

SAFFRON BCI GLOBAL ENHANCED INCOME FEEDER FUND

CLASS A

Minimum Disclosure Document (MDD)
30 September 2023



Fund Performance

Since launch cumulative performance graph

Performance will be displayed 12 months after the launch date

Monthly %

	Fund	Benchmark
Fund		
Benchmark		

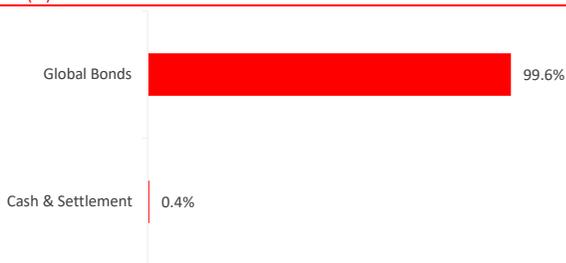
Yearly %

	Fund	Benchmark
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 30/09/2023

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 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
Launch Date	Friday, November 4, 2022
Fund Size	R 109.99 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	109.75 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 2023, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, being 30 June 2023.

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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Investment Manager

Saffron Wealth (Pty) Ltd

(FSP) License No. 34638

Physical Address: B6 Octo Place, Electron Road, Technopark, Stellenbosch, 7599

Postal Address: Suite 426, Private Bag X5061, Stellenbosch, 7599

Tel: +27 (21) 880 7080

Email: info@saffronwealth.com

Website: www.saffronwealth.com

Management Company Information

Boutique Collective Investments (RF) (Pty) Ltd

Catnia Building, Bella Rosa Village, Bella Rosa Street, Bellville, 7530

Tel: +27 (21) 007 1500/1/2 | +27 (21) 914 1880

Fax: +27 (86) 502 5319

Email: clientservices@bcis.co.za

Website: www.bcis.co.za

Custodian / Trustee Information

The Standard Bank of South Africa Ltd

Tel: +27 (21) 441 4100



Fund Manager Quarterly Comment - As at 30 September 2023

The third quarter of 2023 saw heightened volatility in returns for financial assets. The Saffron Global Enhanced Income Fund returned 1.33%, with its benchmark of SOFR +3% (Secured Overnight Financing Rate) returning 2.08%. The composition of the fund changed over the period to include marginally higher allocations to bonds, floating rate notes and AT1 instruments, with a lower allocation to short-dated US Treasuries. The fund sought to deploy more cash into credit assets and longer dated US Treasuries which resulted in a modest increase in duration to 0.85 yrs. The Fund ended the quarter with a gross running yield of 6.28%, up from 5.50% in Q2.

Through Q3, the US bond curve was extremely volatile as markets priced in the new interest rate outlook. The US-2YR and US-10YR closed the quarter with yields of 4.57% and 5.05% respectively. In September, these rates lifted significantly to reach high's of 5.18% and 5.63% respectively. Over the quarter, the 10v2s inversion tightened significantly to -47 bps due to the sharp lift in the US-10YR. The 10v2s inversion is widely seen as a leading indicator of an economic recession in the market. Value continues to be offered by US Treasuries with the 3-month US Treasury bill lifting by 12 bps to 5.45% over the quarter.

The Federal Reserve (FED) continued its hiking policy early in the quarter, raising the upper bound of the FED funds rate by 25 bps to 5.50% before pausing in September. Currently, the market is expecting rates to remain high by pricing in a pause in the very near term, followed by a 25 bps hike and cuts thereafter. A key rate used to measure inflation, Core Personal Consumption Expenditures (PCE), rose only 0.1% in September when excluding food and energy as inflationary pressures eased slightly. When including food and energy, Core PCE was up 0.4% m/m and 3.5% y/y. The latest inflation print was largely driven by energy costs which increased by 6.1% m/m. Core PCE was last at the FED's target rate of inflation of 2% in February 2021.

As an indication of EM rates, the 5-YR Brazil CDS spreads widened by circa 12 bps for the quarter on the back of weak currency performance. Due to the elevated political turbulence experienced during the quarter, the 5-YR ZAR sovereign CDS ended the quarter circa 19 bps wider than Q2. Similar weakness in the CDS space was seen by Mexico where spreads widened by circa 23 bps. The broad-based widening in sovereign CDS spreads indicates a negative growth view based on current forecasted macro-environment.

Following on from the first half of the year, AT1 bank bonds were subject to elevated volatility in Q3 due to the current challenging macro-economic environment. Over the quarter the iBoxx CoCo Liquid Developed Europe AT1 Index is up circa 48bps but down over 1% m/m.

The European Central Bank (ECB) continues to combat persistent, high inflation in the Eurozone, marked by a recent 25 basis point increase in key interest rates, elevating the main interest rate to an all-time high of 4%. Despite a decrease in inflation from double digits last year to 5.2% in August, economic activity remains sluggish. High interest rates are expected to persist as the central bank prioritizes inflation control, even amid signs of economic stagnation and lowered growth projections for the coming years. The balancing act between curbing inflation and fostering growth remains a critical challenge for the ECB.

China's economy is showing signs of stabilization after a period of slowdown, as indicated by the Caixin Purchasing Manager's Index (PMI) and official PMI figures, both of which are hovering above 50, signifying slight expansion. Government efforts to spur consumer spending and accelerate infrastructure projects are also starting to reflect positive impacts. However, the recovery is marred by a continued slump in the property sector and reduced consumer confidence. The World Bank reduced its 2024 GDP growth forecast for China due to ongoing challenges, including the property market crisis and an aging population. There is a general consensus that more policy support may be needed to sustain the recovery and tackle the existing economic challenges.

The US High Yield Index returned circa 41 bps over the quarter and outperformed the Global High Yield Index as investors moved towards the US in the more turbulent market environment. In the European Union (EU), spread widening was recorded by both the 3Y and 5Y ITraxx, with the latter increasing by circa 32 bps. This indicates a slight deterioration in risk sentiment in the EU corporate credit market.

Historically, the United States Dollar (USD) has been the safe haven asset in times of financial instability. This quarter saw continued strength in the USD, as the Dollar Index (DXY) increased by circa 3.17% over the quarter. Over the quarter, the USD performed well against other developed markets gaining circa 3.08% and 3.97% against the EUR and GBP respectively. When looking at emerging market currencies such as the Brazilian Real and Turkish Lira the USD gained 5.12% and 5.41%. Interestingly, the USD only gained circa 39 bps against the South African Rand (ZAR).

Looking ahead, uncertainty in the US and EU banking sector is expected to remain elevated while US recession expectations and inflation uncertainty will likely remain in the short to medium term. The fund will continue to redeploy its US Treasury exposure into opportunities which are deemed to offer superior risk adjusted returns.



Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
Anina Swiegers
BCom (Hons), CFA