LEGACY AFRICA
FUND MANAGERS

LEGACY AFRICA REGIONAL EQUITY PRESCIENT FUND

Minimum Disclosure Document & General Investor Report

30 September 2024

Fund Details

Fund Manager	Godwin Sepeng
Investment Manager	Legacy Africa Fund Managers
Inception Date	15 May 2023
Publication Date	22 October 2024
ASISA Classification	Global – Equity – Africa
Benchmark	MSCI EFM Africa ex-SA Index
Fund Size	R 33,337,445
Number of Units	33,337,445
NAV Price	100c
Initial Fees	0 %
Class	A1, A2, B
Management Fees	0.85%, 1.00%, 1.25%
Minimum Lump Sum	R50 000
Minimum Debit Order	R1 000
Income Declaration	Monthly

Fund Investment Policy

The Fund invests in companies that generate most of their business in Africa outside of South Africa. These companies are large, liquid and listed in any major stock exchange anywhere in the world. The Fund invests primarily in equity securities, although it can invest up to 20% in liquid non-equity securities such as preference shares, debentures, bonds, collective investment schemes, and cash. The Fund is at all times diversified across sectors and industries, countries, and currencies as well as stock exchange listings.

Sector Allocation

	Sector Allocation	Benchmark
Cash	18.5%	0,0%
Telecommunication Services	7.9%	15.1%
Financials	51.1%	51.8%
Health Care	0.0%	2.1%
Consumer Staples	11.5%	8.2%
Industrials	0.0%	4.9%
Materials	11.0%	8.8%
Real Estate	0.0%	7.3%
Other	0.0%	1.9%

Risk Profile

High Risk: The Fund is classified as high risk and is subject to the following risk factors: Country Risk, Currency Risk, Equity Risk, Industry Risk, and Repatriation Risk.

Country Risk: refers to the potential economic, political, and financial risks that may arise from investing or doing business in a particular country.

Currency Risk: also known as exchange rate risk, refers to the potential financial risk that arises from changes in currency exchange rates.

Equity Risk: also known as stock market risk, refers to the potential financial risk that arises from investing in stocks or other equity securities.

Industry Risk: refers to the potential financial risk that arises from investing in a particular industry or sector.

Repatriation Risk: refers to the potential financial risk that arises when a company or investor invests in a foreign country and faces difficulties repatriating their profits or capital back to their home country.

Asset Allocation

	Asset Allocation
Traded Cash	18,53%
Equity	81,47%

Country Allocation

	Country Allocation	Benchmark
Cash	18.5%	0.0%
Egypt	39.7%	19.7%
Kenya	18.9%	11.6%
Morocco	10.5%	49.7%
Nigeria	2.8%	0,0%
Mauritius	0.0%	8.3%
Tunisia	0.0%	4.7%
Other	9.6%	6.2%

Total Expense Ratio and Transaction Costs

Fee Component (per annum)	Class A1	Class A2
Management Fee (incl. VAT)	0.98%	1.15%
Other Fees	0.17%	0.17%
Total Expense Ratio	1.15%	1.32%
Transaction Costs	0.24%	0.24%
Total Investment Charge (TER +TC)	1.39%	1.56%

Notes

The TER is as of 30 September 2024.

All fees are annualised and include 15% Value Added Tax (VAT).

Class A1: Institutional class, not TFSA enabled.

Class A2: Institutional class, TFSA enabled.

Other Fees include banking, custody, audit and trustee fees.

Transaction costs include brokerage, and country specific transaction taxes and charges.

Fund Objective

The Fund's primary objective is the growth of capital invested over the long term. The Fund is expected to have a higher risk than the non-equity Funds, but with a higher expected return. The Fund is expected to generate its returns from capital growth as well as dividend income from its investee companies. The Fund aims to outperform African equity markets over the long-term at lower-than-average risk. The Fund's benchmark is the MSCI EFM Africa ex-South Africa Index. The Fund has adhered to its policy object

Fund Performance

Returns	Gross Fund	Net Fund	Benchmark
Cumulative:			
Since Inception: 1 July 2023	-6.23%	-7.38%	-7.41%
Annualised:			
Since Inception: 1 July 2023	-5.02%	-5.95%	-5.97%
Minimum 1 Year	-6.32%	-7.24%	-8.05%
6 Months	-0.91%	-1.40%	-3.22%
YTD	-11.96%	-12.61%	-8.36%

Notes

1. **Inception**: The Fund was under cashflow and trading embargo during the first 9 months preceding inception date. Performance is thus calculated from 1 July 2023.

2. **Benchmark:** The market value-weighted average return of funds in the Regional Equity General category. The Fund's geographic focus is Pan- Africa excluding South Africa. Source: FundsData.

Risk Metrics	Gross Fund	Net Fund	Benchmark
Minimum Rolling: 1 Year:	-8.179%	-9.071%	-9.332%
Maximum Rolling: 1 Year	-0.651%	-1.622%	-3.699%
Standard deviation	29.7%	29.6%	19.6%
Standard Downside Deviation	22.8%	22.9%	10.5%

Market Commentary

Market Review

The MSCI EFM Africa ex-SA Index, which tracks equity markets in one Emerging Market and twelve Frontier Markets excluding South Africa, had a stellar performance in the month of SEP'2024, gaining 4%. This one month performance catapulted the Index from a negative YTD return ending AUG'2024, to a positive return of 0.79% on a YTD SEP'2024 basis. Unsurprisingly, the material 50 basis point cut in the Federal Funds Rate supported frontier market valuations by weakening the dollar. Easing from the Bank of England, the European Central Bank and material monetary stimulus from the Chinese authorities also appear to have triggered the beginnings of a change in sentiment towards African frontier markets, with a soft landing narrative (decisive for frontier markets) decisively displacing fears of a hard landing across developed market economies.

On an 3 year annualised basis to SEP'2024, African frontier markets have underperformed the MSCI Emerging Markets Index, the MSCI World and All Country World Indexes, and even global real estate indexes which have been on a tear over the past 12 months. High global interest rates, the result of the recent supply constrained driven post-COVID inflationary spike, have been substantially destructive to frontier markets with their managed currencies and current account deficits. Much of the relative underperformance of African frontier markets over the 3 years to SEP'2024 is explained by currency liberalisation episodes in Egypt and Nigeria. In the first quarter of 2024, Egypt allowed its currency to float in order to unlock a final tranche of IMF liquidity support. Notwithstanding a 600 basis point increase in the interbank deposit rate, the currency crashed 35%, substantially reducing the dollar value of the MSCI Egypt Index. As a consequence, Egypt's market capitalisation in representative indexes fell below that of Morocco, which is presently the largest country by market capitalisation in representative frontier market indexes. Similarly, most index providers have removed Nigerian counters from their indexes. While the Central Bank of Nigeria has allowed liberalisation of the Naira, which has been devalued by 100% on a 3 year annualised basis to SEP'2024, foreign currency repatriation remains a challenge in Nigeria and the real interbank lending rate remains negative despite being set at an eyewatering 27.25%.

In contrast to Egypt and Nigeria, Morocco and Kenya have produced creditable returns on a YTD SEP'2024 basis. In dollar terms, The MSCI Kenya Index has gained 20% on a YTD basis while the MSCI Morocco has gained 18% on a YTD basis, both substantially ahead of the MSCI EFM Africa ex ZA index which barley managed to eke out a positive YTD dollar return. The Kenyan equity market performance belies a challenging macroeconomic backdrop, with widespread protests engulfing the country in June 2024 in response to the Finance 2024 bill which introduced sweeping spending cuts and tax hikes aimed at stabilising the budget and unlocking additional IMF support. Despite fiscal challenges, the Kenyan central bank has already cut its benchmark rate twice this year with inflation having been substantially tamed. The Kenyan currency is by far the best performing African currency on a YTD basis despite a cumulative 100 bps cut in the benchmark rate. With inflation at the lower end of the target band, a benchmark rate of 12% continues to be support the Kenyan currency. However, the inability to pass a politically palatable budget that also assures the IMF remains a risk. Morocco continues to be an island of stability, with anchored inflation expectations enabling the central bank to raise interest rates only marginally to combat the post-COVID inflation spiral. Furthermore, Morocco's resilient current account balance has enabled the country to continue managing its currency while a number of frontier markets have been forced to liberalise their currencies.

Green shoots of economic recovery appear to be sprouting across frontier market economies notwithstanding cross-cutting fiscal impediments after governments had to support economies in the face of COVID and the risks to food inflation posed by the current El Nino cycle. Forecasters have upgraded their 2025 growth expectations for frontier economies as the synchronised interest rate cutting cycle gathers pace. Egypt is expected to benefit from declining inflation, Nigeria from increased oil production and ECOWAS is expected to benefit from energy sector reforms. Despite fiscal challenges, Kenya and Uganda are expected to grow faster than in 2024, and Mozambique and Zambia are expected to recover from El Nino driven drought conditions.

Relative to the General Equity Africa classification, the fund outperformed in the 3 months to SEP' 2024. However, the Fund has underperformed the MSCI EFM Africa ex ZA index in the third quarter of 2024. On a 1 July 2023 since inception basis, the fund is ahead of the General Africa Equity Classification but behind the MSCI Africa Ex ZA Index. Across the quarter, the fund's ZAR based AUM grew from ZAR 33.2 million to ZAR 33.3 million despite a substantially strong Rand. The fund benefited from its position in Centamin Plc which appreciated 25% after accepting a buyout offer from Anglo Gold. With gold bullion supported by bullish expectations as a result of declining interest rates and ongoing geopolitical dislocation, we expect the Fund's exposure to Centamin Plc and Endeavour Mining Plc to buoy the Fund's performance. Across the quarter we trimmed the Fund's overweight position in Qatar National Bank (QNBA). We remain overweight this counter. We remain significantly constructive on the starting valuations of African Frontier markets (excluding Morocco). We expect falling rates globally to kickstart an unwinding of valuations which deeply depressed.

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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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