ClucasGray Equilibrium Prescient Fund

MINIMUM DISCLOSURE DOCUMENT 30 NOVEMBER 2024

FUND OBJECTIVE & STRATEGY

The ClucasGray Equilibrium Prescient Fund is a Regulation 28 compliant, multi-asset high equity fund. The Fund aims to provide long term capital growth ahead of its peer group by delivering both income and capital growth in excess of inflation over time. The Fund aims to achieve these objectives through an active approach to asset allocation, and via superior stock selection. Fundamental analysis, a valuation discipline and a belief that inefficient markets create opportunities in mispriced assets underpin both our asset allocation and stock selection process.

FUND INFORMATION

Portfolio Managers:	Andrew Vintcent & Grant Morris
Inception Date:	16 January 2015
Fund Size:	R1276 million
Unit Price:	173.25 cents
ASISA Category:	South African Multi-Asset High Equity
Benchmark:	Market value-weighted average return of ASISA category
Min Lump Sum:	R10 000
Min Monthly Investment:	R1 000
Issue Date:	10 December 2024
ISIN:	ZAE000243838

WHO SHOULD INVEST

The Fund is an ideal wealth creation vehicle for investors with a medium to long-term investment horizon.

RISK INDICATOR

Generally, these portfolios hold more equity exposure than lower risk profiled portfolios. These portfolios therefore tend to carry more volatility. Expected potential long-term returns could be higher than other risk profiles, in turn potential losses of capital could be higher.

LOW	LOW - MED	MED	MED - HIGH	HIGH

NET PERFORMANCE (ANNUALISED) AT 30 NOVEMBER 2024

	3-Months	6-Months	1-Year
Fund*	3.8%	14.7%	19.1%
Class B2***	3.8%	14.7%	19.1%
Class B1	3.8%	14.6%	18.9%
Class C**	3.7%	14.4%	18.5%
Peer Group	3.4%	8.6%	14.8%

	3-Year	5-Year	Since Inception
Fund*	12.3%	12.0%	9.8%
Class B2***	12.2%	11.9%	9.9%
Class B1	12.0%	11.7%	9.6%
Class C**	11.6%	11.3%	9.2%
Peer Group	9.2%	10.0%	7.3%

CALENDAR YEAR PERFORMANCE

	Fund	Class B2***	Class B1	Class C	Peer Group
2015*	12.5%	0.0%	12.2%	11.8%	7.9%
2016	5.1%	0.0%	4.9%	4.6%	1.2%
2017	11.9%	7.8%	11.6%	11.3%	9.1%
2018	1.4%	1.3%	1.2%	0.8%	-3.8%
2019	8.8%	8.7%	8.6%	8.2%	9.7%
2020	-0.3%	-0.5%	-0.6%	-0.9%	4.9%
2021	28.4%	28.4%	28.2%	27.7%	20.0%
2022	4.4%	4.3%	4.1%	3.8%	-0.1%
2023	11.5%	11.4%	11.2%	10.8%	12.3%
2024**	16.2%	16.1%	15.9%	15.6%	12.6%

* Since inception 16 January 2015

** Year to date

*** Class B2 Inception 31 May 2017

ROLLING 12 MONTH RETURN

	Highest	Average	Lowest
Fund Class B2***	34.9%	9.6%	-17.2%
Fund Class B1	34.7%	8.9%	-17.4%
Fund Class C**	34.2%	8.5%	-17.6%

* Fund performance is the net weighted average fee return for the fund

** Highest Fee Class

*** Class B2 Inception 31 May 2017

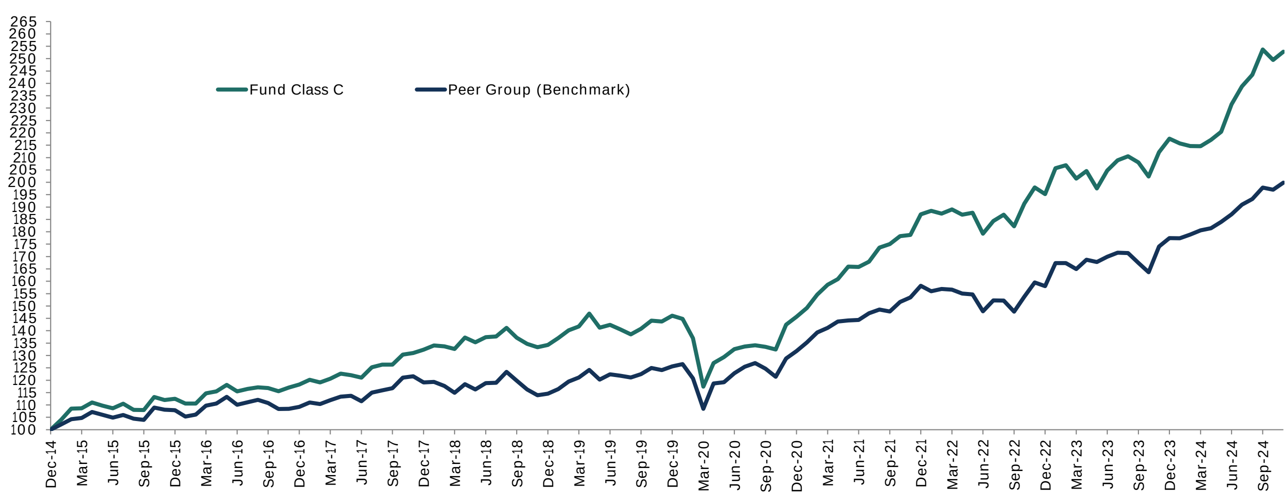
RISK & FUND STATS (ANNUALISED SINCE INCEPTION)

Max Drawdown*	-20.1%
Max Gain**	8.1%
% Positive Months	64.7%

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

** Largest increase in any single month.

CUMULATIVE VALUE OF R100 INVESTED AT INCEPTION VS BENCHMARK (ILLUSTRATIVE PERFORMANCE)



Source: Prescient Fund Services 30 Nov 2024

The illustrative investment performance is shown for illustrative purposes only and is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date.

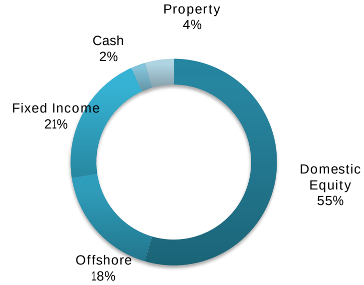
TOP 15 SA EQUITY HOLDINGS

ABSA	Motus Holdings
Adcock Ingram	MTN
AECI	Naspers
African Rainbow Minerals	Old Mutual
Anglo American	Premier Group
British American Tobacco	Reunert
Firstrand	Standard Bank
KAL Group	

The Top 15 holdings make up 37% of the total fund.

FUND ASSET ALLOCATIONS

Asset Class	%
Domestic Equity	54.5%
Foreign Equity	16.1%
SA Cash	2.3%



DISTRIBUTIONS

Distribution Frequency	Annually
Distribution Date	02 April
Last Distribution	6.2 cents per unit

FEE STRUCTURE

TER	Class B2	Class B1	Class C
Annual Management Fee (excl. VAT)	0.75%	0.90%	1.20%
Other Cost	0.15%	0.16%	0.15%
VAT	0.12%	0.14%	0.19%
Total Expense Ratio (incl. VAT)	1.02%	1.20%	1.54%
Transaction Costs (incl. VAT)	0.12%	0.12%	0.12%
Total Investment Charge (incl. VAT)	1.14%	1.32%	1.66%

QUARTERLY COMMENTARY | SEPTEMBER 2024

Numerous issues, including (but sadly not limited to) loadshedding, political uncertainty, a stagnant local economy, structurally weaker Rand and elevated interest rates have created a difficult operating environment for South African focussed investors. One of the few redeeming features of the South African investment markets over the last decade has been significant valuation support. Elevated bond yields enabled patient fixed income investors to earn very attractive real returns, and suppressed equity valuations, have ultimately provided strong support for equity investors. Our repetitive refrain “patience will be handsomely rewarded” was starting to wear thin – the local equity market was in need of a catalyst to unlock the seemingly obvious value.

South African investors would be justified in feeling they have woken up from a dream. Since the South African elections in May, and the subsequent formation of the Government of National Unity (GNU), South African bonds and equities have rallied hard. South African equity and bond markets have performed very well. The ClucasGray Equilibrium Prescient Fund gained 9.6% in the quarter and 18.2% in the last 6 months, ahead of the peer group returns of 5.7% and 9.5% respectively. Looking back over all major periods since the fund’s inception nearly 10 years ago in January 2015, and as highlighted on the fact sheet, the funds objective of delivering industry leading real returns have been met.

There have been numerous contributors to the quarterly performance of the ClucasGray Equilibrium Prescient Fund – companies large and small. The most significant of these included Premier Foods and Nampak which both gained over 40% in the quarter; Motus, Momentum, Life Healthcare, Foschini and Ethos Capital were each up over 20%; a range of other financial and local industrial companies gained over 10%. We don’t recall having experienced such a broad based rally in portfolio holdings since equity markets recovered from the Covid crisis lows in 2020.

Away from the equities referred to above, the performance of Bonds has been a meaningful contributor to the fund performance. The domestic bond market has also enjoyed strong gains in the last few months. The ALBI ended up 10.5% for the quarter, and is now up over 26% over the last 12 months. Our interpretation is that a combination of factors has led to a compression in domestic bond yields – a repricing of the SA Credit spread following the election outcome and the formation of the GNU, continued signs that inflationary pressures are abating, a fall in global bond yields and the first interest rate cut (25 basis points) by the SARB since the Covid-19 crisis. Other global central banks also commenced with rate cutting during the quarter, notably the Fed which cut US rates by 50 basis points in September.

Domestic property sector has also been a beneficiary of the fall in bond yields. Key property holdings such as Growthpoint, Fairvest and SAC were all up over 15% for the quarter. The portfolio has been well positioned in both South African bonds and property, and has therefore benefitted from these recent moves.

Given the sustained negative rhetoric around South African it is interesting that the JSE All Share Index has actually outperformed the MSCI World Index, in Dollars over the last 3 years. Our asset allocation process has guided us to prefer domestic assets, with their combination of valuation support and attractive prospective Rand returns, over the more keenly valued global equity markets. Whilst a lot of the relative outperformance may have been “back end loaded” post the election, it is nonetheless of interest how well South African equities have done in Dollars.

During the quarter we introduced positions in Amplats and Astral, and added to weightings in Motus, Spar, Absa and African Rainbow Minerals. We reduced weightings in JSE, Foschini, Premier, Reunert, FirstRand and British American Tobacco.

“Buying when valuations are low relative to history substantially improves your chance of making money.” Anthony Bolton

The ClucasGray Asset Management “Alpha Thesis” focusses on the two major drivers of capital returns, namely earnings growth and change in valuation multiples (dividends being a very important 3rd contributor to total returns). Whilst numerous companies have enjoyed a notable re-rating from historically subdued levels, we remain of the view that for many the re-rating thesis has some way to go. Allied to that is the most powerful force of all – earnings growth. The stagnant economy alluded to earlier has not been a conducive environment for strong earnings growth. A number of the major headwinds referred to earlier are in the process of turning – we are of the view that the more constructive backdrop will lead to a period of good real earnings growth for many South African facing companies.

Our analysis of the current South African equity carve out of the ClucasGray Equilibrium Prescient Fund shows the weighted PE multiple of the fund holdings remains below 10, and Dividend Yield above 5%. When estimating the prospective total return of the funds equity holdings, we believe the 3 major drivers of returns are all supportive – a steady and improving earnings growth profile, an elevated starting Dividend Yield, and PE multiples that remain subdued relative to their history. Under owned, undervalued, and with a long awaited economic tail wind, we genuinely believe many South African equities have the ability to continue delivering very attractive prospective returns for investors.

Notwithstanding a healthy reduction in bond yields in the last few months, we remain of the view that real yields are too high. From current elevated yields, we expect bonds to continue to deliver attractive real returns or investors – further yield compression would be an added bonus for investors. They continue to be well represented in the portfolio.

The ClucasGray Equilibrium Prescient Fund turns 10 in January 2025. Our approach to asset allocation over the last 9 ¾ years has been to assess all asset classes and underlying securities on their ability to produce returns in excess of our internal targets of Inflation plus 4%. Whilst there have been periods of significant angst and volatility, looking back over all major periods, the fund has managed to deliver on this objective – real returns in excess of 7% over 3 and 5 years, and over 5% real returns since inception nearly 10 years ago. With the opportunity set alluded to above, we are hopeful that we can continue to deliver on these long term objectives.

The Fund has adhered to its policy objective.

The current asset allocation versus the previous quarter is as follows:

Fund Asset Allocation	Q3 2024	Q2 2024
SA Equity	54%	55%
Offshore	18%	20%
Fixed Income	19%	18%
Property	5%	4%
Cash	4%	3%

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 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.

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. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. A list of fund specific risks is provided below. 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.

Max Gain: Largest increase in any single month.

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

% Positive Months: The percentage of months since inception where the Fund has delivered positive returns.

Equity investment risk: Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

Foreign Investment risk: Foreign securities investments may be subject to risks pertaining to overseas jurisdictions and markets, including (but not limited to) local liquidity, macroeconomic, political, tax, settlement risks and currency fluctuations.

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.

Property risk: Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations.

Currency exchange risk: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

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.

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

Developing Market (excluding SA) risk: Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

For any additional information such as fund prices, brochures and application forms please go to www.cgam.co.za

GLOSSARY SUMMARY

Annualised Performance:
Annualised performance show 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 Returns:
The highest and lowest returns 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.

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

Net Performance
Unit trust performance is net (after) management fees have been deducted.

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 address: info@prescient.co.za Website: 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

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:

ClucasGray (Pty) Ltd, Registration number: 2005/012445/07 is an authorised Financial Services Provider FSP21117 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 (N0.37 of 2002). Please be advised that there may be representatives acting under supervision. Physical address: Dunkeld Place, 12 North Road, Dunkeld West, 2196 Postal address: PO Box 413037, Craighall, 2024 Telephone number: +27 11 771 1960 Website: www.cgam.co.za

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