

**PRESCIENT**  
LIMITED



# Prescient Limited

Results Presentation  
31 March 2015

**Presented by: Herman Steyn (CEO) and Michael Buckham (FD)**

June 2015

# CONTENTS

---



- Business environment
- About Prescient
- Our business strategy
- Financial highlights
- Operational overview
- The year ahead
- Questions
- Appendices

# Business Environment

PRESCIENT  
LIMITED



# BUSINESS ENVIRONMENT

---

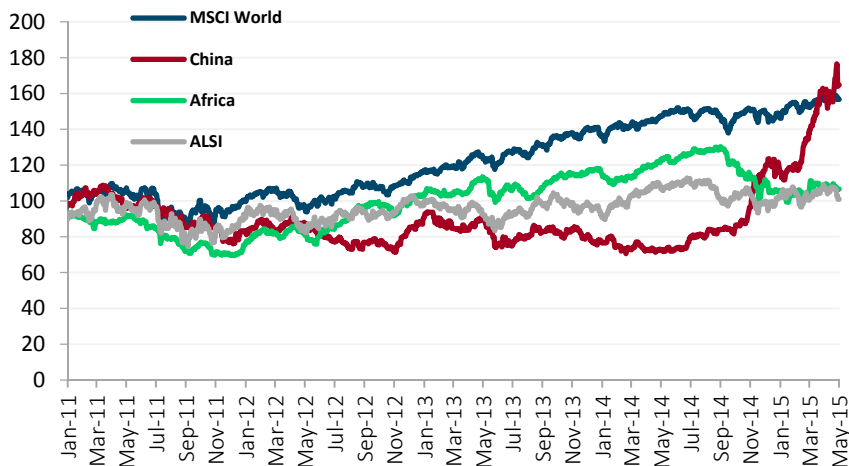


- Weakening credit rating
- Increased regulatory burden
- World grappling with QE
- Regulatory Changes
  - Retail distribution review
  - Retirement reform
- Worsening employment situation
- BEE
- Poor service delivery
- Education crisis
- Cyber security
- Increased tension around ISIS

# GLOBAL MARKETS



Global Markets USD



Source: Bloomberg; Wind - Total Return USD

SA Short Term Real Rates



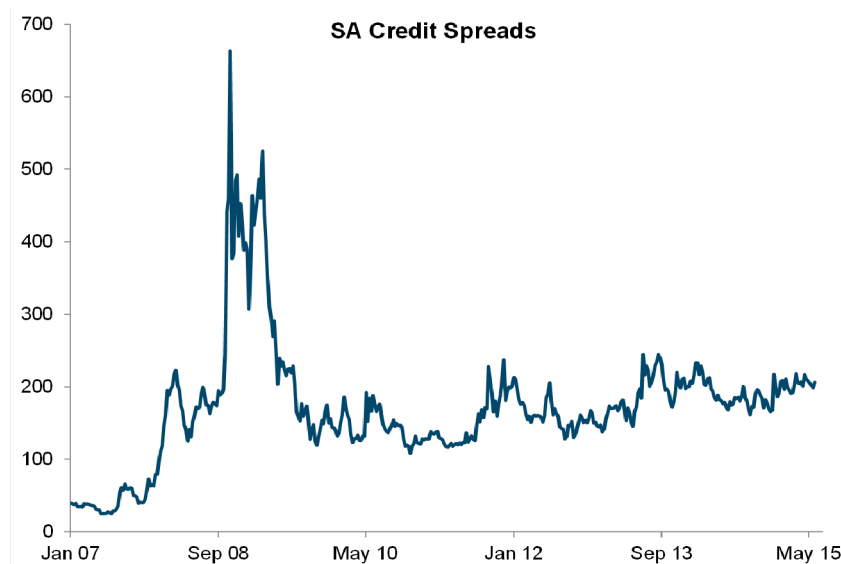
Source: Bloomberg

Average G7 Short Term Real Rates



Source: Bloomberg

SA Credit Spreads



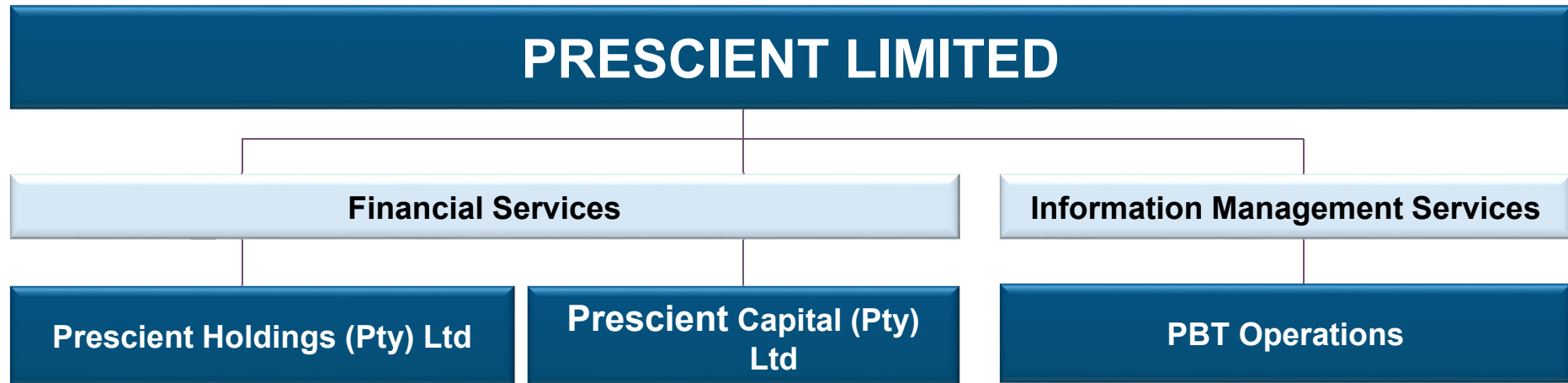
Source: Bloomberg

# About Prescient

PRESCIENT  
LIMITED



# GROUP ORGANOGRAM



- Current AUM in investment management – R65.5 billion (FY14: R59.1 billion)
- Current third party AUA in Fund Services business
  - South Africa – R48.6 billion (FY14: R31.1 billion)
  - Ireland – €1.1 billion (FY14: €1.2 billion)
- Prescient Holdings and subsidiaries – Level II contributor in terms of the DTI code

# OUR BUSINESS STRATEGY





# Financial Highlights

PRESCIENT  
LIMITED



# FINANCIAL HIGHLIGHTS



## Financial Services

- **Investment Management**
  - AUM higher with increased flows from retail sales
  - Good performance with enhanced performance fee revenue
  - Very strong performance from China Balanced Fund
  
- **Prescient Fund Services and Prescient Fund Services (Ireland)**
  - Significant growth in third party AUA
  - Broadening of service offering
  
- **Prescient Life**
  - Growth in Prescient Life AUM
  - Well capitalised
  
- **Prescient Securities**
  - Highly rated research and execution offering
  - Pressure on revenues
  
- **Prescient Wealth**
  - Costs incurred for future growth
  - Corporate advisory generating revenue

# FINANCIAL HIGHLIGHTS



## Information Management Services

- Strong growth in revenue and earnings
- Demand for services remains high across all technology stacks
- Rand depreciation has enhanced revenue
- Strong local growth contributes to revenue generated in foreign currency at 50%
- Weakening rand has limited effect on costs
- Very satisfactory contribution from PBT Australia
- Headline earning adjustment of R5.6 million related to change in investment holdings

# FINANCIAL OVERVIEW



## Statement of Profit and Loss – continuing operations

	31-Mar-15	31-Mar-14	% Change
<b>R'000s</b>			
Revenue	835 861	664 626	26%
Operating expenses	(645 953)	(518 319)	
<b>Profit from operations</b>	<b>189 908</b>	<b>146 307</b>	<b>30%</b>
Other income	8 576	10 652	
Share of loss of equity accounted investee	(3 261)	(573)	
Finance costs	(9 212)	(4 155)	
<b>Profit before tax</b>	<b>186 011</b>	<b>152 231</b>	<b>22%</b>
Income tax expense	(45 671)	(39 591)	
<b>Profit after tax</b>	<b>140 340</b>	<b>112 640</b>	<b>25%</b>
Non controlling interests	(7 358)	(777)	
<b>Profit for the year, attributable to owners of the Company</b>	<b>132 982</b>	<b>111 863</b>	<b>19%</b>
Headline earnings adjustment	(8 491)	(2 909)	
<b>Headline earnings attributable to owners of the Company</b>	<b>124 491</b>	<b>108 954</b>	<b>18%</b>
Earnings attributable to FSP shareholders	(790)		
<b>Headline earnings attributable to ordinary shareholders</b>	<b>123 701</b>	<b>108 954</b>	<b>14%</b>

# FINANCIAL OVERVIEW



## Segmental reporting

	Financial Services		% Change	Information Management Services		% Change	Total		% Change
	2015	2014		2015	2014		2015	2014	
<b>R'000s</b>									
<b>Segment external revenue</b>									
Continuing	<b>352 931</b>	287 124	23%	<b>482 930</b>	377 502	28%	<b>835 861</b>	664 626	26%
Discontinued	-	94 906		-	-		-	94 906	
<b>Total segment external revenue</b>	<b>352 931</b>	382 030		<b>482 930</b>	377 502		<b>835 861</b>	759 532	
<b>Segment profit before tax</b>									
Continuing	<b>128 261</b>	108 080	19%	<b>57 750</b>	44 151	31%	<b>186 011</b>	152 231	22%
Discontinued	<b>(3 879)</b>	(48 724)		-	-		<b>(3 879)</b>	(48 724)	
<b>Total segment profit before tax</b>	<b>124 382</b>	59 356		<b>57 750</b>	44 151		<b>182 132</b>	103 507	

# FINANCIAL OVERVIEW



## Earnings per share

### Earnings per share - continuing operations

Earnings per share

Headline earnings per share

### Earnings per share - discontinued operations

Earnings per share

Headline earnings per share

### Earnings per share - total

Earnings per share

Headline earnings per share

Actual shares in issue (millions)

Weighted average number of shares in issue (millions)

	31-Mar-15	31-Mar-14	% Change
<b>Earnings per share - continuing operations</b>			
Earnings per share	<b>8.31</b>	<b>7.15</b>	16.3%
Headline earnings per share	<b>7.78</b>	<b>6.96</b>	11.8%
<b>Earnings per share - discontinued operations</b>			
Earnings per share	<b>(0.24)</b>	<b>(3.12)</b>	
Headline earnings per share	<b>(0.24)</b>	<b>(0.43)</b>	
<b>Earnings per share - total</b>			
Earnings per share	<b>8.07</b>	<b>4.03</b>	100.3%
Headline earnings per share	<b>7.54</b>	<b>6.53</b>	15.4%
Actual shares in issue (millions)	1 649	1 598	3.2%
Weighted average number of shares in issue (millions)	1 590	1 566	1.5%

# FINANCIAL OVERVIEW



## Dividend

The Company declared a dividend of 3.0 cents per share on 24 June 2015 for a total dividend for the year of 5.75 cents per share (FY14: 5.1 cents per share)

	31-Mar-15	31-Mar-14	% Change
Dividend per share	5.75	5.10	12.7%
Dividend cover (continuing operations)	1.45	1.40	3.3%

# Operational Overview

PRESCIENT  
LIMITED

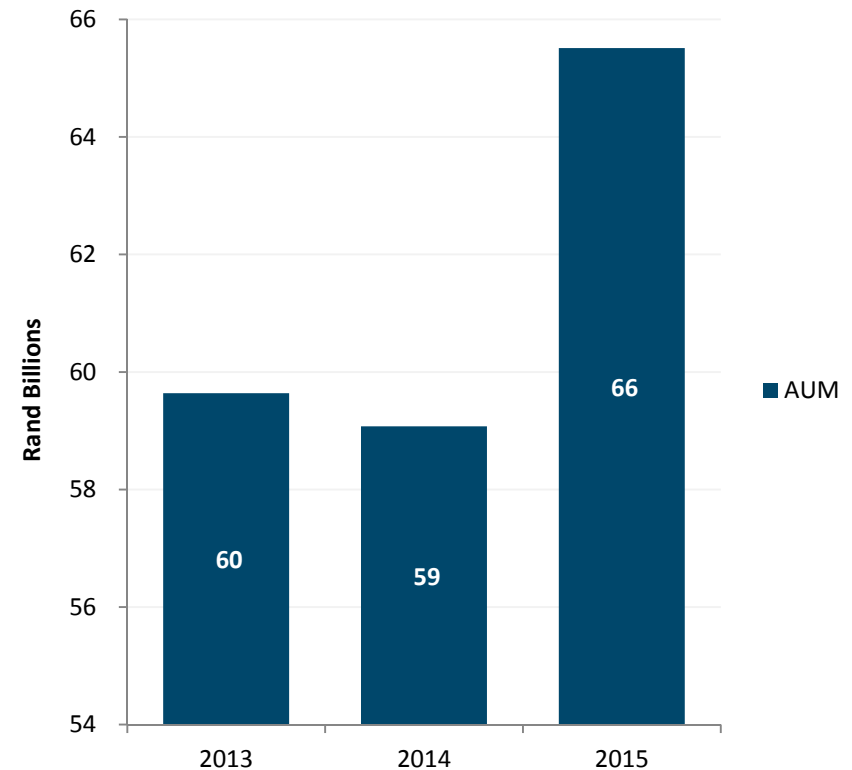




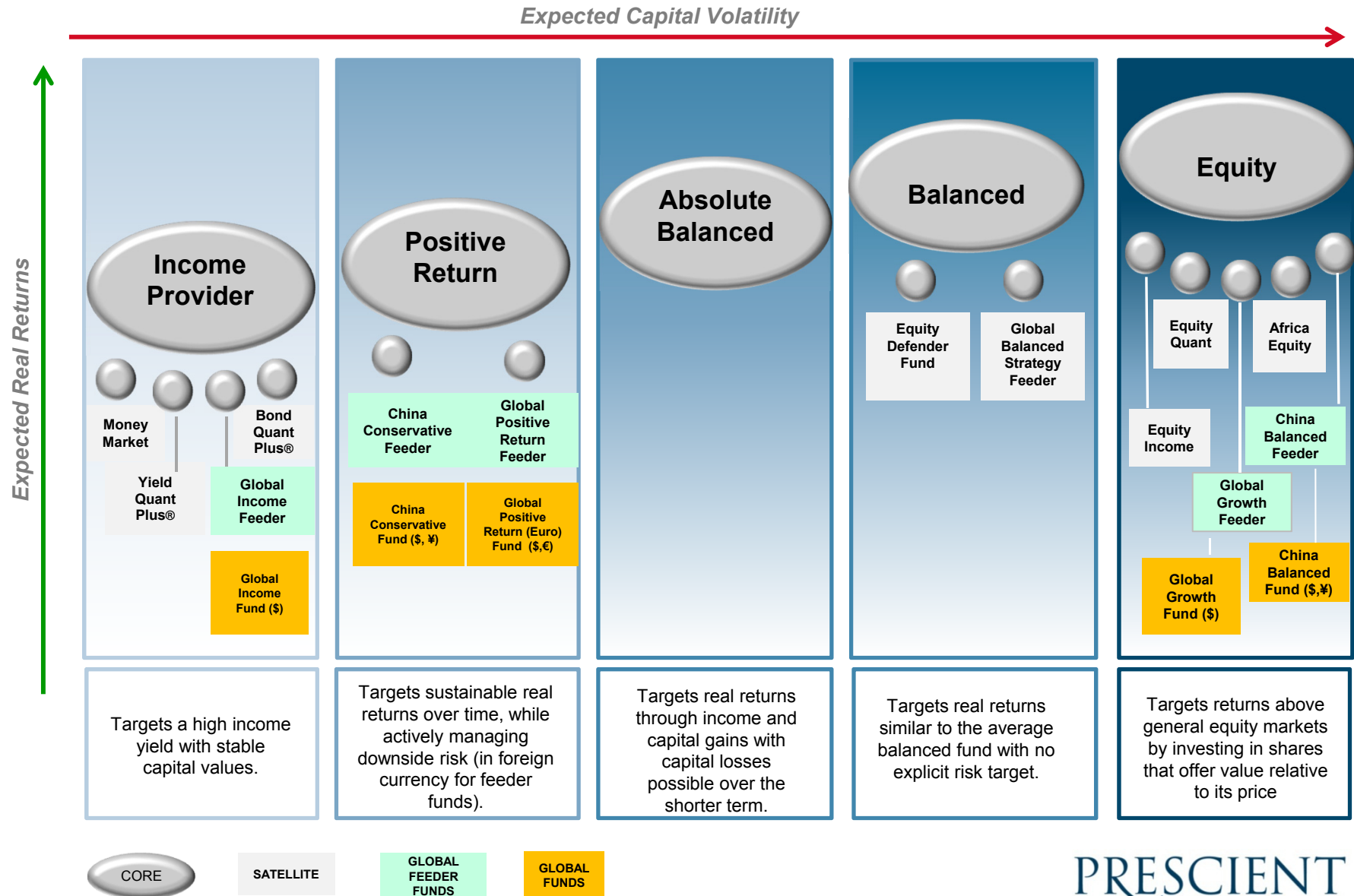


- 16 Year track record
- Specialising in the delivery of superior risk adjusted returns across a range of mandates
- Markets include South Africa, Africa, China, Global Developed Markets
- Assets under management of R65.5 billion (FY14: R59.1 billion)
- We focus on providing *appropriate solutions* in a changing investment environment
- Focus
  - Performance across mandates
  - Growth in retail base
  - Providing clients with cost effective solutions

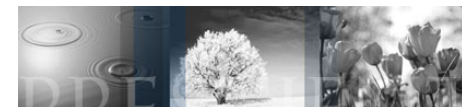
## Assets under management



# CORE SOLUTION RANGE



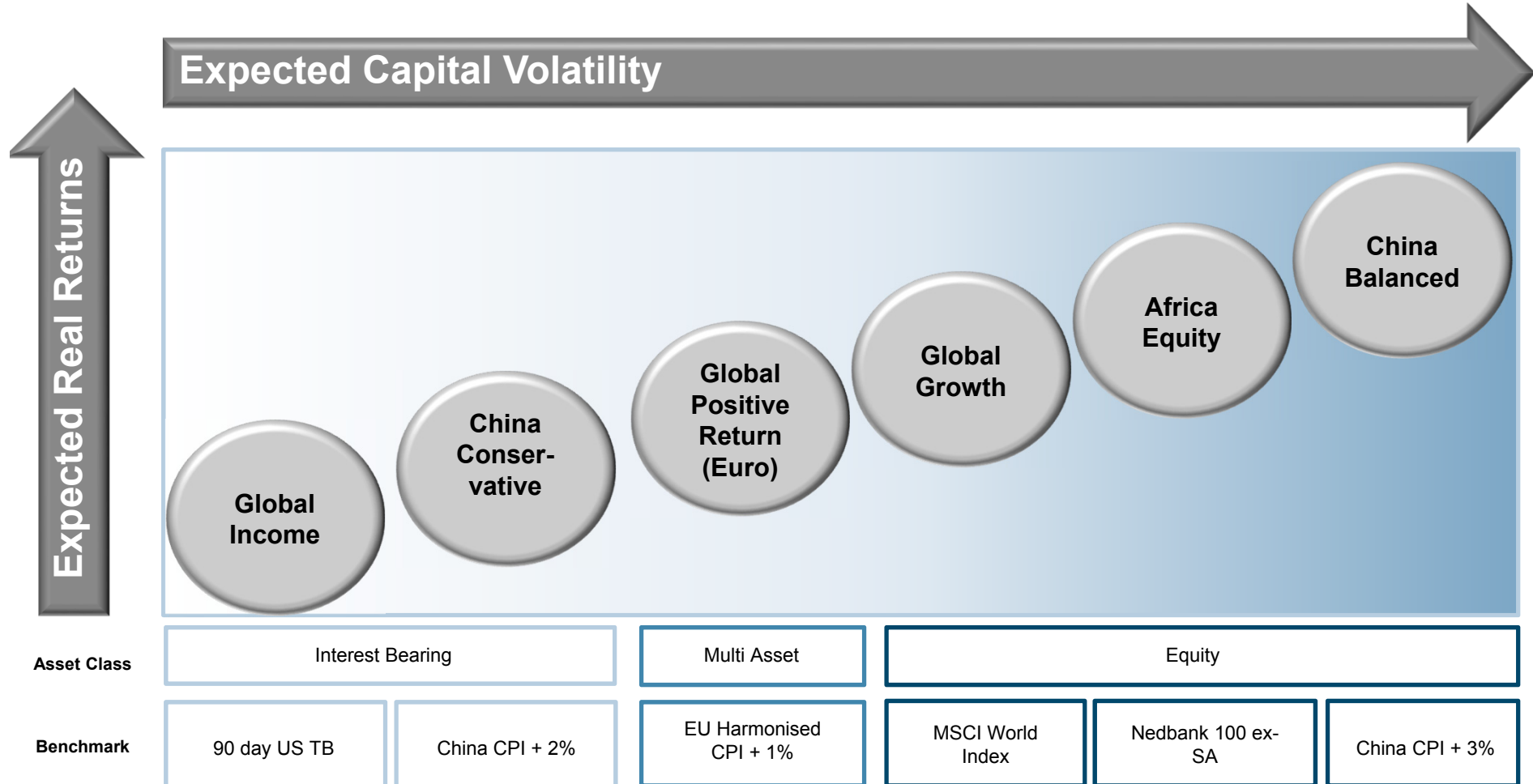
# PERFORMANCE



## Period Performance as at 31 March 2015

	3 Months			12 Months			Benchmark
	Fund	BM	Alpha	Fund	BM	Alpha	
<b>Balanced Funds</b>							
SA Absolute Balanced	4.10%	2.00%	2.10%	9.00%	8.40%	0.60%	CPI + 5%
Global Absolute Balanced	6.60%	2.00%	4.60%	16.70%	8.40%	8.30%	CPI + 5%
Prescient Balanced (Index)	5.90%	2.00%	3.90%				CPI + 5%
<b>Money Funds</b>							
Money Market	1.60%	1.40%	0.20%	6.80%	5.80%	1.00%	STeFi 3 Mths
Yield Q+	1.70%	1.30%	0.40%	7.40%	5.40%	2.00%	STeFi Call
<b>Income Funds</b>							
Income Provider	2.60%	1.40%	1.20%	10.30%	5.90%	4.40%	STeFi Call 110%
<b>Bond Funds</b>							
Bond Quant+	3.20%	3.00%	0.20%	12.30%	12.40%	-0.10%	ALBI
<b>Equity Funds</b>							
Equity Quant	5.70%	5.70%	0.10%	10.30%	10.20%	0.10%	Top 40 Index
Equity Fund (Was EAQ)	9.00%	6.90%	2.10%	19.80%	17.70%	2.10%	SWIX
Equity Income	7.20%	2.70%	4.50%	20.90%	11.70%	9.20%	FTSE/JSE Divi +
Equity SWIX Tracker	6.90%	6.90%	0.10%				SWIX
Living Planet Equity	7.10%	7.20%	-0.10%				Adjusted ALSI
Property Tracker	13.60%	13.70%	-0.10%				SA Listed Property Index
<b>Positive Return Funds</b>							
Positive Return	2.90%	1.80%	1.10%	8.00%	7.40%	0.60%	CPI + 4%
Pos Return Enhanced Min Below Zero	4.00%	1.80%	2.20%	10.30%	7.40%	2.90%	CPI + 4%

# PRESCIENT OFFSHORE RANGE



<b>Fund Type</b>	UCITS	<b>Registered Office</b>	33 Sir John Rogerson's Quay Dublin 2, Ireland
<b>Pricing</b>	Daily	<b>Client Services</b>	49 Upper Mount Street Dublin 2, Ireland
<b>Investment Manager</b>	Prescient Investment Management		Tel : 00 353 1 676 6959
<b>Custodian</b>	BNY Mellon Trust Company		email : aidan@stadia.ie
<b>Administrator</b>	Stadia Fund Management Ltd		
<b>Auditors</b>	KPMG		

# PERFORMANCE – OFFSHORE FUNDS



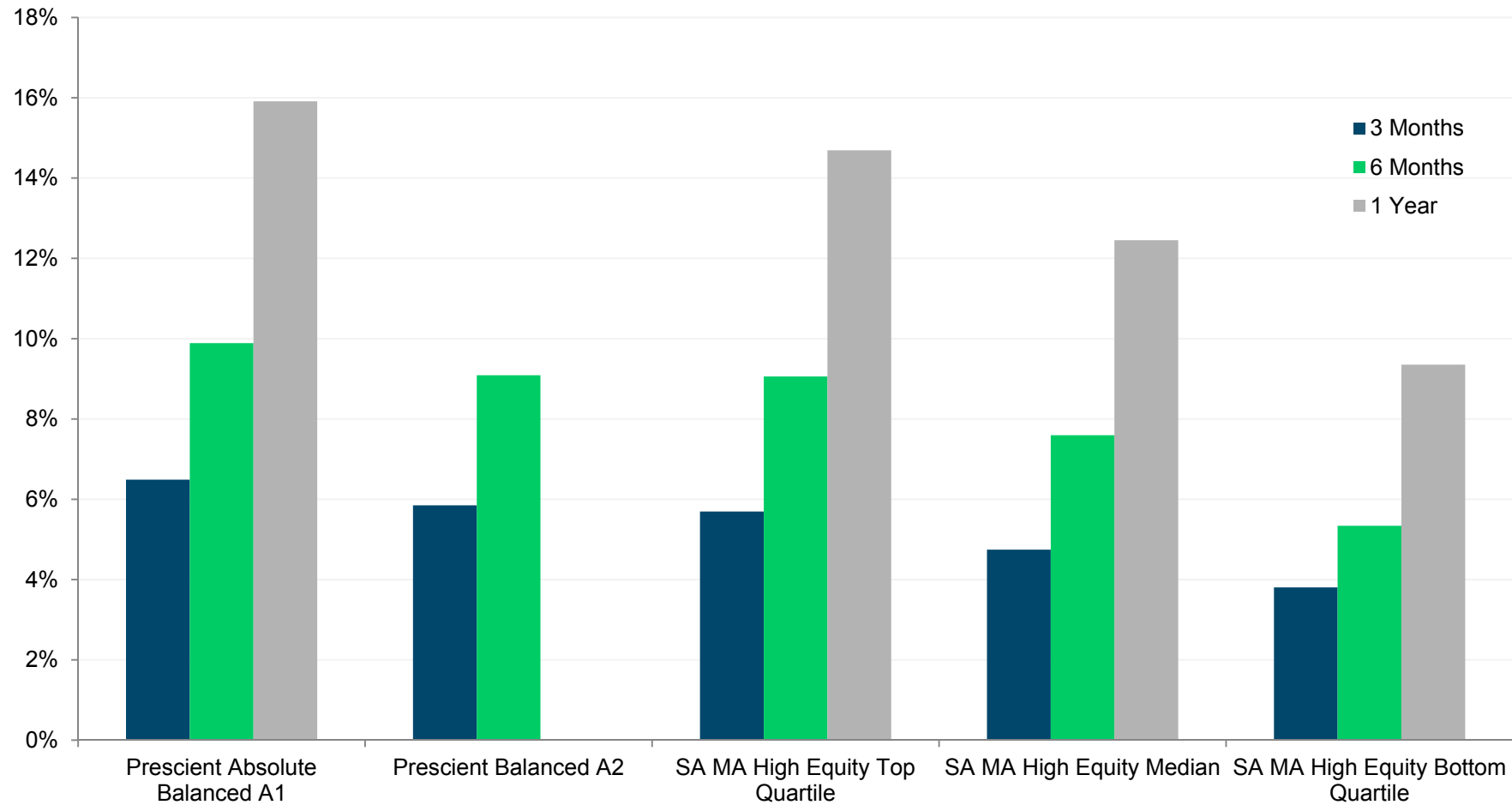
## Period Performance as at 31 March 2015

	3 Months			12 Months			Benchmark
	Fund	BM	Alpha	Fund	BM	Alpha	
<b>International Funds</b>							
Global Income US\$	0.00%	0.00%	0.00%	1.50%	0.00%	1.50%	USTB
Global PR (Euro)	4.10%	0.50%	3.60%	8.10%	0.60%	7.50%	EURO Inflation
Global Growth US\$	0.30%	2.50%	-2.10%	-0.70%	5.20%	-5.90%	MSCI/Inflation
<b>Africa Funds</b>							
Africa (Rand)	-2.10%	-1.30%	-0.80%	7.20%	10.40%	-3.20%	MSCI Africa/Nedbank 100
<b>Chinese Funds</b>							
China Balanced	27.00%	-1.10%	28.10%	95.40%	2.70%	92.70%	Chinese Inflation +3%
China Conservative	0.90%	0.20%	0.80%				US Libor

# FUNDS PERFORMANCE



## Multi Asset High Equity

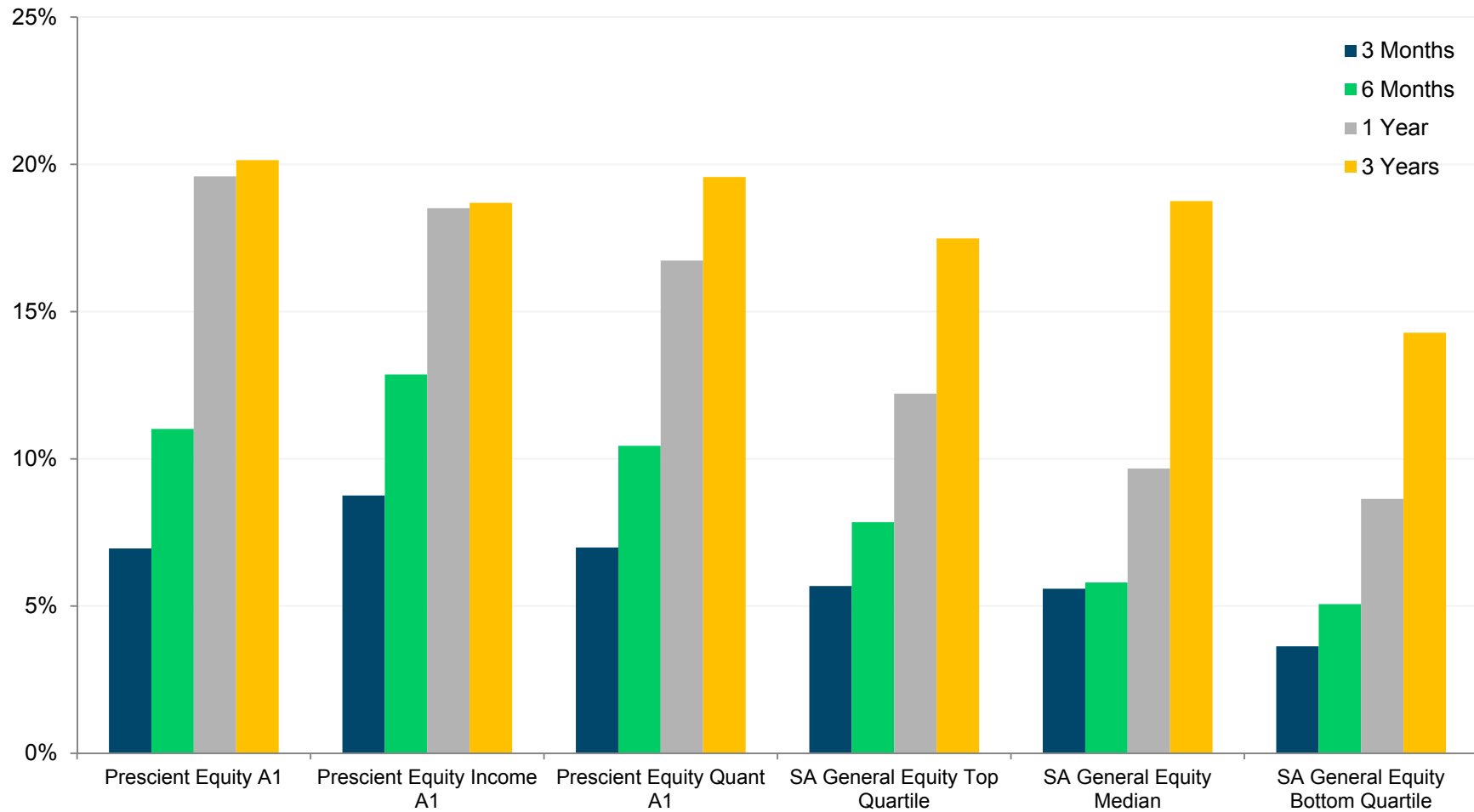


Source: Morningstar as at 31 March 2015. Comparison to top, median and bottom quartile within the Multi Asset High Equity Sector.

# FUNDS PERFORMANCE



## General Equity

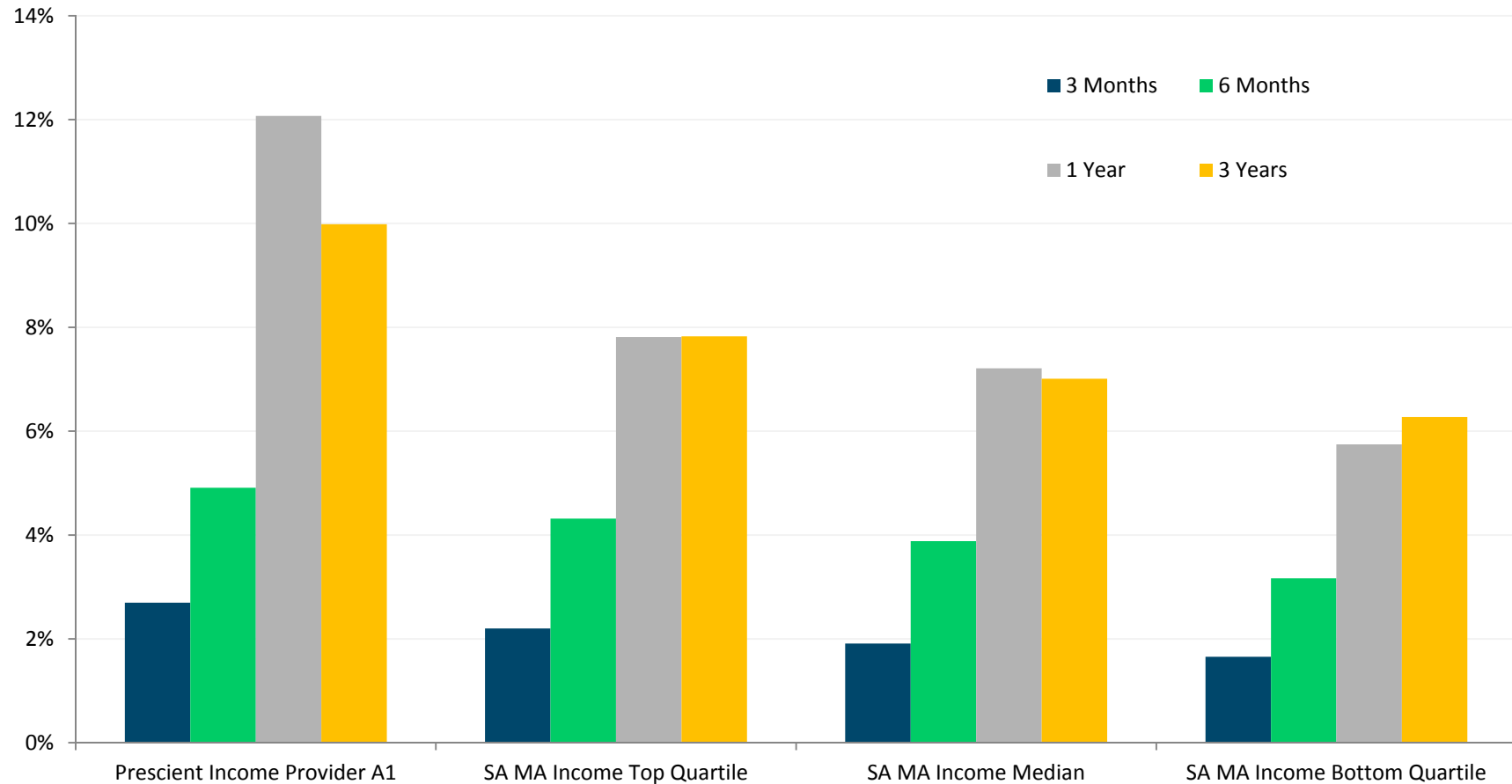


Source: Morningstar as at 31 March 2015. Comparison to top, median and bottom quartile within the General Equity Sector.

# FUNDS PERFORMANCE



## Income Funds



Source: Morningstar as at 31 March 2015. Comparison to top, median and bottom quartile within the Income Sector.

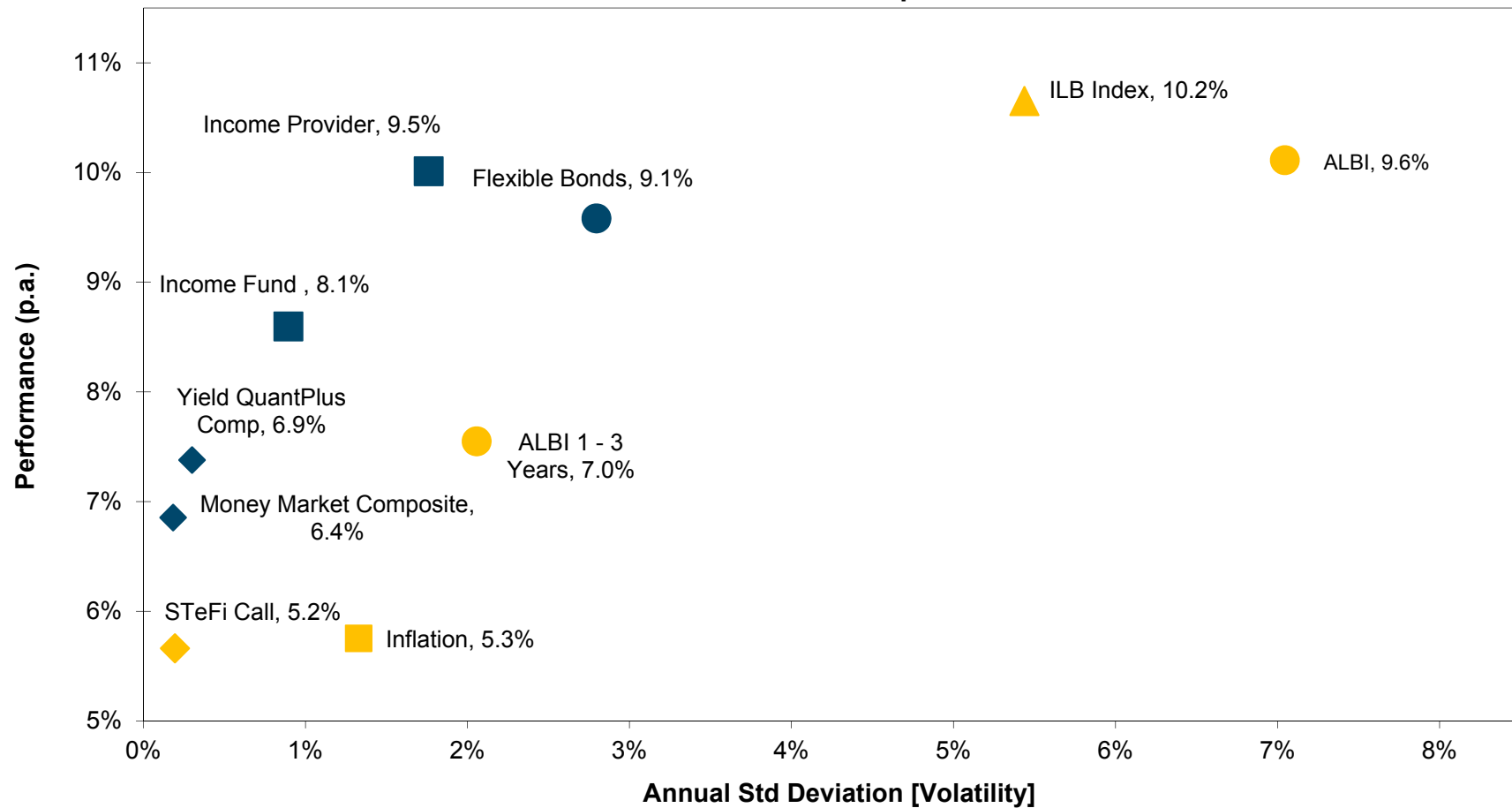


# PERFORMANCE



## Interest Bearing Funds

Prescient Interest Bearing Funds vs Benchmarks  
Five Years to 30 April 2015

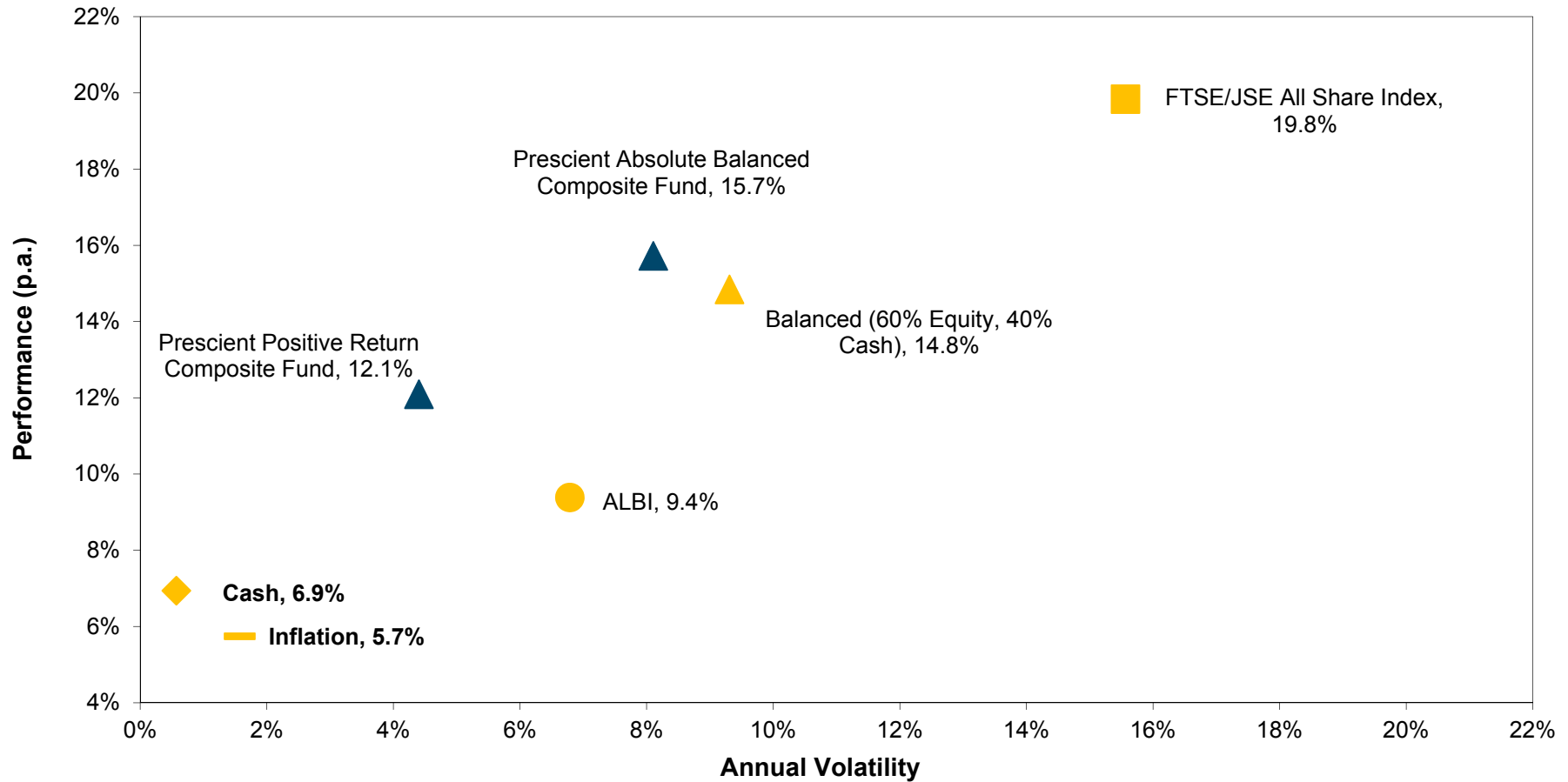


# PERFORMANCE



## Positive Return and Absolute Balanced Funds

**Prescient Positive Return and Absolute Balanced Fund vs Benchmarks**  
**Risk/Return - Since Inception of Absolute Balanced Fund (August 2003) to 30 April 2015**

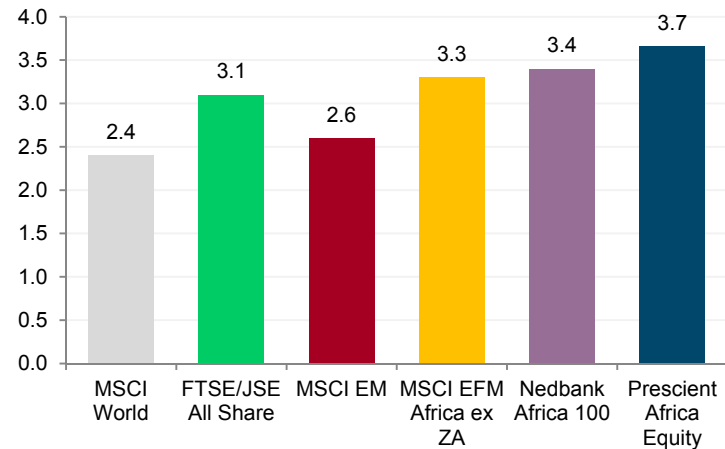


Gross composite returns from 31 August 2003 to end April 2015

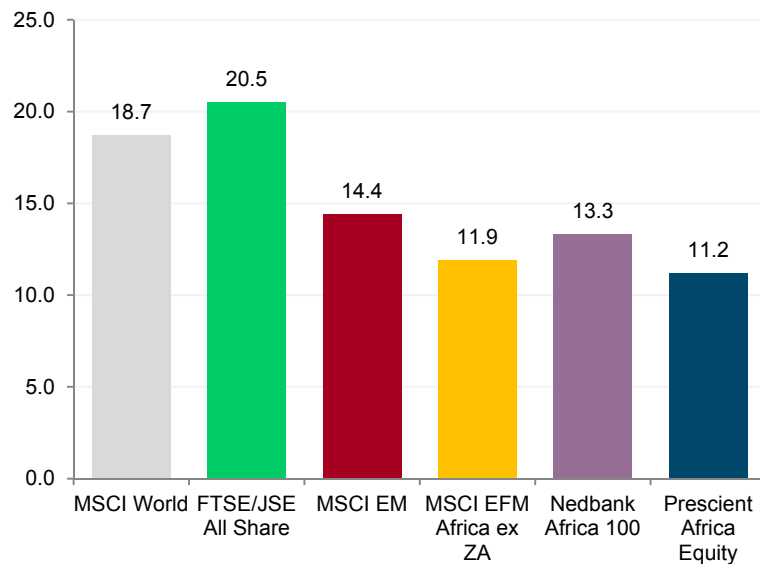
# THE AFRICAN STORY



## Dividend Yield



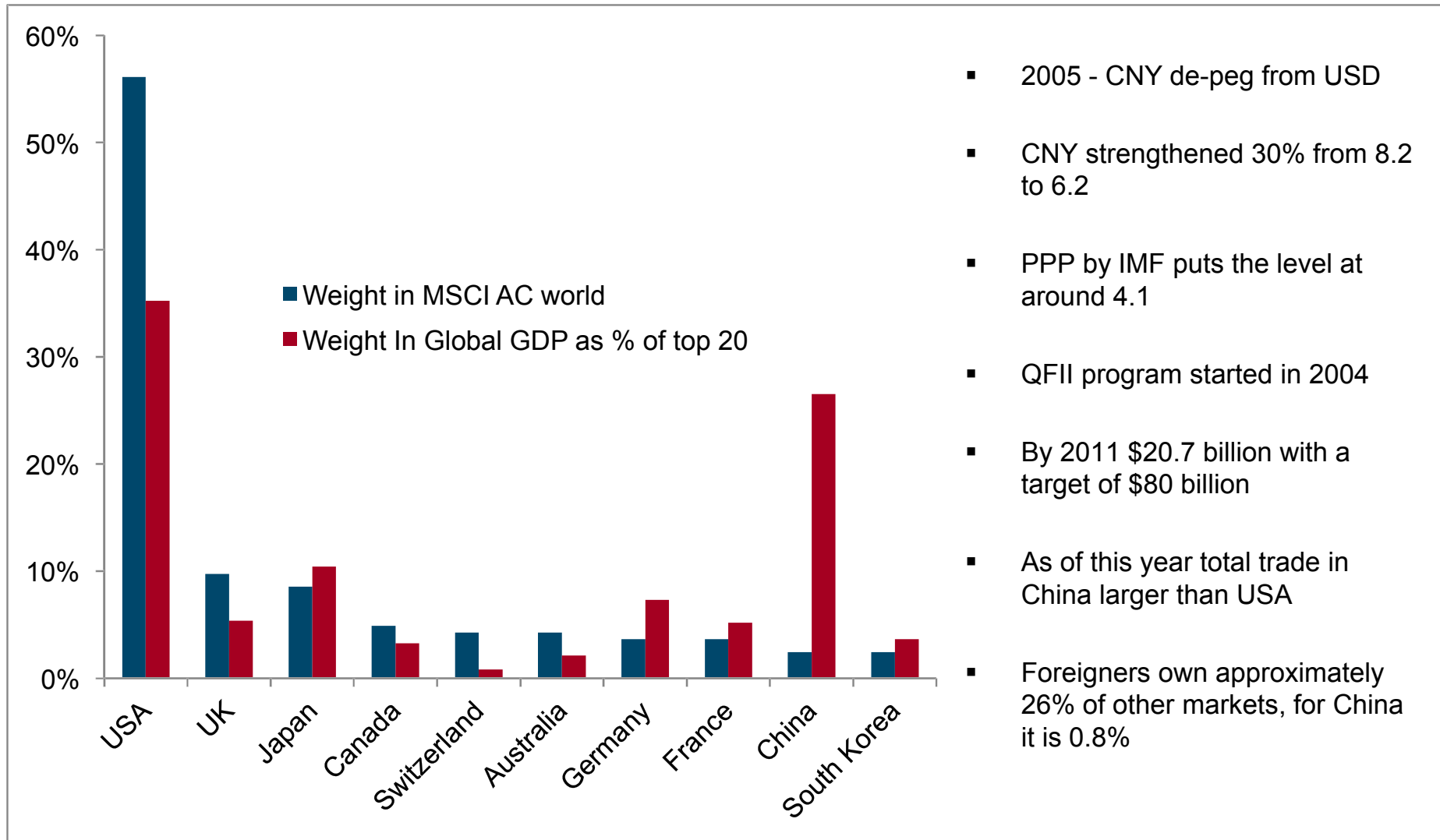
## PE Ratios



- Currently SA-based Unit Trust
- UCITS approved December 2014
- Convert CIS to feeder via asset swap
- Ballot currently in process
- Expected completion August 2015
- Motivation:
  - Foreign investor access
  - Allows for increased scale

Source: Bloomberg on 31 May 2015

# TOP COUNTRIES IN THE MSCI WORLD VS GDP



Source: Factset 2013



## Objective

- Deliver above inflation after fees (yields range from +3% to +8%)
- Less volatility than All Bond Index
- Strong Developmental, Environmental and Social impact

## Investment Universe

- Predominantly unlisted debt instruments
- Listed debt instruments for some liquidity
- Senior debt, subordinated debt, cash-flow securitisations
- Clean Energy
  - Wind, solar PV, solar CSP, hydro, biomass, co-generation, gas, energy efficiency, etc
- Infrastructure
  - Government buildings, roads, ports, housing, water, sanitation, healthcare, etc.

# RENEWABLE STATISTICS



	Unit	Round 1	Round 2	Round 3	Round 4	Total
<b>Financial Close</b>		<b>June '12</b>	<b>June '13</b>	<b>Nov '14</b>	<b>Oct '15</b>	
<b>Capacity offered</b>	MW	3 625	1 275	1 473	1 161	7 534
<b>Capacity awarded</b>	MW	1 416	1 044	1 456	1 105	5 021
<b>Projects awarded</b>	No	28	19	17	13	77
<b>Total investment</b>	Rm	47 792	28 059	44 413	48 886	169 150

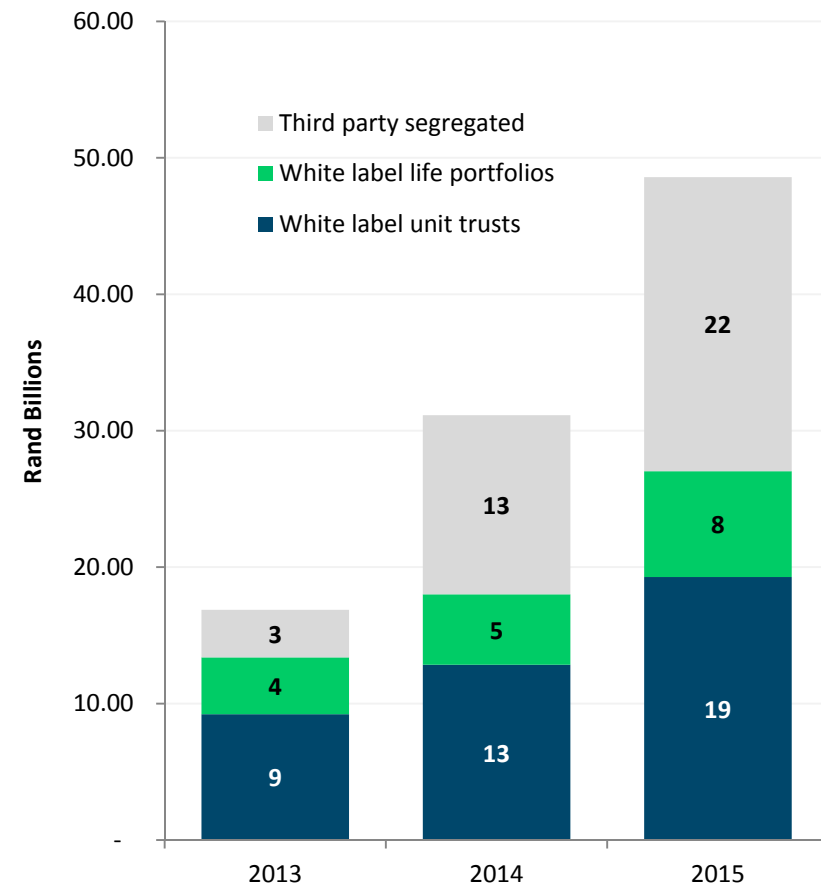
	Round 1	Round 2	Round 3	Round 4
<b>Wind (c/KWh)</b>	114.3	89.7	65.5	61.8
<b>Change in price</b>		-22%	-27%	-6%
<b>Cumulative price change</b>			-43%	-46%
<b>Solar PV (c/KWh)</b>	275.8	164.5	88.1	78.5
<b>Change in price</b>		-40%	-46%	-11%
<b>Cumulative price change</b>			-68%	-72%
<b>Eskom (c/KWh)</b>			72.0	77.6

# PRESCIENT FUND SERVICES AND PRESCIENT FUND SERVICES IRELAND



- Providing outsourced administration services since 2010
- Operating in South Africa and Ireland
- Significant growth in 3<sup>rd</sup> party AUA:
  - South Africa – R48.6 billion (FY14: R31.1 billion)
  - Ireland - €1.1 billion (FY14: €1.2 billion)
 Total local AUA amounted to R138.6 billion
- Specialist outsourced administration and platform services to:
  - Asset managers, multi-managers, hedge funds, pension funds and other institutional investment providers
- Significant investment in people and technology  
Technology systems include:
  - Eagle Investment systems
  - ThinkFolio
  - Vermillion
- Focus
  - Growth in third party clients
  - Successful integration of new clients
  - Competitive pricing structure
  - Further enhancement of front office and reporting capability
  - Hedge Fund administration capability

## South African assets under administration

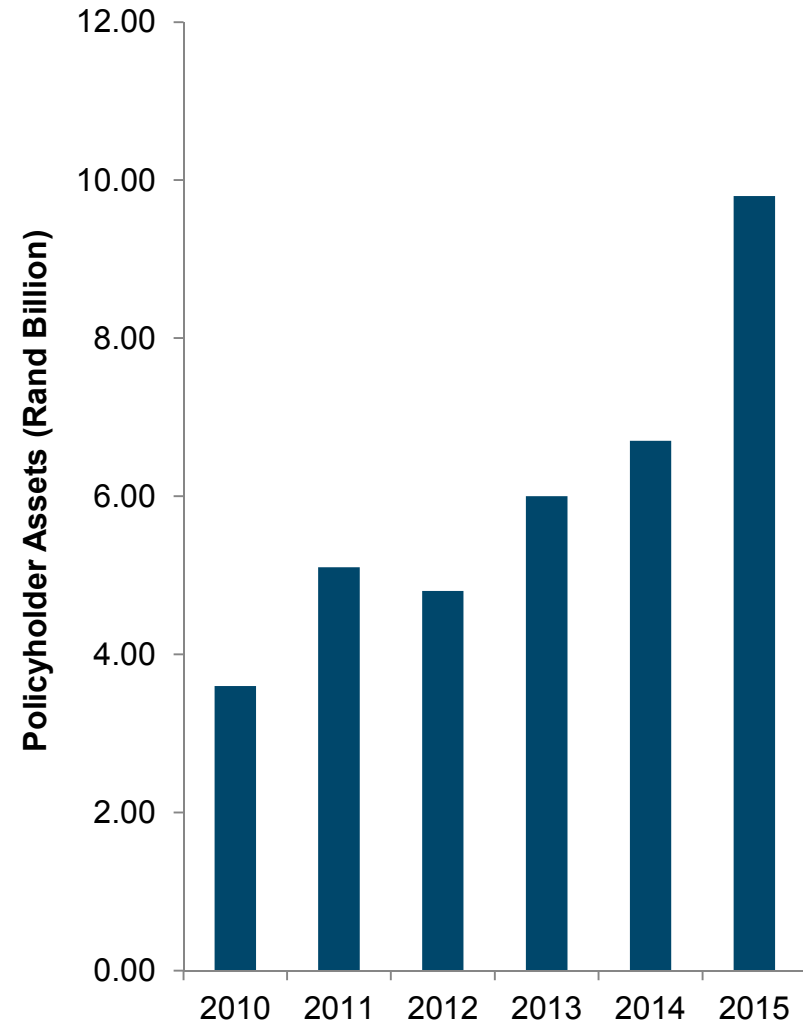


# PRESCIENT LIFE LIMITED



- Institutional: Offers a range of life-pooled portfolios managed by internal and third party managers with full administration services
- Retail: Offers retirement annuities, preservation funds, umbrella funds, living annuities, endowment policies and tax-free savings accounts
- Competitive advantages:
  - Value for money, flexibility, advanced systems and reporting, strong regulatory knowledge and insights
- Focus
  - Growing the platform and encouraging “Seamless Transition” into annuity products in retirement
  - Being fully SAM compliant and acquiring business of asset managers who wish to outsource their life-pooling
  - Growing the retail retirement and life products book with existing and new asset managers

## Policyholder Assets





## PRESCIENT SECURITIES



- Focus on the institutional fund management market
- Research and trade offering covers equity, derivatives and fixed income
- Consistent performance in FM rankings and Spire awards (refer to Appendix)
- Focus - Strengthen research/trade offering across asset classes

## PRESCIENT WEALTH MANAGEMENT

- Operating within the group since 2010
- An independent private client wealth and portfolio management business that provides clients with a comprehensive range of services
- FY16 focus
  - Continue to build private client manager team
  - Develop new distribution channels through key relationships
  - Develop strategic partnerships in the advisory business
  - Broaden offering by developing new funds and products

# INFORMATION MANAGEMENT SERVICES



- The PBT Group is a consulting company, specialising in data management, to SA, MEA and Australian clients
- These professional services are conducted in, amongst others, the Financial Services, Retail and Mobile Telecommunication sectors
- Successful track record in Africa and Middle East, operating since 2003
- Well established in Australia, operating since 2005
- Focus
  - Continued growing contribution to Prescient Group revenue and earnings
  - 50% of earnings generated offshore to diversify earnings base
  - Continued service delivery to clients in buoyant trading environment

# The Year Ahead

PRESCIENT  
LIMITED



# THE YEAR AHEAD

---



- Focus on investment performance
- Positioned for growth
  - Strong balance sheet
  - Technology platform
  - Appropriate solutions
- Maintain competitive positioning
- Specific focus areas:
  - Retail
  - Multi asset class performance
  - Prescient Wealth
  - Renewable energy
  - Africa
- Maintain our entrepreneurial culture
- Diversification within companies

# THE YEAR AHEAD



- Challenges
  - Regulatory burden
  - Pressure to reduce costs of investment management services
  - Dollar denominated costs for systems
  - Conversion time for Prescient Wealth
  - Pressure on revenue for Prescient Securities
  - Funding growth
- Earnings growth drivers
  - Improved performance
  - Growth of assets
  - Improved margins due to increase in retail flows
  - High demand for information management services
  - Growth of Prescient Fund Services (Ireland)

# Q&A

PRESCIENT  
LIMITED





## Regulatory Information

This presentation contains certain forward-looking statements. These forward-looking statements are based on current information and expectations, and involve a number of risks and uncertainties. Although Prescient believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to changes in economic and market conditions, changes in regulatory environment, fluctuations in security prices and exchange rates, and business and operational risk management. Prescient is under no obligation to update these statements once it has been posted or released.

The information contained herein is provided for general information purposes only. This information does not constitute a solicitation, recommendation, guidance or proposal, and the service provided is not intended nor does it constitute financial, tax, legal, investment or other advice.

Whilst reasonable steps are taken to ensure the accuracy and integrity of information contained herein, Prescient accepts no liability or responsibility whatsoever if any information is, for whatever reason, incorrect. Prescient further accepts no responsibility for any loss or damage that may arise from reliance on information contained herein.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up, and is therefore not guaranteed. Past performance is not necessarily an indication of future performance. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Where foreign securities are included in a fund it may be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Prescient Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Services Board in terms of the Collective Investment Schemes Control Act. Unit Trusts are traded at ruling prices set on every trading day. Unit trusts are allowed to engage in script lending and borrowing. Prescient is a full member of the Association for Savings & Investment SA (ASISA).

**Business address:**

Prescient House, Westlake Business Park,  
Otto Close, Westlake, Cape Town, 7945  
Tel: 021 700 3600  
Fax: 021 700 3700

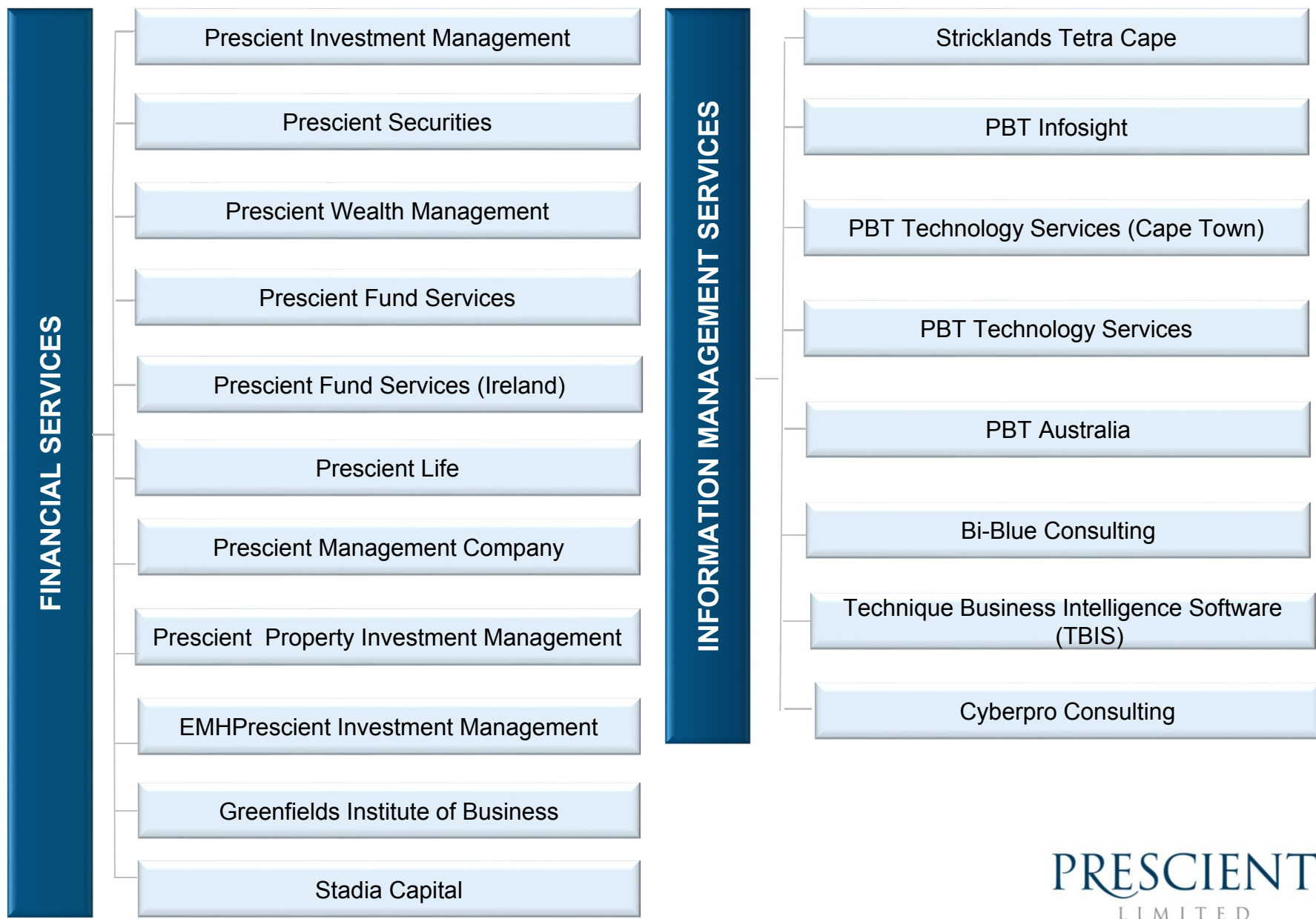
# Appendices

PRESCIENT  
LIMITED





# GROUP ORGANOGRAM



# INDUSTRY RECOGNITION



## PRESCIENT

- In 2014, Prescient was recognised as being one of the top 100 most Gender Empowered Companies in South Africa. Top Women in Business and Government Media research revealed Prescient as an organisation encompassing gender empowerment at the very core of our business practices.

## PRESCIENT INVESTMENT MANAGEMENT

- **2015 BATSETA Imbasa Yegolide Awards**
  - Bond Manager of the Year
  - Responsible Investment Consultant / Service Provider of the Year
  - Nominated in Absolute Return Manager of the Year category
  - Nominated in Responsible Investment Manager of the Year category
- **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
- **2014 Morningstar**
  - Nominated in Diversified Bond category
  - Nominated in Global Bond category

# INDUSTRY RECOGNITION



## PRESCIENT FUND SERVICES

- Prescient Fund Services uses Eagle Investment Systems as its primary administration system. The business unit received an award from Eagle for innovative use of its software.

## EMHPRESCIENT INVESTMENT MANAGEMENT

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

## 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.

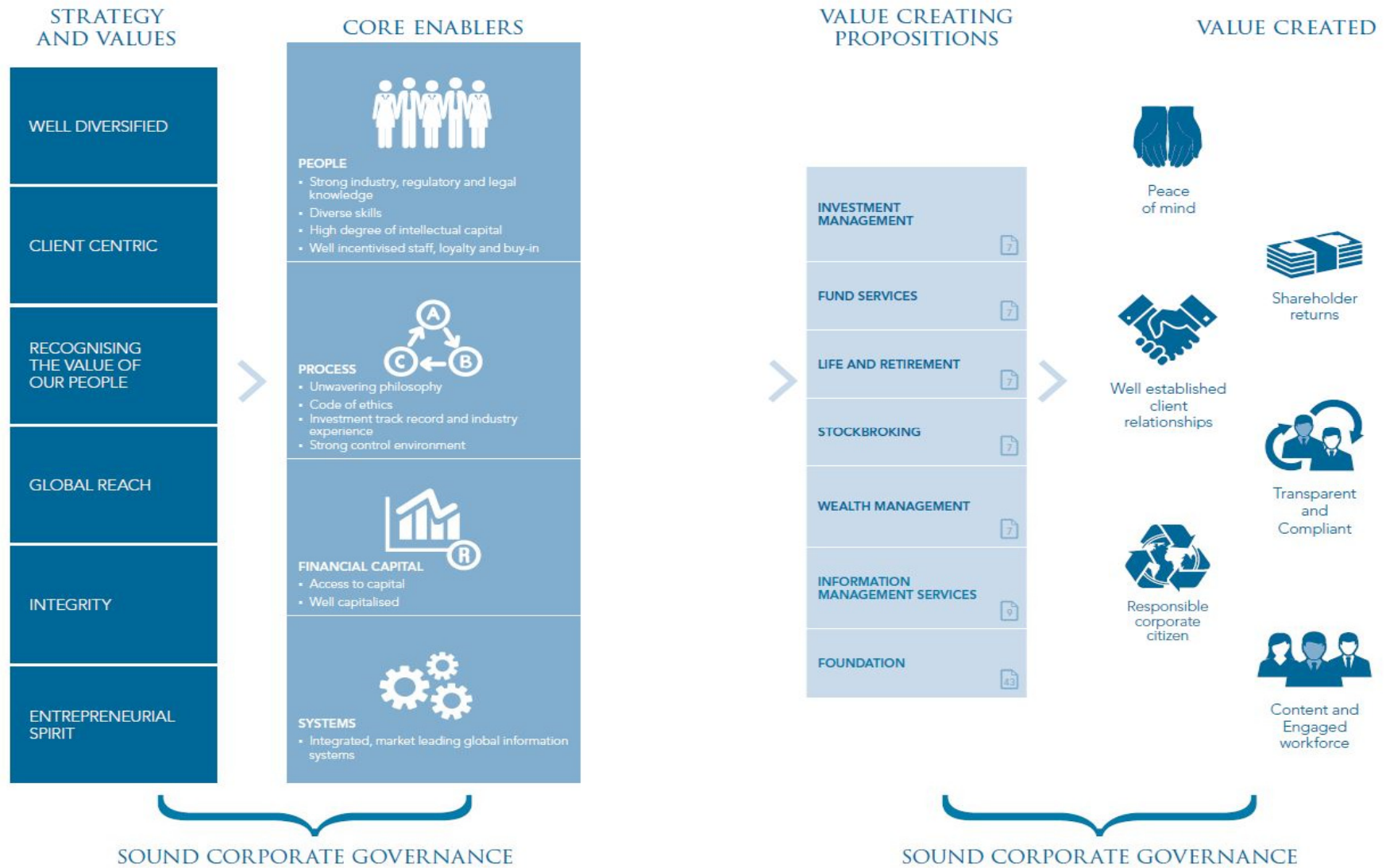
# INDUSTRY RECOGNITION



## PRESCIENT SECURITIES

- **The 2015 Financial Mail “Rating the Analysts (equities and derivatives) Awards”:**
  - #1 – Innovative Research
  - #1 – Electronic & Electrical Equipment
  - #2 – Derivatives Research
  - #2 – Derivatives Dealing
  - #3 – Financial and Industrial Small & Medium Market Cap Companies
  - #3 – Hotels, Travel & Leisure
  - #3 – Risk Management
  - #4 – Resources Small & Medium Market Cap Companies
  - #6 – Computer Services
  
- **The 2014 Spire Awards:**
  - #1 – Best Agency Broker House (Roll-up award)
  - #1 – Best Agency Broker – Bonds
  - #1 – Best Agency Broker – Listed Interest Rare Derivatives
  - #2 – Best Agency Broker – Listed FX Derivatives
  - #2 – Best Research Team – Quantitative Research

# PRESCIENT VALUE CREATION STORY BOARD

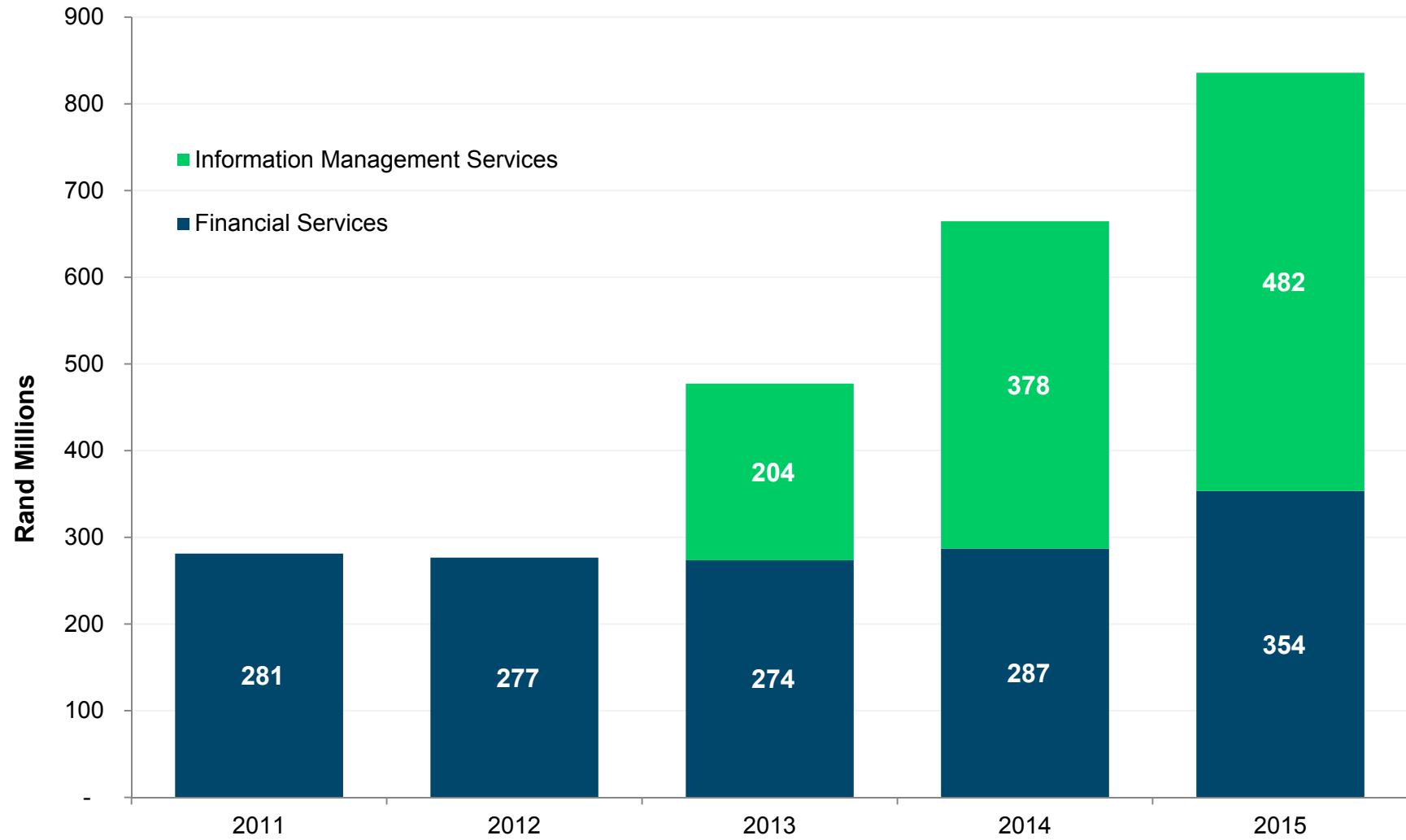


SOUND CORPORATE GOVERNANCE

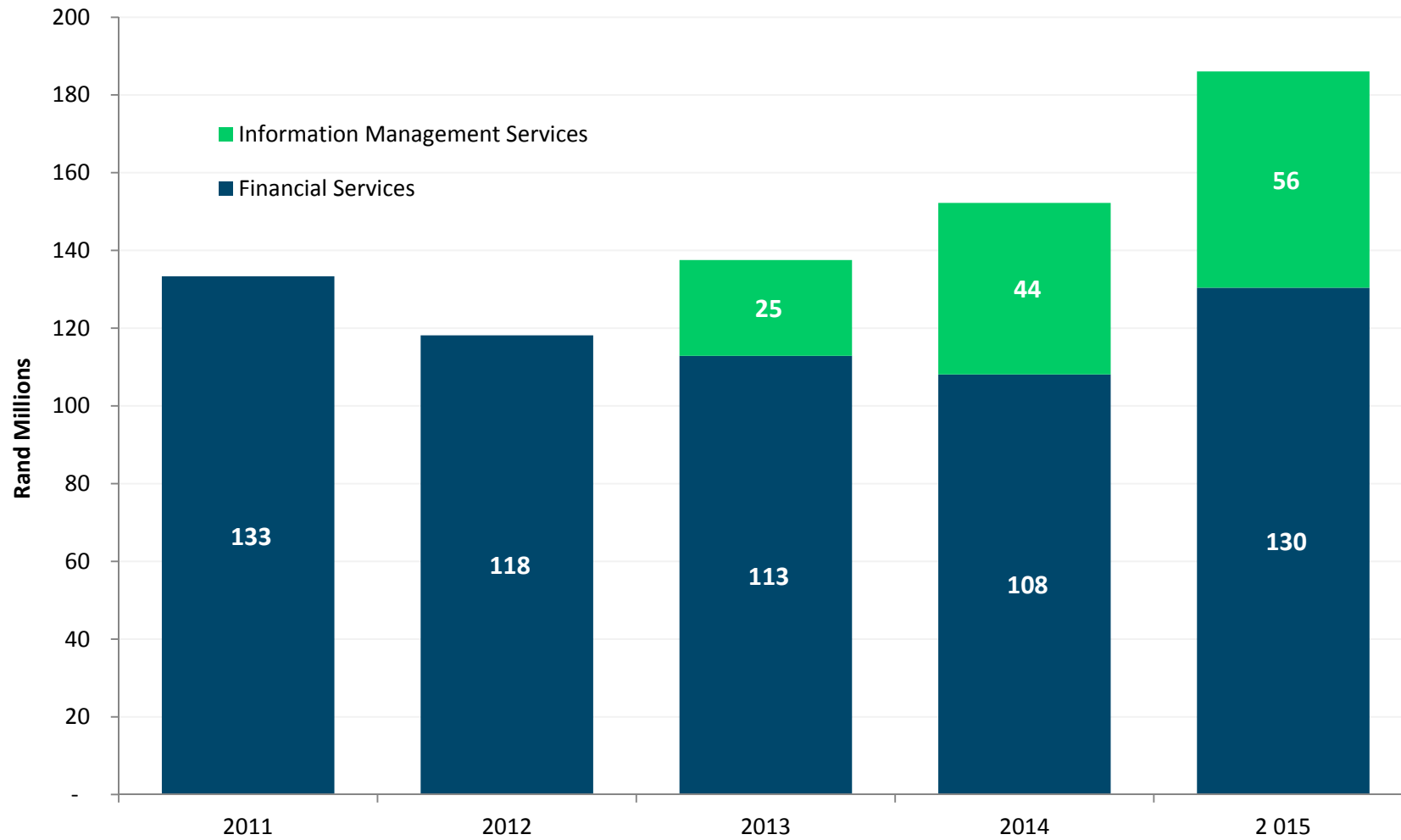
SOUND CORPORATE GOVERNANCE

PRESCIENT  
LIMITED

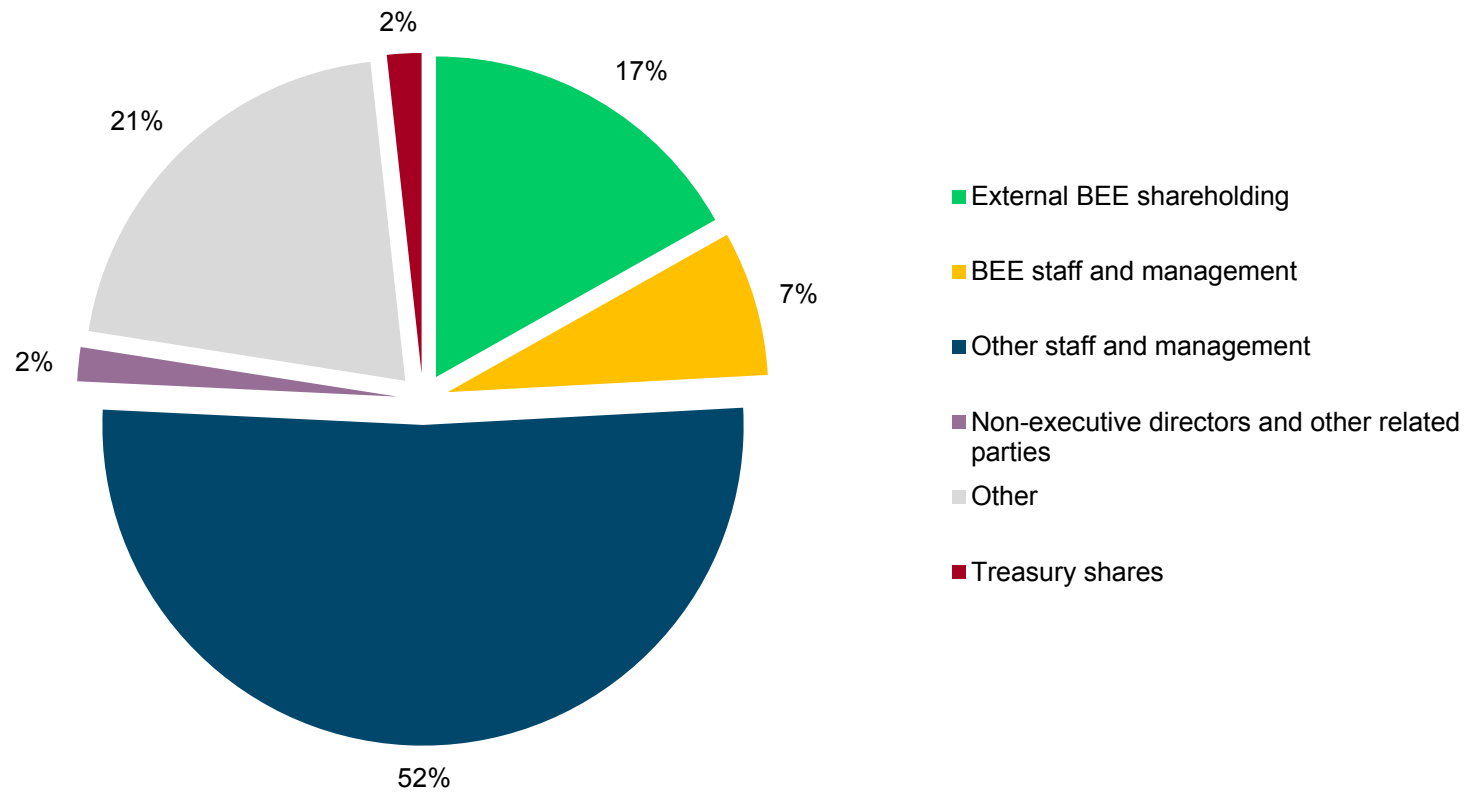
# REVENUE



# PROFIT BEFORE TAX



# ANALYSIS OF SHAREHOLDERS



As at 31 March 2015