LEGACY AFRICA FUND MANAGERS

LEGACY AFRICA REGIONAL EQUITY PRESCIENT FUND

Minimum Disclosure Document & General Investor Report

31 March 2024

Fund Details

Fund Manager	Godwin Sepeng
Investment Manager	Legacy Africa Fund Managers
Inception Date	15 May 2023
Publication Date	26 April 2024
ASISA Classification	Regional Equity – General
Benchmark	MSCI EFM Africa ex-SA Index
Fund Size	R 33,813,980
Number of Units	33,813,980
NAV Price	100c
Initial Fees	0 %
TER	New Fund
TC	New Fund
TIC	New Fund
Class	A1, A2, B
Management Fees	0.85%, 1.00%, 1.25%
Minimum Lump Sum	R50 000
Minimum Debit Order	R1 000
Income Declaration	Monthly

Risk Profile

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.

Sector Allocation on 31 March 2024

	Sector Allocation	Benchmark
Cash	29,0%	0,0%
Telecommunication Services	11,8%	17,7%
Financials	38,9%	53,1%
Health Care	1,6%	1,2%
Consumer Staples	11,5%	10,1%
Industrials	4,9%	12,5%
Materials	2,3%	1,2%
Other	0,0%	4,2%

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.

Asset Allocation on 31 March 2024

	Asset Allocation
Traded Cash	29,0%
Equity	71,0%

Country Allocation on 31 March 2024

	Country Allocation	Benchmark
Cash	29,0%	0,0%
Egypt	37,1%	21,1%
Kenya	18,9%	12,2%
Morocco	10,6%	48,1%
Nigeria	4,5%	0,0%
Other	0,0%	18,6%

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.

Fund Performance

Not Available – Performance figures will be available a year after the fund's launch date.

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.

Market Commentary

Market Review

The MSCI EFM Africa ex-SA Index, which tracks equity markets in African countries excluding South Africa, experienced a decline of 12.4% in USD during the first quarter of 2024. This is compared to an 8.85% increase in MSCI World Index and a 2.1% increase in MSCI Emerging Markets. The bulk of this underperformance was driven by substantial drawdowns in the Egyptian and Nigerian equity markets. The Egyptian Equity Market, representing 26% of the Index, experienced a 28% erosion in shareholder value in USD. The Nigerian Equity Market, now a negligible proportion of the Index, eroded 46% of shareholder value in USD. However, stripping out the impact of depreciation relative to the USD, the Egyptian equity market gained 10% and the Nigerian equity market also made gains in local currency.

The currency management regime in Egypt was substantially shaken up in March 2024. On the 6th of March, the Egyptian Central Bank raised both its overnight lending and deposit rates by 600 basis points to historic levels (28.25% and 27.25% respectively). The Egyptian Pound was also allowed to devalue by 35% - effectively liberalizing the currency. These moves were enacted as a quid pro quo, for a 10bn USD International Monetary Fund (IMF) bail-out package and upwards of 35bn USD foreign direct investment from the United Arab Emirates. Taken together, these developments are aimed at stabilizing the country's balance of payments, eliminating the "black market", and eventually curbing rampant inflation – all of which are a drag on economic performance. This liberalization follows from the tentative 20% devaluation implemented 12 months ago. While challenges remain, not least acute short term effects including inflation which scaled 33.3% on an annualised basis in March 2024, the Egyptian economy has now been set on surer footing. One encouraging sign of this is that the Fund is now able to trade USD without hindrance, and the Egyptian Pound has strengthened, albeit marginally, since toping out at 51 to the USD.

The Nigerian economy is presently beset by the transition costs of ongoing economic reform. Bola Tinubu, Nigeria's current president came to office in May 2023 on a mandate of economic reform. Priority reforms include incremental liberalization of the managed currency regime and the removal of a cluster of central government subsidies that distort the economy including a range of energy subsidies. The Naira was allowed to weaken by 77% in June last year relative to the dollar. A further devaluation, amounting to 80%, was allowed in February 2024, with the currency topping out at 1516 to the USD. Predictably, this necessary but bitter medicine has come with contra-indications, including record inflation and interest rates. Nigeria is presently faced with widespread food insecurity and food riots, with food inflation scaling 35% in March 2024. The weakness of the Naira, historically concealed by central bank intervention, is merely a symptom of underlying economic imbalances including low agricultural productivity, substantial reliance on food imports and fuel imports despite a large oil endowment. Notwithstanding these challenges, the Nigerian economy retains its powerhouse potential, and the Naira has strengthened materially in the back half of the first quarter. The February 2024 devaluation substantially eroded shareholder value in USD terms, from being the top performing frontier market in 2023, the MSCI Nigeria fell by 46% in USD in Q1'2024.

It was, however, not all doom and gloom in the frontier space. Morocco continues to be an island of stability, with the MSCI Morocco gaining 4% in USD, with 7% gains in local currency being shaved off by 3% depreciation in the MAD to USD exchange rate. At 50%, Morocco has displaced Egypt as the largest single country weight in the Index. Toping performance expectations was the Kenyan equity market. The MSCI Kenya was up 30% in KES, and 40% in USD, benefitting from the KES appreciating more than 10% relative to the USD. The substantial updraft in the Kenyan equity market, underscores the reason for retaining Africa ex SA exposure. Sentiment and valuations are at historically depressed levels because of monetary policy driven USD strength. A historically elevated US Fed Funds Rate has, in turn, exacerbated underlying economic vulnerabilities in various African countries. With some countries grasping the reform nettle, the bar to a recovery in sentiment and valuations is not high when constrictive developed market monetary policy starts to normalize.

Despite substantial currency volatility in Egypt and Nigeria, the Fund's first quarter performance was ahead of the index in relative terms. Our country exposures did not result a relative performance drag in the first quarter, despite substantial changes in the index's country weights. Nevertheless, in absolute Rand terms, the Fund lost value, albeit less than the benchmark, primarily as a consequence of the devaluation of the EGP relative to the USD and the ZAR. The fund benefitted from its exposure to select Kenyan equity counters including East Africa Breweries, British American Tobacco Kenya, Equity Group Holdings, and Kenya Commercial Bank. The Fund also benefited from its exposure to Egyptian Real Estate counters, that proved resilient to EGP devaluation. During the quarter, we adjusted our exposure to Kenyan equities, by increasing our bank sector exposure and reducing industrials exposure. We also took profits in select Egyptian real estate counters. Finally, we bolstered the Fund's gold exposure with two undervalued London listed gold counters. The Fund has adhered to its policy objective.

Contact Us

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Registration number: 2012/073478/07. **FSP number:** 44651
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LEGACY AFRICA FUND MANAGERS is an Authorised Financial Services Provider, (FSP), as a discretionary FSP, in terms of Section 8 of the Financial Advisory and Intermediary Services Act (FAIS). This information is not advice, as defined in FAIS. Please be advised that there may be supervised representatives.

Trustee

Nedbank Group Limited

Registration Number: 1951/000009/06

Physical Address: 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709
Telephone Number: 011 671 7209 **Website:** www.nedbank.co.za
Nedbank Corporate and Investment Banking is a division of Nedbank Limited Reg No 1951/000009/06. Authorised financial services and registered credit provider (NCRCP16)

Mandatory Disclosure

- Collective Investment Schemes are generally medium to long term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, and charges is available on request from the manager, as well as a detailed description of how performance fees are calculated and applied. The manager does not provide any guarantee in respect to the capital or the return of the portfolio.
- Excessive withdrawals from the fund may place the fund under liquidity pressure and in such circumstances, a process of ring fencing of withdrawal instructions and managed payouts over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. The Manager may close any portfolio to new investors in order to manage it efficiently in accordance with its mandate.
- Prices are published daily on our website and Morningstar newspaper.
- The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy.
- 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 maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio.

- 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 Collective 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.

- 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.

DISCLAIMER

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A Money Market portfolio is not a bank deposit account and the price are 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.

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▪**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.

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CONTACT DETAILS:

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