

PRESCIENT BALANCED FUND (A2)

MINIMUM DISCLOSURE DOCUMENT & GENERAL INVESTOR REPORT

INVESTMENT AND RETURN OBJECTIVE

The Fund aims to achieve significant real returns over the long term and to outperform the ASISA category average of the South African - Multi-Asset - High Equity funds over a full market cycle by maintaining meaningful exposure to growth assets like equities.

INVESTMENT PROCESS

The Fund invests across a range of assets including equities and interest bearing instruments, both domestically and offshore. The asset allocation is anchored at the long-term strategic allocation, but can be varied tactically to target outperformance of the benchmark by capitalising on signals of significant market mispricing. Where possible, a process of enhanced indexation is utilised within asset classes to deliver stable incremental alpha.

WHO SHOULD INVEST

Investors seeking significant real returns over the long term but who are cost conscious. The Fund is suitable for investors with a medium to long-term investment horizon and is Regulation 28 compliant.

RISK INDICATOR DEFINITION

These portfolios typically exhibit more volatility and potential for capital losses due to higher exposure to equities and exposure to offshore markets where currency fluctuations may result in capital losses. These portfolios typically target returns in the region of 5% - 6% above inflation over the long term.

RISK INDICATOR



ANNUALISED PERFORMANCE (%)			CUMULATIVE PERFORMANCE	
<p>Bar chart showing annualised performance for Fund (dark blue) and Category Avg (teal) across various periods: YTD, 1 year, 3 years, 5 years, 10 years, and Since incep. The Fund generally shows higher performance than the Category Avg, particularly in the 1-year and 3-year periods.</p>			<p>Line chart showing cumulative performance for Fund (dark blue) and Category Avg (teal) from May-14 to May-24. The Fund shows a steady upward trend, outperforming the Category Avg throughout the period.</p>	
ANNUALISED PERFORMANCE (%)			RISK AND FUND STATS	
	Fund	Category Avg	Since inception (p.a.)	
1 year	13.46	10.36	Fund	
3 years	9.38	9.33	Sharpe Ratio	0.27
5 years	9.80	9.22	Standard Deviation	9.57%
7 years	9.35	8.15	Max Drawdown	-14.62%
10 years	8.55	7.19	% Positive Months	65.29%
Since incep.	8.65	7.28		
Highest 1 year	34.56	31.44		
Lowest 1 year	-9.16	-10.17		
ASSET ALLOCATION (%)			CURRENCY EXPOSURE	
	S.A	DMs	EMs	Total
Equity	25.18	14.85	14.46	54.49
Property	5.07	0.00	0.00	5.07
Gvt. Bonds	11.34	7.49	0.00	18.83
ILB's	0.35	0.00	0.00	0.35
Corp. Bonds	4.35	0.00	0.00	4.35
Pref Shares	0.00	0.00	0.00	0.00
Infrastructure & Renewables	8.99	0.00	0.00	8.99
Cash & Income	0.33	7.59	0.00	7.92
Total	55.61	29.93	14.46	100.00
			<p>Pie chart showing currency exposure: US DOLLAR (27.8%), RAND (55.6%), and RAND (HEDGED) (16.6%).</p>	

Prescient

INVESTMENT MANAGEMENT

30 JUNE 2024

ABOUT THE FUND

Fund manager:
Prescient Balanced Team

Fund classification:
South African - Multi-Asset - High Equity

Benchmark:
ASISA High Equity Average

JSE Code:
PRBA2

ISIN:
ZAE000191458

Fund Size:
R5.6 bn

No of units:
3,295,575,351

Unit price (cpu):
145.96

Inception date:
31 May 2014

Minimum Investment:
R10 000 lump-sum
R1 000 per month

Income distribution:
31 March 2024 - 4.95 cpu

Initial Fee:
0.00%

Annual management fee:
0.30% (excl VAT)
(All performance figures are net of TIC)

Fee breakdown:

Management Fee	0.30%
Performance Fees	0.00%
Other Fees*	0.24%
Total Expense Ratio (TER)	0.54%
Transaction Costs (TC)	0.04%
Total Investment Charge (TIC)	0.58%

*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

*The Blended Benchmark changed to the ASISA High Equity Average on 1 June 2024.

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FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014						1.64%	1.39%	0.62%	-0.65%	1.13%	1.55%	0.36%	6.18%
2015	3.00%	2.13%	0.63%	2.33%	-2.26%	0.61%	0.38%	-1.81%	0.38%	5.40%	-0.51%	-1.62%	8.72%
2016	-1.72%	-0.44%	4.21%	0.54%	2.64%	-1.49%	0.53%	0.89%	-1.15%	-2.00%	-0.77%	0.95%	2.03%
2017	1.69%	-1.09%	2.41%	3.65%	0.44%	-2.23%	4.75%	1.28%	0.37%	4.81%	1.39%	-0.80%	17.70%
2018	-0.60%	-0.91%	-2.29%	3.87%	-3.07%	2.04%	0.87%	3.69%	-3.05%	-3.13%	-1.75%	1.04%	-3.60%
2019	1.80%	2.23%	0.87%	3.26%	-2.63%	2.55%	-1.25%	0.19%	1.22%	2.30%	-0.79%	1.16%	11.29%
2020	0.36%	-4.63%	-10.47%	9.79%	1.12%	3.88%	1.99%	0.93%	-1.95%	-2.98%	7.65%	3.89%	8.21%
2021	2.32%	3.61%	0.51%	2.26%	0.55%	0.04%	2.35%	0.87%	-1.44%	2.85%	1.99%	3.56%	21.14%
2022	-1.07%	1.23%	-0.81%	-3.13%	0.41%	-5.49%	3.49%	-0.77%	-5.59%	4.71%	5.35%	-0.67%	-3.00%
2023	6.33%	-1.49%	0.04%	1.74%	-0.57%	1.48%	2.11%	-0.72%	-3.53%	-2.12%	8.05%	2.85%	14.43%
2024	-0.42%	1.11%	1.32%	0.43%	1.36%	2.72%							6.67%

FUND COMMENTARY

Over the course of June, US Treasuries gained 1% as the Federal Reserve held interest rates steady at their current range of 5.25% to 5.5%, but revised its outlook for rate cuts to just one in 2024. Federal Reserve Chair Jerome Powell described recent inflation readings as promising steps in the right direction but said that policymakers need to be more certain of the sustainability of that trend before lowering interest rates. The European Central Bank (ECB) cut interest rates for the first time since 2019 last month, bringing central bank's key rate to 3.75%, down from a record 4% where it had been since September 2023. The market is currently pricing in at least one more cut before the end of the year. Meanwhile, the Bank of England kept interest rates unchanged at a 16-year high of 5.25%, a move that had been widely expected. The Bloomberg Global Aggregate Index, a measure of global investment-grade debt from multiple local currency markets, ended marginally higher. French bonds were under pressure following the uncertainty around the elections. The spread between the 10-year French and German bonds widened by more than 30 basis points (bps) to 80 bps.

European indices ended over 1% lower, with France's CAC 40 plunging 6.2% after French President Emmanuel Macron announced he would dissolve parliament and call for new elections following a heavy defeat in the EU elections. The announcement came after exit polls indicated that Marine Le Pen's National Rally was set to win around 31.5% of the vote, compared to 14.5% for Macron's Renaissance party.

The UK is set to hold its elections this month, with polls suggesting the centre-left Labour Party will come into power. This would put Britain on the brink of massive change, marking the end of Conservative Party leadership, which has been in power since 2010.

South African asset prices enjoyed a fierce rally in June, as the two leading political parties, the African National Congress (ANC) and the Democratic Alliance (DA), along with other smaller parties, agreed to form a Government of National Unity (GNU). This outcome was seen as more market-friendly, significantly reducing the risk premium associated with investing in South Africa. The 5-year CDS spread, expressed in basis points, which is essentially a premium paid by the buyer to the seller of a Credit Default Swap to insure against default, fell by 32 bps to 209 bps.

Global equities showed mixed performance in June. In the US, the S&P 500 jumped 3.6%, led by a tech rally, with the Nasdaq surging 6%. However, the S&P 500 ex-tech fell by 0.5%. Moving eastward, the Shanghai Composite Index dropped by 3.9%, while Hong Kong's Hang Seng Index erased gains from May, dropping 2.3%. Commodity prices cooled after a 3-month rally. The Bloomberg Commodity Index slipped 1.9% to end the quarter. The local equity benchmark, the All Share Total Return Index, jumped 4.1%, with the financial sector leading the pack with a strong performance of 14.5%. Only two sectors posted negative returns: technology and basic materials. The All Bond Index (ALBI) returned 5.24% in June. The USDZAR exchange rate strengthened by 3.2%, ending the month at 18.19.

Contributors to performance:

Local Equity was the strongest contributor to performance over the month.

Detractors from performance:

The strengthening rand was the largest detractor to performance.

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GLOSSARY

Annualised performance: 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.

Highest & Lowest performance: The highest and lowest performance 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.

Current Yield: Annual income (interest or dividends) divided by the current price of the security.

CPU: Cents Per Unit to the Glossary

Sharpe Ratio: The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.

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

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

Fund Specific Risks

Default Risk: The risk that the issuers of fixed income instruments 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.

Derivatives risk: The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.

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.

Derivative counterparty risk: A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

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.

Information Disclosure

The portfolio has adhered to its policy objective and there were no material changes to the composition of the portfolio during the quarter.

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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 TERs. During the phase in period TERs 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 cost is 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. 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, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. 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.

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.prescient.co.za

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:** 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:

Prescient Investment Management (Pty) Ltd, Registration number: 1998/023640/07 is an authorised Financial Services Provider (FSP 612) 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 (No.37 of 2002). Please be advised that there may be representatives acting under supervision. **Physical address:** Block B, Silverwood, Silverwood Lane, Steenberg Office Park, Tokai, 7945 **Postal address:** PO Box 31142, Tokai 7966 **Telephone number:** +27 21 700 3600 **Website:** www.prescient.co.za

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