.



# CASE STUDY



“The Prescient Foundation has embarked on expanding its approach to include self-development thus maximising the impact of support provided to primary school learners”.

The Prescient Foundation drove a self-development initiative in March 2015 through our annual leadership camp which was a huge success, so much so that it was followed by an equally successful leadership summit towards the latter of 2015 that was attended by 110 learners.

One of the key note speakers at the 2015 summit was Fatima Jakoet, the first female officer on the SAA Boeings, who is also the founder of Sakhikamwa Foundation that focuses on aviation awareness and skills development for the youth and children interested in the aerospace industry. Fatima hosted an event and invited young leaders in the program to enlighten them about the aviation industry.

The summit proved not only to motivate and empower learners but also acted as an open window to opportunities that were previously intangible. A good example of this was when a pupil attending the leadership summit rendered an unplanned speech that was well received and left many impressed. As a result, the principle of the Cape Academy of Maths and Science offered this particular pupil a bursary which covered both school and hostel fees and as of this year she attends the Cape Academy of Math and Science.

## Plans and expectations for 2016/2017

The core purpose of our 2016 program is to empower and prepare grade seven learners for high school by including topics such as team building, communication, problem-solving and conflict management.

The leadership program continued with great momentum in 2016 kicking off with a camp in March that combined pupils from different schools and backgrounds. This served as a platform where pupils not only learnt from their instructors but learnt from each other as well. Besides the self-development of pupils, the summit also created a space in which the educators could engage and learn from one another. Educators had the opportunity to share ideas on what had worked for them previously with regards to promoting attendance and participation at events.

The second half of 2016 includes the 2016 leadership summit in which several other schools will be in attendance. The success and full attendance of the 2016 summit would not have been possible without the fellowship amongst educators, speakers and other foundations.

Schools attending the summit include:

- Muizenberg Junior
- Paul Greyling Primary
- Sullivan Primary
- Zwaanswyk Primary
- Floreat Primary
- Hillwood Primary
- Levana Primary
- Athlone North Primary

We believe that the continued success of the program is attributable to the fact that the program was established under the guidance of experienced leadership facilitators and is positioned in such a way that encourages the active involvement of learners and educators alike.



# PRESCIENT LIMITED



## 2016 ABRIDGED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS





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These financial statements have been prepared under the supervision of the Financial Director, Michael Buckham, CA(SA).

Audited in compliance with the applicable requirements of the Companies Act.

# ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 R'000	2015 R'000
<b>Total income</b>		910 400	835 861
Services fees		884 877	803 169
Interest and dividend income		22 304	19 442
Other investment income		3 219	13 250
Cost of information management services		(405 573)	(352 768)
Operating expenses		(329 751)	(296 310)
Share-based payment expense		(1 867)	(754)
<b>Profit from operations</b>		173 209	186 029
Other income		3 190	8 576
Share of profit/(loss) of equity-accounted investees (net of tax)		757	(3 261)
Finance costs		(10 862)	(9 212)
<b>Profit before tax</b>		166 294	182 132
<b>Income tax expense</b>		(47 202)	(45 671)
<b>Profit for the year</b>		119 092	136 461
<b>Other comprehensive income/(loss)</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation differences – foreign operations		17 398	(4 599)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		17 398	(4 599)
<b>Total comprehensive income for the year</b>		136 490	131 862
<b>Profit attributable to:</b>			
Owners of the Company		109 004	129 103
Non-controlling interests		10 088	7 358
<b>Profit for the year</b>		119 092	136 461
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		123 489	124 504
Non-controlling interests		13 001	7 358
<b>Total comprehensive income for the year</b>		136 490	131 862
<b>Earnings per shares (cents)</b>			
Basic earnings per share	5	6.69	8.07
Diluted earnings per share	5	6.69	8.07

# ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 R'000	2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		11 667 621	10 517 632
Property and equipment		29 241	26 357
Investment property		35 728	24 911
Goodwill and intangible assets		397 960	414 048
Deferred tax asset		14 197	7 483
Long-term loans and other receivables	6	54 186	51 874
Investment in equity-accounted investees		9 658	14 906
Financial assets at fair value through profit or loss		151 439	157 925
Linked investments backing policyholder funds	7	10 975 212	9 820 128
<b>Current assets</b>		1 077 824	906 102
Inventory		35 688	22 154
Trade and other receivables		214 959	210 924
Amounts owing by clearing houses	8	192 777	36 575
Amounts owing by clients	9	429 186	525 215
Taxation receivable		13 623	14 262
Cash and cash equivalents		191 591	96 972
<b>Total assets</b>		12 745 445	11 423 734
<b>EQUITY</b>			
Stated capital	11	667 660	664 702
Reserves		7 066	(7 287)
Retained income		152 451	138 578
<b>Total equity attributable to owners of the Company</b>		827 177	795 993
<b>Non-controlling interests</b>		24 064	14 139
<b>Total equity</b>		851 241	810 132
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		11 018 427	9 842 927
Deferred tax liability		13 548	11 237
Policyholder investment contract liabilities		10 974 330	9 817 582
Loans payable	10	30 549	14 108
<b>Current liabilities</b>		875 777	770 675
Trade and other payables		106 393	98 363
Amounts owing to clearing houses	8	16 134	4 060
Amounts owing to clients	9	604 668	554 685
Current tax payable		9 377	9 405
Loans payable	10	44 126	56 458
Bank overdraft		95 079	47 704
<b>Total liabilities</b>		11 894 204	10 613 602
<b>Total equity and liabilities</b>		12 745 445	11 423 734

# ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

R'000	Stated capital	Translation reserve	Treasury shares	Share-based payment reserve	Retained income	Total	Non-controlling interests	Total equity
Balance at 1 April 2014	637 062	11 013	(11 854)	–	96 367	732 588	8 461	741 049
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	–	129 103	129 103	7 358	136 461
Total other comprehensive income	–	(4 599)	–	–	–	(4 599)	–	(4 599)
<b>Total comprehensive income for the year</b>	–	(4 599)	–	–	129 103	124 504	7 358	131 862
<b>Transactions with owners recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Equity-settled share-based payments	–	–	–	801	–	801	–	801
Dividends declared during the year	–	–	–	–	(86 892)	(86 892)	(2 205)	(89 097)
Issue of ordinary shares	27 640	–	(2 648)	–	–	24 992	–	24 992
Total contributions by and distributions to owners of the Company	27 640	–	(2 648)	801	(86 892)	(61 099)	(2 205)	(63 304)
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of subsidiary	–	–	–	–	–	–	166	166
Loss of control	–	–	–	–	–	–	359	359
<b>Total changes in ownership interests in subsidiaries</b>	–	–	–	–	–	–	525	525
<b>Total transactions with owners of the Company</b>	27 640	–	(2 648)	801	(86 892)	(61 099)	(1 680)	(62 779)
Balance at 31 March 2015	664 702	6 414	(14 502)	801	138 578	795 993	14 139	810 132
<b>R'000</b>	<b>Stated capital</b>	<b>Translation reserve</b>	<b>Treasury shares</b>	<b>Share-based payment reserve</b>	<b>Retained income</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
Balance at 1 April 2015	664 702	6 414	(14 502)	801	138 578	795 993	14 139	810 132
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	–	109 004	109 004	10 088	119 092
Total other comprehensive income	–	14 485	–	–	–	14 485	2 913	17 398
<b>Total comprehensive income for the year</b>	–	14 485	–	–	109 004	123 489	13 001	136 490
<b>Transactions with owners recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Treasury shares purchased	–	–	(2 074)	–	–	(2 074)	–	(2 074)
Equity-settled share based-payments	–	–	–	1 942	–	1 942	–	1 942
Dividends declared during the year	–	–	–	–	(95 131)	(95 131)	(2 548)	(97 679)
Issue of ordinary shares	2 958	–	–	–	–	2 958	–	2 958
<b>Total contributions by and distributions to owners of the Company</b>	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(2 548)	(94 853)
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of NCI without a change in control	–	–	–	–	–	–	5 950	5 950
Loss of control	–	–	–	–	–	–	(6 478)	(6 478)
<b>Total changes in ownership interests in subsidiaries</b>	–	–	–	–	–	–	(528)	(528)
<b>Total transactions with owners of the Company</b>	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(3 076)	(95 381)
Balance at 31 March 2016	667 660	20 899	(16 576)	2 743	152 451	827 177	24 064	851 241



# ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	2016 R'000	2015 R'000
<b>Cash flows from operating activities</b>		
Profit for the year	119 092	136 461
Income tax expense	47 202	45 671
Non-cash movements and adjustments to profit before tax	(970 453)	(2 280 795)
Cash generated from policyholder activities	981 892	2 269 055
Contributions and investment income	3 495 961	3 845 889
Withdrawals by policyholders	(2 514 069)	(1 576 834)
Changes in working capital	(10 470)	(9 231)
Dividends received	2 946	2 820
Dividends paid	(97 679)	(89 097)
Interest received	19 358	16 622
Interest paid	(10 862)	(9 212)
Taxation paid	(50 998)	(50 702)
<b>Net cash inflow from operating activities</b>	30 028	31 592
<b>Cash flows from investing activities</b>		
Acquisition of equipment	(8 040)	(4 349)
Acquisition of intangible assets	(8 382)	(3 161)
Disposal of intangible assets	–	3 256
Proceeds on loss in control of subsidiary, net of cash disposed of	2 155	(3 296)
Disposal of/(investment in) equity-accounted investee	3 064	(3 104)
Disposal/(acquisition) of financial assets at fair value through profit or loss	6 026	(41 455)
(Advance)/repayment of long-term loans receivable	(2 313)	18 414
<b>Cash outflow from investing activities</b>	(7 490)	(33 695)
<b>Cash flows from financing activities</b>		
Acquisition of own shares	2 074	–
Increase in loans payable	4 499	18 517
<b>Cash inflow from financing activities</b>	6 573	18 517
<b>Net increase in cash and cash equivalents</b>	29 111	16 414
Effect of exchange rate fluctuations on cash held	18 133	(190)
Cash and cash equivalents at beginning of the year	49 268	33 044
<b>Cash and cash equivalents at end of the year</b>	96 512	49 268

# NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

The abridged audited consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting, as well as the AC 500 standards as issued by the Accounting Practices Board, the requirements of the South African Companies Act, and the Listings Requirements of the JSE. The abridged audited consolidated financial statements do not include all of the information required for full annual financial statements. The abridged audited consolidated financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments and investment property which are stated at fair value. The abridged audited consolidated financial statements are presented in rand, rounded to the nearest thousand. The accounting policies applied in the presentation of the abridged audited consolidated financial statements are in accordance with International Financial Reporting Standards and are consistent with those presented in the annual financial statements.

The abridged audited consolidated financial statements have been extracted from audited information but have not, in themselves, been audited. The auditor's unqualified audit report and the audited financial statements are available for inspection at the Company's registered office in terms of 3.18 (F) of the Listings Requirements.

## 2. Judgement and estimates

Preparing the abridged audited consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these abridged audited consolidated financial statements significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the previous annual financial statements as at and for the year ended 31 March 2015.

## 3. Related party transactions

The Group entered into various inter-company transactions with related parties in the ordinary course of business. Related party transactions similar to those disclosed in the Group's financial statement for the year ended 31 March 2015 took place during the current year.

## 4. Subsequent events

On 19 July 2016 Prescient Limited announced on SENS that its Financial Services operations would be unbundled through a scheme of arrangement that would be voted on by its shareholders. If the scheme is passed by shareholders, Stellar Capital Partners Limited, an investment holding company also listed on the JSE, would become a strategic investor in the Prescient Financial Services operating segment as a result of financing the minority buyout. The Company's staff and management would remain invested in the Financial Services operations by reinvesting their proceeds of the scheme into this operating segment. This transaction is subject to a number of conditions which include, but are not limited to, regulatory approvals from the JSE, the Competition Commission, the Takeover Regulation Panel and the Financial Services Board.

Prescient Securities Proprietary Limited concluded two separate BEE transactions subsequent to 31 March 2016 that will have a positive impact on Prescient Securities' Black Economic Empowerment ownership scorecard. There was no impact on the financial statements as at the reporting date.

Subsequent to the financial year end the Group made a decision to purchase Prescient Fund Services Ireland Limited from Prescient Capital Proprietary Limited, which is a 100% held subsidiary of Prescient Limited. As at the reporting date the transaction had not yet been completed but it is expected to be completed prior to the finalisation of the Proposed Transaction with Stellar Capital Partners. The inclusion of Prescient Fund Services Ireland Limited in the Financial Services operations of Prescient Holdings Proprietary Limited is to ensure that all relevant operations are included in the overall Group prior to the ultimate transaction with Stellar Capital Partners. Since the transfer will take place between two entities that are 100% held by Prescient Limited, this transaction will therefore be considered to take place between two entities under common control.

These transactions do not impact the financial results of Prescient Limited, or its subsidiaries, as at the reporting date. There were no other material events subsequent to the reporting date.

# NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 5. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share at 31 March 2016 was based on the profit attributable to ordinary shareholders of R107 054 988 (2015: R128 283 538), and a weighted average number of ordinary shares outstanding of 1 600 156 235 (2015: 1 589 707 275), calculated as follows:

	2016 R'000	2015 R'000
<b>Profit attributable to ordinary shareholders (basic)</b>		
Profit for the year, attributable to owners of the Company	109 004	129 103
Earnings attributable to FSP shareholders	(1 949)	(819)
<b>Profit attributable to ordinary shareholders</b>	<b>107 055</b>	<b>128 284</b>
<b>Weighted average number of ordinary shares (basic)</b>		
In thousands of shares	2016	2015
Ordinary shares at 1 April	1 648 655	1 598 022
Effect of treasury shares held	(29 672)	(27 640)
Effect of FSP shares	(29 666)	(10 791)
Effect of shares issued and share capitalisation	10 839	30 116
<b>Weighted average number of ordinary shares at 31 March</b>	<b>1 600 156</b>	<b>1 589 707</b>

### Headline earnings per share

Headline earnings per share has been calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

Diluted earnings per share is equal to basic earnings per share. Diluted headline earnings per share is equal to headline earnings per share.

R'000 2016	Profit/(loss) before tax	Tax	Earnings attributable to non-controlling interests	Earnings attributable to FSP shareholders	Earnings attributable to ordinary shareholders	Cents per share
Per the statement of comprehensive income	166 294	(47 202)	(10 088)	(1 949)	107 055	6.69
Adjustments:						
Change in fair value of investment property	(3 403)	–	–	61	(3 342)	(0.21)
Gain on partial sale of equity-accounted investee	(749)	–	–	13	(736)	(0.05)
Loss on loss of control of subsidiary	5 818	–	–	(104)	5 714	0.36
<b>Total Group headline earnings</b>	<b>167 960</b>	<b>(47 202)</b>	<b>(10 088)</b>	<b>(1 979)</b>	<b>108 691</b>	<b>6.79</b>

2015

Per the statement of comprehensive income	182 132	(45 671)	(7 358)	(819)	128 284	8.07
Adjustments:						
Change in fair value of investment property	(2 622)	–	–	17	(2 605)	(0.16)
Gain on loss of control of subsidiary	(5 869)	–	–	37	(5 832)	(0.37)
<b>Total Group headline earnings</b>	<b>173 641</b>	<b>(45 671)</b>	<b>(7 358)</b>	<b>(765)</b>	<b>119 847</b>	<b>7.54</b>

### Dividends per share

	2016 Cents	2015 Cents
- Interim – declared 26 November 2015 (2014: 26 November 2014)	2.85	2.75
- Final – declared 29 June 2016 (2015: 24 June 2015)	1.90	3.00

	2016 R'000	2015 R'000
<b>6. Long-term loans and other receivables</b>		
<b>Loans to staff</b>	24 574	24 465
Employees of the Prescient Group received funding to purchase shares in Prescient Limited. The loans attract interest at three-month JIBAR plus 3.15% plus a 0.2% transaction fee. These loans are not repayable within 12 months. The loans are secured against shares held by the employees in Prescient Limited.		
<b>Loan to equity-accounted investees</b>	4 647	2 720
These loans are interest free and have no fixed repayment terms. These loans are not repayable within 12 months.		
<b>Loan to Fisc Investment Management Proprietary Limited</b>	24 965	24 689
This loan bears interest equal to the SARS official rate and is repayable within five years. No capital repayments are expected within the next 12 months. The loan is secured against shares held in Prescient Limited.		
	<b>54 186</b>	<b>51 874</b>

## 7. Linked investments backing policyholder funds

A subsidiary of the Group, Prescient Life (RF) Limited, is a linked insurance company and issues linked policies to policyholders (where the value of the policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial assets as this risk is assumed by the policyholder.

## 8. Amounts owing by/to clearing houses

Amounts owing to or from clearing houses reflects the unsettled client trades at year end.

## 9. Amounts owing by/to clients

In terms of Section 21 of the Financial Markets Act of 2012, cash held for client accounts and in the client's name is held with JSE Trustees Proprietary Limited ("JSE Trustees"). The amounts owing to and from customers represent unsettled exchange traded transactions at year end. At year end client money held with the JSE Trustees amounted to R80.3 million (2015: R90.5 million). The year end JSE Trustee balance does not reflect the impact of unsettled purchases and sales between T+1 and T+5 of R0.4 million which have been taken into account in amounts owing to clients.

	2016 R'000	2015 R'000
<b>10. Long-term loans payable</b>		
<b>Standard Bank</b>	28 159	27 866
A number of Group subsidiaries have issued guarantees to Standard Bank in favour of this secured loan. The original loan, which was repayable in December 2015, was renegotiated with the following terms. Contractually agreed capital repayments are due to be made annually with interest payments due bi-annually, with the outstanding capital and interest amounts repayable on 4 December 2019. Interest is charged at a rate of three-month JIBAR plus 3.45%.		
<b>Standard Bank</b>	8 328	10 872
This loan relates to owner-occupied property for use by subsidiaries of the Group. The loan is secured by the property. Contractually agreed capital repayments and interest payments are due monthly, with the outstanding capital and interest amounts repayable in April 2019. Interest is charged at a Prime linked rate of 10.5%.		
<b>Loans from minority shareholder</b>	29 884	24 017
This unsecured loan payable represents a minority shareholder loan funding in respect of Prescient Investment Management China Limited. This loan carries interest at 0% and has no fixed terms of repayment.		
<b>Other long-term loans payable</b>	8 304	7 811
	<b>74 675</b>	<b>70 566</b>
Current portion	44 126	56 458
Non-current portion	30 549	14 108
	<b>74 675</b>	<b>70 566</b>

# NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Stated capital and reserves

	Ordinary shares 2016 Number	2015 Number
Authorised 2 000 000 000 no par value shares (2015: 2 000 000 000 no par value shares)	2 000 000 000	2 000 000 000
<b>Issued, allotted and fully paid Number of ordinary shares</b>		
In issue at 1 April	1 648 655 093	1 598 022 450
Issue of FSP shares	18 806 000	20 208 904
Share issue	–	30 423 739
Capitalisation distribution	1 789 857	–
In issue at 31 March	1 669 250 950	1 648 655 093
	R'000	R'000
Stated capital	667 660	664 702

### Unissued shares

Unissued shares are under the control of the directors until the forthcoming annual general meeting.

### Share rights

All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

### Capitalisation Distribution

The Company offered its shareholders a Capitalisation Distribution election instead of a Cash Dividend when the Interim Dividend was announced on 30 November 2015. The number of Ordinary Shares to which Shareholders electing to participate in the Capitalisation Distribution were entitled to equated to 2.74625 new Ordinary Shares for every 100 Ordinary Shares held. Shareholders holding 65 174 598 Prescient shares or 3.91% of Prescient shares elected the Capitalisation Distribution, resulting in the issue of 1 789 857 new Prescient shares.

## 11.1 Nature and purpose of reserves

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

### Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 March 2016, the Group held 30 383 292 (2015: 28 661 114) of the Company's shares.

### Share-based payment reserve

The share-based payment reserve comprises the value of shares payable to employees participating in the forfeitable share plan.

## 12. Sale of subsidiary

On 1 December 2015 the Group disposed of its holding in Greenfields Institute of Business Proprietary Limited.

	2016
	R'000
Assets	(21 225)
Liabilities	2 406
Non-controlling interest	6 478
Net assets disposed	(12 341)
Fair value of consideration on disposal	6 523
Loss on sale of subsidiary	(5 818)

## 13. Funds under management

South African subsidiaries within the Group manage assets on behalf of clients with a market value at 31 March 2016 of R74.2 billion (2015: R65.5 billion), which are not reflected on the consolidated statement of financial position of the Group while the assets under administration for the Group amount to R76.4 billion (2015: R54.9 billion) as at 31 March 2016.

## 14. Operating segments

The Group has two operating segments as described below, which are the Group's strategic divisions. The strategic divisions offer different services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments.

- financial services include investment management, administration, stock broking, and wealth management; and
- information management services include healthcare administration services, consulting and implementation of data and management information software.

R'000	Financial services		Information management services		Group	
	2016	2015	2016	2015	2016	2015
Segment external income	377 807	352 931	532 593	482 930	910 400	835 861
Segment profit before tax	123 280	124 382	43 014	57 750	166 294	182 132



# NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Prescient Limited, please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Included in this document are:

The notice of meeting, setting out the resolutions to be proposed thereat, together with explanatory notes.

- A form of proxy for use by shareholders holding ordinary shares in the Company in certificated form or recorded in sub-registered electronic form in "own name" (which form must be lodged with the Company's transfer secretary, being Link Market Services Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 12:00 on Wednesday, 26 October 2016.
- Shareholders who have dematerialised their shares and are not registered as "own name" dematerialised shareholders who wish to attend the annual general meeting ("AGM"), must instruct their CSDP or broker to provide them with the relevant letter of representation to enable them to attend such meeting or, alternatively, should they wish to vote but not to attend the AGM, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Such shareholders must not complete this form of proxy.
- A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

Notice is hereby given to all shareholders of Prescient Limited as at the record date set out below that the AGM of shareholders will be held at 12:00 on Friday, 28 October 2016 at Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 to transact the following business:

To consider and, if thought fit, pass with or without modification, the following special and ordinary resolutions, as well as any matters raised by shareholders at this AGM, with or without advance notice, which may be transacted at an AGM as determined by the Companies Act, 71 of 2008, as amended (the "Companies Act"), and as read with the Listings Requirements of the JSE Limited ("Listings Requirements"), which meeting is to be participated in and voted at by shareholders reflected in the share register as at the record date of Friday, 21 October 2016. Accordingly, the last day to trade Prescient shares in order to be recorded in the share register to be entitled to vote will be Friday, 14 October 2016.

Identification of meeting participants: Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

## Presentation of financial statements

The audited annual financial statements of the Company for the year ended 31 March 2016 (as approved by the board of directors) and including the Directors' Report, the Audit, Risk and Compliance Committee report and the external auditors' report have been distributed as required and will be presented to shareholders.

The abridged audited consolidated financial statements are set out on pages 47 to 52 of the Integrated Report.

## ORDINARY RESOLUTIONS

Each of the below ordinary resolutions requires the support of a simple majority (that is, 50% +1) of the votes exercised in respect of each resolution in order to be adopted.

### 1. Ordinary Resolution Number One

Receive and adopt financial statements

To receive and adopt the financial statements for the year ended 31 March 2016 including the Directors' Report and the report of the auditors thereon.

### 2. Ordinary Resolution Number Two

The appointment of auditor of the Company

The appointment of auditor of the Company for the ensuing year ending 31 March 2017.

To consider and, if deemed fit, to pass, without modification, the following ordinary resolution:

To re-appoint, on recommendation of the audit, risk and compliance committee.

2.1 KPMG Inc. as the auditors of the Company; and

2.2 GM Pickering is hereby appointed as the designated auditor to hold office for the ensuing year in compliance with the requirements of S90 (2) of the Companies Act, No. 71 of 2008."

### 3. Ordinary Resolution Number Three

The re-appointment of Murray Louw as Chairman

To resolve that the re-appointment of Murray Louw as Chairman, who retires by rotation, but being eligible, offers himself for re-election in accordance with the Company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

Murray Louw was first appointed to the Board in March 2004. A brief CV appears on page 30 of the Integrated Report.

### 4. Ordinary Resolution Number Four

The re-appointment of Ronell van Rooyen as a non-executive director

To resolve that the re-appointment of Ronell van Rooyen as a non-executive director, who retires by rotation, but being eligible, offers herself for re-election in accordance with the Company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

Ronell van Rooyen was first appointed to the Board in February 2012. A brief CV appears on page 31 of the Integrated Report.

**5. Ordinary Resolution Number Five**

The re-appointment of Zane Meyer as lead independent non-executive director

To resolve that the re-appointment of Zane Meyer as lead independent non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with the Company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

Zane Meyer was first appointed to the Board in August 2012. A brief CV appears on page 30 of the Integrated Report.

**6. Ordinary Resolution Number Six**

The re-appointment of Keneilwe Moloko as an independent non-executive director

To resolve that the re-appointment of Keneilwe Moloko as an independent non-executive director, who retires by rotation, but being eligible, offers herself for re-election in accordance with the Company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

Keneilwe Moloko was first appointed to the Board in August 2012. A brief CV appears on page 31 of the Integrated Report.

**7. Ordinary Resolution Number Seven**

The re-appointment of Zane Meyer as an audit, risk and compliance committee member.

To resolve that the re-appointment of Zane Meyer as an audit, risk and compliance member, be authorised and confirmed. Information in respect of Zane Meyer is set out on page 33 of the Integrated Report.

**8. Ordinary Resolution Number Eight**

The re-appointment of Keneilwe Moloko as an audit, risk and compliance member

To resolve that the re-appointment of Keneilwe Moloko as an audit, risk and compliance member, be authorised and confirmed. Information in respect of Keneilwe Moloko is set out on page 33 of the Integrated Report.

**9. Ordinary Resolution Number Nine**

Fees paid to directors

To resolve that the fees paid to the directors of the Company in respect of the year ended 31 March 2016, as set out in the annual financial statements on page 37, be approved.

**10. Ordinary Resolution Number Ten**

Control of authorised but unissued shares

To resolve that all the unissued shares in the authorised share capital of the Company be and are hereby placed under the control of the directors of the Company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, subject to the provisions of the Companies Act 71 of 2008 and the JSE Listings Requirements."

**11. Ordinary Resolution Number Eleven**

Directors' or Company Secretary's authority to implement special and ordinary resolutions

To consider and, if deemed fit, to pass, without modification, the following ordinary resolution: To resolve that as an Ordinary Resolution that each and every director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.

# NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

## SPECIAL RESOLUTIONS

Each of the special resolutions below require the support of at least 75% of the votes cast by shareholders or represented by proxy at this meeting, in respect of each resolution in order to be adopted.

### 12. Special Resolution Number One

#### Financial Assistance

To consider and, if deemed fit, to pass, without modification, the following special resolution:

Resolved as a special resolution, in accordance with sections 45(2) and 45(3) of the Companies Act, No 71 of 2008, it is hereby resolved that the directors of the Company be and they are hereby authorised to provide direct or indirect financial assistance to a director or prescribed officer of the Company or of a related or inter-related Company, or to a related or inter-related Company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such Company, corporation, director, prescribed officer or member, subject to subsections (3) and (4) of the Companies Act, No 71 of 2008 and the Listings Requirements of the JSE Limited (JSE Listings Requirements); and resolved further, in accordance with sections 44(2) and 44(3) of the Companies Act, No 71 of 2008, the Company's board of directors be and they are hereby authorised to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any shares, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any shares of the Company or a related or inter-related Company, subject to subsection (3) of the Companies Act, No 71 of 2008 and the JSE Listings Requirements."

### 13. Special resolution Number Two

#### Authority to repurchase shares

Resolved that, in accordance with the Memorandum of Incorporation of Prescient Limited and with effect from 12 August 2016, it is hereby approved as a general authority contemplated in the JSE Listings Requirements, the acquisition by Prescient Limited, or any of its subsidiaries from time to time, of the issued Ordinary Shares of Prescient Limited, upon such terms and conditions and in such amounts as the Directors of Prescient Limited or any of its subsidiaries may from time to time decide, but subject to the provisions of the JSE Listings Requirements (as presently constituted and as amended from time to time).

## PARTICIPATION IN MEETING ELECTRONICALLY

Shareholders may participate (but not vote) in the AGM via teleconference, details of which are available from Mrs B Pieters. Access to the meeting by way of electronic participation will be at the shareholder's expense. However, only persons physically present at the AGM or represented by a valid proxy will be entitled to cast a vote on any matter put to a vote of shareholders.

By order of the Board

B Pieters

Company Secretary

Registered office:

Prescient House

Westlake Business Park Otto Close

Westlake

7945

South Africa

Sponsor: Bridge Capital Advisors Proprietary Limited

# FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 12:00 ON FRIDAY, 28 October 2016, AT PRESCIENT HOUSE, WESTLAKE BUSINESS PARK, OTTO CLOSE, WESTLAKE, 7945 AND AT ANY ADJOURNMENT THEREOF

For use by the holders of the Company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") who have selected own-name registration ("own-name" dematerialised shareholders).

Not for the use by holders of the Company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorization to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (full name in block letters)

Of (please print address)

being a shareholder of Prescient Limited and holding  ordinary shares in the Company, hereby appoint

1. \_\_\_\_\_ of or failing him/her

2. \_\_\_\_\_ of or failing him/her

3. the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the Prescient ordinary shares registered in my/our name(s), in accordance with the following instructions:

	FOR	AGAINST	ABSTAIN
<b>Ordinary resolution number one</b> <i>Receive and adopt the annual financial statements</i>			
<b>Ordinary resolution number two</b> <i>Re-appointment of the auditor of the Company</i>			
<b>Ordinary resolution number three</b> <i>Re-appointment of Murray Louw as Chairman</i>			
<b>Ordinary resolution number four</b> <i>Re-appointment of Ronell van Rooyen as a non-executive director</i>			
<b>Ordinary resolution number five</b> <i>Re-appointment of Zane Meyer as an independent non-executive director</i>			
<b>Ordinary resolution number six</b> <i>Re-appointment of Keneilwe Moloko as an independent non-executive director</i>			
<b>Ordinary resolution number seven</b> <i>Re-appointment of Zane Meyer as an Audit, Risk and Compliance Committee member</i>			
<b>Ordinary resolution number eight</b> <i>Re-appointment of Keneilwe Moloko as an Audit, Risk and Compliance Committee member</i>			

## FORM OF PROXY (CONTINUED)

	FOR	AGAINST	ABSTAIN
<b>Ordinary resolution number nine</b> <i>Fees paid to directors</i>			
<b>Ordinary Resolution number ten</b> <i>Control of authorised but unissued shares</i>			
<b>Ordinary Resolution number eleven</b> <i>Directors' or Company Secretary's authority to implement special and ordinary resolutions</i>			
<b>Special Resolution number one</b> <i>Financial Assistance</i>			
<b>Special Resolution number two</b> <i>Authority to repurchase shares</i>			

\*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2016

Member's signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

Please read the notes below.

## GLOSSARY OF TERMS

AI	Africa Investor
AGM	Annual General Meeting
ANC	African National Congress
AUA	Assets Under Administration
AUM	Assets Under Management
BEE or B-BBEE	Broad-based Black Economic Empowerment
BI	Business Intelligence
BI-Blue	BI-Blue Consulting Proprietary Limited
CAR	Capital Adequacy Requirement
CEO	Chief Executive Officer
COSO	The Committee of Sponsoring Organisations of the Treadway Commission
CRISA	Code for Responsible Investing in South Africa
CSAs	Commission Sharing Agreements
CSDP	Central Securities Depository Participant
CyberPro	CyberPro Consulting Proprietary Limited
DA	Democratic Alliance
DBSA	Development Bank of South Africa
ECD	Early Childhood Development
EFF	Economic Freedom Fighters
EMHPrescient	EMHPrescient Holdings, including its subsidiaries, EMHPrescient Investment Management Proprietary Limited and EMHPrescient Unit Trust Limited
ESG	Environment, Social and Governance
FSB	Financial Services Board
FSP	Forfeitable Share Plan
GIPS	Global Investment Performance Standards
GIS	Geographic Information Systems
Greenfields	Greenfields Institute of Business
ICT	Information and Communication Technologies
IFRS	International Financial Reporting Standards
IoT	Internet of Things
IT	Information technology
JSE Trustees	JSE Trustees Proprietary Limited
King III	The King Report on Corporate Governance (2009)
MCR	Minimum Capital Requirement
MEA	Middle East and Africa
MOI	Memorandum of Incorporation
MSCI	MSCI World, a stock market index of "world" stocks, maintained by MSCI Inc., formerly Morgan Stanley Capital International



## GLOSSARY OF TERMS (CONTINUED)

OECD	The Organisation for Economic Co-operation and Development
PBT (SA)	PBT Technology Services Proprietary Limited
PBT Australia	PBT IT Business Solutions (Australia)
PBT Infosight or Infosight	PBT Infosight Proprietary Limited
PBT Insurance Technologies or PBTit	PBT Insurance Technologies Proprietary Limited
PBT or the PBT Group	The PBT Group of Companies
PCA	Prescient Corporate Advisory
PFH	Prescient Financial Holdings
Prescient Capital	Prescient Capital Proprietary Limited
Prescient China	Prescient Investment Management China Limited
Prescient Fund Services (Ireland) or PFSI	Prescient Fund Services Limited (Ireland)
Prescient Fund Services or PFS	Prescient Fund Services Proprietary Limited
Prescient Holdings	Prescient Holdings Proprietary Limited
Prescient Investment Consulting (Shanghai)	Prescient Investment Consulting (Shanghai) Proprietary Ltd
Prescient Investment Management or PIM	Prescient Investment Management Proprietary Limited
Prescient Khawuleza	Prescient Khawuleza Proprietary Limited
Prescient Life	Prescient Life (RF) Limited
Prescient Management Company	Prescient Management Company (RF) Proprietary Limited
Prescient Securities	Prescient Securities Proprietary Limited
Prescient or Prescient Limited or the Company or the Group or the Prescient Group	Prescient Limited and its subsidiaries
Prescient Wealth Management or PWM	Prescient Wealth Management Proprietary Limited
PRI	Principles of Responsible Investment
QFII	Qualified Foreign Institutional Investor
RDR	Retail Distribution Review
REIPPPP	Renewable Energy Independent Power Producers Procurement Programme
RI	Responsible Investment
SAM	Solvency Assessment and Management
SARS	South African Revenue Services
TBIS	Technique Business Intelligence Software
The Board	The Board of Directors of Prescient Limited
The Companies Act	The Companies Act, 2008 (Act No. 71 of 2008)
The JSE	The Johannesburg Stock Exchange
UCITS	Undertakings for Collective Investments in Transferable Securities
UNPRI	United Nations Principles of Responsible Investing



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