

# SAFFRON GLOBAL ENHANCED INCOME FUND

a sub-Fund of PRESCIENT GLOBAL FUNDS ICAV

CLASS A2

Minimum Disclosure Document (MDD) and General Investor Report  
30 September 2023



## Fund Performance

Since launch cumulative performance graph

Performance will be displayed 12 months after the launch date

### Monthly %

Fund	
Benchmark	

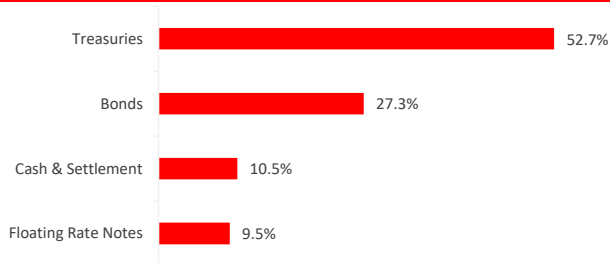
### Yearly %

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 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.

## 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
Launch Date	Thursday, September 29, 2022
Fund Size	USD 12.45 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	106.90 cents
Bloomberg Code	PGSGEA2 ID
ISIN Number	IE000640LFP1
Fund Classification	Global Bond UCITS
Units	1080.09
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

**Saffron Wealth (Pty) Ltd**  
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### Management Company Information

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Email: info@prescient.ie  
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### Trustee / Depository Information

**Northern Trust Fiduciary Services (Ireland) Limited**  
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Website: www.northerntrust.com

### Representative Office

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The Saffron Global Enhanced Income Fund is registered and approved under Section 65 of the Collective Investment Schemes Control Act 45 of 2002. For any additional information such as fund prices, brochures and application forms please go to [www.prescient.co.za](http://www.prescient.co.za)

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.



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