

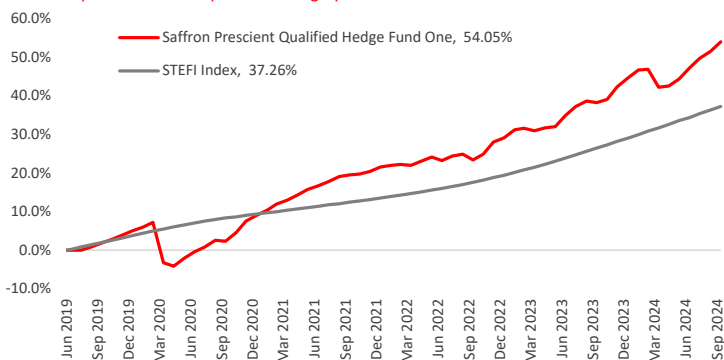
SAFFRON PRESCIENT QUALIFIED HEDGE FUND ONE

The fund was previously named Saffron Sanlam Collective Investments Qualified Hedge Fund One
Class A | Minimum Disclosure Document & General Investor Report
As at 30 September 2024



Fund Performance

Since inception cumulative performance graph



Monthly %	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24
Fund	0.58	2.34	1.67	1.37	0.13	-3.19	0.29	1.28	1.98	1.69	1.19	1.65
Benchmark	0.72	0.68	0.65	0.74	0.65	0.63	0.74	0.70	0.63	0.74	0.67	0.69

Yearly %	Sep'20	Sep'21	Sep'22	Sep'23	Sep'24
Fund	0.47	16.88	3.24	12.04	11.42
Benchmark	6.20	3.80	4.59	7.50	8.57

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	11.42	8.57	11.42	8.57
2 Years	24.83	16.71	11.73	8.03
3 Years	28.87	22.07	8.82	6.87
4 Years	50.63	26.70	10.78	6.09
5 Years	51.34	34.56	8.64	6.12
Since Inception	54.05	37.26	8.51	6.17

Performance net of fees. Source: Prescient Fund Services; Date: 30/09/2024

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/09/2024

Highest Annual %:	19.27%	Lowest Annual %:	-2.03%
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Risk Statistics	3 Year Rolling	Since Inception
Standard Deviation	2.20%	3.29%
Sharpe Ratio	0.29	0.24
Sortino Ratio	0.40	0.27
Information Ratio	0.29	0.24

Value at Risk (10-day, 99% confidence)	Current	Maximum	Mandate
VaR at period end	2.43%	20.00%	20.00%
Highest VaR over the month	2.44%		

Source: RiskCafé; Date: 30/09/2024

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	56,800,000.00
Gearing Ratio	3.24
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)	
Absa Prime Services	100.00%

Risk Profile

Aggressive

You can afford to take on a higher level of risk because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive over the longer term.

- Where return and risk figures are quoted for periods greater than 12 months, these returns are annualised. In other words, they are scaled to represent an equivalent one year measure. Actual annual figures are available to the investor on request.
- VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.
- Sources of leverage are from equity and / or fixed interest derivatives provided by the Prime Broker. The types and sources of leverage are based on strategies that implement derivatives, short selling and borrowed money as by the Prime Broker. Leverage is calculated using the Commitment approach.
- Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements.
- In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

Fund Objective

The objective of the fund is to provide consistently superior risk-adjusted returns to investors through exploiting opportunities that present in interest rate and derivative markets.

Fund Strategy

The portfolio shall invest in a combination of assets in liquid form including cash, cash equivalents, money market instruments, listed and unlisted interest rate instruments, corporate and sovereign bonds, preference shares and listed property. The portfolio shall be permitted to invest in listed and unlisted financial instruments (derivatives) including but not limited to interest rate derivatives, currency derivatives and commodity derivatives. The Manager shall be permitted to invest in offshore investments as legislation permits. The Portfolio may also invest in participatory interests of portfolio of collective investment schemes registered in the Republic of South Africa or of participatory interests in collective investment schemes or other similar schemes. The 10 day 99% VAR shall be limited to 20% of the NAV.

Fund Manager Details

Investment Manager: Saffron Wealth (Pty) Ltd

FAIS Disclosure: Saffron Wealth (Pty) Ltd is an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Fund Manager: Brandon Quinn

Fund Information

Fund Classification	Qualified Investor Hedge Fund South African Fixed Income
Base Currency	South African Rand (ZAR)
Inception Date	May 2019
JSE Code	SSHOA
ISIN	ZAE000273991
Benchmark	STeFI
Risk Profile	Aggressive
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
Min. Lump Sum Investment	ZAR 1,000,000.00
Min. Recurring Investment	ZAR 1,000,000.00
Valuation Frequency	Monthly
Valuation Dates	Last day of each month
Income Distribution Freq.	Annually
Income Declaration Dates	Last day of March
Income Payment Dates	Last business day of April
Fund Size	ZAR 29,716,066.72
Number of Units	907527.58
Unit Price	12.72
Asset Duration	0.61
Fund Duration	2.59

Distribution History (cents per unit)

Date	Cents per Unit	Effective Date	Rate
31/03/2024	0.00	31/03/2023	8.54
31/08/2023	27.30	30/12/2022	8.96
30/06/2023	7.61	30/09/2022	0.00

Fund Holdings

Asset Allocation (%)	
Domestic Floating Rate Notes	34.5%
Offshore Bonds	16.9%
Domestic Cash & Settlement	16.8%
Domestic NCD	16.4%
Offshore CIS	7.5%
Offshore Floating Rate Notes	3.1%
Domestic CIS	2.2%
Domestic Cash - Other	1.6%
Domestic Treasuries	1.0%
Offshore Cash	0.0%
Domestic Bonds	0.0%
Offshore Cash - Forwards	0.0%

Service Charge (Excl. VAT) (%)

Service Charge	1.00% p.a. payable monthly
Broker Advisory Fee (max)	1.00%
Performance Fee*	20% of profits above (i) STeFI and (ii) the high water mark, payable quarterly

Total Expense Ratio (TER)	1.20%
Transaction Costs (TC)	0.20%
Total Investment Charge (TIC)	1.40%

*The performance fee is accrued daily, based on performance over a rolling one year period with payment to the manager being made monthly. Performance fees will only be charged once the performance fee benchmark is outperformed.

Glossary Terms

Collective Investment Schemes (CIS)

Collective Investment Schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Distributions

The income that is generated from an investment and given to investors through annual distribution payouts.

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.

Fixed-interest investments

Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable. A fixed-interest investment aims to offer investors a regular income at a set interest rate, which can be fixed over a specified term. If interest rates fall, the fixed interest investment typically becomes more valuable. Conversely if interest rates rise, the value of the investment will fall. The interest provides you with a fixed amount at regular intervals. So this is usually a very predictable way of getting an income from your investment.

LISP (Linked Investment Service Providers)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust-based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Leverage

This refers to the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

Value at Risk (VaR)

A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome.

Encumbrance or Rehypothecation

The practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees.

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Qualified Investor

Any person, who invests a minimum investment amount of R1 million per hedge fund, and who –

- (a) has demonstrable knowledge and experience in financial and business matters which would enable the investor to assess the merits and risks of a hedge fund investment; or
- (b) has appointed a FSP who has demonstrable knowledge and experience to advise the investor regarding the merits and risks of a hedge fund investment;

Qualified Investor Hedge Fund or QI Fund (QIF)

A hedge fund in which only qualified investors may invest.

Adherence to policy objective

The portfolio adhered to its policy objective.

Additional Information

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 Hedge Funds are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14h00, 2 (two) business days before the preceding month end. Redemptions: Hedge Fund redemptions are processed at the end of each month and require a months' notice. In order to receive month end prices, your redemption must be submitted to Prescient before 14h00, 1 business day of the preceding month end, for processing at the end of the following month. 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. Prices are published monthly 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. Annualised performance shows 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. For any additional information such as fund prices, brochures and application forms please go to 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. This portfolio operates as a white label fund under the Prescient QI Hedge Fund Scheme, which is governed by the Collective Investment Schemes Control Act. This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

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The fund returned 4.60% and 11.42% for the quarter and year respectively, while the benchmark (STeFI Index) returned 2.11% and 8.57%. On a rolling one-year basis, the fund exceeded the cash benchmark by 2.85%.

The US Federal Open Market Committee (FOMC) surprised economists by cutting interest rates by 50 bps to a range of 4.75%–5.00%, marking the first cut of the current rate cycle. Chair Powell attributed the decision to softer payroll data and insights from the Beige Book, despite having previously ruled out larger rate reductions. The updated dot plot suggests two more 25 bps cuts this year and a further 100 bps in 2025, targeting a neutral policy stance. Economic forecasts reflected steady GDP growth, a modest rise in unemployment, and inflation approaching target. Powell emphasised recalibration rather than aggressive easing, though market reactions indicated expectations of further 50 bps cuts. Over the quarter, yields on US 5-year and 10-year bonds tightened by 83 bps and 62 bps, respectively, while the US Dollar Index declined by 4.87%. Looking over the year, 5-year and 10-year yields fell by 107 bps and 80 bps, respectively, with the DXY down by 5.14%.

The European Central Bank (ECB) Governing Council reduced the key Deposit rate by 25 bps to 3.50%, marking the second step in its easing cycle. This technical adjustment, along with cuts to the Main Refinancing and Marginal Lending rates, is in line with balance sheet normalisation rather than a shift in policy stance. Inflation forecasts remain steady, with core inflation edging higher and energy and food prices coming in weaker than expected. GDP growth projections for 2024 and 2025 were revised slightly downwards due to softer consumption and exports, although the ECB remains positive about long-term growth prospects. The ECB is expected to continue gradual rate reductions, likely in 25 bps increments at quarterly meetings, although financial markets anticipate a faster pace if economic conditions deteriorate. The Deposit rate is forecasted to reach 2.25% by the end of 2025.

The Bank of England (BoE) kept its Bank Rate steady at 5.00%, as widely expected, with eight members voting in favour and one opposing vote for a 25 bps cut. Despite pressure from the US Federal Reserve's recent 50 bps rate reduction, the BoE maintained a cautious stance, citing no significant new developments. The BoE also confirmed plans to reduce UK government bond holdings by GBP 100 billion over the next year. Inflation is projected to rise to 2.50% by year-end. The pound surged to multi-year highs against both the dollar and the euro, while the FTSE 100 saw a slight dip, and European stocks rallied in response to the Fed's move.

The VIX Index, a key gauge of market volatility, closed at 16.73, reflecting a rise of 4.29 points. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread tightened by approximately 10 basis points, ending the quarter at 394 bps, with the index delivering a positive return of 6.07%, supported by lower US interest rates. South Africa's 5-year Credit Default Swap (CDS) spread narrowed further by 31 bps to 178 bps, while Brazil's tightened by 18 bps to 152 bps, and Turkey's by 12 bps to 269 bps. In the energy sector, Brent crude oil ended the quarter at USD 72.00 per barrel, down 15.50%. Commodity price movements, critical for many emerging market economies, showed mixed results. The CRB Food Index returned -0.27%, while the CRB Commodities Index posted a modest gain of 0.18% and the CRB Metals Index rose by 1.46%. Among metals, gold, palladium, iron ore, and copper performed well, with returns of 5.40%, 3.20%, 2.50%, and 2.34%, respectively, though platinum declined by 0.82%. Over the past 12 months, gold emerged as the best-performing metal, delivering a robust return of 42.77%, while oil was the weakest, falling by 22.11%.

The South African rand appreciated by 5.09% against the US dollar during the quarter, closely mirroring trends in the metals markets. This correlation highlights the significant influence of commodity prices, particularly platinum, copper, and gold, on South Africa's export-driven economy. Over the past year, the USD/ZAR exchange rate rose by 8.75%, reflecting movements in the CRB Metals Index, which gained 10.67% over the same period. In addition to its strength against the dollar, the rand also posted gains against the euro (+1.33%) but depreciated slightly against the pound (-0.44%) over the quarter. Among South African asset classes, listed property (JSAPYTR Index) led with a quarterly return of 18.70%, followed by nominal bonds (ALBTR Index) at 10.60% and equities (JALSHTX Index) at 9.62%. Over the past year, property emerged as the top-performing asset class, delivering an impressive return of 51.34%.

The South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) delivered its first repo rate cut since 2020, reducing it by 25 bps while maintaining a cautious outlook. This decision was in line with expectations, reflecting optimism about improving global conditions and a favourable inflation outlook. However, the MPC emphasised that this modest cut should not signal the start of aggressive easing, underscoring the data dependency of future decisions and highlighting potential risks. Inflation forecasts for 2024 were lowered to 4.6%, with core inflation revised to 4.4%. The MPC noted positive developments in food and fuel prices but remained cautious regarding electricity prices. Growth prospects were seen improving, supported by stable electricity supply and rising business confidence, though risks from global instability and domestic challenges persist. The 3-month JIBAR rate tightened to 8.05% (down 30 bps), while the 12-month T-bill average yield fell significantly to 8.30% (from 9.03%). The South African bond market continued to react positively to the outcome of the national elections, with bonds rallying on the back of this stability. The SAGB yield curve saw substantial tightening, with the short-end R186 and R2032 yields narrowing by 81 bps and 127 bps, respectively, and the long-end R209 and R2040 yields tightening by 131 bps and 136 bps, respectively.

At the end of 3Q 2024, the fund was 3.24x geared, with an effective 16.80% allocation to cash. The largest asset class exposures were to Domestic Floating Rate Notes (34.50%) and Offshore Bonds (16.90%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.43%.

The fund aims to enhance total return through value opportunities that, on a geared and risk-adjusted basis, achieve or exceed our hurdle return of STeFI.

Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
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