

SAFFRON GLOBAL ENHANCED INCOME FUND

a sub-Fund of PRESCIENT GLOBAL FUNDS ICAV

CLASS A2

Minimum Disclosure Document (MDD) and General Investor Report

31 March 2023



Fund Performance

Since launch cumulative performance graph

Performance will be displayed 12 months after the launch date

Monthly %

Fund
Benchmark

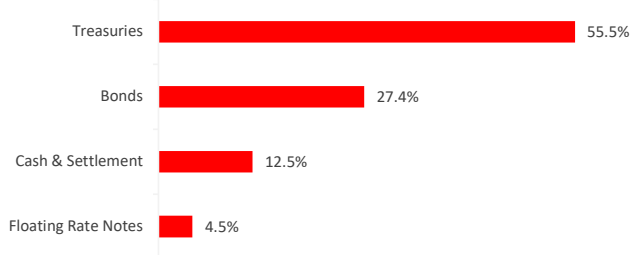
Yearly %

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.

Fund Objective

The Saffron Global Enhanced Income Fund is an actively managed global fixed income portfolio that seeks to generate a high level of income and capital appreciation over the medium to long term with a global focus.

Investment Policy

In order to achieve this objective, investments normally included in the portfolio will comprise a combination of assets in liquid form, bonds, inflation linked bonds, loan stock, notes, debentures, debenture bonds, convertible bonds, preference shares, listed property securities and property related securities, money market instruments, corporate debt, equity securities, convertible equities, other interest-bearing securities and non-equity securities. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes. The portfolio may from time to time invest in listed and unlisted financial instruments. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.

Fund Information

Fund Manager	Brandon Quinn, CFA
Assistant Fund Manager	Anina Swiegers, CFA & Alexander da Silva
Launch Date	29 September 2022
Fund Size	USD 11.10 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	102.96 cents
Bloomberg Code	PGSGEA2 ID
ISIN Number	IE00064OLF1
Fund Classification	Global Bond UCITS
Units	50.00
Benchmark	CME Term 3-Month SOFR +3%
Minimum Investment Amount	USD 5,000
Fee Class	A2
Valuation	Daily
Portfolio Valuation Time	17:00 (New York)
Transaction Cut Off Time	10:00 (Ireland Rep.)
Regulation 28 Compliant	N/A

Distribution History (cents per unit)

Income Declaration Date	Accumulating Class
Income Payment Date	N/A

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	0.75
Initial Advisory Fee (Max)	-
Annual Advice Fee	-
Initial Fee	-
Performance Fee	N/A
Monthly Fixed Admin Fee	USD 625

*Available 12 months post launch date

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.

Highest & 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.

Alpha: Denotes the outperformance of the fund over the benchmark.

Sharpe Ratio: Used to indicate the excess return the portfolio delivers over the risk-free rate per unit of risk adopted by the fund.

Standard Deviation: The deviation of the return stream relative to its own average.

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

Max Gain: Largest increase in any single month.

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

Average Duration: The weighted average duration of all the underlying interest-bearing instruments in the Fund.

Total Expense Ratio (TER%): The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product.

Transaction Costs (TC%): The Transaction Costs (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Total Investment Charges TIC (%) = TER (%) + TC (TIC), the TER + the TC is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the that a TIC is the sum of two calculated ratios (TER+TC).

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 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. 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 Fund Services (Ireland) Ltd by or before 10:00 (Irish time), 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 Fund Services (Ireland) Ltd shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at 17:00 (New York time) depending on the nature of the Fund. 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.



Risk

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 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 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 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 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.

The fund has adhered to its policy objective as stated in the supplement.

Investment Manager

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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. Over the quarter, the Fund composition has seen cash deployed into increasing exposure to short-dated US treasuries and opportunistically upweighting to floating rate notes.

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-forecast 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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