

# SAFFRON BCI GLOBAL ENHANCED INCOME FEEDER FUND

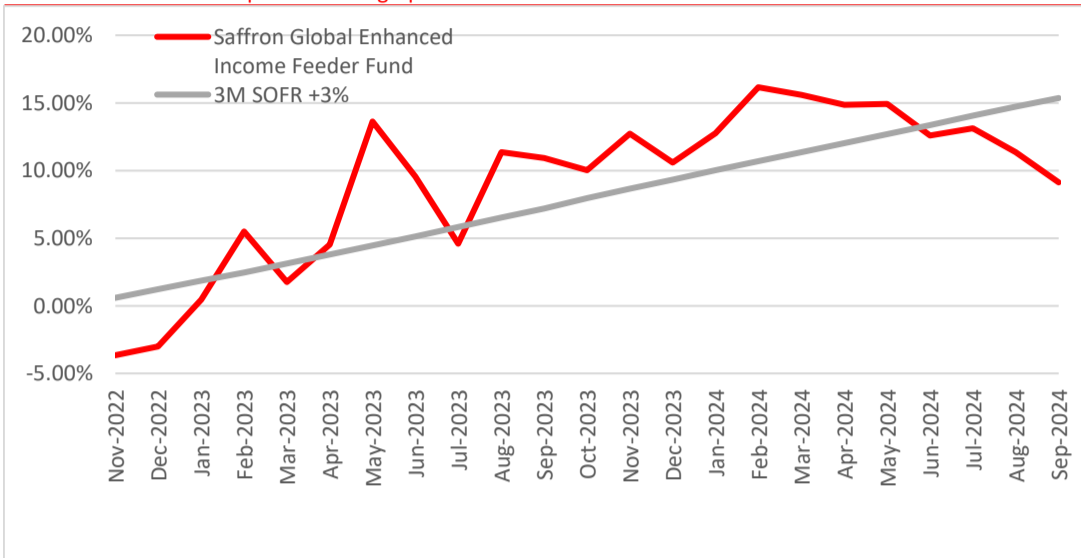
CLASS A

Minimum Disclosure Document (MDD)  
30 September 2024



## Fund Performance

Since launch cumulative performance graph



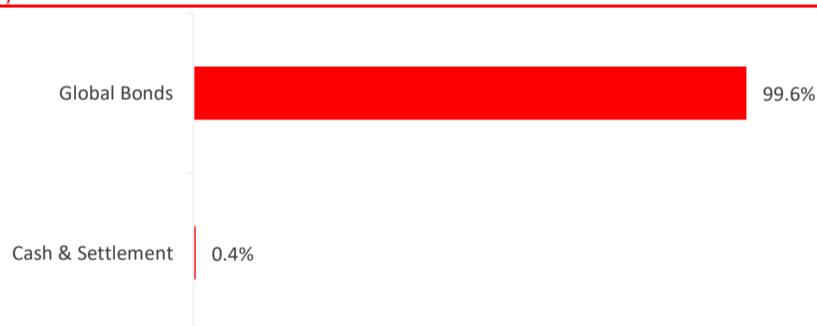
Monthly %	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24
Fund	-0.87	2.46	-2.12	2.13	3.39	-0.56	-0.75	0.75	-2.34	0.54	-1.75	-2.26
Benchmark	0.70	0.70	0.68	0.77	0.68	0.70	0.70	0.65	0.68	0.69	0.67	0.63

Yearly %	Sep'24
Fund	-1.58
Benchmark	8.55

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	-1.58	8.55	-1.58	8.55
3 Years				
5 Years				
10 Years				
Inception	9.08	16.22	4.66	8.20

## Fund Holdings

Asset Allocation (%)



## Risk Statistics (1 Year Rolling)

Standard Deviation	1.97%
Sharpe Ratio	0.02
Information Ratio	-0.33

## Highest and Lowest Annual Returns

Time Period: Since Inception to 30/09/2024

Highest Annual %	16.84%
Lowest Annual %	-1.58%

## 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, 4 November 2022
Fund Size	R 95.08 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	108.01 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

## Asset Allocation

Developed Market (Investment Grade)	68.82%
Fixed Rate Bonds	68.82%
Floating Rate Bonds	0.00%
Emerging Market (Investment Grade)	0.00%
Fixed Rate Bonds	0.00%
Floating Rate Bonds	0.00%
Developed Market (High Yield)	0.00%
Emerging Market (High Yield)	20.08%
Convertibles and Hybrids	9.05%
Listed Property	0.00%
Cash & Money Market	2.05%

## Top 5 Issuer Exposure

United States Government Treasury	62.88%
ABSA Group LTD	6.80%
Standard Bank Group LTD	4.10%
Sibanye Stillwater LTD	3.34%
Bidvest Group LTD	2.67%

## Cost Ratios

	TER:	1.13 (PY: 1.13%)	TC:	-	TIC:	1.13 (PY: 1.13%)
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)



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+ COLLECTIVE  
INVESTMENTS

## 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](http://www.bcis.co.za).

Valuation takes place daily and prices can be viewed on our website ([www.bcis.co.za](http://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 31 December 2023, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, being 30 June 2024.

### 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](http://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 is part of the Apex Group Ltd. 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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## Distribution History (cents per unit)

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

### Investment Manager

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### Management Company Information

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### Custodian / Trustee Information

The Standard Bank of South Africa Ltd  
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## Fund Manager Quarterly Comment - As at 30 June 2024

The Saffron Global Enhanced Income Fund posted a 2.53% gain in the third quarter of 2024, delivering strong outperformance compared to its benchmark, the Secured Overnight Financing Rate (SOFR) +3%, which returned 1.99%. Over the last year, the fund posted a return of 7.01%, while the benchmark returned 8.45%. During the quarter, the top-performing asset class in the fund was US Treasuries, contributing approximately 0.90%. This was followed by senior unsecured bank instruments at 0.85% and junior subordinated securities at 0.61%.

With the US elections looming, both presidential candidates continue to battle on various policy fronts. Contrasting policies will have a significant impact on the USA and the rest of the world. The US consumer, which contributes approximately 70% to the economy, remains resilient with the JOLTS numbers printing at 8.04 million at the end of the quarter. On the flipside, ISM manufacturing printed at 47.20, indicating lacklustre sentiment in the US manufacturing sector. Long-dated and short-dated US Treasuries shifted downwards by approximately 0.50% on the back of the Fed's 50-basis-point cut in September. The largest shifts occurred in the middle of the curve, with Treasuries in the 1-to-3-year duration moving lower by approximately 1.00%. On the currency front, the US Dollar Index weakened from 105.97 to 100.58, representing a drawdown of approximately 5.00% after the Fed interest rate cut.

Across the pond, the United Kingdom underwent regime change early in the quarter, with the Tory party's Rishi Sunak being replaced by Keir Starmer of the Labour Party. On the monetary policy front, the Bank of England (BOE) lowered its benchmark interest rate from 5.25% to 5.00%, following a series of hikes aimed at combatting persistently high inflation. The BOE's target inflation of 2.00% is in sight as the UK reported CPI of 2.20%, in line with anchored expectations. The British pound strengthened on aggregate against most currencies, gaining 4.79% over the quarter and 6.00% against the USD due to general USD weakness.

The European Union elections in early June marked a significant shift in the political landscape, as the European Parliament now faces significant fragmentation. While the centre-right European People's Party (EPP) and centre-left Socialists & Democrats (S&D) continued to hold a significant presence, far-right parties made major advances. These advances were made by France's National Rally (led by Marine Le Pen) and Georgia Meloni's Brothers of Italy party. The EU member states have had to grapple with rising living costs (energy and housing). Furthermore, the dominant EU themes continue to be a focus on a deteriorating economy and the Russo-Ukraine war, where the West continues to provide military aid. Regarding monetary policy, the European Central Bank (ECB) lowered its key interest rate to 4.00% from 4.25% in the previous quarter. This was in response to signs of easing inflationary pressures, with CPI coming down to 1.80% from a peak of 8.70% the previous year. The reduced inflation numbers came after improved supply chain normalisation and moderation in energy prices. With inflation falling below the ECB's 2.00% target, monetary policy could continue to ease if inflationary data remains stable below 2.00%.

Commodities were mixed. The CRB Food Index declined by 0.27%, with soft commodities such as wheat increasing by 1.80% and maize gaining 4.00%. The CRB Metals Index rose by 1.46%. Base metals were higher by 2.45%, with Nickel up 1.20% and Copper leading at 12.50%. In the precious metals category, Gold reached an all-time high of \$2,685 after central banks continued to accumulate reserves and investors flocked to the safe haven. Palladium increased by 3.20%, while Platinum declined by 0.82%. Energy markets were subdued, with Brent Crude dropping by 16.00% for the quarter, boding well for an improved global inflation outlook.

Global equities underperformed, with the MSCI World Index dropping by approximately 6.00%, while the MSCI Emerging Markets Index increased by 8.70%. The USA performed well, with the S&P gaining 5.00%, Nasdaq rising 2.21%, US Russell 2000 increasing by 9.70%, and Dow Jones gaining 7.40%. The AI frenzy slowed down, with Nvidia declining by 1.64%. In Asia, the Chinese Hang Seng rose by 19.60%, standing out as the best performer, followed by Australia's AIX, which increased by 6.00%. The Nikkei declined by 4.80%, with domestic politics in the spotlight when Prime Minister Shigeru Ishiba won a heated party presidential election for the Liberal Democratic Party of Japan. In the UK, the FTSE 250 increased by 2.23%, while Europe's Stoxx 50 posted small gains, rising by 0.76%.

In credit markets, 5-Year USD sovereign credit default swaps (CDS) saw slight strengthening over the quarter, tightening by 0.50 basis points. South African 5-year CDSs continued to strengthen, ending the quarter at 178.30 basis points from 214.61. The continued suspension of loadshedding has bolstered confidence in the South African economy. Brazil saw a slight tightening in CDS spreads from 166.42 basis points to 153.32, while Mexico saw an increase from 105.43 to 115.43, following a deceleration in growth due to weakened domestic demand. Projected growth for 2024 was revised downward from 1.20% to 1.00% for 2025.

AT1 securities performed well over the quarter, with the iBoxx CoCo Liquid Developed Europe AT1 returning 4.48%, reflecting broader market strength from the start of the rate cuts. Additionally, the 5-Year ITRAXX Europe remained stable throughout the quarter, starting and ending at circa 310 basis points.

In the EM Government bond space, the South African market was the star performer this quarter. South African 10Y Government Bonds saw a significant rally during the quarter, rallying from approximately 9.90% to 8.97% by quarter-end. Mexico followed closely, with their 10Y rallying from approximately 9.95% to 9.35%. Brazil lagged behind, as their 10Y remained flat over the quarter, starting the quarter at approximately 12.38% and ending at 12.44%.

Looking ahead, although major central banks have initiated rate-cutting cycles, risks remain from potential inflation surprises, particularly amid volatile energy markets and persistent global geopolitical tensions. The fund is strategically positioned across both the short and long ends of the rates market, enabling it to benefit from higher-yielding short-dated US Treasuries, while tactically capturing yields in longer-duration bonds as inflation expectations normalise. Furthermore, the fund continues to fully utilise its AT1 limit (up to a maximum of 10%) to enhance yields while maintaining exposure to short-dated, high-quality credit.

Looking forward, US elections will be in the spotlight for the upcoming quarter. Political uncertainty is set to shake the market. Additionally, the Fed has two remaining meetings for the year where the markets are expecting an additional two rate cuts.

Looking ahead, geopolitical tensions such as the ongoing Russia-Ukraine conflict and shifts in US and European political leadership are expected to drive market volatility. The resilience of the US consumer will remain a key indicator of economic stability, while market sentiment will be shaped by developments in labour market data, inflation prints, and potential shifts in fiscal policy as the US political landscape evolves. The fund remains focused on optimising risk-adjusted returns in response to these macroeconomic factors.



**Portfolio Manager**  
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**Assistant Manager**  
Anina Swiegers  
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