LEGACY AFRICA REGIONAL EQUITY PRESCIENT FUND

Minimum Disclosure Document & General Investor Report

31 December 2024

Fund Details

Fund Manager	Joe Kainja
Investment Manager	Legacy Africa Fund Managers
Inception Date	15 May 2023
Publication Date	20 January 2025
ASISA Classification	Global – Equity – Africa
Benchmark	MSCI EFM Africa ex-SA Index
Fund Size	R 35,593,925
Number of Units	35,593,925
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 TIC	Monthly

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.

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.

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

Valuations and Transaction cut-off times

The valuation point for the purposes of calculating daily transaction prices of participatory interests including selling, repurchase, creation and cancellation will be before 18h00 each business day. Provided that with the consent of the trustee, valuation may take place more frequently but not less frequently. Additionally, the for- warding pricing method of calculation will be applied to all prices.

Asset Allocation

Asset Class	Asset Allocation
Traded Cash	17.11%
Equity	82.89%

Country Allocation

	Country Allocation	Benchmark
Cash	17.11%	0.00%
Egypt	38.43%	17.87%
Kenya	17.32%	13.31%
Morocco	14.34%	49.90%
Nigeria	3.23%	0.00%
Mauritius	0.00%	8.20%
Tunisia	0.00%	4.41%
Other	9.57%	6.31%

Sector Allocation

	Sector Allocation	Benchmark
Cash	17.11%	0.00%
Telecommunication	9.55%	14.83%
Financials	44.40%	51.29%
Health Care	0.00%	2.01%
Consumer Staples	10.60%	8.09%
Industrials	1.42%	5.33%
Materials	9.57%	8.83%
Real Estate	5.05%	6.88%
Other	2.29%	2.74%

Total Expense Ratio and Transaction Costs

Fee Component (per annum)	Class A1	Class A2
Management Fee (incl. VAT)	0.98%	1.16%
Other Fees	0.36%	0.35%
Total Expense Ratio (TER)	1.34%	1.51%
Transaction Costs (TC)	0.32%	0.32%
Total Investment Charge (TER +TC)	1.66%	1.83%
Other	2.29%	2.74%

Notes

The TER is as of 31 December 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 Performance

Returns	Gross Fund	Net Fund	Benchmark
Cumulative			
Since Inception: 1 July 2023	0.36%	-1.11%	4.91%
Annualised			
Since Inception: 1 July 2023	0.24%	-0.74%	3.25%
1 Year	-5.77%	-6.69%	3.83%
6 Months	9.30%	8.75%	15.71%
3 Months	7.03%	6.77%	13.32%
YTD	-5.77%	-6.69%	3.83%

Notes

1. **Inception:** The Fund was under cashflow and trading embargo during the first 9 months preceding the inception date. Performance is therefore calculated from 1 July 2023.
2. **Benchmark:** The market value-weighted average of funds in the Global Equity Africa category. Source: FundsData.

Risk Metrics

	Gross	Net	
Risk Metrics	**Fund**	**Fund**	**Benchmark**
Minimum Rolling: 1 Year	-10.6%	-11.5%	-9.3%
Maximum Rolling: 1 Year	-0.7%	-1.6%	3.8%
Standard deviation	27.3%	27.2%	19.5%
Standard Downside Deviation	21.2%	21.2%	10.1%

Market Commentary

Economic and Market Review

The MSCI EFM Africa ex-SA (the Index) is a broad market index that tracks equity markets in one Emerging Market (Egypt) and 12 Frontier Markets. It is a convenient indicator of broad frontier market performance in spite of its stock, sector and country concentration. The Index was dragged into positive territory on a YTD basis after an ebullient performance in the month of SEP'2024. Underpinning this performance inflexion was a battery of interest rate reductions announced by the developed market central banks, the US Federal Reserve leading the pack with a monster 50 basis point cut. The US Fed cut rates by a further cumulative 50 basis points in 4Q'2024. A weaker dollar triggered a rally in risky assets including our frontier markets of focus. However, much of this rally was reversed in the final quarter of 2024, with the index slumping 2%, dragging its full calendar year performance back in the red (-1.3%). The decisive victory of Donald Trump in the US ballot, sticky US inflation, and underwhelming stimulus measures by the Chinese authorities weighed on risky assets in the 4Q'2024. The one positive take away from 2024 is that the spectre of a "hard-landing" (i.e. substantial losses in economic output as the price for taming inflation) has receded, changing the risk return growth outlook for African frontier markets decisively.

For the 2024 calendar year, our countries of primary focus (Egypt, Nigeria, Kenya, and Morocco) made creditable gains in local currency terms. However, in dollar terms only Kenya and Morocco increased in value (50% and 20% respectively). Losing only 2.5% of its value, the Moroccan Dirham (MAD) was not a significant headwind to USD returns. Belying a challenging macroeconomic backdrop and mid-year protests against an austerity budget in 2024, the Kenyan Shilling had a banner year against the USD, gaining 17% - the best performing African frontier market currency. This provided a substantial tailwind to USD returns. By contrast, a 60% and 70% devaluation in the Egyptian Pound and the Nigerian Naira respectively, more than offset positive local currency gains in both equity markets. While the fund is managed on a benchmark agnostic basis, it is worth noting that these devaluations have had a substantial impact on the composition of the Index, with Egypt declining from 45% of the index (in 2023) to 18% and Nigeria being removed entirely due to currency conversion challenges. While the fund benefitted in relative terms from the Naira devaluation in 2023, there was no benefit in 2024 as a result of our ownership of MTN Nigeria, Dangote Cement and Zenith Bank. The Fund also experienced the full brunt the devaluation in the Egyptian Pound. Positively, Egyptian inflation in DEC'2024 was at a 2 year low, and the declining intensity of the Gaza War should result in the resumption of traffic across the Suez Canal, stabilising Egyptian foreign currency earnings. Furthermore, convertibility in the Egyptian forex market is now close to seamless. In general, while broad policy reforms have been committed to in Nigeria, challenges in the country are set to persist. Despite positive reform efforts bearing some fruit, challenges remain in upstreaming USD from Nigeria. Bucking the global trend (except for Brazil), the Nigerian central bank unanimously voted to hike the base lending rate by 75 basis points in the 4Q'2024 to 27.5%. At 34.8% in DEC'2024, inflation is showing no signs of abating. However, the ongoing ramp-up of the mammoth Dangote Refinery shows sign of traction, with reports emerging that Nigerian imports of refined petroleum from Europe are declining markedly.

The substantial repricing of the trajectory of interest rate cuts in the US in the final quarter of 2024, which caused a spike in the dollar, has postponed but not aborted our expectations of a turnaround in African frontier equity market performance set out last quarter. Upgraded economic growth expectations across African frontier economies as result of the ongoing synchronised interest rate cutting cycle and evidence of economic reforms across the continent remain intact. Valuations and dividend yields continue to be extremely attractive – except for Morocco which trades at developed market multiples.

Relative to the General Equity Africa classification, the fund underperformed in the 12 months to DEC'2024. The Fund has also underperformed the MSCI EFM Africa ex ZA index in the 2024 calendar year. The bulk of this underperformance was driven by the Fund's substantial position in Egypt, prior to the devaluation of the currency in MAR'2024. A further driver of underperformance was the Fund's relative underweight in Morocco, with the MSCI Morocco gaining around 20% in USD terms as outlined above. We have selectively increased our exposure to Morocco, through Label Vie and Maroc Telecom. However, with the Moroccan market trading at developed market multiples, it is challenging to find worthwhile opportunities. The Fund benefitted from its relative overweight in Kenya, with the Kenyan equity market the stand-out performer in 2024. We made notable changes to the portfolio in the final quarter of 2024, in addition to Label Vie and Maroc Telecom. We reduced Qatar National Bank in Egypt, East Africa Breweries in Kenya, and bolstered our Gold exposure through Endeavour Mining. The Fund has also benefitted from its stake in Centamin, which was bought out by AngloGold at a 36% premium to the counter's price before the buyout announcement. We believe this vindicates our thesis of broad based mispricing of quality counters across the continent. We also own AngloGold for our clients in our South African listed equity product. The fund now owns AngloGold as a result of the share swap, the 4th largest gold miner in the world after this transaction. We also started building a stake in Oriental Weavers (ORWE) out of Egypt after short term negative momentum in its share price. An exporter of highly sought after premium carpets, ORWE's hard currency revenues are a natural hedge against further currency weakness. 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 are deeply depressed. We are building a diversified portfolio of high quality growth companies on very low valuations relative to developed markets that should produce commensurate results in subsequent years. The forecasts are based on reasonable assumptions, are not guaranteed to occur and are provided for illustrative purposes only.

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.
A Money Market portfolio is not a bank deposit account and the price is targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instrument; and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

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 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.

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.

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

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

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