HIGH STREET GLOBAL BALANCED PRESCIENT FEEDER FUND – CLASS A

HS HIGH STREET GLOBAL BALANCED

AS OF 30 JUNE 2024 - ISSUED 11 JULY 2024

FUND OBJECTIVE

The Fund is a Collective Investment Scheme Feeder Fund which, apart from assets in liquid form, consists solely of participatory interest in the High Street Global Balanced domiciled in Ireland. The Fund invests predominantly in developed markets and targets an annual return of US Consumer Price Inflation plus 3-5%* over any rolling three-year period. It aims to achieve this by combining growth investments that are undervalued relative to their prospects with mature, dividend-yielding securities. Actively employing downside protection strategies and investing across asset classes mitigates large drawdowns while allowing for moderate capital appreciation.

INVESTOR SUITABILITY

The Fund is suitable for retail and institutional investors seeking capital gains with a moderate tolerance for market drawdowns. While volatility is expected to be less than an equity-only fund, investors must be willing to endure periods of short-term downturns. An investment horizon of 3+ years is recommended.

LOW 4 HIGH

MODERATE RISK PROFILE

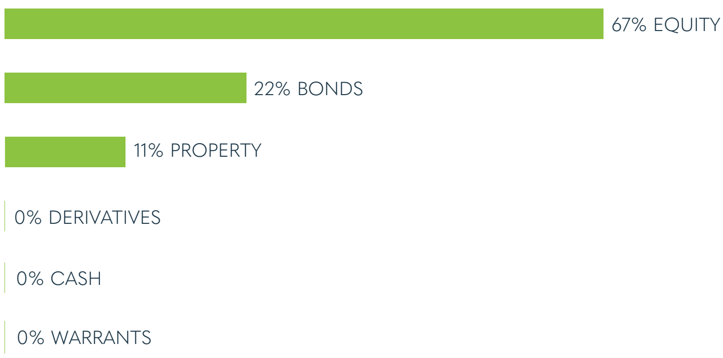
ANNUALISED RETURNS (NET OF FEES)		
	HIGH STREET	BENCHMARK
Since inception (CAGR)	19.19%	5.95%
5 years	-	-
3 years	-	-
1 year	17.78%	4.44%
Highest rolling 1-year return	40.71%	21.36%
Lowest rolling 1-year return	8.78%	1.04%

DOWNSIDE MITIGATION | **HEDGING STRATEGIES** | **DIVERSIFIED** | **RISK-ADJUSTED RETURNS**

TOP 10 HOLDINGS

- Amazon
- Dream Industrial
- LEG Immobilien
- Merck
- Meta Platforms
- Microsoft
- Nvidia
- Salesforce
- Sirius Real Estate
- Visa

ASSET ALLOCATION



CURRENCY ALLOCATION

USD	GBP	CAD	EUR	CHF	ZAR
79%	7%	5%	7%	2%	0%

ILLUSTRATIVE PERFORMANCE (NET OF FEES)*

Benchmark: 1/3 Equity (MSCI ACWI Index), 1/3 Property (EPRA/NAREIT Developed Index), 1/3 Bonds (Barclays Global Index)
Source: Bloomberg, 30/06/2024

FUND DETAILS

Discretionary Fund Manager
High Street Asset Management (Pty) Ltd (FSP No: 45210)

Fund Administrator
Prescient Management Company (RF) (Pty) Limited

Depository
Nedbank Investor Services

Auditor
Ernst & Young Inc.

Regulator
Financial Sector Conduct Authority (FSCA)

Fund Classification
Global – MultiAsset – Flexible

Base Currency
ZAR

Inception Date of Fund
20 January 2022

Fund Size
R64m

Unit Price (ZAR Cents)
153.57

Number of Units Issued
41,046,174

TER (VAT Incl.)
1.74%

Minimum Investment
Lump Sum: R10,000
Monthly: R500

Redemption Frequency
Daily

Annual Income Distribution
None

Recommended Time Horizon
3+ years

**This figure is net of fees. Investors must be aware that tax implications may impact the return figure. The investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date.

FEES (VAT INCL.) AS OF 30 JUNE 2023

Initial/Exit Fee
None

Annual Management Fee
0.29%

Performance Fee
None

Other Fees
0.57%

Total Expense Ratio (TER)
1.74%

Transaction Costs (TC)
0.10%

Total Investment Charge (TIC)
1.80%

RISK METRICS		
	HIGH STREET	BENCHMARK
Annualised Std. Deviation	15.05%	14.28%
Sharpe Ratio	1.03	0.16
Downside Sortino Ratio	2.82	0.38
Maximum Drawdown	-7.79%	-9.60%
Time to Recover (months)	1	1
Positive Months	57%	50%
Tracking Error	9.29%	-
Information Ratio	1.42	-

Monthly Fund Perfomance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	3.9	4.57	2.19	-3.03	1.25	0.51							9.55
2023	9.29	4.19	-1.09	8	9.73	-1.93	-2.15	5.57	-4.74	-3.2	10.64	2	40.71
2022	0.08	-0.19	-2.2	0.86	-1.42	4.42	1.35	-1.08	-0.53	4.31	-5.2	-0.39	0.68
2021													
2020													

QUARTERLY COMMENTARY AS AT 30 JUNE 2024

The Fund posted a return of -1.32% (ZAR) for the quarter ending June 30, outperforming the benchmark return of -3.84% (ZAR). Both were adversely impacted by the notable strength of the Rand, which appreciated by 3.6% against the US Dollar, with benchmark constituents as follows:

- Equities (MSCI All Country World Total Return Index) rose by 2.9% (USD).
- Corporate Bonds (Bloomberg Barclays Global Bond Total Return Index) declined by 1.1% (USD).
- Property (FTSE EPRA/NAREIT Developed Total Return Index) declined by 2.4% (USD).

The previous quarter was marked by strong performances from companies leveraging AI technologies amid ongoing discussions about interest rates across various jurisdictions. April began with investor pessimism, as hot economic data reduced expectations for interest rate cuts later in the year. However, these worries were alleviated during the quarter as the data softened. Despite this, the Fed maintained a hawkish stance in the June meeting, resulting in expectations of just one rate cut this year. Nevertheless, investors remained hopeful for policy easing, leading to treasury yields returning to similar levels (4.4%) as at the beginning of the quarter (4.3%). In Europe, the European Central Bank (ECB) cut its benchmark rate to 3.75% from a record high of 4% in June. However, persistent service inflation prompted the ECB to caution that further easing would be highly data-dependent, echoing a similar tone to the US Federal Reserve.

The equity component of the Fund, aided by a resilient US economy, was driven by its exposure to artificial intelligence and big tech. A strong earnings season for US tech companies resulted in growth stocks emerging as the best-performing asset class, as reflected by the 6.4% return of the MSCI World Growth Index.

- Nvidia's performance was notably impressive, continuing to break records with a 37% return in USD for the quarter, making it the Fund's best-performing holding. The chip maker reported stellar earnings, surpassing expectations on both revenue and profit. Revenue surged by 262%, and operating profit saw a remarkable 690% increase, highlighting the company's operating efficiency. Nvidia also demonstrated strong financial health with a 57% free cash flow margin, announcing a 150% increase in dividends and $7.7 billion in share buybacks. CEO Jensen Huang addressed earlier concerns about demand, confidently guiding the transition from the current Hopper chip to the new Blackwell range.
- Alphabet reported strong corporate earnings, achieving their fastest revenue growth since 2022 with a 15% increase. The company showed improved efficiency, particularly in their cloud computing division, where operating income more than quadrupled. To sustain this momentum, Google is increasing its capital expenditures by over 50% to expand its cloud business. Despite the heightened spending, the company remains in a robust cash position, enabling it to announce its first-ever dividend and a $70 billion stock buyback.

- Eli Lilly continued to ride the wave of GLP-1 positivity and the weight loss sector in general, making them a notable name outside of tech. They were further aided by an announcement from an FDA advisory committee recommending their Alzheimer's candidate for approval towards the end of the quarter. The company reported its first set of results that included a full quarter of Zepbound sales, their incretin drug branded for weight loss (the diabetes label being Mounjaro). They reported a revenue increase of 26% year over year and a 60% increase in operating income. The company has placed further focus on upgrading their production capacity in order to meet the robust demand for these incretin drugs and remain one of our top picks in the pharmaceutical sector.

Rate-sensitive property stocks have been negatively impacted by the higher-for-longer sentiment, resulting in negative performance of the Developed Property Index during the quarter. Despite the macroeconomic challenges faced by the sector, the fundamentals of our holdings remain robust, as evidenced by their earnings releases during the quarter. For example, Sirius reported a 7.9% increase in Funds From Operations (FFO), 7.2% like-for-like rent roll growth, and a €12.4 million net portfolio valuation increase despite yield expansion. We remain optimistic about our property holdings, which are poised to benefit from the anticipated easing of monetary policy.

Treasury yields remained steady throughout the quarter, finishing unchanged from their starting levels. Notably, US Treasuries were the only major sovereign market to deliver positive returns, achieving a 0.1% gain. During the quarter, the Fund saw only one addition: the iShares Global Corporate Bond UCITS ETF. This investment aligns with our strategy to extend the duration of our fixed income component, allowing us to capitalize on higher yields as well as providing further diversification of underlying names within the fixed income component. Moreover, this positions us for potential capital appreciation should interest rates decline in the future.

As we move into the next quarter, we expect similar trends to persist, but with the added catalyst of upcoming elections in some of the world's largest economies. The Fund remains focused on the fundamentals of our underlying holdings, and we are confident in the Fund's ability to continue meeting its mandate and generate sustained outperformance.

Mike Patchitt
Fund Manager

Chris Brownlee
Research Analyst

DISCLAIMER

The fund has adhered to its policy objective. 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

FUND SPECIFIC RISKS

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 is 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.

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.

Geographic / Sector risk: For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.

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.

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.

COMPOSITE BENCHMARK

1/3 MSCI ACWI Net Total Return Index
1/3 Barclays Global Bond Total Return Index
1/3 EPRA/NAREIT Developed Net Total Return Index

MANAGEMENT COMPANY PRESCIENT MANAGEMENT COMPANY (RF) (PTY) LTD	
REGISTRATION NUMBER	2002/022560/07
PHYSICAL ADDRESS	Prescient House, Westlake Business Park, Otto Close, Westlake, 7945
TELEPHONE NUMBER	+27 800 111 899
EMAIL ADDRESS	info@prescient.co.za
WEBSITE	www.prescient.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.

TRUSTEE / DEPOSITARY Nedbank Investor Services	
PHYSICAL ADDRESS	2nd Floor, 16 Constantia Boulevard,
TELEPHONE NUMBER	+27 11 534 6557
WEBSITE	www.nedbank.co.za

INVESTMENT MANAGER HIGH STREET ASSET MANAGEMENT (PTY) LTD	
REGISTRATION NUMBER	2013/124971/07
PHYSICAL ADDRESS	The Offices of Hyde Park (Block B), 1 Strouthos Place, Hyde Park, 2196
POSTAL ADDRESS	PO Box 523041, Saxonwold, 2132
TELEPHONE NUMBER	+27 (0)11 325 4006
EMAIL ADDRESS	jo-ann@hsam.co.za
WEBSITE	www.hsam.co.za

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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 return: 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.

Feeder Fund: A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges, and which could result in a higher fee structure for the feeder fund

WHY IS THIS FUND IN CATEGORY 4?

The Fund is rated as 4 due to exposure to shares and stocks, and the nature of its investments which include the risks previously listed. The price of shares and the income from them may fall as well as rise and investors may not get back the amount they have invested. As the investments of the Fund are in various currencies and the Fund is denominated in South African Rands your shares may be subject to currency risk.

WHAT DO THESE NUMBERS MEAN?

They rate how a fund might behave and how much risk there is to your capital. Generally, the chance to make large gains means a risk of suffering large losses. A **Category 1** fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a **Category 7** fund, the risk of losing your money is high but there is also a chance of making higher gains. The seven-category scale is complex (for example, 2 is not twice as risky as 1). For a more detailed explanation of risks, please refer to the "Risk Factors" section of the prospectus.

GENERAL

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