

# STONEHAGE FLEMING EQUITY PRESCIENT FUND

OUR FOUR FUNDAMENTAL  
QUALITY PILLARS - IDENTIFYING  
GLOBAL BEST IN CLASS BUSINESSES



## INVESTMENT OBJECTIVE

The aim is to maximise investor total return over the long term through a focused portfolio of high quality JSE listed equity securities.

The Fund has adhered to its policy objective.

## FUND FEATURES

A concentrated equity-only portfolio that may invest across all sectors of the JSE. The portfolio will hold between 20 – 30 companies.

## FUND COMMENTARY

The JSE Capped SWIX delivered its 6th consecutive month of positive returns, gaining 1.3% in August. Indicative of the positive sentiment prevalent a number of the fund's holdings attained either all-time highs or 52-week highs during the month, including Top 10 Holdings Capitec, FirstRand, Standard Bank and Shoprite.

Tencent, which is the key underlying investment of Naspers and Prosus posted another pleasing quarterly result to 30 June 2024. Revenue grew +8%, driven by strong games and advertising revenue growth. Gross profits grew +21% (2.6x revenue growth) as they continue to move towards higher-margin products whilst maintaining cost controls. Core operating profit grew +27% and profit attributable to shareholders grew +53%, as the net margin improved from 25% to 36%.

Standard Bank reported interim results to the end of June. The bank achieved a solid operational performance (i.e. at constant exchange rates) as banking revenue grew +13% with costs managed at +10%. However, after accounting for currency devaluations (mainly attributable to the -69% devaluation of the Nigerian Naira over the period) earnings improved by +4%. Management commented that credit impairments and returns on capital are expected to improve with the better economic outlook in SA from FY25.

AB InBev also reported interim results earlier in the month. Volumes declined -0.7%, driven by weaker volumes in China and the US. US volumes are expected to improve going forward as the Bud Lite PR fallout experienced from March 2023 is now behind them. Pricing improved +3.4%, and overall revenue improved +2.7% (and by +8.6% at constant exchange rates). The group benefitted from lower input price inflation and managed costs well as normalised operating profit grew +8.5% (and by +9.1% at constant exchange rates). Interest costs also improved and bottom line earnings attributable to shareholders grew +21.9% (and by +20.2% at constant exchange rates).

Data sourced from Company Financials and Factset.

Opinions expressed represent the view of SFIM(SA) at the time of preparation. They are subject to change and should not be interpreted as investment advice.

Past performance is not a guide to future performance.

<sup>1</sup> For periods longer than one year, returns are annualised. Annualised performance is the weighted average annual compound growth rate over the period measured.

<sup>2</sup> Benchmark is the JSE Capped SWIX Index. (Since 09/10/2023)

<sup>3</sup> Fund Inception Date: 1 June 2016

<sup>4</sup> The lowest and highest annualised performance numbers are based on 10 non-overlapping one year periods, or the number of non-overlapping one year periods from inception where performance history does not exist for 10 years.

Source for all performance is Bloomberg and Stonehage Fleming Investment Management (South Africa). Third parties (including Bloomberg and Factset) whose data may be included in this document do not accept any liability for errors or omissions. All performance is stated net of fees.

## INVESTMENT STRATEGY

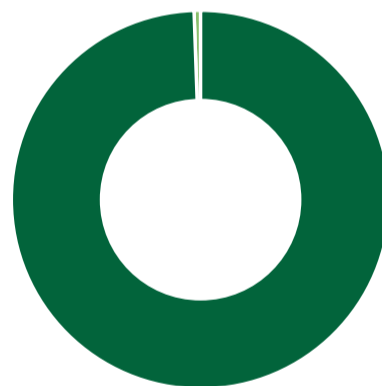
- Seek to identify exceptional businesses with sustainable long-term growth prospects and durable competitive advantages
- Fundamental, bottom-up research process
- Focus on quality of management, return on invested capital, free cash flow generation and balance sheet strength
- Predominantly larger capitalisation businesses; will consider exceptional smaller businesses that meet liquidity limits
- A concentrated, high-conviction portfolio
- Buy to hold orientation alongside disciplined selling process
- Benchmark agnostic, no active trading, no leverage, no hedging

## SUITABLE INVESTORS

The portfolio is suitable for investors who:

- Have a time horizon that exceeds five years
- Seek JSE listed equity exposure
- Have discretionary wealth and require little short-term income
- Can tolerate short-term market fluctuations in pursuit of maximising long-term total return
- Are comfortable to grant the portfolio manager a large degree of investment discretion

## ASSET ALLOCATION



99.5%

South African Equity

0.5%

South African Cash

## HISTORICAL PERFORMANCE<sup>1</sup> %

	1m	YTD	1Y	3Y	5Y	Since Inception <sup>3</sup>
Class A1	2.8	12.4	19.7	44.0	75.6	62.4
Annualised				12.9	11.9	6.0
Benchmark <sup>2</sup>	1.3	11.5	17.0	34.5	70.0	72.1
Annualised				10.4	11.2	6.8

## HIGHEST & LOWEST ANNUAL FIGURES(%)<sup>4</sup>

Highest Annual	28.18
Lowest Annual	-14.70

## CALENDAR YEAR PERFORMANCE<sup>1</sup> %

	2023	2022	2021	2020	2019
Class A1	21.3	-3.8	19.1	10.2	13.2
Benchmark <sup>2</sup>	7.9	4.4	27.1	0.6	6.8

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**Prescient**

Issue date: 3 September 2024

**STONEHAGE FLEMING  
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**TOP TEN HOLDINGS (% OF FUND)**

FirstRand Limited	8.3
Compagnie Financiere Richemont SA	7.4
Naspers Limited Class N	7.4
Bidvest Group Limited	6.4
Standard Bank Group Limited	6.3
Shoprite Holdings Limited	6.2
Prosus N.V. Class N	5.7
Bid Corporation Limited	5.2
Capitec Bank Holdings Limited	4.5
Pepkor Holdings Limited	4.3
<b>TOTAL</b>	<b>61.7</b>

Source: Stonehage Fleming Investment Management (South Africa)

**SECTOR BREAKDOWN (% OF FUND)**

Financials	32.7
Consumer Staples	26.9
Technology	13.1
Consumer Discretionary	11.7
Industrials	9.3
Basic Materials	5.8
Cash	0.5
<b>TOTAL</b>	<b>100.0</b>

Values may not add up to 100% due to rounding.

Source: Stonehage Fleming Investment Management (South Africa).

**INVESTMENT MANAGER INFORMATION**

Manager	Stonehage Fleming Investment Management (South Africa) (Pty) Ltd
FSP Number	42847
Address	First Floor North Block, Waterway House 3 Dock Road, Victoria & Alfred Waterfront Cape Town, South Africa
Website	www.stonehagefleminginvestments.com
Telephone	+27 21 301 0868
Email	jp.duplessis@stonehagefleming.com
Daily Pricing Information**	stonehagefleming.secureportal.co.za

\*\* Investors can register to the secure portal to have access to pricing history and Investor statements

**PORTFOLIO MANAGER**



**JEAN-PIERRE DU PLESSIS**

The fund is managed by Jean-Pierre du Plessis, a director of Stonehage Fleming Global Equity Management (South Africa). Jean-Pierre has almost 20 years experience in equity markets and joined the Group in 2011 to help establish the Group's onshore direct equity offering.

**ESTIMATED REGIONAL REVENUES (% OF FUND)**

Africa & Middle East	55.4
Americas	8.3
Asia Pacific	24.3
Europe	12.0
<b>TOTAL</b>	<b>100.00</b>

Source: Based on where underlying companies in the Stonehage Fleming Equity Prescient Fund derive their revenues.

Source: Bloomberg; Stonehage Fleming Investment Management (South Africa). Due to rounding, values may not add up to 100%.

**PORTFOLIO CHARACTERISTICS**

Average Market Cap (Billions ZAR)	598.1
Number of holdings	23
Return on Invested Capital	12.9%
Forward Dividend Yield (Gross)	3.0%
Forward Price-to-Earnings Ratio	14.9

Source: Bloomberg, Stonehage Fleming Investment Management (South Africa).

**FEES<sup>1</sup>**

Minimum Investment (Platform)	No Minimum
Minimum Investment (Direct)	R 10,000
Maximum Initial Advice Fee	N/A
Maximum Annual Advice Fee	1.15%
Investment Manager Initial Fee	N/A
Investment Manager Annual Fee	1.15%
Total Expense Ratio (TER)	1.15%
Transaction Costs (TC)	0.12%
Total Investment Charges (TIC)	1.27%

<sup>1</sup> Advice fees are negotiable between the client and their advisor. Annual advice fees are paid through a repurchase of units from the investor. The fund is available through certain LSPs which levy their own fees. Total Expense Ratio (TER) PERIOD: 1 July 2021 to 30 June 2024. Total Expense Ratio (TER) | 1.15% (A1 class) and 0.76% (A2 class) of the value of the Financial Product was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Cost (TC) | 0.12% of the value of the Financial Product was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product 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 Financial Product, the investment decisions of the investment manager and the TER. Total Investment Charges (TIC = TER + TC) | 1.27% (A1 class) and 0.88% (A2 class) of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product. Disclosed performance information is calculated after all fees and costs deducted. All fees inclusive of VAT where applicable.

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**FUND INFORMATION**

Portfolio Manager	Jean-Pierre du Plessis
Fund Size	R 765 million
Benchmark	JSE Capped Swix Index
Fund Type	CIS (Collective Investment Scheme)
Fund Domicile	South Africa
Base Currency	ZAR
Number of Units	802,053
Unit Price (cents)	1,440
ISIN	ZAE000218004
JSE Code	SFFA1
Inception date	01-Jun-16
Pricing	17:00 pm (SA)
Dealing	13:00 pm (SA)
Repurchase Period	Three business days
ASISA fund classification	South African - Equity - General
Risk Profile	Aggressive
Income declaration dates	March & September
Last two distributions*	31 Mar 2024: 16.90 cpu 6 Oct 2023: 14.59 cpu
Income payment dates	1st business day of April & October
Investment Manager	Stonehage Fleming Investment Management (South Africa) (Pty) Ltd
Trustee	Nedbank Investor Services 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709 +27 11 534 6557 www.nedbank.co.za
Management Company	Prescient Management Company (RF) (Pty) Ltd Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 0800 111 899 info@prescient.co.za www.prescient.co.za Registration number: 2002/022560/07

\* A special distribution was made 6 October 2023 due to the amalgamation that took place at that time.

**DISCLOSURES AND ADDITIONAL INFORMATION**

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Management Company: Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

This document has been issued by Stonehage Fleming Investment Management (South Africa) (Pty) Ltd (authorised and regulated in South Africa, FSP No: 42847).

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 TER's. During the phase in period TER's 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 costs are 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.

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 with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations 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)

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

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 South Africa.

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