

AFENA CAPITAL



AFENA MONEY MARKET PRESCIENT FUND - INSTITUTIONAL

Minimum Disclosure Document & General Investor Report
31 December 2023

INVESTMENT OBJECTIVE

The Afena Money Market Prescient Fund ('the fund') is aimed at investors seeking to earn a higher level of income on their surplus cash while enjoying the flexibility of a highly liquid investment. The fund is geared to the most conservative investors with a primary objective of capital preservation and liquidity provision at short notice, whilst achieving returns in excess of fixed bank deposits and call accounts over time. The fund is actively managed in an investment process that is based on fundamental research and bottom-up instrument selection. The fund may be utilised as an investment vehicle by institutional or individual investors, either as a building block or as a total fund strategy when capital protection is required. Portfolios managed in this strategy invest in South African money market instruments with a term of less than one year and comply with prudential investment guidelines as set out in Regulation 28 of the Pension Fund Act. The fund has adhered to its policy objective.

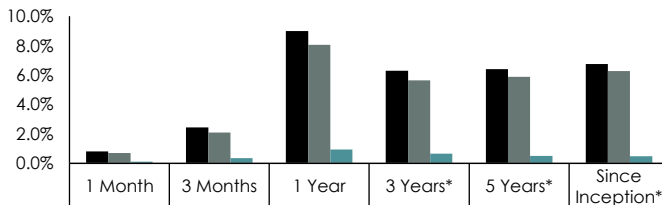
INVESTMENT GUIDELINES

The fund has a low risk profile and will invest in domestic (South African) money market instruments of high credit quality with a minimum rating of F1 and F1+ or the equivalent. The fund is a liquid, short duration fund with a maximum weighted average duration of 90 days.

Investment performance will be driven by the ability to not only understand how macroeconomic factors affect the short end of the curve but also to take advantage of dislocations in the yield curve in order to generate higher returns while keeping in line with the risk parameters of the fund.

INVESTMENT PERFORMANCE

Highest rolling 1 year return since inception: Fund 9.00%; Benchmark 8.05%
Lowest rolling 1 year return since inception: Fund 4.13%; Benchmark 3.83%



	1 Month	3 Months	1 Year	3 Years*	5 Years*	Since Inception*
■ Portfolio	0.81%	2.45%	9.00%	6.29%	6.40%	6.76%
■ Benchmark**	0.70%	2.09%	8.05%	5.65%	5.89%	6.28%
■ Active Return	0.11%	0.36%	0.95%	0.65%	0.51%	0.48%

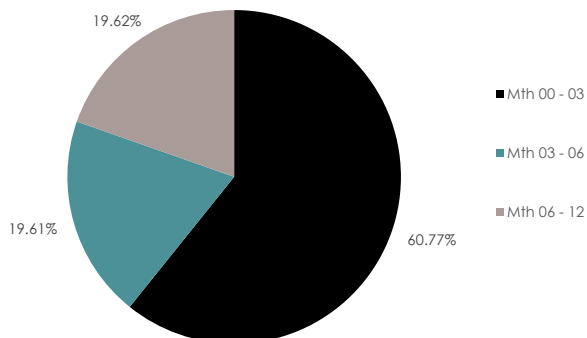
Performance calculated on NAV with income reinvested
Source: Afena Capital, Alexander Forbes

*Annualised

**Alexander Forbes STeFI, Alexander Forbes STeFI 3-month NCD prior to 1 May 2019.

Date: 31 December 2023

MATURITY PROFILE



FUND CHARACTERISTICS

Fund Manager(s)	Ruaan van Wyk
ASISA Fund Classification	South Africa – Interest Bearing – Money Market
Benchmark	Alexander Forbes Short Term Fixed Interest Index (STeFI)
Fund Launch	1 October 2014
Fund Size	R 37.3 million
Income Distribution	Income distributed monthly on the 1st day of the month at 100 cents per unit
Initial Fee	0%
Annual Management Fee*	0.12% (incl. VAT)
Risk Profile**	Low
Minimum Investment	R5 000 lump sum and/ R500 monthly
Maximum Fund Duration	90 days
Maximum Weighted Average Maturity	120 days
Total Investment Charge***	0.20% (1 January 2023 to 31 December 2023)
Units in issue	8 229 647.11 at a NAV of 100 cents per unit

*Different classes of units apply to this portfolio and are subject to different fees and charges.

**Risk comes from the uncertainty about whether an investment will yield the promised return. The greater the risk, the higher the potential rate of return or potential loss. A low risk investment is characterised by limited price swings, narrow income growth potential and a low probability of income loss.

*** A Total Investment Charge (TIC) comprises two cost components; transaction costs and a Total Expense Ratio (TER). TER is a measure of a portfolio's assets that are forgone as operating expenses. Included in the TER is the proportion of costs incurred as charges, levies and fees in the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TERs. The current disclosed TER is applicable to the institutional class (B3 units). The breakdown of TIC for the period is as follows:

Management Fee	Other Fees	Total Expense Ratio (TER)	Transaction Costs (TC)	Total Investment Charge (TIC)
0.12%	0.08%	0.20%	0.00%	0.20%

TOP SEVEN EXPOSURES BY ISSUER

Issuer Name	% of Fund	Issuer Name	% of Fund
Firststrand Bank	22.47%	Investec Bank	8.17%
Republic of South Africa	19.34%	Nedbank	2.86%
Absa Bank	19.30%	Land and Agri Dev Bank of SA	0.02%
Standard Bank	17.27%		

FUND COMMENTARY

Monetary policy remained on hold during Q4, as the only meeting for the quarter (Nov) saw a unanimous committee decision to keep rates steady. The repo rate has now remained unchanged at 8.25% (prime at 11.75%) since May 2023, as the authorities assess the impact of their current policy stance on growth and inflation. The traded money market reflected this stability in policy, with rates unchanged and volatility low over the period. The 3-month JIBAR rate moved 7 bps higher to 8.40%, while the 12-month rate moved 15 bps lower to 9.12%. Based on these JIBAR rate levels, the total return for the STeFi Composite Index continues to move higher and was 2.09% for the quarter.

The authorities have remained steadfast in their policy stance, maintaining the repo rate at restrictive levels (relative to growth and inflation) even as other emerging markets ease rates and expectations that the big developed central banks are likely to follow suit escalate. Our view is that rates have reached their peak for the cycle, but the committee wants to see a more meaningful and sustainable decline in inflation before they are willing to take policy back to neutral. While inflation is within the target band, it is on the high side, and the forecast risk for 2024 remains elevated in our view. In addition, inflation expectations have been easing, but not with the conviction the authorities would like. Our best guess is that they begin easing policy towards the middle of the year, barring any renewed upward pressure on inflation. There are many factors, global and domestic, that will determine how much and how quickly they ease. Our view is that rates are currently around 1% higher than the neutral policy rate and thus 4 x 25 bp or 2 x 50 bp would be a fair expectation of what they deliver once they get going.

So, money market portfolios will enjoy higher returns for some time still as yields remain elevated. Even as authorities start to ease, the lag before impacting money market returns meaningfully will be a good few months. Our expectation is, therefore, that both nominal and real returns for portfolios will remain relatively high for the entire year. In portfolios, we are long duration versus the STeFi benchmark, although the unexpectedly prolonged hiking cycle has meant that we were a bit too early in extending duration. We maintain exposure to longer-dated (12m), fixed-rate investments > 9%. We expect this area of the curve to be anchored in the face of the end of the hiking cycle and then to move lower as market expectations move decisively to cuts. The other yield-enhancing lever at our disposal is credit. Big bank exposure forms the mainstay of the portfolio, and these spreads have moved significantly tighter over the quarter due to the excess liquidity in the system and changing bank regulatory requirements. This has unfortunately weighed on the yield pick-up investors receive on the bulk of their portfolio. The non-bank credit market is stable, with low issuance keeping credit spreads at compressed levels and a tough macro backdrop negatively impacting the case for investing capital here. So, there is not too much opportunity for yield enhancement from credit, and we feel that increasing interest rate risk by moving longer out on the money market curve is the better option for generating outperformance over the coming quarters.

The fund has outperformed the benchmark by 36 basis points over the quarter.

ABOUT AFENA CAPITAL

Afena Capital is an independent investment management firm that was established in November 2005, where management and staff have majority ownership of the company. The firm was founded by a team of entrepreneurial investment professionals who shared a common long-term vision to build a trusted, professionally managed, quality investment management firm. The firm focuses on producing excellent long-term investment returns, providing quality service to its clients and offering professional management of investment portfolios on behalf of third-party clients. We currently employ 12 full time staff members and manage segregated and pooled portfolios on behalf of institutional investors. On 31 December 2023, total assets managed by Afena Capital were R37.3 million.

COLLECTIVE INVESTMENT SCHEMES

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. 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 11:00 (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. Money market Funds are priced before 3pm. 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.afenacapital.com. The total investment charges and investment performance above are applicable to the Institutional Class (B3). As at 31 December 2023, total number of units in the B3 class were 8 229 647.11 at a NAV of 100 cents per unit. Published on 25 January 2024.

DISCLAIMER FOR FUND SPECIFIC RISK

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 lower the credit quality, the greater the risk of default and therefore investment loss. 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. 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.

GLOSSARY OF TERMS

Term	Meaning
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 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.
Co-named Collective Investment Scheme	A portfolio approved and branded in the name of both the manager (Prescient Management Company) and the financial services provider (Afena Capital) and where the financial services provider undertakes the function of discretionary financial services in relation to the assets of the portfolio.
Income Distribution	The interest and/or dividend income that is generated by the underlying investments in the Fund and that is declared and distributed to investors in the Fund periodically
Capital Preservation	A conservative investment strategy that aims to avoid risk or loss in a Fund.
Liquidity	The ease with which a financial instrument can be sold and converted to cash without having much impact on its value or price.
Weighted Average Duration	The average length of time to maturity of all the underlying instruments held in a Fund weighted according to the relative holding of each instrument.
Annual Effective Yield	This is a forward-looking yield that takes the last seven days' yield and annualizes it for the next 12-month period. The Annual Effective Yield gives an indication of the income return (interest and/or dividends received) for the Fund over a 12-month period assuming the income returns are reinvested.

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.

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

Investment Manager: Afena Capital Proprietary Limited, Registration number: 2005/017613/07 is an authorised Financial Services Provider (FSP 25033) 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:** 6th Floor, Sunclare Building, 21 Dreyer Street, Claremont, 7708. **Postal address:** PO Box 23883, Claremont, 7735. **Telephone number:** 021 657 6240. **Website:** www.afenacapital.com

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Prescient