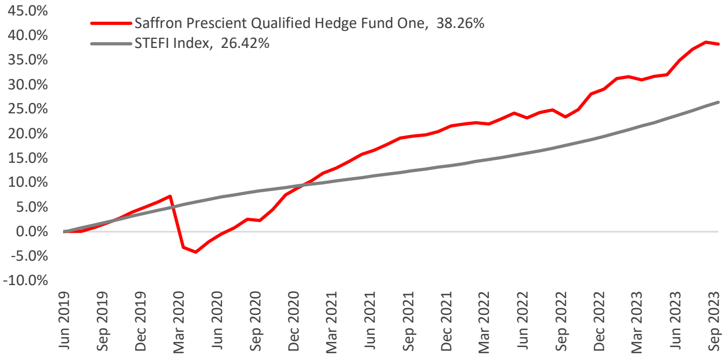
SAFFRON PRESCIENT QUALIFIED HEDGE FUND ONE

The fund was previously named Saffron Sanlam Collective Investments Qualified Hedge Fund One
Class A l Minimum Disclosure Document & General Investor Report
As at 30 September 2023

Fund Performance

Since inception cumulative performance graph



Monthly %	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23
Fund	1.22	2.56	0.78	1.66	0.26	-0.49	0.56	0.25	2.25	1.69	1.01	-0.28
Benchmark	0.51	0.51	0.54	0.60	0.54	0.61	0.57	0.69	0.65	0.68	0.69	0.65

Yearly %	Sep'20	Sep'21	Sep'22	Sep'23
Fund	0.47	16.88	3.24	12.04
Benchmark	6.20	3.80	4.59	7.50

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	12.04	7.50	12.04	7.50
2 Years	15.67	12.43	7.55	6.03
3 Years	35.19	16.70	10.57	5.28
4 Years	35.83	23.93	7.96	5.51
5 Years	N/A	N/A	N/A	N/A
Since Inception	38.26	26.42	7.85	5.62

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/09/2023

Highest Annual %:	19.27%	Lowest Annual %:	-2.03%

Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	1.76%	3.39%
Sharpe Ratio	0.95	0.22
Sortino Ratio	1.92	0.25
Information Ratio	0.93	0.22

Value at Risk (10-day, 99% confidence)	Current	Regulatory Maximum	Mandate
VaR at period end	2.68%	20.00%	20.00%
Highest VaR over the month	2.68%		

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	47,500,000.00
Gearing Ratio	2.50
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)	
Absa Prime Services	100.00%

Risk Profile

Aggressive

You can afford to take on a higher level of risk because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive over the longer term.

1) Where return and risk figures are quoted for periods greater than 12 months, these returns are annualised. In other words, they are scaled to represent an equivalent one year measure. Actual annual figures are available to the investor on request.
2) VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.
3) Sources of leverage are from equity and / or fixed interest derivatives provided by the Prime Broker. The types and sources of leverage are based on strategies that implement derivatives, short selling and borrowed money as by the Prime Broker. Leverage is calculated using the Commitment approach.
4) Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements.
5) In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

Fund Objective

The objective of the fund is to provide consistently superior risk-adjusted returns to investors through exploiting opportunities that present in interest rate and derivative markets.

Fund Strategy

The porfolio shall invest in a combination of assets in liquid form including cash, cash equivalents, money market instruments, listed and unlisted interest rate instruments, corporate and sovereign bonds, preference shares and listed property. The portfolio shall be permitted to invest in listed and unlisted financial instruments (derivatives) including but not limited to interest rate derivatives, currency derivatives and commodity derivatives. The Manager shall be permitted to invest in offshore investments as legislation permits. The Portfolio may also invest in participatory interests of portfolio of collective investment schemes registered in the Republic of South Africa or of participatory interests in collective investment schemes or other similar schemes. The 10 day 99% VAR shall be limited to 20% of the NAV.

Fund Manager Details

Investment Manager: Saffron Wealth (Pty) Ltd
FAIS Disclosure: Saffron Wealth (Pty) Ltd is an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.
Fund Manager: Brandon Quinn

Fund Information

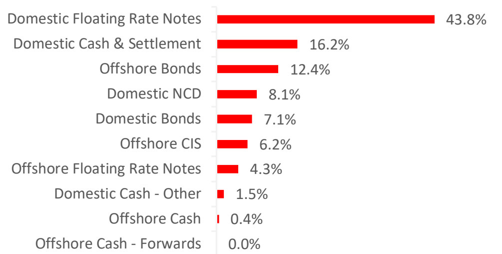
Fund Classification	Qualified Investor Hedge Fund | South African | Fixed Income
Base Currency	South African Rand (ZAR)
Inception Date	May 2019
JSE Code	SSHOA
ISIN	ZAE000273991
Benchmark	STeFI
Risk Profile	Aggressive
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
Min. Lump Sum Investment	ZAR 1,000,000.00
Min. Recurring Investment	ZAR 1,000,000.00
Valuation Frequency	Monthly
Valuation Dates	Last day of each month
Income Distribution Freq.	Quarterly
Income Declaration Dates	Last day of March, June, September & December
Income Payment Dates	First business day of April, July, October & January
Fund Size	ZAR 23,592,439.46
Number of Units	910915.60
Unit Price	11.45
Asset Duration	1.00
Fund Duration	3.50

Distribution History (cents per unit)

31/08/2023	27.30 cpu	30/12/2022	8.96 cpu
30/06/2023	7.61 cpu	30/09/2022	0.00 cpu
31/03/2023	8.54 cpu		

Fund Holdings

Asset Allocation (%)



Service Charge (Excl. VAT)

	(%)
Asset Management Fee	1.00% p.a. payable monthly
Broker Advisory Fee (max)	1.00%
Performance Fee*	20% of profits above (i) STeFI and (ii) the high water mark, payable quarterly
Total Expense Ration (TER)	1.20%
Transaction Costs (TC)	0.20%
Total Investment Charge (TIC)	1.40%

*The performance fee is accrued daily, based on performance over a rolling one year period with payment to the manager being made monthly. Performance fees will only be charged once the performance fee benchmark is outperformed.

Glossary Terms

Collective Investment Schemes (CIS)
Collective Investment Schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Distributions
The income that is generated from an investment and given to investors through quarterly distribution payouts.

Highest & Lowest return
The highest and lowest returns 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.

Fixed-interest investments
Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable. A fixed-interest investment aims to offer investors a regular income at a set interest rate, which can be fixed over a specified term. If interest rates fall, the fixed interest investment typically becomes more valuable. Conversely if interest rates rise, the value of the investment will fall. The interest provides you with a fixed amount at regular intervals. So this is usually a very predictable way of getting an income from your investment.

LISP (Linked Investment Service Providers)
A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust-based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Leverage
This refers to the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

Value at Risk (VaR)
A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome.

Encumbrance or Rehypothecation
The practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees.

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Qualified Investor
Any person, who invests a minimum investment amount of R1 million per hedge fund, and who –
(a) has demonstrable knowledge and experience in financial and business matters which would enable the investor to assess the merits and risks of a hedge fund investment; or
(b) has appointed a FSP who has demonstrable knowledge and experience to advise the investor regarding the merits and risks of a hedge fund investment;

Qualified Investor Hedge Fund or QI Fund (QIF)
A hedge fund in which only qualified investors may invest

Additional Information

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. 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 Hedge Funds are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14h00, 2 (two) business days before the preceding month end. Redemptions: Hedge Fund redemptions are processed at the end of each month and require a months' notice. In order to receive month end prices, your redemption must be submitted to Prescient before 14h00, 1 business day of the preceding month end, for processing at the end of the following month. 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. Prices are published monthly 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. The portfolio did adhere to its policy objective. For any additional information such as fund prices, brochures and application forms please go to www.prescient.co.za. 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 SA. This portfolio operates as a white label fund under the Prescient QI Hedge Fund Scheme, which is governed by the Collective Investment Schemes Control Act. This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

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SAFFRON WEALTH
FUND MANAGEMENT

MDD as at 30 September 2023
Issue Date: 19 October 2023

Administered by: Prescient

Fund Manager Quarterly Comment - As at 30 September 2023

The fund returned 2.43% and 12.04% for the quarter and year respectively, while the benchmark (STeFI Index) returned 2.05% and 7.50%. On a rolling one-year basis, the fund exceeded the cash benchmark by 4.54%.

Through the third quarter of 2023, central banks remained committed to their mandate of maintaining price stability by implementing tighter monetary policies, with varying degrees of rate hikes. The European Central Bank (ECB) raised rates by 50bp, the US Federal Reserve (Fed) and Bank of England (BoE) raised rates by 25bp, while the South African Reserve Bank (SARB) opted for no change.

As anticipated, the Fed decided to maintain the federal funds target rate range at 5.25% to 5.50%. This decision was informed by its revised economic outlook, with unemployment expectations for the current year dropping to 3.8% and GDP growth projections rising to 2.1% year-on-year. Fed Chair Powell highlighted encouraging trends, such as robust consumer spending and some housing sector improvements. Nevertheless, he acknowledged the challenge posed by higher mortgage rates. Looking ahead to 2024, the Fed's forecasts indicate a 4.1% unemployment rate and 1.5% GDP growth. In 2025, a rebound is expected, with the economy growing at a 1.8% year-on-year rate, alongside a 4.1% unemployment rate. The Fed's primary objective remains centred on achieving the 2.0% core PCE inflation target over the coming years, all while recognising that the cumulative impact of rate hikes will take time to become evident. Over the quarter, the yields on US 5-year and 10-year generic bonds increased by 45 and 73bp respectively, while the US Dollar Index (DXY) exhibited a gain of 3.2%. Over the past year, the yields on US 5-year and 10-year generic bonds experienced increases of 65 and 83bp respectively, while the US Dollar Index (DXY) recorded a loss of 5.3%. The difference between the US 10-year bond yield and the 2-year bond yield decreased to a c. 50bp from a c. 100bp inversion in the yield curve.

The ECB's account of its July meeting revealed a balanced discussion between hawks and doves. Some advocated for further action to combat inflation, while others stressed the importance of secondary objectives like employment. The shift in inflation drivers toward demand-side factors was acknowledged, but concerns arose about weakening GDP performance and potential labour market impacts. The ECB remains open to future policy actions but is unlikely to raise rates further and won't consider rate cuts anytime soon, with a potential easing move expected around June 2024 to alleviate monetary policy restrictiveness.

The BoE raised its benchmark interest rate by 25 basis points to 5.25%, marking the 14th consecutive rate hike and signalling a restrictive monetary stance. The decision was not unanimous, with six votes in favour of the 25bps hike, two for a 50bps increase, and one for keeping rates steady. The bank's mean CPI projection is 2.0% for the two-year horizon, assuming policy rates peak at just over 6.0%. The market reacted with a slight drop in rate expectations to just under 5.75%. Governor Andrew Bailey suggested that the BoE may be approaching the peak of its tightening cycle but emphasised that future decisions would be data-driven, with a focus on returning inflation to the 2% target. The policy debate is shifting from rate levels to how long they should remain at this level.

The VIX Index, which measures market volatility, traded higher at 17.52 at quarter-end, representing an increase of 3.93. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread widened slightly by 6bp, closing the quarter at 396bp, with the index returning -2.63%. Credit Default Swaps (CDS) for SA's 5-year widened to 280bp (an increase of 14bp), while Brazil's widened to 188bp (an increase of 11bp), and Turkey's tightened to 398bp (a decrease of 89bp). By the end of the quarter, Brent crude oil closed significantly higher at USD 92.20 per barrel, marking a 22.26% increase over the quarter. The CRB Commodities and Metals Index returned 0.13% and -0.27% respectively. Palladium, platinum, and copper were flat, returning 1.44%, 0.18%, and -1.32% respectively. In contrast, gold gained 5.40% over the quarter.

During the quarter, the South African rand exhibited a slight depreciation of 0.39% against the USD, tracking the relatively flat trend observed in metals markets. Over a rolling one-year period, the USDZAR exchange rate experienced a decline of -4.63%, while the CRB Metals Index displayed strength, recording a gain of 2.67%. Additionally, the South African rand faced notable depreciation against other major currencies, including a -12.75% drop against the euro and a -14.25% decrease against the pound. Within the South African asset class universe, the top-performing asset class for the quarter was Cash (STeFI Index), which delivered a solid return of +2.05%. In contrast, nominal bonds (ALBTR Index) yielded a negative return of -0.36%, while inflation-linked bonds (CILITR Index) posted a slight positive return of +0.78%. Equity (JALSHTR Index) and Listed property, on the other hand, experienced returns of -3.48% and -0.97%, respectively. Looking at performance over a 12-month period, Equity (JALSHTR Index) emerged as the standout asset class with a return of +17.68%. In comparison, Inflation-linked bonds (CILITR Index) delivered a mere +2.98%.

The SARB decided to maintain the repo rate at 8.25%, in line with expectations. Notably, the SARB adjusted its inflation forecast, lowering it by 10bp to 5.9% for 2023 but increasing it by 10bp to 5.1% for 2024, while keeping the 2025 forecast at 4.5%. These adjustments were influenced by factors such as rising food and fuel inflation estimates. Growth projections saw minimal changes, with an upward revision for 2023 to 0.7% from 0.4%, while 2024 and 2025 forecasts remained at 1.0% and 1.1%, respectively. The SARB emphasised the presence of "serious upside risks" to inflation, maintaining a hawkish stance. Additionally, the MPC underlined the QPM's role as a "broad policy guide," aligning the current repo rate with the QPM forecast for 2023. However, the QPM projections suggest a potential shallow and delayed loosening cycle in 2024, with a projected repo rate of 7.57%, decreasing to 7.31% in 2025. Overall, economic uncertainties persist, impacting both inflation and growth prospects.

At the time of writing, the 3x6s FRA priced in another c. 25bp rate increase to c. 8.50%. The 3-month JIBAR rate decreased by 17bp to 8.33% over the quarter, but increased by 187bp over the year, the effects of which would have been seen in the fund's increased running yield. The 12-month T-bill average yield tightened by 29bp to 9.22%. The short-end of the SAGB yield curve lifted significantly over the quarter (R186 and R2032 were 23bp and 57bp wider respectively), while the long-end lifted (R2048 yield was up +57bp). The 1- to 3-year bucket returned +0.03%, the 3- to 7-year bucket returned +0.37%, the 7- to 12-year bucket returned -0.12% and the 12+ years bucket -0.60% over the quarter.

Looking ahead: Whilst major central banks have signalled being closer to the peak of the rate cycle (resulting in likely smaller incremental increases before holding to allow typically delayed policy effects to fully manifest), risks remain from inflation surprises particularly against a backdrop of volatile energy markets and numerous global geo-political risks. The long end of the SA FRA curve remains flat / slightly inverted, and at the time of writing, is expected to peak at c. 8.50%.

At the end of 3Q 2023, the fund was 3.55x geared, with an effective 16.24% allocation to cash. The largest asset class exposures were to Domestic Floating Rate Notes (43.78%) and Offshore Bonds (12.37%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.68%. The asset-pool is expected to outperform the gearing cost going forward, given the significant difference in the gearing cost versus the gross running yield of the underlying assets (11.34% per annum).

The fund aims to enhance total return through value opportunities that, on a geared and risk-adjusted basis, achieve or exceed our hurdle return of STeFI.

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