

# PRESCIENT SPECIALIST INCOME FUND (B1)

## MINIMUM DISCLOSURE DOCUMENT & GENERAL INVESTOR REPORT

### INVESTMENT AND RETURN OBJECTIVE

The Fund aims to return CPI + 3% per annum through a full interest rate cycle while providing stability by aiming never to lose capital over any rolling 3 month period.

### INVESTMENT PROCESS

This Fund invests in local and offshore money market, bonds, inflation-linked bonds, preference shares, local only listed property and derivatives to meet the investment objectives. Fund performance can be generated from taking interest rate views, yield enhancement via credit instruments, asset allocation between income producing asset classes and also via the use of derivatives.

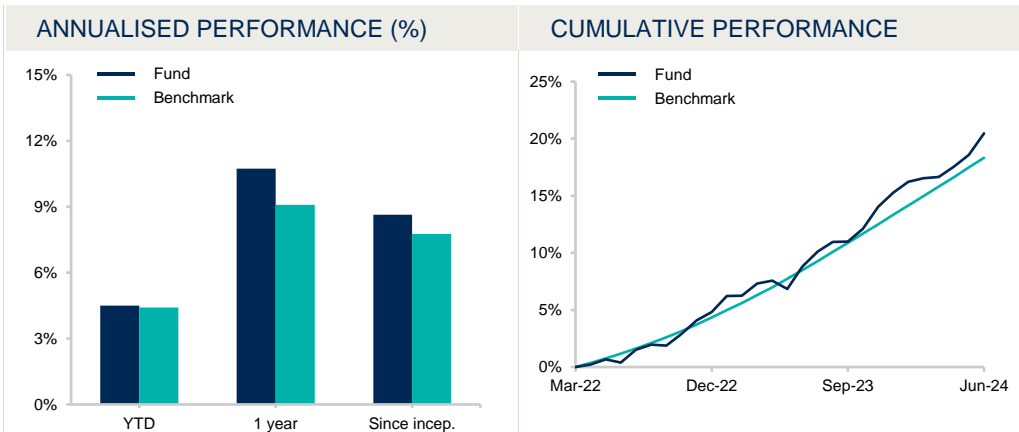
### WHO SHOULD INVEST

Investors seeking stable real returns and aiming to maximise income via exposure to primarily the South African Money and Bond markets. This Fund is suitable to medical aid schemes where investments need to comply with Regulation 30 of the Medical Schemes Act.

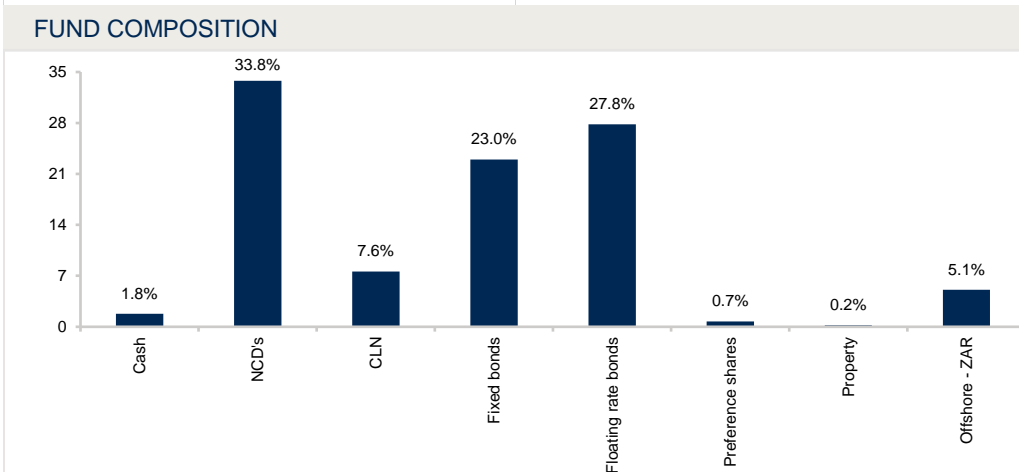
### RISK INDICATOR DEFINITION

These portfolios typically have no or low equity exposure, resulting in higher interest yields and stable capital values with the probability of capital losses over the shorter term (3 months) highly unlikely. These portfolios typically target returns in the region of 1% – 3% above inflation before tax over the long term.

## RISK INDICATOR



ANNUALISED PERFORMANCE (%)			RISK AND FUND STATS		
	Fund	Benchmark	Current	Fund	Benchmark
1 year	10.74	9.08	Yield (gross)	9.96%	
Since incep.	8.63	7.77	Average Duration	1.43yrs	
Highest rolling 1 year	10.98	9.08	Since inception (p.a.)	Fund	Benchmark
Lowest rolling 1 year	6.14	6.30	Alpha	0.87%	
			Sharpe Ratio	0.75	1.73
			Standard Deviation	2.12%	0.42%
			% Positive Months	88.89%	100.00%
			Max Drawdown	-0.67%	0.00%
			Max Gain	1.83%	0.74%



# Prescient

INVESTMENT MANAGEMENT

30 JUNE 2024

## ABOUT THE FUND

### Fund Manager:

Prescient Cash and Income Team

### Fund Classification:

South Africa - Multi Asset Income

### Benchmark:

STeFi Call 110%

### JSE Code:

PIMIB1

### ISIN:

ZAE000308128

### Fund Size:

R1.5 bn

### No of Units:

453,802,016

### Unit Price (cpu):

102.14

### Inception Date:

31 March 2022

### Minimum Investment:

R10 000 lump-sum

R1 000 per month

### Initial Fee:

0.00%

### Annual Management Fee:

0.25% (excl VAT)

### Fee Class:

B1

(All performance figures are net of TIC)

### Fee Breakdown:

Management Fee 0.25%

Performance Fees 0.00%

Other Fees\* 0.06%

**Total Expense Ratio (TER) 0.31%**

**Transaction Costs (TC) 0.00%**

**Total Investment Charge (TIC) 0.31%**

\*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

### Income Distribution:

31 March 2024 - 9.74 cpu

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## FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2022</b>				0.23%	0.43%	-0.26%	1.11%	0.45%	-0.09%	0.99%	1.17%	0.69%	4.81%
<b>2023</b>	1.34%	0.04%	1.00%	0.22%	-0.67%	1.83%	1.21%	0.77%	0.02%	1.03%	1.71%	1.08%	9.99%
<b>2024</b>	0.82%	0.28%	0.08%	0.79%	0.86%	1.60%							4.50%

## FUND COMMENTARY

June witnessed a repricing of interest rates locally, spurred by a more favourable global backdrop for risk, which coincided with a market-friendly election outcome. As a result, the local nominal Bond index ended the month up more than 5%. The Fund was ahead of its benchmark for the month, delivering strong performance. On the global macro front, recent communication from Federal Open Market Committee (FOMC) participants acknowledged substantial progress toward the committee's two percent inflation target over the past year, despite firmer-than-expected inflation readings in recent months. While some participants highlighted the broad-based nature of these inflationary increases, caution was expressed regarding the potential influence of residual seasonality on early-year inflation data. The market has adjusted to anticipate further interest rate cuts in the US and South Africa, in line with the more favourable global macro backdrop.

Given the movement in the SA yield curve, we continue to favour floating rate exposure in the 3-year area of the yield curve, with our fixed rate exposure concentrated in the 10-year area, where we perceive the greatest value considering the associated risk.

The Fund forward yield remains attractive at 9.96%. The Fund has an interest rate duration of 1.43 years.

The Fund was ahead of its benchmark for the month. We saw good contributions from all components of the portfolio, notably the duration position of the portfolio. The current risk in the portfolio aligns with the Fund's risk objective, and we see the Fund well positioned to achieve its return objectives.

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## GLOSSARY

**Annualised performance:** Annualised performance shows longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.

**Highest & Lowest performance:** The highest and lowest performance for any 1 year over the period since inception have been shown.

**NAV:** The net asset value represents the assets of a Fund less its liabilities.

**Current Yield:** Annual income (interest or dividends) divided by the current price of the security.

**CPU:** Cents Per Unit to the Glossary

**Alpha:** Denotes the outperformance of the fund over the benchmark.

**Sharpe Ratio:** The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.

**Standard Deviation:** The deviation of the return stream relative to its own average.

**Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.

**Max Gain:** Largest increase in any single month.

**% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.

**Average Duration:** The weighted average duration of all the underlying interest bearing instruments in the Fund.

**Forward Yield:** The Forward Yield is the expected combined income of the instruments in the portfolio over the next year expressed as a percentage of the current value of those instruments.

## Fund Specific Risks

**Default Risk:** The risk that the issuers of fixed income instruments may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.

**Derivatives risk:** The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.

**Interest rate risk:** The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises.

**Derivative counterparty risk:** A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

**Liquidity risk:** If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.

## Information Disclosure

The portfolio has adhered to its policy objective and there were no material changes to the composition of the portfolio during the quarter.

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## DISCLAIMER

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. During the phase in period TERs do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction cost is a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut-off time, Prescient shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at either 3pm or 5pm depending on the nature of the Fund. Prices are published daily and are available on the Prescient website.

Performance has been calculated using net NAV to NAV numbers, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

For any additional information such as fund prices, brochures and application forms please go to [www.prescient.co.za](http://www.prescient.co.za)

## CONTACT DETAILS

### Management Company:

Prescient Management Company (RF) (Pty) Ltd., **Registration number:** 2002/022560/07 **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 **Postal address:** PO Box 31142, Tokai, 7966 **Telephone number:** 0800 111 899 **E-mail:** [info@prescient.co.za](mailto:info@prescient.co.za) **Website:** [www.prescient.co.za](http://www.prescient.co.za)

### Trustee:

Nedbank Investor Services, **Physical address:** 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709 **Telephone number:** +27 11 534 6557 **Website:** [www.nedbank.co.za](http://www.nedbank.co.za)

The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments SA.

### Investment Manager:

Prescient Investment Management (Pty) Ltd, Registration number: 1998/023640/07 is an authorised Financial Services Provider (FSP 612) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision. **Physical address:** Block B, Silverwood, Silverwood Lane, Steenberg Office Park, Tokai, 7945 **Postal address:** PO Box 31142, Tokai 7966 **Telephone number:** +27 21 700 3600 **Website:** [www.prescient.co.za](http://www.prescient.co.za)

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