SAFFRON BCI GLOBAL ENHANCED INCOME FEEDER FUND

CLASS A

Minimum Disclosure Document (MDD)
31 March 2023

Fund Performance

Since launch cumulative performance graph

Performance will be displayed 12 months after the launch date

Monthly %

Fund	
Benchmark	

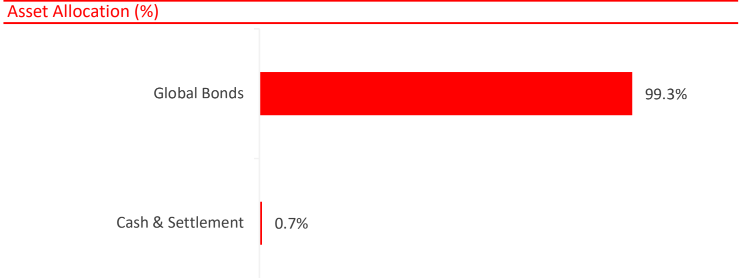
Yearly %

Fund	
Benchmark	

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year				
3 Years				
5 Years				
10 Years				
Inception				

Fund Holdings

Asset Allocation (%)



Risk Statistics (1 Year Rolling)

Standard Deviation	*Available 12 months post launch date*
Sharpe Ratio	*Available 12 months post launch date*
Information Ratio	*Available 12 months post launch date*
Maximum Drawdown	*Available 12 months post launch date*

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/03/2023

Highest Annual %	*Available 12 months post launch date*
Lowest Annual %	*Available 12 months post launch date*

Risk Profile

Low-Moderate Risk

The risk indicator is determined using historical data or, where historical data is not available, using simulated historical data. Historical data, such as is used in calculating the synthetic indicator, may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not a target or a guarantee and may change over time. A category 1 fund is not risk free, the risk of loss is small but the chance of making gains may also be limited. With a category 7 fund, the risk of losing money is high but so also is the possibility of making gains. The risk indicator for the Fund is set at 3 as this reflects the market risk arising from proposed investments.

Annualised return is the weighted average compound growth rate over the period measured.

Fund Objective

The Fund's investment objective is to generate a high level of income and capital appreciation over the medium to long term.

Investment Policy

The portfolio will apart from assets in liquid form, invest solely in the participatory interests of the Saffron BCI Global Enhanced Income Fund, established under the Prescient Global Funds ICAV domiciled in Ireland. The underlying portfolio invests invest primarily in debt and debt-related securities issued by governments and corporations listed on global recognised exchanges. To the extent that the assets in the portfolio are exposed to exchange rate risk, the manager may enter into financial transactions for the exclusive purpose of hedging such exchange rate risk subject to the conditions and limits as stipulated by the Act.

Fund Information

Fund Manager	Brandon Quinn, CFA
Assistant Fund Manager	Anina Swiegers, CFA & Alexander da Silva
Launch Date	4 November 2022
Fund Size	R 76.34 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	100.59 cents
JSE Code	SAFFA
ISIN Number	ZAE000314324
ASISA Fund Classification	Global - Multi Asset - Income
Benchmark	CME Term 3-Month SOFR +3%
Minimum Investment Amount	None
Fee Class	A
Valuation	Daily
Portfolio Valuation Time	08:00 (T+1)
Transaction Cut Off Time	14:00
Regulation 28 Compliant	No

Distribution History (cents per unit)

Income Declaration Date	30 June / 31 December
Income Payment Date	2nd working day of July / January

Cost Ratios (%)

TER:	TC:	TIC:
The % of the value of the Fund was incurred as expenses relating to the administration of the Fund.	The % of the value of the Fund was incurred as costs relating to the buying and selling of the assets underlying the Fund.	The % of the value of the Fund was incurred as costs relating to the investment of the Fund.

Fees (Incl. VAT) (%)

Annual Service Fee	0.17
Initial Advisory Fee (Max)	3.45
Annual Advice Fee	-
Initial Fee	0.00
Performance Fee	None
Monthly Fixed Admin Fee	R15 (Excl. VAT)

Information & Disclosures

Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website www.bcis.co.za.

Valuation takes place daily and prices can be viewed on our website (www.bcis.co.za) or in the daily newspaper.

Actual annual performance figures are available to existing investors on request.

Upon request the Manager will provide the investor with portfolio quarterly investment holdings reports.

* Monthly Fixed Admin Fee
R15 excl. VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless an investor transacts online, in which case no such fee will be levied.

** Total Expense Ratio (TER)
Please note: A higher TER ratio 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. 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, the investment decisions of the investment manager and the TER. The prior year ("PY") TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 30 June 2022, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, being 30 September 2022.

Risks
Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Where foreign securities are included in the portfolio there may be additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Effective Annual Cost
Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at www.bcis.co.za. BCI calculates the EAC as per the ASISA standard for a period of 3 years up till the most recent TER reporting period.

FAIS Conflict of Interest Disclosure
Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instances, portfolios invest in other portfolios which form part of the BCI Scheme. These investments will be detailed in this document, as applicable.

Disclaimer

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.

Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge.

Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax.

Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. A feeder fund, that 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.

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Fund Manager Quarterly Comment - As at 31 March 2023

The first quarter of 2023 delivered a positive return for financial assets following a volatile final quarter of 2022. The Saffron Global Enhanced Income Fund returned +0.58% over the quarter, and the benchmark of 3-Month SOFR +3.0% (Secured Overnight Financing Rate) returned 1.90%. The Fund running yield closed the first quarter at 5.34% with a low duration of 0.37 yrs.

For the second consecutive quarter, equities broadly outperformed the bond asset class. Nonetheless, over the three-month period, both equity and bond markets delivered positive returns. The MSCI World Index returned +7.25% and the MSCI Emerging Markets Index returned +3.54%, whilst the Bloomberg Barclays Global High Yield Index returned 3.15% and the US High Yield Index returned +3.72%.

The United States (US) bond curve tightened significantly as the market continuously repriced the interest rate outlook lower, with the US-2YR and US-10YR closing yields at 4.03% and 3.47%, respectively. However, due to the parallel shift down along the yield curve, the 10v2s (US-10YR – US-2YR) spread remained unchanged at 55 basis points (bps), the same level it closed at Dec-2022. The 10v2s inversion is widely seen as indicative of recessionary expectations in the market. Risk-free assets continued to provide ample value, as the 3-Month US Treasury bill yield lifted by 0.38% over the quarter to 4.75%.

Spreads on 5-YR USD sovereign credit default swaps (CDS) remained relatively stable over the volatile period. South Africa widened the most over the quarter, lifting by 23 bps whilst Mexico remained flat, and Turkey lifted slightly by 11 bps. Brazil mirrored their currency outperformance, tightening by 26 bps. The broad lifting in the sovereign CDS spreads over the quarter demonstrated the cautiousness of the market in the perceived risk outlook for the various nations.

Additional Tier 1 (AT1) bank bonds experienced a volatile quarter, reversing all gains from a strong Q4 2022. The iBoxx CoCo Liquid Developed Europe AT1 Index experienced a return of -9.24% for Q1 2023. In particular, March witnessed extreme pricing volatility due to Credit Suisse writing down its AT1 instruments from CHF16 billion to zero. The repricing of AT1 securities reflected how market participants were unprepared for the risk inherent in holding these instruments.

The Federal Reserve (FED) continued to hike interest rates, raising the upper bound of the FED funds rate by a cumulative 50 bps to 5.00%, which is perceived to contribute to a lagged moderation of inflation to 6.00% y/y from 7.10% y/y at the start of the quarter. The FED's preferred indicator to measure inflation, Core Personal Consumption Expenditures (PCE) , decreased to 4.59% from 4.68% at the beginning of the quarter. However, there is concern that a resurgence in demand for commodities, especially in the energy sector, could disrupt the disinflation path.

The slowdown in the pace of the increase in the funds rate suggests that the FED may consider that it is close to the peak of the cycle and the level needed to bring inflation back within its long-term target of 2.00%. Despite higher interest rates, the strength of the US economy was highlighted as it grew by an annualized 2.90% q/q in Q4 2022, supported by a 2.10% q/q rise in consumer spending. Due to recent banking sector concerns, it is probable that the FED may need to maintain a neutral stance in the medium-term.

In March, the FED's balance sheet decreased to its lowest level since August 2021, down USD626 billion from its peak in April 2022. Although the FED's deleveraging continues, reducing its balance sheet further may be challenging due to diminishing bank liquidity and concerns regarding raising the debt ceiling in the US. The debt-to-GDP ratio was 123% at the end of 2022, and despite the fact that the FED's balance sheet has reduced, it is still USD4.2 trillion higher than where it was at the end of 2019. Investors may start paying more attention to the FED's balance sheet reduction as the rate hiking cycle reaches its peak.

The US labour market has shown slight signs of loosening, with the unemployment rate increasing to 3.60%, slightly higher than the recent historical low of 3.40%. The tech sector layoffs accounted for 50.00% of the total layoff announcements, which is the largest share recorded. The first quarter of this year has seen more than double the number of tech layoffs than the entire 2021. Non-tech layoffs are also rising but are not yet close to levels of concern. After a strong January non-farm payrolls print saw the number of jobs increase to 517,000 from 263,000 at the end of Q4 2022, it moderated to 311,000 in the preceding month. The US Department of Labour mass layoff data indicates that layoffs are at levels that in the past reflected moderate but not extreme labour-market stress. The softer labour data has created some optimism that the end of the FED hiking cycle is closer than previously anticipated.

The FED is uncertain about how much tighter financial conditions will be affected by the banking sector stress that started in the last few weeks of March. Fears that banks were reducing their lending appetite will reduce the need for the FED to continue hiking to tame inflation. Further rate increases appear to have been moderated by the recent global volatility and risk aversion sentiment.

The European Central Bank (ECB) remained steadfast in its commitment to combat inflation, which it sees as a greater threat to the economy than the ongoing banking sector turmoil. The ECB raised its main policy rate by a total of 100 bps over the quarter, bringing it to 3.50%. While the ECB is closely monitoring "current market tensions," it has reassured investors that it is prepared to act if necessary to maintain price stability and financial stability in the euro area. According to ECB President, Christine Lagarde, the central bank has the necessary tools to respond to a liquidity crisis, but there is no indication of such a crisis.

Core inflation, which excludes volatile food and energy prices, increased once again to 6.55% y/y in February. The headline inflation print in the EU was 9.90% y/y in February, slightly lower than the 10.00% in January y/y. The inflation rate in the euro area remained far above the central bank's 2.00% target. Economists suggest that the ECB will need to assess how financial conditions have tightened in response to recent shocks before its next meeting in May. The impact of monetary policy on price stability and economic growth will also need to be considered.

China has set a GDP growth target of circa 5.0% for this year, slightly below the approximate 5.5% target set for 2022, reflecting the projections of decade-low world growth. Regardless, early Chinese data prints indicate a better-than-forecasted start, with the official manufacturing Purchasing Managers Index (PMI) rising to 52.6 in February from 50.1 in the previous month, marking the highest reading in over a decade. The non-manufacturing PMI also soared to 58.2 from 56.3 the previous month, indicating a significant improvement in demand and production activity following the exit from zero-COVID policy and the end of Lunar New Year celebrations.

The broad deficit for 2023 is estimated to be around 7.5% of GDP, higher than the actual broad deficit of 5.9% in 2022. A fully implemented budget using the multiplier effect is predicted to boost China's GDP growth by 0.8% in 2023, double the 0.4% contribution in 2022. Consumer Price Index (CPI) inflation continued to edge down to 1% y/y in February due to falling food and services inflation, providing headroom for the People's Bank of China to maintain an accommodative policy stance in H1 2023.

Consumption accounts for just under 50% of China's GDP, compared to a much larger 70% of the US GDP. Economists will assess the data closely as to whether China's recovery will be enough to offset the global macro impact of a US slowdown. The extent of China's recovery will be a key determinant for the global growth outlook this year, as investors will want to see growth entrenched.

Emerging market (EM) bonds performed well during the quarter, with the JP Morgan EMBI Plus Index returning a positive +1.87% and the iTraxx Crossover 5-Year Total Return Index returning 4.11% for the quarter. However, corporate credit spreads demonstrated a mixed performance in Q1 2023. The JP Morgan EMBI Spread widened by 39 bps, indicating a lift in the perceived risk of EM markets. On the other hand, the EU iTraxx Crossover 5-year spread tightened by 38 bps, suggesting an improvement in risk sentiment for the EU corporate bond market.

Industrial and precious metals have experienced a positive shift in sentiment, largely due to the anticipated increased demand from China. The CRB Metals Index increased by +7.35%, primarily driven by rising prices of gold, copper, and iron ore, which increased by +7.96%, +7.45%, and +5.42%, respectively. However, palladium, rhodium, and platinum saw decreases in prices, falling by -18.35%, -39.59%, and -7.36%, respectively. Soft commodities experienced a mixed quarter, with sugar and cocoa seeing increases in prices at +11.03% and +12.81%, respectively, while wheat and soybeans saw declines at -12.59% and -2.61%, respectively. Concerns about the potential inflationary impact of these increases on elevated global inflation levels have yet to abate.

Historically, when US rates decreased and equity volatility increased due to financial instability, investors have typically flocked to the safe-haven asset of the USD. Yet, this quarter saw the USD weaken, as the Dollar Index (DXY Index) declined by -0.98%. The GBP appreciated by +2.10% and the EUR strengthened by +1.25% versus the USD, benefiting the fund with tactical unhedged exposure to both currencies. The South African Rand led the African continent with a gain of +6.20% against the US Dollar. The Mexican Peso and Brazilian Real also saw notable gains of +7.45% and +4.20%, respectively. The Australian Dollar and Japanese Yen were the most significant currencies to lose value against the USD over the quarter, depreciating by -1.91% and -1.33%, respectively. While the Chinese Renminbi only gained +0.36% against the USD, the Indonesian Rupiah and Indian Rupee led the gains for the Asian region, at +3.71% and +0.67%, respectively.

Looking ahead, the fund continues to monitor the ongoing uncertainty in the banking sector and geopolitical risks, as well as the fears of a US recession and stubborn inflation. Despite these challenges, the fund’s diversified positioning in high-quality issuers across asset classes, combined with a focus on capturing higher US rates in the short-end of the curve, will enable the fund to effectively navigate the current market conditions. Additionally, the fund will continue to seek out opportunities to add value where appropriate.

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