QUARTERLY COMMENTARY

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INVESTMENT MANAGEMENT

In this issue

Looking beyond the market noise

A NOTE FROM OUR CEO

by CHEREE DYERS
Chief Executive Officer

Elevated volatility creates opportunities. We see this as a reason to review asset allocation and reposition portfolios based on what macroeconomic data tells us.

CEO Foreword

As we navigate through the second quarter of 2025, market volatility has become a defining characteristic of our investment landscape. Headlines about tariffs, inflation concerns, and recession fears have dominated financial news, creating what often feels like increasingly overwhelming market noise. However, we remain steadfast in our approach at Prescient Investment Management: we rely on data to look through this noise.

Looking beyond the market noise

Recent market movements have been dramatic, with Treasury yields rising unexpectedly, the dollar weakening, and equity volatility reaching five-year highs. As Robert Armstrong notes in the Financial Times, these combined movements have created fear precisely because they defy traditional market correlations. When volatility spikes, we typically expect Treasury yields to fall as investors seek safety, yet we've seen the opposite occur.

> This unusual market behaviour reflects concerns about economic policymaking unpredictability under the Trump administration, at a time when high deficits and lingering inflation worries leave little room for error. However, this is not the time to panic; investors would be better served by taking a step back and maintaining perspective.

Within this context, it's worth considering that the dollar has merely returned to pre-election levels, and yields have returned to their February positions. The moves have been alarmingly fast but not alarmingly far.

Data-driven decision making

At Prescient, our systematic investment process provides the compass we need during these turbulent times. Our Prescient Economic Indicator, which informs our investment decisions, is directionally slowing down. It also allows us to identify the specific components of this shift rather than making broad-brush stroke assessments.

The data tells us that consumer sentiment is negative and, more importantly, is already feeding through to personal consumption expenditure. Labour market conditions also show signs of weakness after a period of remarkable robustness. These indicators suggest that particular attention should be paid to the US consumer in the coming months.

Inflation: the long and short of it

The conversation around tariffs being inflationary represents only one perspective. Our analysis indicates that inflation in the US is actually continuing its downward trend, with the shelter component, a significant part of the inflation calculation, decreasing substantially. This suggests that deflationary pressures in other components will likely absorb some of the tariffs' inflationary impacts.

Our research distinguishes between short and long-term effects. While tariffs typically cause an immediate spike in inflation, they subsequently act as a tax on consumers, creating economic drag that ultimately suppresses demand and leads to deflationary pressure. This view is supported by inflation swap data, which shows elevated short-term inflation expectations but declining longer-term expectations.

Growth outlook amid a crisis of confidence

We're witnessing what could be described as a crisis in confidence, despite the absence of substantial tariff impacts in definitive economic data. The stark divergence between hard (quantitative) data and soft (survey-based) indicators presents a challenge in accurately assessing the economic trajectory.

Recent employment data remained relatively strong, with 228 000 jobs added last month. However, our systematic monitoring is tracking downturns in confidence indicators across the economy, which historically tend to precede changes in hard economic data.

Opportunities arise out of volatility

Importantly, elevated volatility creates opportunities. We see this as a reason to review asset allocation and reposition portfolios based on what macroeconomic data tells us. The bond market, in particular, shows unexpected moves that present potential opportunities for our clients.

Systematic investing trumps overreacting

In times like these, our systematic investment approach offers distinct advantages. It allows us to:

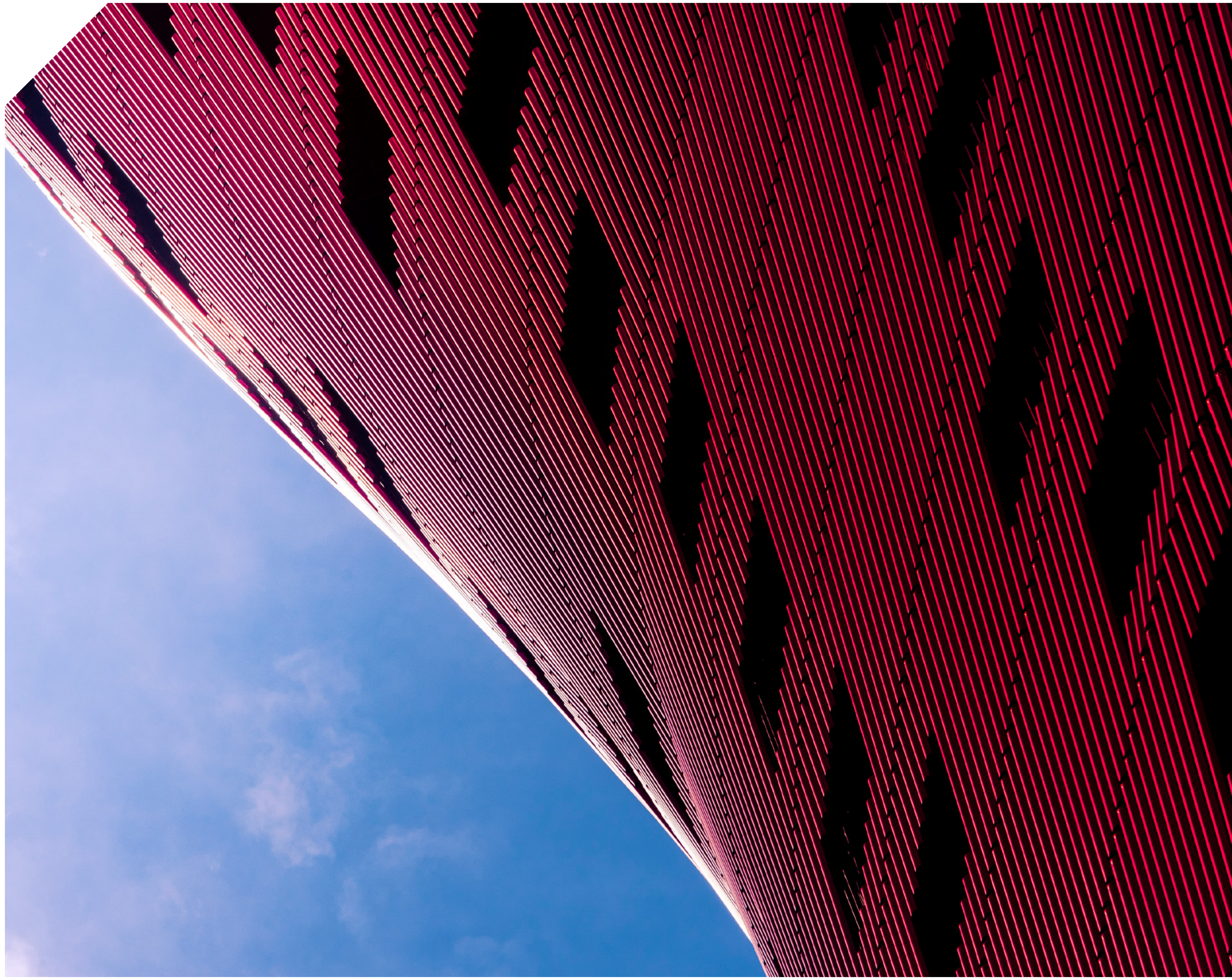
1. Look through market noise to focus on fundamental data
2. Identify directional trends early
3. Process information in real-time, enabling swift portfolio adjustments
4. Maintain disciplined decision-making when emotions are running high

As the Financial Times article wisely advised, "Don't read too much into markets at the point of inflection." We agree it's too early to declare fundamental shifts in market dynamics, such as the end of dollar supremacy or US equity outperformance.

Moving forward

While uncertainty remains, our data-driven approach gives us a valuable North Star, guiding us through turbulent waters and enabling us to achieve long-term investment success. No matter how volatile markets could become, we will continue systematically and unemotionally monitoring economic indicators, particularly those related to consumer behaviour, labour markets, and inflation expectations, and make informed and timely investment decisions on behalf of our clients.

Thank you for your continued trust in Prescient Investment Management.



Navigating Trump's New World Order: a systematic investment perspective

A LOOKBACK ON THE PAST QUARTER

by **BASTIAN TEICHGREEBER**
Chief Investment Officer

Uncertainty is ever-present; human psychology often amplifies current concerns despite historical contexts such as the Global Financial Crisis, geopolitical conflicts, and global pandemics.

Since President Donald Trump took office earlier this year, global news cycles have been dominated by headlines ranging from controversial policy shifts to provocative statements with substantial geopolitical implications.

Investors have been inundated with announcements regarding aggressive tariffs on major trading partners such as China, Canada, and Mexico, widespread dismissals of government oversight officials, ambitious territorial aspirations including taking over Greenland, and even closer geopolitical alignment with Russia's Vladimir Putin. Each headline appears to carry significant weight, yet the critical question remains: which news items genuinely impact financial markets, and which merely constitute market noise?

> To make prudent investment decisions, investors must sift fact from speculation. Prescient employs a disciplined, systematic investment approach built upon rigorous data science and statistical analysis. We meticulously track asset class dynamics in real-time by drawing on an expansive database of over 500 million data points - updated daily. It encompasses conventional economic indicators, detailed accounting metrics, proprietary analytical data, and alternative datasets derived from web scraping techniques.

Central to this evidence-based process is our proprietary **Prescient Economic Indicator (PEI)**, an econometric tool designed specifically to monitor the pulse of the US economy. It synthesises vast datasets into actionable insights, effectively allowing us to distinguish true economic signals from transient market reactions.

From this systematic vantage point, President Trump's current term can be logically segmented into two distinct phases. The initial phase, characterised by a positive market response based on expectations of deregulation, corporate tax reductions, infrastructure spending, and a generally pro-business policy stance, was abruptly succeeded by a second, more volatile phase. During this latter phase, markets recognised the tangible economic repercussions of increased tariffs, reduced immigration, curtailed government expenditure, and erratic trade policy.

Phase One: The Initial Enthusiasm

In the initial weeks following Trump's inauguration, the PEI registered significant improvements across various economic dimensions. Business confidence, a crucial leading indicator derived from sentiment surveys among CEOs and corporate leaders, rose sharply. Our analysis of these surveys confirmed that corporate executives were highly optimistic about anticipated regulatory relief, reduced taxation, and potential productivity-enhancing investments. These positive business expectations accompanied increased consumer confidence, resulting in higher household consumption, an essential pillar of US economic growth.

Through the automated parsing of CEO communications, earnings transcripts, and business sentiment surveys, our data consistently showed that, despite the alarming nature of some early headlines, market participants and business leaders prioritised the prospects of economic stimulation over concerns about geopolitical disruptions or trade tensions.

However, our analysis also cautioned that this sentiment was contingent upon concrete policy implementation, setting the stage for potential volatility if reality diverged from expectations.

Phase Two: Rising Uncertainty and Shifting Sentiment

By late January and into early February, the landscape shifted notably. Despite the administration's initial pro-growth rhetoric, policy actions began to diverge markedly from business-friendly promises.

Our PEI clearly pinpointed when and how market sentiment changed. Business confidence indices began declining precipitously as heightened concerns surrounding tariffs, restrictive immigration policies impacting labour availability, and abrupt terminations of government oversight officials introduced significant policy unpredictability. This degradation in business sentiment had a measurable downstream impact on investments, eventually undermining hiring and consumer confidence. Our predictive economic models - driven by real-time consumption data and consumer surveys - highlighted a rapid decline in household spending intentions. We observed consumption metrics softening in real-time data streams, signalling clear headwinds for US economic growth.

Quantifying Investor Sentiment

We integrate the Prescient Sentiment Indicator (PSI), a volatility-based metric sourced from global options markets, to further enhance our systematic approach. Each day, our models extract implied volatility data from equities, bonds, currencies, and commodities to measure investor uncertainty. This methodology translates human emotions - fear, greed, complacency - into measurable and actionable data points. There was minimal implied uncertainty in the PSI during the early weeks of Trump's presidency, indicating that initial headline-grabbing statements had limited lasting impacts on the market.

However, our volatility metrics rose sharply as February progressed, particularly in equity markets. The increasing implied volatility signalled investors' growing discomfort and apprehension regarding escalating trade wars and ambiguous policy direction.

Interpreting Bond Market Expectations

In parallel with the sentiment analyses described, we monitor global bond markets to decode market expectations for inflation, interest rates, and associated uncertainty premiums.

> Utilising econometric models that dissect bond yields, we extract forward-looking data from bond prices and inflation-linked securities. These provide direct insights into investor expectations.

Initially, our analysis showed that markets were notably unconcerned with the long-term inflation outlook despite tariff announcements that might traditionally stoke inflationary pressures. Instead, markets priced in higher productivity growth, implying expectations of rising real rates and more sustainable economic growth.

However, we observed a decisive shift in recent months: bond markets increasingly began pricing in more significant interest rate cuts, highlighting a growing apprehension regarding economic slowdown and a potential recession.

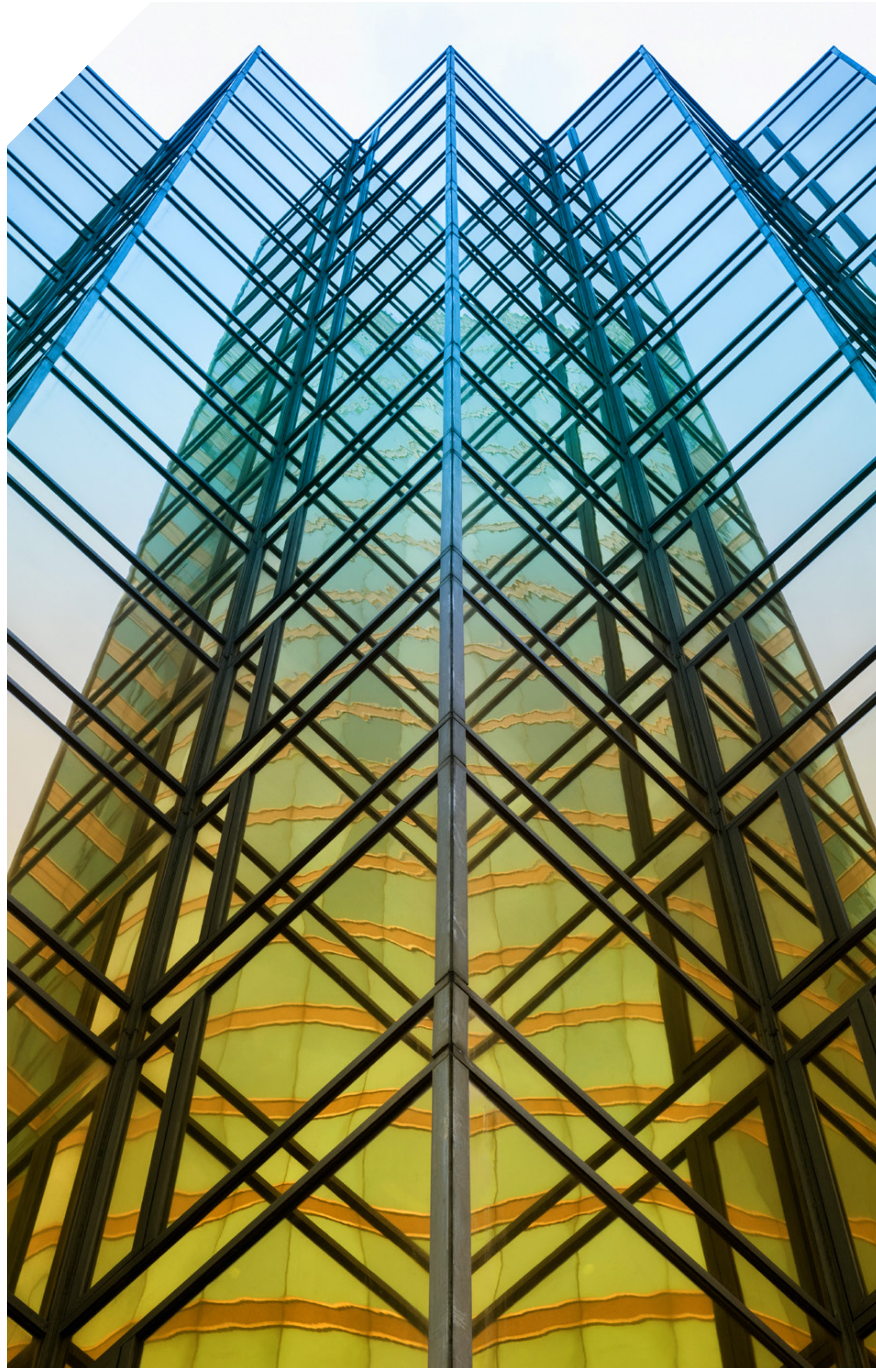
A Tale of Two Market Phases

Our systematic, evidence-based approach reveals a nuanced view of the Trump presidency's ongoing economic implications. Early positive market reactions driven by anticipated tax and regulatory reforms have given way to an increasingly cautious environment marked by heightened uncertainty and diminished economic confidence.

Investors must recognise, however, that uncertainty is ever-present; human psychology often amplifies current concerns despite historical contexts such as the Global Financial Crisis, geopolitical conflicts, and global pandemics. The critical advantage of our systematic approach lies in objectively quantifying this uncertainty, rigorously separating genuine economic signals from transient market noise.

In closing, ask yourself: Is today's economic uncertainty truly unprecedented, or is it merely our cognitive bias emphasising current headlines over historical perspectives?

Our systematic investment approach enables us to confidently stay ahead of the curve through our data-driven processes, which include vast datasets, proprietary economic indicators, and systematic methodologies. Therefore, no matter where the markets lead, our investment approach ensures readiness, clarity, and informed decision-making at every turn.



Going global staying local: Investing across asset classes in a New World Order

by **RUPERT HARE**
Head of Multi-Asset

and **SHRIYA ROY**
Portfolio Manager

The most topical issue at the moment is the US political shift from a globalised economy to an internalised economy, where they are literally and figuratively "building the wall" in their relationship with other global participants.

One of the doyens of the investment industry, Harry Markowitz, is famous for saying that diversification is "the only free lunch in investing." Never has this been truer than in a world where localised flare-ups – be they geopolitical, economic, or environmental – have such a large influence on asset pricing. The proliferation of news sources, whether fake or true, via media platforms never before seen in investing causes markets to swing in an increasingly random walk.

The most topical issue at the moment is the US political shift from a globalised economy to an internalised economy, where they are literally and figuratively "building the wall" in their relationship with other global participants. A baseline tariff of 10% has been implemented on all imports from other countries, in addition to further reciprocal tariffs ranging from 11% to 145% on US trading partners.

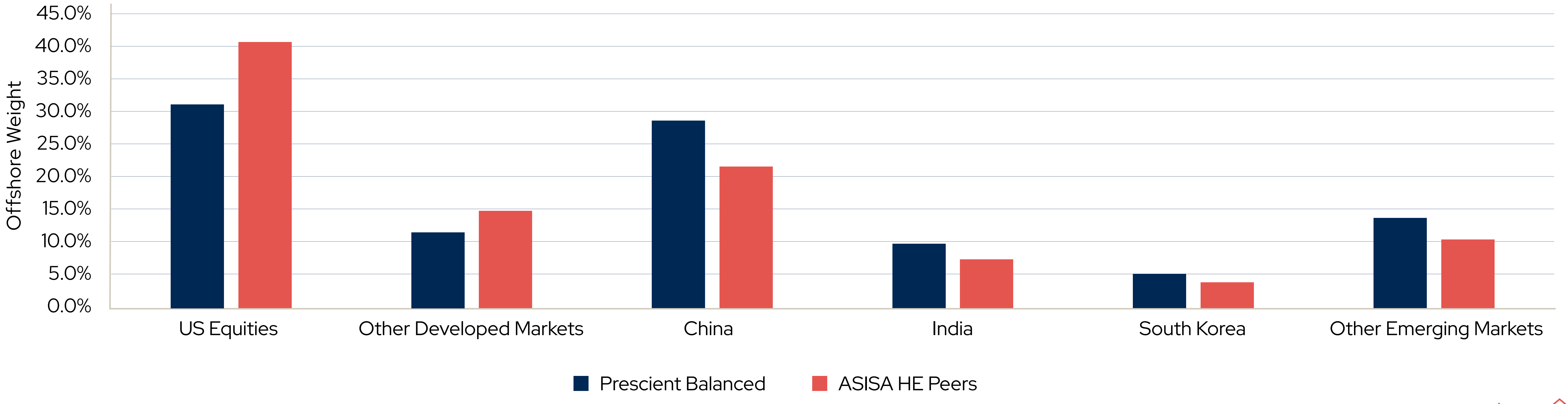
The question for South African investors is how best to allocate capital in order to avoid concentrating risk around these localised flare-ups. Meanwhile, the challenge for South African asset managers is to determine how best to future-proof their investment processes to access new sources of alpha in an increasingly evolving global investment landscape.

Prescient's approach is to harness the power of data science, remaining agnostic about where to allocate capital across asset classes and geographies. Instead of having specialised teams to cover the US, European, EM, or any other subset of the investment universe, we dedicate time to building systems that can process data and make unbiased investment decisions.

One evident bias among South African asset managers is their tendency to anchor their portfolios in well-known US large-cap names, rather than exploring the over 3000 large-cap names available in developed and emerging market economies. This tendency is easily noticeable on fund fact sheets, where the top 10 holdings prominently feature familiar names such as Apple, Alphabet, Microsoft, and even Tesla.

Digging into this from another angle, if we model the factor-based exposures of the ASISA Multi-Asset High Equity peer group, we see a definite bias towards US equities over both their developed and emerging market contemporaries. On average, our peers have approximately 10% more exposure to concentrated US equities and other developed markets. In contrast, the Prescient Balanced Fund compensates for this by increasing exposure to emerging markets such as China, India, and other emerging economies.

Geographic Exposure (Factor Models)



Source: ProfileData, Prescient

We often get feedback that the US drives global markets, and while this has been largely true for the past few decades there is a changing world order. It's a pity that humans only live for an average of just over 70 years because 100 years is roughly the frequency it takes for global power to shift to new dynasties. Some of the older global citizens will recall how the British Commonwealth was the global superpower at the turn of the century, controlling over 25% of the world's land mass and 25% of the global population, with the British pound as the main global currency. Before that, it was the Dutch, before them the Spanish, before them the Portuguese – and so the list goes on, continuously cycling the balance of power around global powerhouses.

For decades, the US has been a leader among global economies across multiple measurement metrics, including the highest GDP, largest military, global reserve currency, and capital markets.

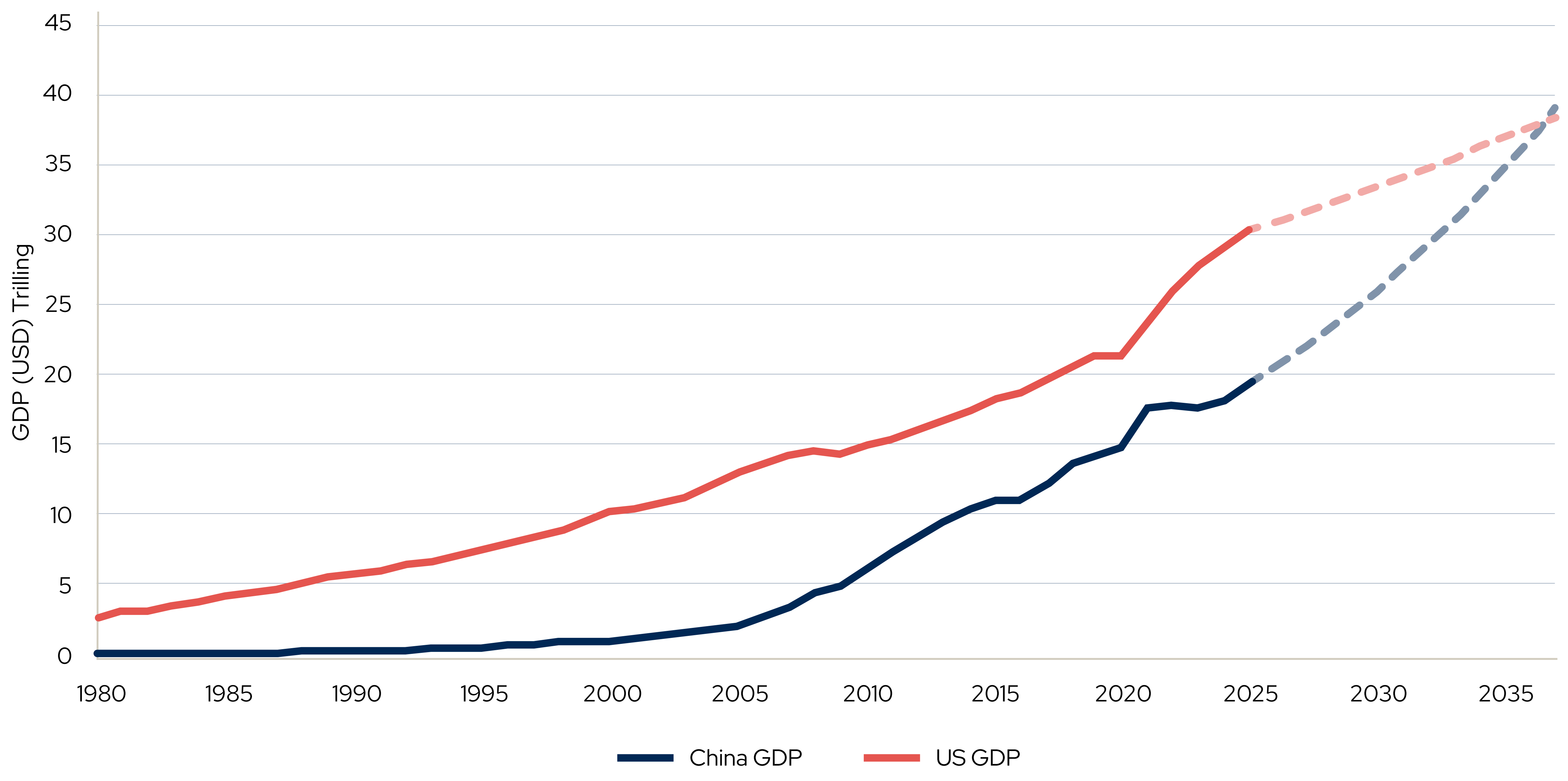
This, however, is beginning to change, with countries like China and India catching up and, in some metrics, even surpassing America as the new global superpower. China is quickly catching up to and outpacing America in some areas, such as AI research output. Chinese GDP is projected to surpass that of the US in the next 10 years, while the populations of China and India are 5x and 6x that of America, respectively. Global trade relationships have also been shifting, with only 10% of Chinese export revenue coming from the US.

With this in mind, asset managers have only just begun seriously looking to the East for alternative sources of investment returns, riding the coattails of strong real growth rates and away from flatlining to declining economies.

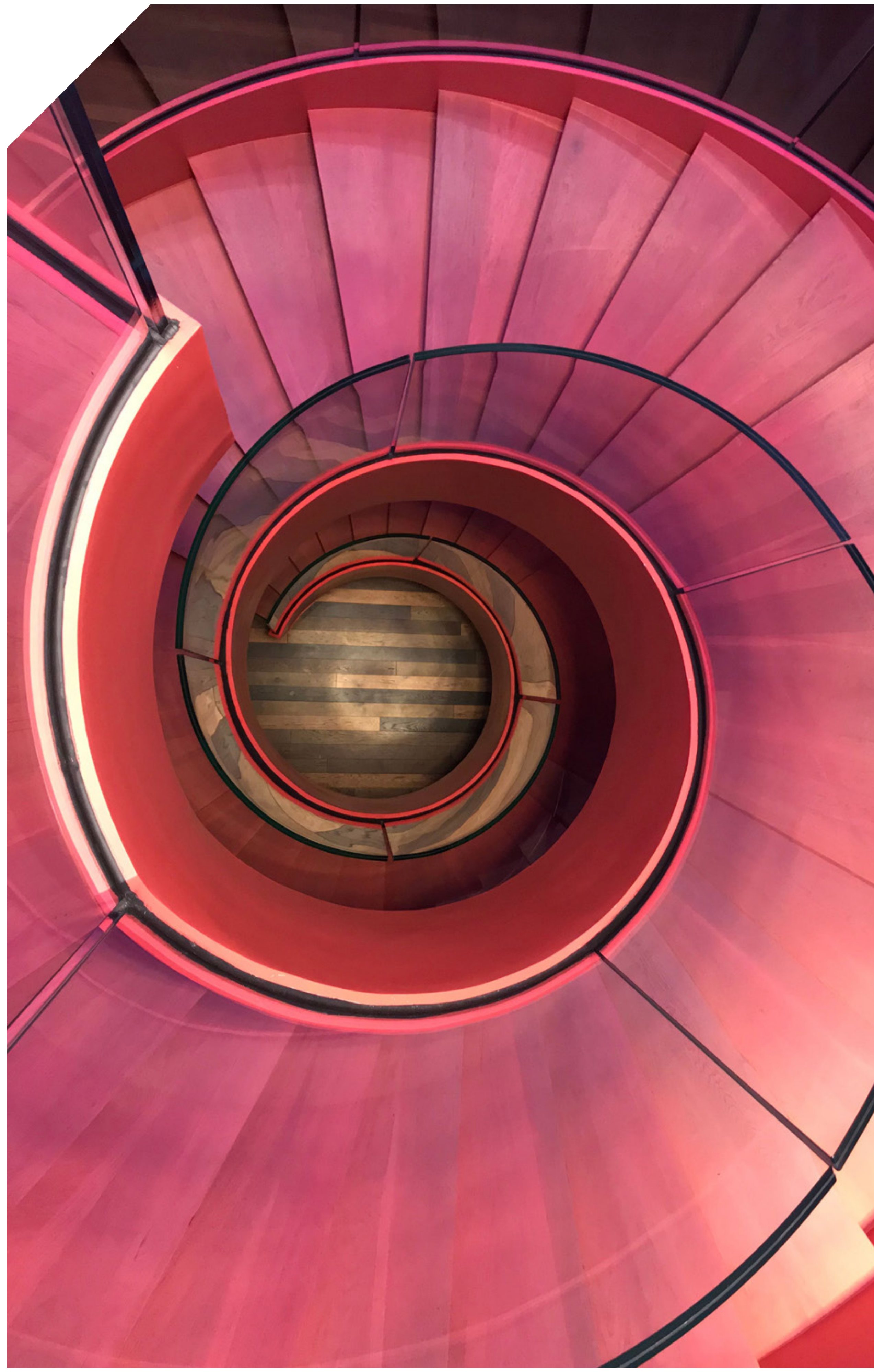
This opens up a whole new world of investment opportunities for us as investment managers, but the scale of these opportunities is daunting at best. The only way to properly futureproof an investment process is to prepare for scale and design systems capable of processing large volumes of data to look for investment opportunities all around the world.

Our product offerings include the **Prescient Defensive Fund**, **Prescient Balanced Fund**, **Prescient Global Balanced Fund** and **Prescient Domestic Balanced Fund**, which give investors the flexibility to choose the option that best aligns with their investment objectives. There's no need to rely only on SA managers for onshore exposure and switch to global managers for offshore investments. At Prescient, our approach enables us to manage offshore investments from a single location by focusing on asset allocation, enhanced indexation, and systematic investing. This strategy ensures sustainable performance both locally and globally. We apply the same disciplined philosophy and methodology to global markets that have proven successful locally. The same trusted teams manage our global funds, ensuring consistency and reliability across all strategies.

GDP (USD) Projections



Source: Bloomberg, Prescient



Faced with a tariff-ically fatal misdiagnosis

WHY BLANKET TARIFFS ARE AS DANGEROUS AS PRESCRIBING BLEACH TO A HEALTHY PATIENT

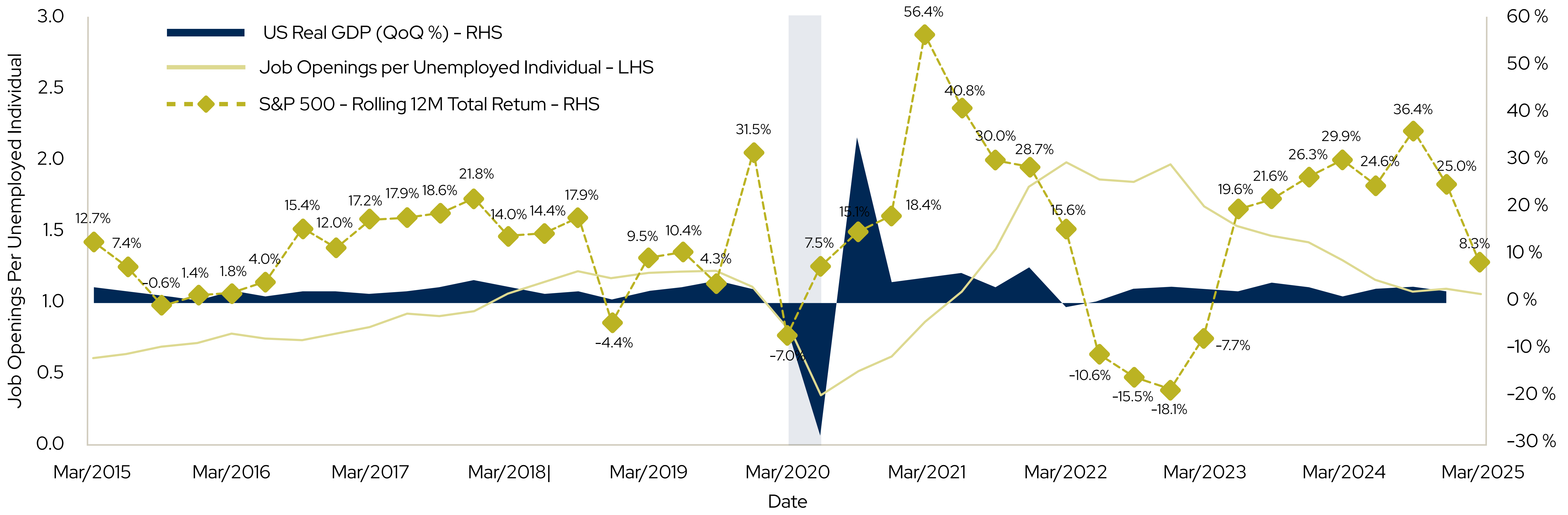
by **SEEISO MATLANYANE**
Head of Equities

Tariffs, like bleach, can serve a narrowly defined economic purpose under controlled circumstances. However, when applied indiscriminately and systemically, they risk undermining the very economic body they are intended to heal.

In the early stages of the COVID-19 pandemic, a drastically wild suggestion briefly gained attention and now finds its way to mind. This was the bold but clearly not well-thought-out idea that injecting disinfectants, such as bleach, could eradicate the virus inside the human body. While this line of reasoning was flawed, it was not because the active agent lacked any efficacy, but because of a fundamental misunderstanding of the applicable context. Even without a medical degree, it is not difficult to comprehend that while bleach is capable of destroying viruses on surfaces, its introduction into the bloodstream will in all likelihood have catastrophic unintended consequences. This rings a familiar bell when considering the current trade policy environment facing the markets going into the second quarter. Tariffs, like bleach, can serve a narrowly defined economic purpose under controlled circumstances. However, when applied indiscriminately and systemically, they risk undermining the very economic body they are intended to heal.

Before we get to that, if we briefly take a step back and first consider the diagnosis, a fundamental flaw becomes apparent. A large trade deficit, the extent to which an economy's imports exceed exports, is not inherently symptomatic of economic weakness or unfair foreign competition. In reality, a trade deficit is more a function of macroeconomic forces such as high consumer demand, capital inflows, or a strong domestic currency. Moreover, any imbalance in the goods trade is often offset, at least in part, by a surplus in services, as well as solid capital account inflows. Simply put, the notion that this patient has COVID-19 is in this case, seemingly based on a comparably benign observation such as routine fatigue in an otherwise healthy gym enthusiast.

Then, there is the prescribed treatment of tariffs, which are essentially taxes levied on imported goods. These are specifically intended to increase the cost of importation to hopefully reshore manufacturing and create domestic jobs. This makes sense in specific and appropriate situations, when policymakers need to protect domestic jobs for an industry at risk of recession caused by excess foreign supply and without any clear competitive advantages, targeted tariffs are very well placed. This scenario is far from the picture one would get when considering either the labour market, economic output or any broad equity market index in the United States (U.S.).



Sources: Prescient, Bloomberg as of 31 March

Since April 2021, there has been at least one job opening available per unemployed individual. Growth in real economic production has remained positive from quarter to quarter, and the S&P 500 Index has consistently delivered double digit returns over the majority of the preceding one-year periods.

> The phrase "Primum non nocere" comes to mind. This saying, which is often associated with the Hippocratic Oath and translates to "first, do no harm", serves as a cautionary principle for medical practitioners before administering any intervention to first consider the potential harm it may cause.

Just as any treatment is likely have unintended consequences the same goes for any economic policy intervention, especially for a multi-directional issue such as global trade. These can range from mild effects to completely life-threatening ailments. For instance, modern manufacturing heavily relies on globally integrated supply chains and in this complex system there are instances where U.S. imports from say Mexico, rely on components originally made in the U.S. Its therefore not difficult to see how imposing tariffs on those imports undermines the component manufacturing industry in the U.S. and potentially leads to downstream job losses.

Not to mention that when one country imposes tariffs, trading partners frequently and will most likely retaliate. There is no shortage of recent examples in this regard. During the 2018 trade tensions, China imposed counter tariffs on U.S. agricultural exports leading to large declines in U.S. soybean exports. The U.S. government subsequently was forced to respond with billions of dollars in subsidies for farmers to offset those losses. The ironic and unintended consequence of that particular trade policy failure was to effectively socialise that cost.

Lastly, and there is no way around this, as importers are forced to pay more, that increased cost will, without doubt be reflect in their consumer facing prices. Tariffs therefore function as an indirect tax on consumers, disproportionately affecting lower income households whose consumption baskets are more sensitive to price changes in imported goods such as electronics, clothing, and food. This effect could lead to perhaps the most serious macroeconomic condition of all, stagflation. A scenario where prices rise while economic growth stagnates leading to job losses because of the inflationary impact of tariffs while simultaneously slowing economic activity by suppressing trade and investment.

Just as bleach is effective as a disinfectant but lethal as a cure, tariffs may serve a limited role in targeted trade enforcement but their blanket administration in an attempt to reduce economic trade deficits risks stoking inflation, distorting supply chains, and provoking trade wars, all the while offering only temporary relief to the relatively benign symptom of global economic integration. This is not dissimilar to an attempt to lower a fever by shutting down the body's circulatory system, it may reduce the symptom, but at the risk of inducing systemic failure.

Fortunately for the patients out there, that wild idea, it turned out was suggested in jest.

Enhanced indexation – every basis point counts!

THE EVOLUTION OF INVESTING: WHY STOP AT PASSIVE INDEXATION?

by ROMELON CHETTY
Portfolio Manager

Why stop at passive indexation when enhanced indexation offers a compelling alternative?

Over the past few decades, the investment management industry has witnessed a massive shift from traditional active management to indexation strategies. Many investors, frustrated by the difficulty of consistently picking the right active manager at the right time, turned to passive index funds for their reliability in tracking the market and their low fees.

But this raises an important question: why stop at passive indexation when enhanced indexation offers a compelling alternative? Enhanced indexation not only mirrors market performance but also provides the potential for excess returns in a risk-conscious manner.

Figure 1 below shows how assets have been flowing from active to passive investments. Despite a reduction, active investments has seen outflows in 2024 whilst passive investments experienced $1.4 trillion net inflows over the same period.

Why Aren't More Investors Using Enhanced Indexation?

One reason may lie in behavioural psychology, as illustrated by the famous Five Monkey Experiment. In this study, five monkeys were placed in a cage with a banana hanging from a rope and a set of stairs leading up to it. Each time a monkey tried to climb the stairs; researchers sprayed all the monkeys with cold water. Over time, the monkeys learned to avoid the stairs altogether. Even after the original monkeys were replaced one by one, the behaviour persisted, despite none of the new monkeys experiencing the cold water. They continued to avoid the stairs simply because "that's how things have always been done."

This same mindset exists in investing. Many investors have been conditioned to believe they must choose between active management and passive indexing. Just as the monkeys avoided the stairs without

Passive vs Active Asset Flows

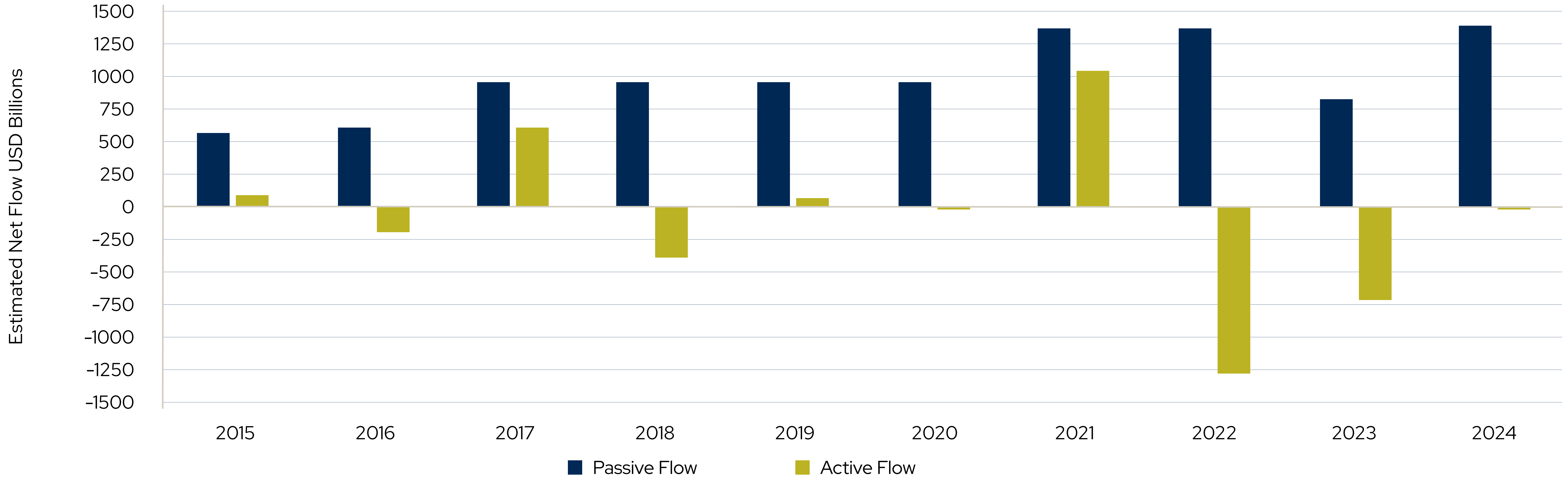


Figure 1: Passive vs Active Asset Flows, Source: Morningstar Direct, Data as of Dec 31, 2024

understanding why, many investors overlook enhanced indexation simply because they've never considered it a viable option. Through education and awareness, this perception can change, unlocking new opportunities for those seeking more than just market-matching returns. Despite its advantages, enhanced indexation remains underutilized because it challenges conventional investment wisdom. Investors hesitate to break from 'proven' methods, even when data suggests a better approach.

The Danger of Manager Churn

Choosing an active manager who consistently outperforms is nearly impossible. The top-performing managers change from period to period, making it a high-risk gamble for investors trying to switch at the right time. Chasing past returns by constantly switching between fund managers has historically led to persistent underperformance, as investors often end up locking in losses rather than gains.

Instead of hopping from one active manager to another, enhanced indexation offers a more stable and structured approach. It combines the advantages of active and passive strategies, systematically seeking outperformance while maintaining core market exposure. This helps investors avoid the performance-chasing trap and gain peace of mind.

What Makes Enhanced Indexation Different?

Enhanced indexation seeks to capture the best of both worlds. Unlike traditional passive funds, which guarantee some level of underperformance due to fees and inefficient capital allocation, enhanced indexation aims to deliver incremental outperformance while keeping costs low. With significantly reduced fees and a lower probability of lagging behind benchmarks, it provides a safer alternative in a world dominated by unpredictable active managers.

One proven approach is the Portfolio Alpha enhanced indexation strategy. This sophisticated method generates alpha in a risk cognisant manner while maintaining indexed beta exposure, ensuring investors achieve both stability and potential excess returns.

Conclusion

The shift from active to passive investing has been significant, reflecting the benefits of indexation over traditional active management. However, investors shouldn't stop there. Enhanced indexation presents a superior middle ground—offering systematic, disciplined, and cost-effective alpha generation without the risks associated with active manager selection.

> The investment world is evolving, and those willing to break free from outdated conventions stand to benefit the most.

Inflation targeting, sovereign yield curves, and global trade shocks

REVISITING SOUTH AFRICA'S MONETARY POLICY IN A PROTECTIONIST WORLD

by REZA ISMAIL
Head of Bonds

The intersection of reciprocal tariffs and inflation targeting poses a multi-dimensional challenge for South Africa.

The resurgence of protectionist trade policy in the United States, particularly under the framework of "reciprocal tariffs" recently reintroduced by Donald Trump, has injected a renewed sense of global macroeconomic volatility. For South Africa - a small open economy committed to inflation targeting since 2000 - this development arrives amidst an ongoing domestic policy debate regarding the possible recalibration of the South African Reserve Bank's (SARB) inflation target from a band of 3.0% - 6.0% to a narrower or lower point target.

These twin developments - the external shock of U.S. trade tariffs and the internal policy reconsideration—must be jointly assessed for their implications on sovereign yield curves, monetary policy transmission, and broader macro-financial stability.

Reciprocal tariffs, as articulated in recent statements by Trump-aligned trade advisors, involve a mathematically straightforward yet economically controversial mechanism: the U.S. calculates the tariff as half the ratio of the bilateral trade deficit to the export volume of the counterpart country.

At the heart of this new approach lies a non-standard formula to calculate tariffs: if Country X exports $100 billion to the United States and the U.S. imports only $50 billion from Country X, the trade deficit is $50 billion. The reciprocal tariff is then calculated as (Deficit / Imports) / 2,or ($50B / $100B) × 0.5 = 25%. A floor rate of 10% is enforced regardless of the computed value. The simplicity of this arithmetic masks the economic complexity of trade dynamics and ignores endogenous macroeconomic adjustments that shape bilateral deficits.

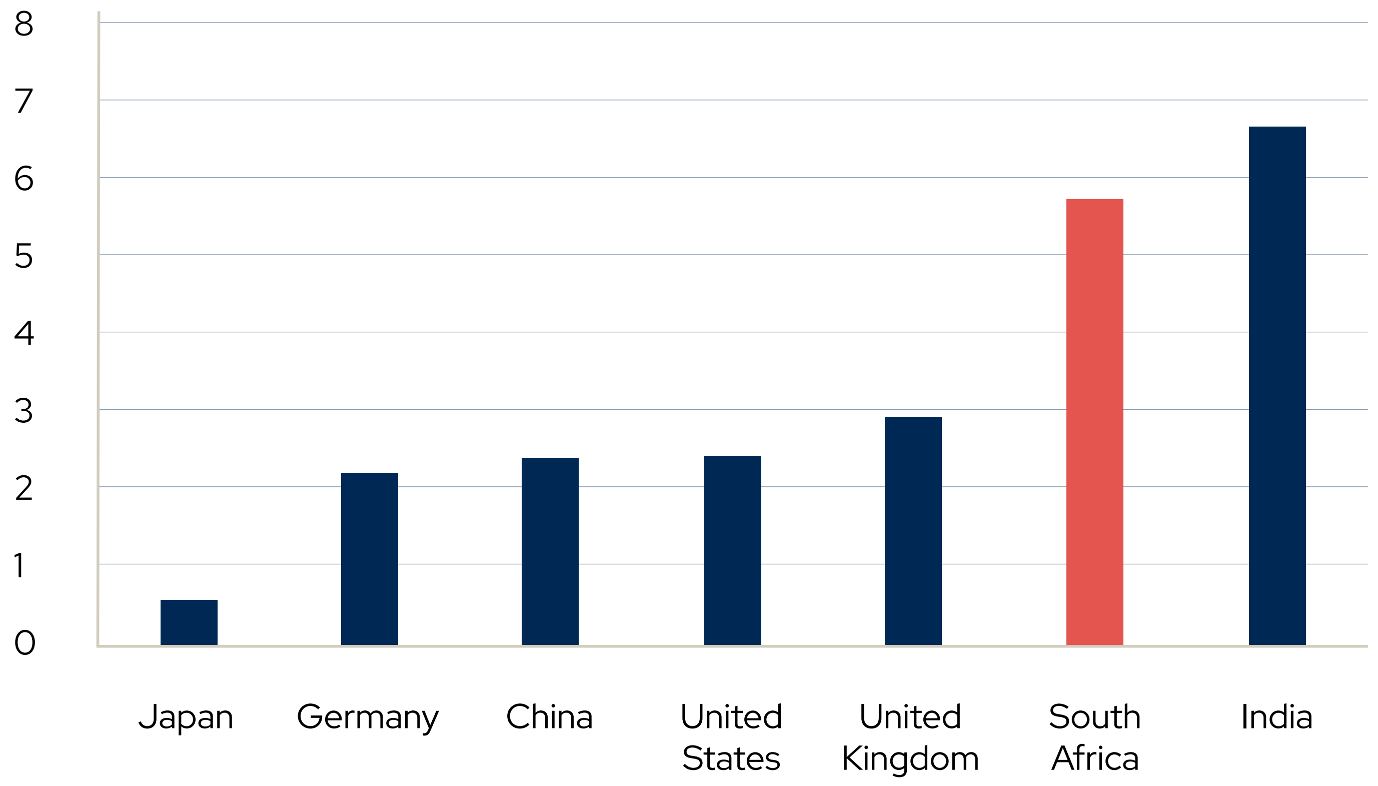
This formula is premised on the fallacious assumption that bilateral trade balances are a function of discriminatory policy rather than macroeconomic saving-investment differentials and comparative advantage.

For emerging market economies like South Africa, whose export profile remains commodity-dependent and whose trade surplus with the U.S. is modest but nontrivial, such a framework threatens to undermine external demand precisely at a time when global economic recovery is uneven. The imposition of tariffs, even if initially targeting larger economies like China or Mexico, reverberates across global supply chains and financial markets. These effects often manifest indirectly through capital flow reversals, commodity price declines, and reappraisals of country risk premia.

At the same time, South Africa finds itself reassessing its monetary policy strategy. As highlighted in the IMF's 2025 Selected Issues Paper, inflation in South Africa has frequently been anchored at the upper end of the 3.0 - 6.0% band, driven mostly by administered prices and exchange rate pass-through. Empirical findings further corroborate the idea that the inflationary response to output shocks is significantly muted when inflation is within a lower band, especially between 0.0% – 3.0%. These findings suggest that a downward recalibration of the target could enable more effective counter-cyclical policy without stoking inflation expectations.

South Africa's Realised Inflation Relative to Main Trading Partners

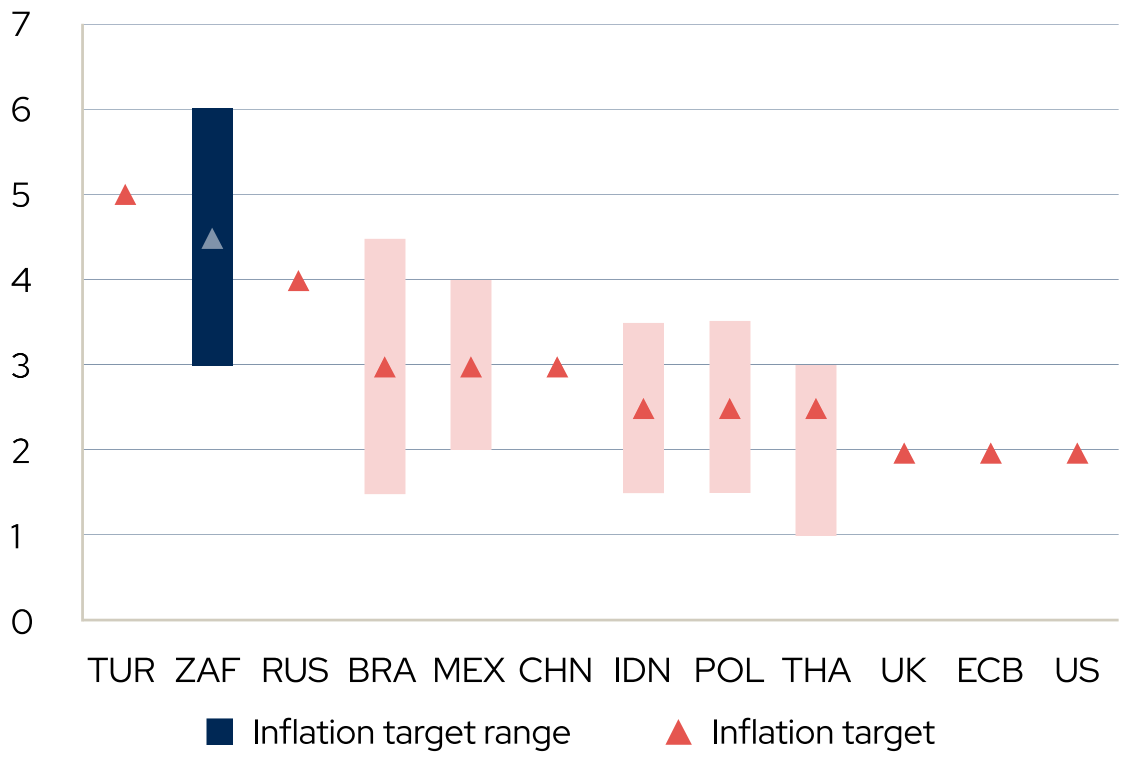
(In percent, average 2007-24)



Source: Prescient Investment Management, Bloomberg (April 2025)

Inflation targets and ranges for key global sovereigns

(In percent, 2024)



Source: Prescient Investment Management, Bloomberg (April 2025)

> However, in a world of elevated trade tensions and global macroeconomic fragmentation, monetary policy alone cannot deliver macro-financial stability. The imposition of tariffs by the U.S., especially under a reciprocal framework that penalizes trade asymmetries, introduces a novel external supply shock. The trade shock would likely precipitate a depreciation of the rand, given South Africa's high trade openness and commodity reliance, thereby raising imported inflation. This would test the SARB's ability to simultaneously maintain its inflation mandate while supporting real activity.

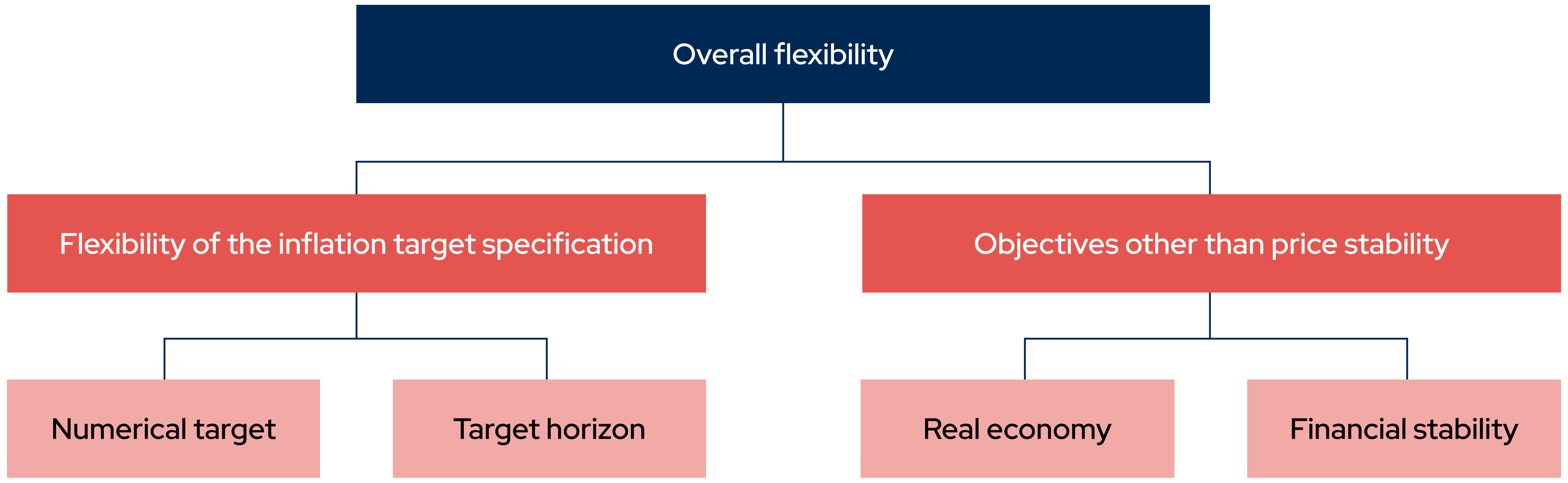
If the SARB were to credibly commit to a lower inflation target in this context, it would face a classic time inconsistency dilemma. On the one hand, pre-committing to lower inflation could reduce inflation expectations and long-term yields by compressing term premia, especially if investors believe the target is credible. On the other hand, in the face of a negative trade shock, the central bank may be compelled to tolerate temporary overshoots of the target or to tighten policy into a downturn, exacerbating the output cost of adjustment.

Academic literature suggests that inflation targeting regimes must evolve to incorporate external financial shocks and macro-financial linkages. South Africa, like many emerging market sovereigns, has limited insulation from global capital markets. Sovereign yields, particularly at the long end of the curve, embed not only expectations about inflation and policy rates but also risk premia reflecting fiscal sustainability and external vulnerabilities. A reciprocal tariff-induced terms-of-trade shock would almost certainly elevate these premia, steepening the yield curve evenif short rates remained anchored.

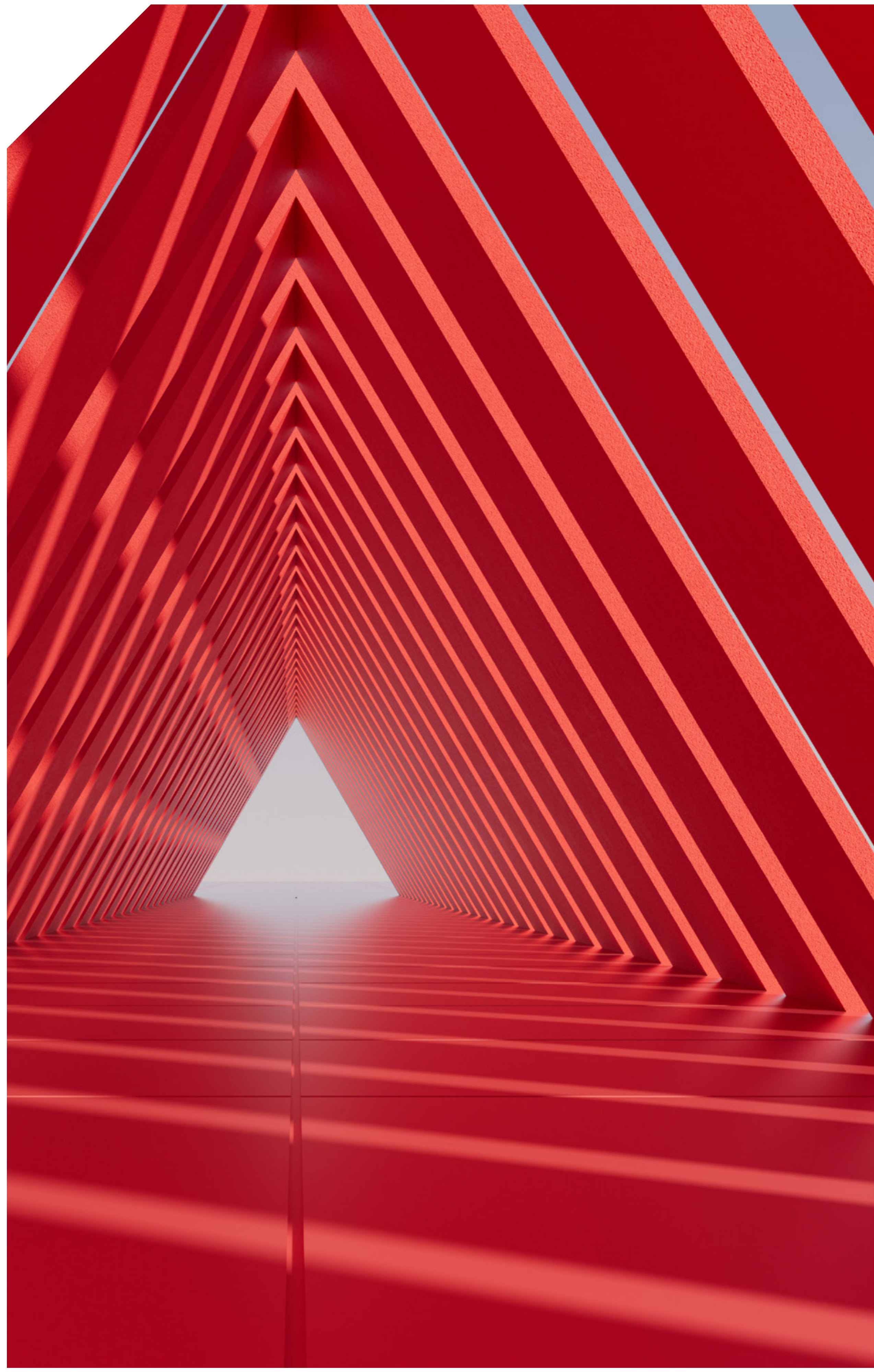
Moreover, capital flow volatility induced by U.S. tariffs could trigger a portfolio reallocation away from emerging market debt, including South African government bonds. In this scenario, the yield curve would respond asymmetrically: the long end rising due to increased risk premia and expectations of monetized fiscal deficits, and the short end constrained by SARB's attempt to maintain inflation control. This results in a bear steepening of the curve - reflecting deteriorating macro fundamentals and tightening financial conditions.

The potential benefit of lowering the inflation target in this environment lies in its capacity to act as a signal of commitment to macroeconomic stability. If the SARB can maintain inflation expectations despite tariff-induced shocks, it would preserve its monetary policy credibility, support lower inflation-indexed debt service costs, and potentially dampen the adverse reaction of the bond market. The literature around central bank reaction

Schematic decomposition of inflation targeting framework flexibility



Source: Prescient Investment Management, BIS (April 2025)



functions indicate that under forward-looking expectations, the sacrifice ratio (the cumulative loss in output associated with reducing inflation by one percentage point through contractionary monetary policy) can be close to zero, provided the central bank communicates clearly and anchors its policy in a credible long-run objective.

However, the feasibility of such a strategy hinges on several interrelated factors. First, the degree of forward-lookingness in South African inflation expectations remains uncertain. While the SARB has improved its credibility since 2017, expectations have historically clustered around the upper bound of the band. Second, the extent of exchange rate pass-through, or the degree to which changes in the nominal exchange rate affect domestic prices, though declining, remains nontrivial. A shock-induced depreciation could trigger a policy dilemma if the SARB were forced to raise rates to preserve the new lower target.

Empirical work suggests that the pass-through of GDP shocks to inflation is significantly lower in the 0.0% - 3.0% band than in the 4.5 - 6.0% band. This nonlinearity implies that once inflation is durably reduced, the central bank can tolerate larger expansionary shocks without generating inflationary pressures. This would imply that even in a tariff-induced downturn, the SARB could afford a looser stance without jeopardizing price stability.

Moreover, the fiscal dimension cannot be ignored. Lower inflation targets, by reducing the nominal growth rate of revenues, can worsen debt dynamics unless accompanied by fiscal consolidation. If reciprocal tariffs simultaneously reduce tax revenues through trade contraction and commodity price effects, South Africa's fiscal space could be compromised. This would feed into higher risk premia on government bonds, potentially offsetting gains from lower inflation expectations.

In the long run, the effectiveness of inflation targeting under global trade fragmentation will depend on its integration with other policy frameworks. Many advanced economies have moved towards "constrained discretion," incorporating employment and financial stability into their mandates. For South Africa, where unemployment and inequality remain structurally high, a rigid inflation-only focus may be politically and socially unsustainable, especially in the face of external shocks.

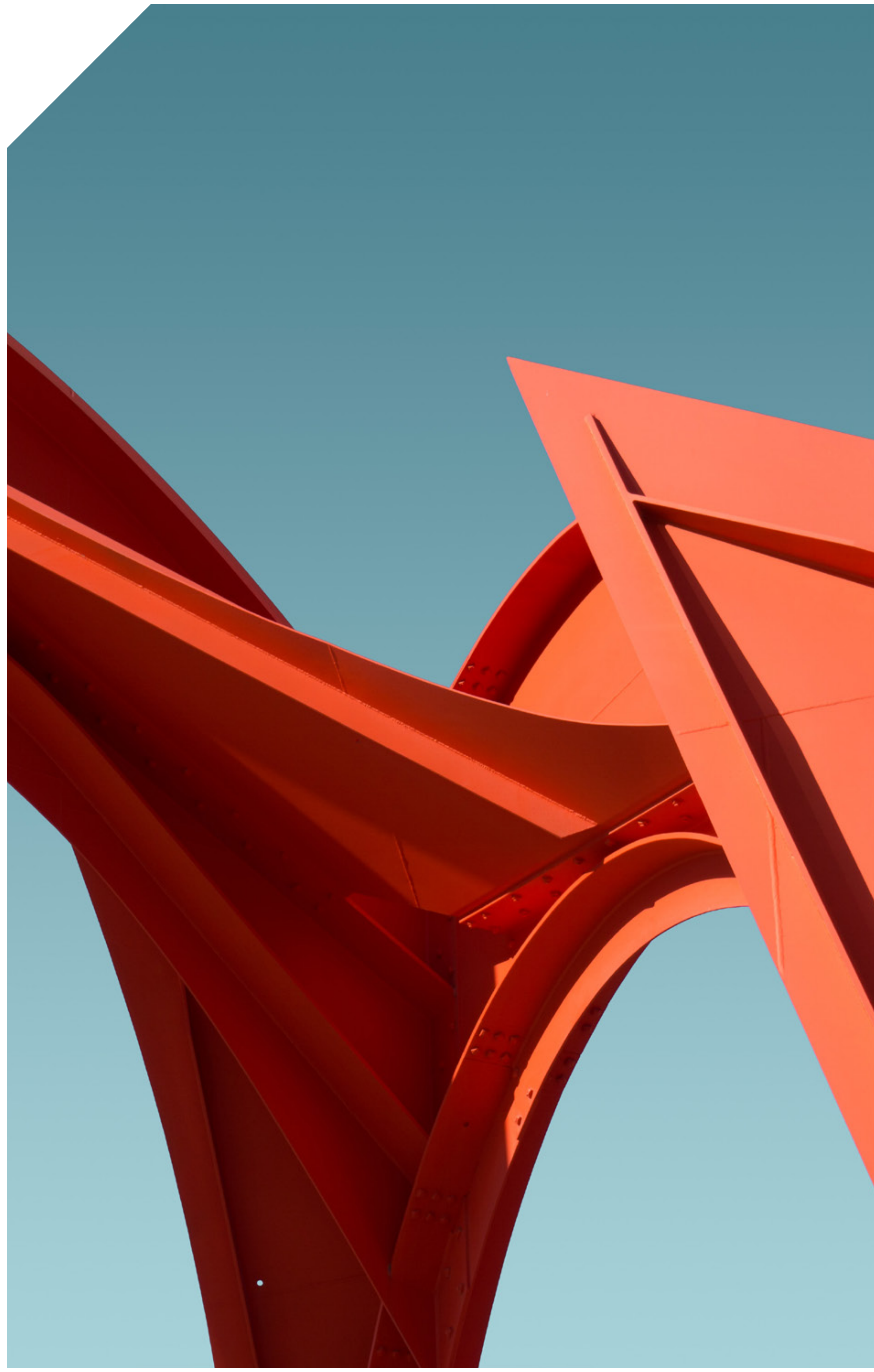
However, greater flexibility must be matched by stronger institutional frameworks and clear communication strategies. The example of the SARB's 2017 mid-point clarification - achieved without a rate hike - is illustrative of how expectations can be shifted through narrative. A similar approach could be adopted in transitioning to a lower target: a gradualist, data-driven path that allows room for temporary deviations but signals a firm long-term anchor.

Furthermore, the SARB must continue to enhance its analytical toolkit for understanding global spillovers. The nature of Trump's reciprocal tariffs is such that even countries not directly targeted may experience contagion via investor sentiment, risk aversion, and supply chain disruption. South Africa's exposure to global metals and minerals markets, as well as its inclusion in major emerging market bond indices, makes it susceptible to such second-round effects.

In this respect, the sovereign yield curve becomes not only a barometer of inflation and growth expectations, but a repository of market perceptions of South Africa's external vulnerability and policy coherence. A flattening or inversion of the curve, especially if accompanied by rising credit default swap (CDS) spreads, may signal the erosion of investor confidence. Conversely, a gradual decline in long-term rates following the announcement of a credible target reduction would signal market endorsement.

South Africa's experience also highlights the broader challenge facing emerging markets: how to adapt rule-based monetary policy frameworks in an era of geopolitically driven shocks. While inflation targeting has delivered substantial gains in credibility and macroeconomic stability, it must evolve to remain relevant in a world where shocks are increasingly non-economic in origin. A rigid adherence to outdated frameworks risks imposing unnecessary costs or limiting the policy space needed to respond to crises.

> In conclusion, the intersection of reciprocal tariffs and inflation targeting poses a multi-dimensional challenge for South Africa. The prospective benefit of a lower inflation target lies in enhanced credibility, reduced inflation premia, and better-aligned external competitiveness. Yet, the efficacy of this strategy under global trade disruption depends critically on expectations management, policy coordination, and macroprudential resilience. Sovereign yield curves will ultimately reflect how markets judge the SARB's ability to navigate this complex terrain - balancing inflation discipline with flexibility, and national autonomy with global interdependence.



Global and local credit landscape a systematic perspective

by CONWAY WILLIAMS
Head of Credit

Achieving success in credit markets requires a disciplined, systematic approach that includes rigorous due diligence, proactive monitoring, and strategic portfolio diversification.

Credit markets play a crucial role in both global and local economies, providing investors with opportunities to earn stable, risk-adjusted returns. However, investing in credit instruments comes with challenges, necessitating meticulous due diligence, continuous monitoring, and strategic portfolio management. At Prescient Investment Management (PIM), our systematic approach ensures disciplined execution at every stage of the investment process, mitigating risk while optimising returns.

Global and local credit landscape

The global credit market has grown substantially, particularly private debt. According to Morgan Stanley, the private debt market surged to $1.5 trillion by early 2024, up from $412 billion in 2020. This growth is fuelled by institutional investors seeking alternative income streams in a low-yield global environment. Moody's projects that private credit assets under management (AUM) will reach $3 trillion by 2028.

Despite this expansion, concerns persist regarding excessive leverage and the potential for a credit bubble. However, indicators such as the ICE BofA US High Yield Index Option-Adjusted Spread (OAS), currently at 2.78% as of February 2025 (below the long-term average of 5.28%), suggest that market conditions remain stable.

South Africa's private debt market has experienced more measured growth, shaped by high interest rates and economic pressures. As of December 2024, private sector credit expanded by 3.83% year-on-year, marking the slowest growth rate since July 2024. However, the IMF forecasts real GDP growth of 1.5% in 2025, driven by improved private sector activity and renewed investment.

Due diligence: The foundation of credit investing

At Prescient Investment Management, every credit investment goes through a due diligence process before capital is deployed. We focus on:

- **Issuer and Counterparty Analysis:** We evaluate financial health, corporate governance, and management strength. This includes assessing debt covenants, leverage ratios, and historical financial performance.
- **Macroeconomic and Sectoral Trends:** Credit performance is closely linked to macroeconomic conditions and industry cycles. Our analysis incorporates stress testing for potential downturns.
- **Legal and Structural Risk Assessment:** To ensure downside protection, we scrutinise covenant protections, collateral structures, and seniority in capital structures.
- **Environmental, Social, and Governance (ESG) Integration:** As fiduciaries, we incorporate ESG factors to address non-financial risks that may affect credit quality.

Our data-driven, systematic approach minimises biases in investment decisions and ensures a repeatable, disciplined process.

Proactively managing risks through ongoing monitoring

Once invested, credit instruments require ongoing monitoring to manage risks proactively. At PIM, our surveillance framework includes:

- **Real-Time Financial Performance Tracking:** We analyse financial statements and cash flows to detect early warning signs of stress.
- **Credit Rating and Market Sentiment Reviews:** We consistently evaluate external credit ratings, bond spreads, and market indicators for signs of deterioration.
- **Covenant Compliance Checks:** We monitor compliance with financial and operational covenants to detect potential breaches before they materialise.
- **Early Intervention Strategies:** If credit risk rises, we engage proactively with issuers, renegotiate terms, or explore exit strategies.

Building resilient portfolios through diversification

> While noting what happens from a diligence perspective, a key principle of fund management is diversification. Diversification is the foundation of a resilient credit portfolio. Unlike equities, credit instruments have asymmetric risk-reward profiles—losses can be substantial in cases of default, but the upside is limited to the agreed-upon yield. This makes diversification essential.This includes:

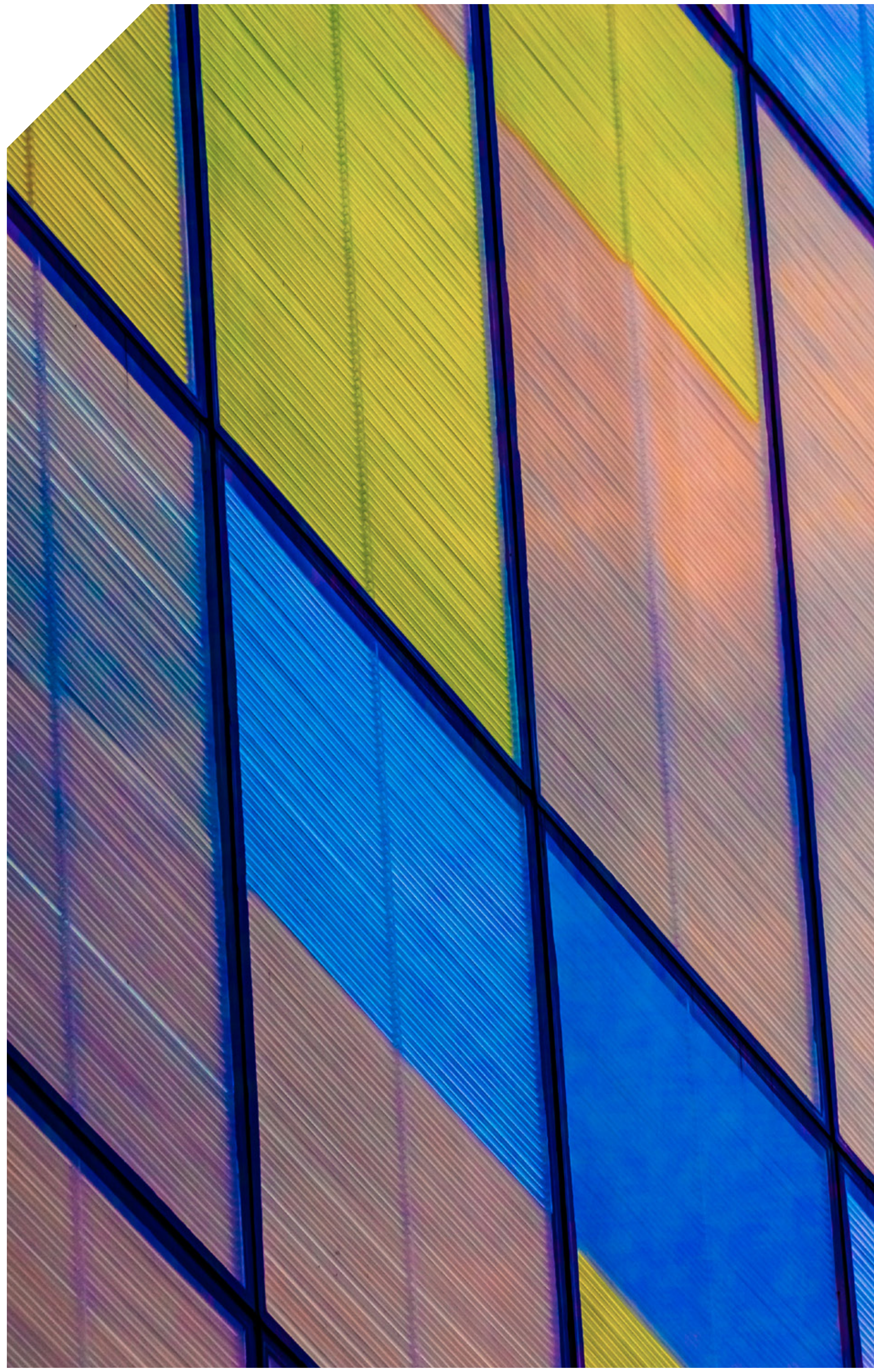
- **Sector and Geographic Diversification:** We spread exposure across industries and regions to minimise concentration risks.
- **Instrument and Maturity Diversification:** We invest in a range of credit instruments, including corporate bonds, structured finance, and infrastructure debt, while balancing short- and long-term durations.
- **Risk-Adjusted Position Sizing:** Position sizes are adjusted according to credit ratings, liquidity, and the strength of underlying collateral.

During periods of market stress, diversification helps mitigate losses in one segment of the portfolio with stability in others. This disciplined allocation strategy has allowed our credit funds to provide consistent, superior risk-adjusted returns.

A bubble in sight?

Despite concerns about a potential private debt bubble, we do not believe excessive systemic risks threaten the credit market at this stage. Our thorough due diligence, strong monitoring framework, and diversified portfolio strategy ensure that we remain resilient in diverse market conditions.

In conclusion, credit investments present compelling opportunities for income generation and risk mitigation within a portfolio. However, achieving success in credit markets requires a disciplined, systematic approach that includes rigorous due diligence, proactive monitoring, and strategic portfolio diversification. At PIM, we remain committed to these principles, ensuring our credit strategies continue to deliver value in an evolving financial landscape.



Moving parts – setting interest rates in a world of tariffs.

by HENK KOTZE
Head of Cash & Income

and MICHELE VAN DER BERG
Portfolio Manager

To quote Bob Dylan, "The times they are a-changing." In this ever-changing market environment, There are many moving parts to consider.

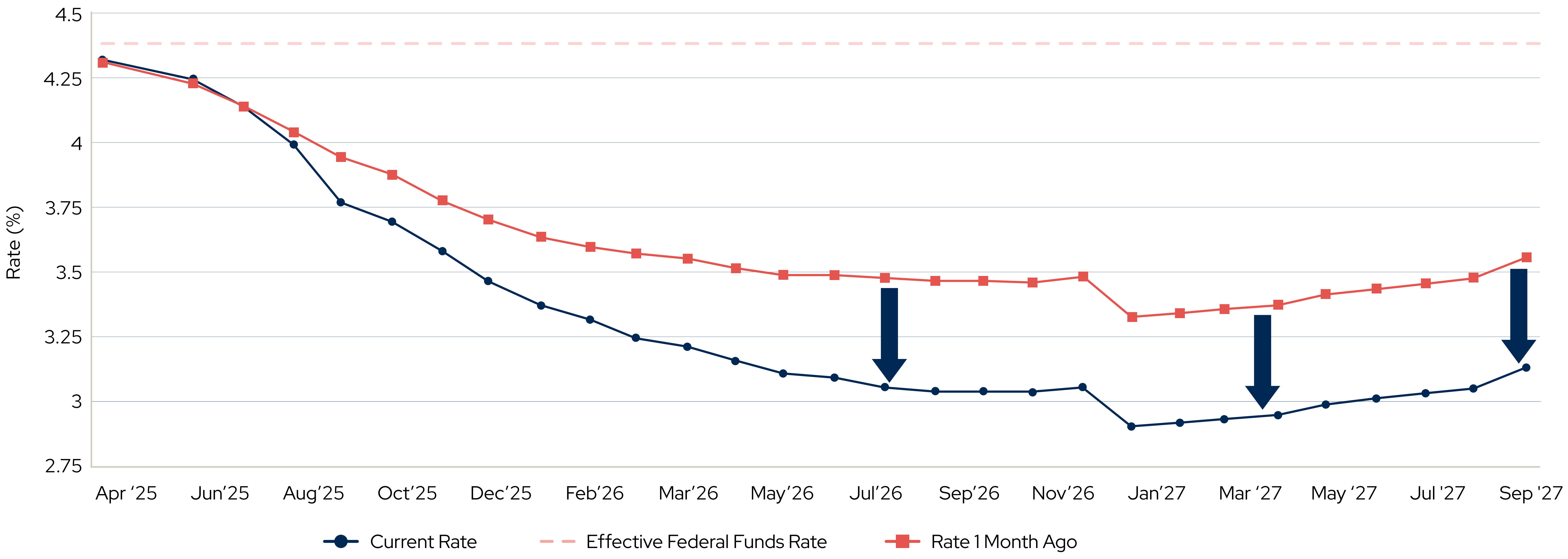
What a time to be investing. Markets are again faced with a good dollop of uncertainty as the world digests the impact of US President Donald Trump's newly imposed tariffs. In these uncertain times, with increased sensational headlines, fear-driven responses, and our human biases kicking in, Prescient Investment Management (PIM)'s systematic, evidence-based investment approach cuts through the noise. It allows us to make rational, unbiased decisions for our clients.

A lot has been written, most notably in this publication as well, about how the tariffs imposed by the US are going to impact global growth, its pass-through into inflation and what this all means for global asset classes. What this article unpacks is how we distil all of these moving parts into a view on the very front end of yield curves and, most notably, the front end of the South African yield curve.

Markets have again started pricing in interest rate cuts globally, most notably in the US. The chart below shows the expected move lower in the Federal Funds Rate as read from the Fed Fund Futures from a month ago to today. In this article, we will unpack this pricing in more detail and explain how all of this impacts our view on South African front-end rates.

Market Pricing

Effective Federal Funds Rate Vs Fed Fund Futures



Source: Prescient Investment Management, Bicomberg as on 2025-04-07

US interest rates – market pricing and the FED

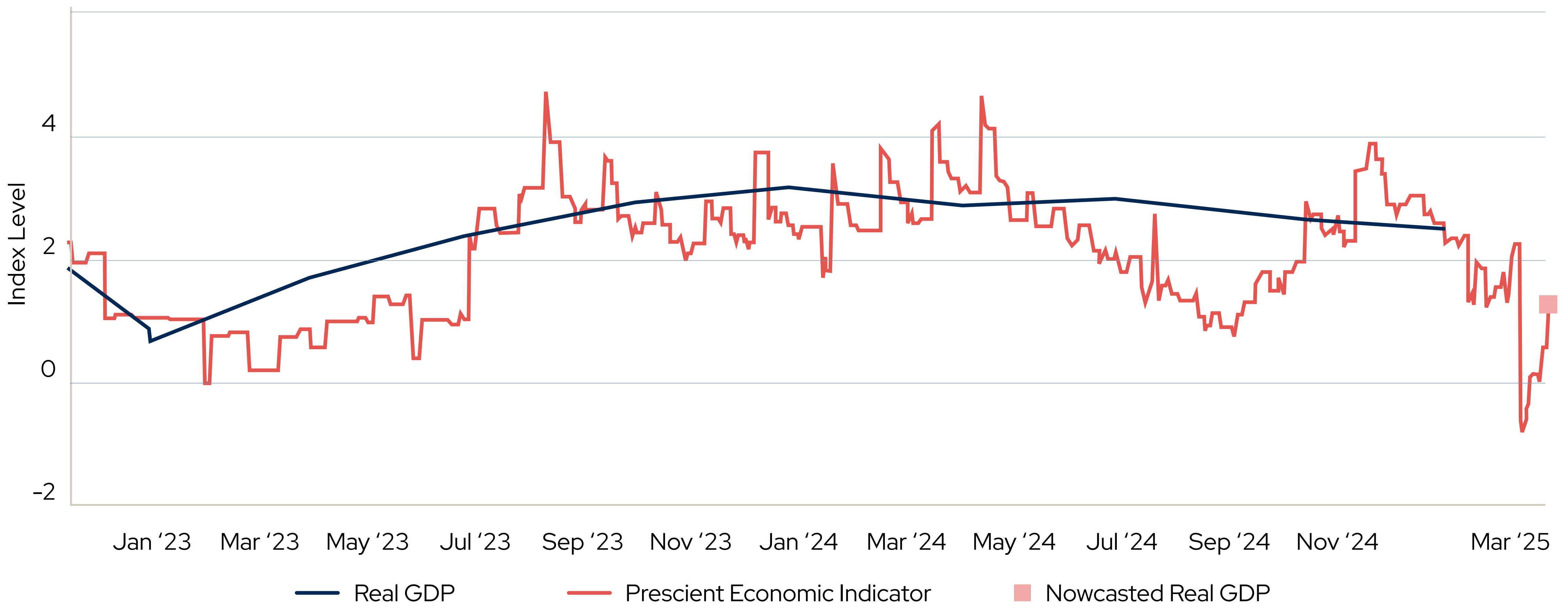
Some of the key areas unpacked in detail in this publication deserve a quick recap here to set the scene: US economic growth, inflation, and the US market interest rate expectations.

US Growth – To understand the health of the current US economy, we use our **Prescient Economic Indicator** (PEI). This is a now cast of current US economic growth and an indicator we use in place of market metrics such as the US GDP numbers, which are slow to be released and often get revised. The PEI has, over the last two years, shown us that at no point in time were we expecting US growth to dip **below zero** (you would recall the market debate about hard or soft landings), thus never expecting any landing. This picture has recently changed, with US growth starting to **show some cracks**. This softer growth expectation is playing a big part in the repricing of global front-end yields.

US Inflation - Many of the headlines since President Trump took office went something like this – Trump = Tariffs = Inflation. This is another headline-driven response by markets that we disagreed with once looking at the evidence. Key to understanding this was to look at what market expectations for **medium to longer-term inflation** were doing, and at no point did inflation expectations create a cause for concern. The chart below shows this nicely. Here, we are looking at the five-year and 10-year Inflation Swaps in the US. In our view, this is the best gauge for what the market is expecting inflation to be on average over those time periods. It can be seen from the chart that markets currently see both **medium to long-term inflation at around 2.35%**. This, in our view, shows that markets are not worried that tariffs will be inflationary and thus open room for global front-end yields to move lower.

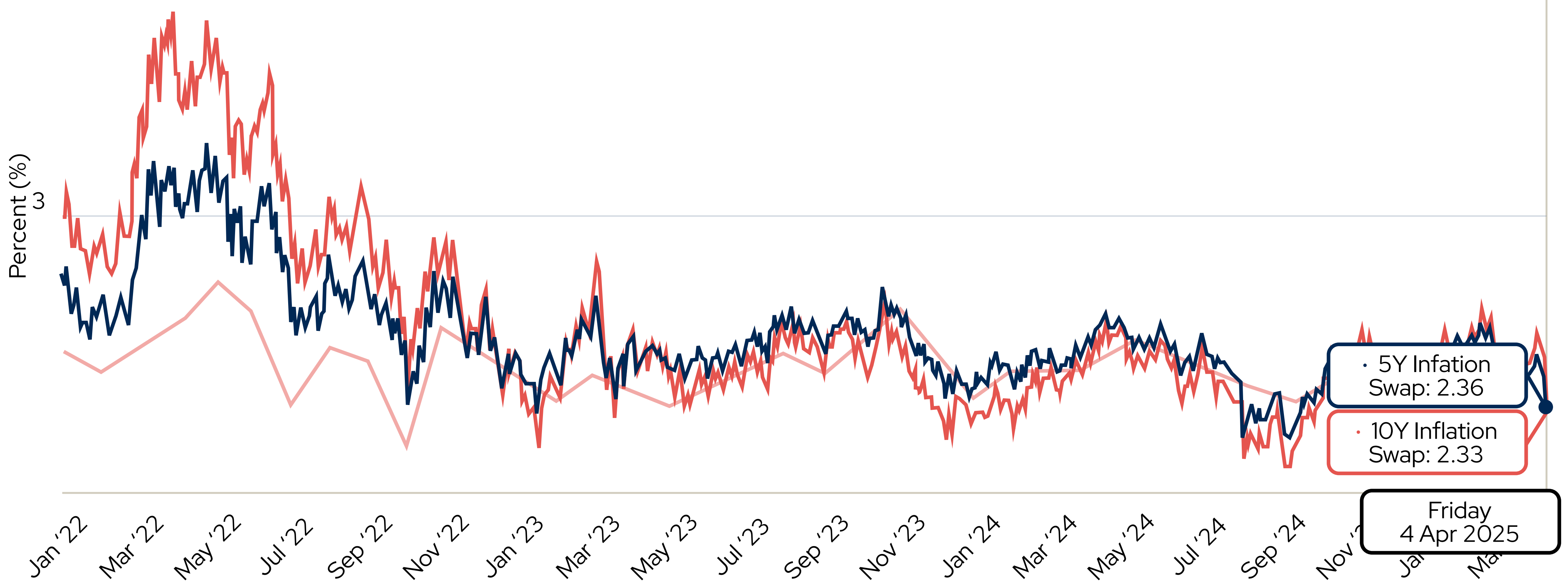
Prescient Economic Indicator & Real GDP

Comparing The US PEI To US Real GDP With A US Recession Overlay



Inflation Swap Comparison

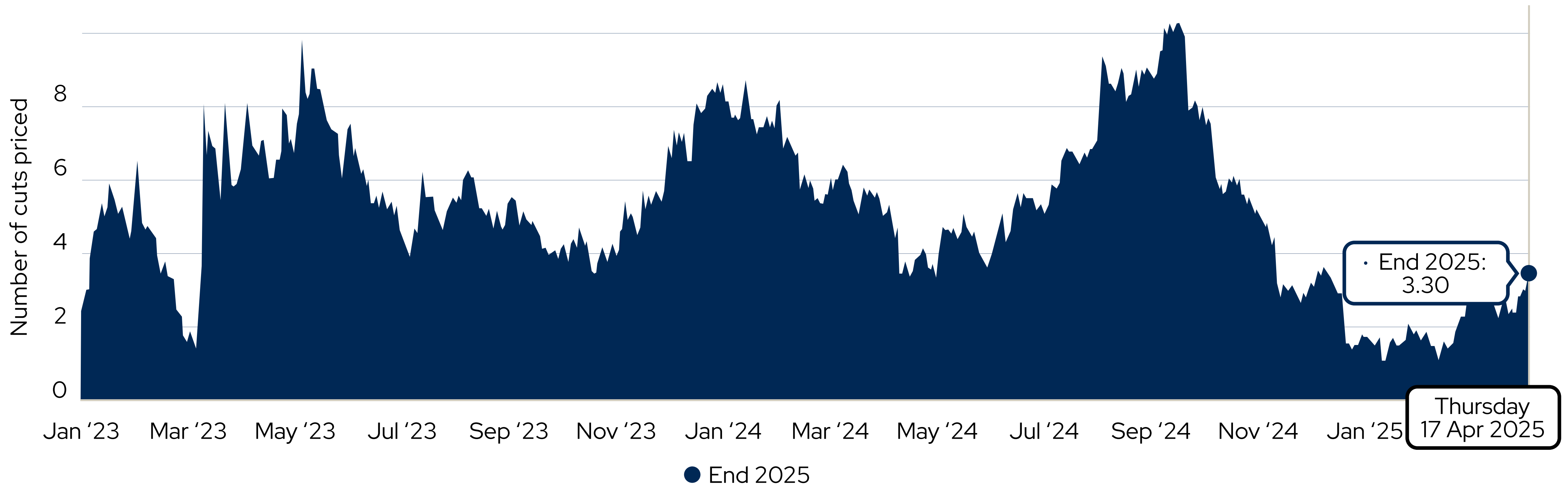
5Y Vs 10Y Vs 30Y



US Interest Rates – The final puzzle piece is how the market has priced front-end rates throughout this period of moving parts. The chart below tells an intriguing story. It shows how many interest rate reductions or cuts the market expects to see by the end of 2025 if we assume an interest rate cut is 0.25%. During September last year, so the end of Q3 2024, the market was the **most dovish**, pricing in more than 10 interest rate cuts. Since then, the Fed has lowered rates by one percentage point or four cuts. Thus, if all remained equal, there would be six left.

The progression of how the market priced the interest rate below illustrates how they removed five of the remaining six cuts, leading to an expectation of only one more cut by the end of this year. In our view, this pricing dynamic was driven by better-than-expected growth prospects for the US economy, dating back to the end of last year and into the beginning of this year. As mentioned above and indicated by the PEI, this situation is changing, along with the expected path for interest rates in the US.

Number of cuts priced



Source: Prescient Investment Management, Bloomberg as on 2025-04-07

Where does this leave South African front-end rates

After distilling all of the above in a systematic way, we see our current view of the front end of the South African yield curve (we are using the 12-month point on the curve) in the dial below. This tells an interesting story.

Focussing on the four factors we see as driving asset class view – **Valuations**, **Economics**, **Financial Conditions** and **Sentiment** – and looking at those specifically for the 12-month rate, we see that current yield levels are fair from a Valuation perspective, thus neutral. Here, we look at real yields, term premiums and the currency risk premium. The Economic picture is positive for the 12-month rate as the slowing global growth environment should potentially see lower rates going forward. The Financial Condition factor also screens bullish or positive as the market environment to trade in 12-month rates is conducive to attractive front-end yields at current levels. The only factor detracting from us being overweight on the 12-month rate or the SA front end is the Sentiment factor. Here, we look at certain market indicators for fear or volatility, and due to some of those indicators still being muted relative to their long-term medians, we do not see it as an opportune time to add 12-month-rate risk based on the Sentiment factor.

Thus, in summary, the current levels of yield in the SA front end are fairly valued. Certain moving parts, such as growth and inflation dynamics, are starting to show some value in adding 12-month rates, but the Sentiment, as measured by market volatility indicators, is not yet elevated enough to clearly indicate a strongly positive stance.

When looking at actual market pricing in the chart below, this shows the market expectations for where the reset rate (Jibar) will be at the specific points in time along the dates below. There has been a slight move lower from a month ago, but like our view above, the market is not pricing in an aggressive rate reduction cycle in South Africa.

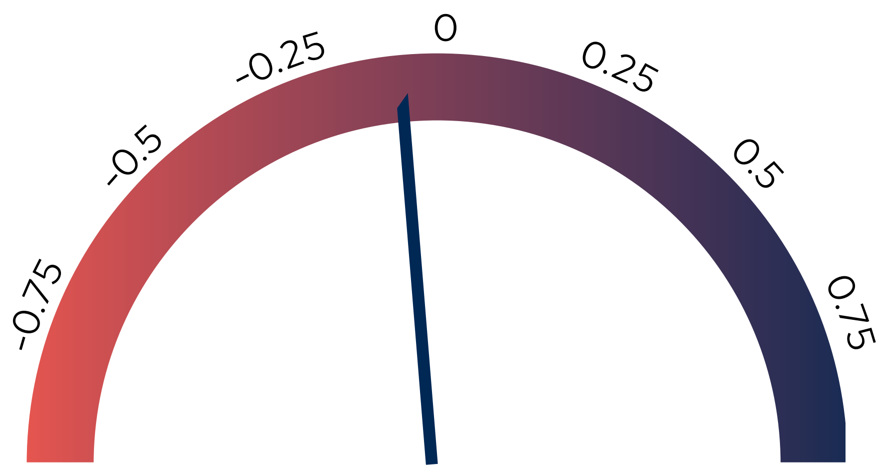
Conclusion

> To quote Bob Dylan, "The times they are a-changing." In this ever-changing market environment, There are many moving parts to consider. At Prescient Investment Management, we follow a systematic, evidence-based approach to investing, and it is at times like these, this approach stands us in good stead, helping make sense of the unsensible.

With a slowing global growth outlook, a still muted inflation outlook, and US rates looking to potentially come down faster than previously expected, we are starting to see some of the **factors screen attractive** for taking on more risk in the SA front end. This will be a key shift in shorter-term funds, such as Money Market and Enhanced Cash Funds, and other Funds across our offering with shorter-term exposure.

> Using our systematic approach, we are finding opportunities in this world of moving parts. With elevated real yields, we will take advantage of these opportunities with our risk-focused approach.

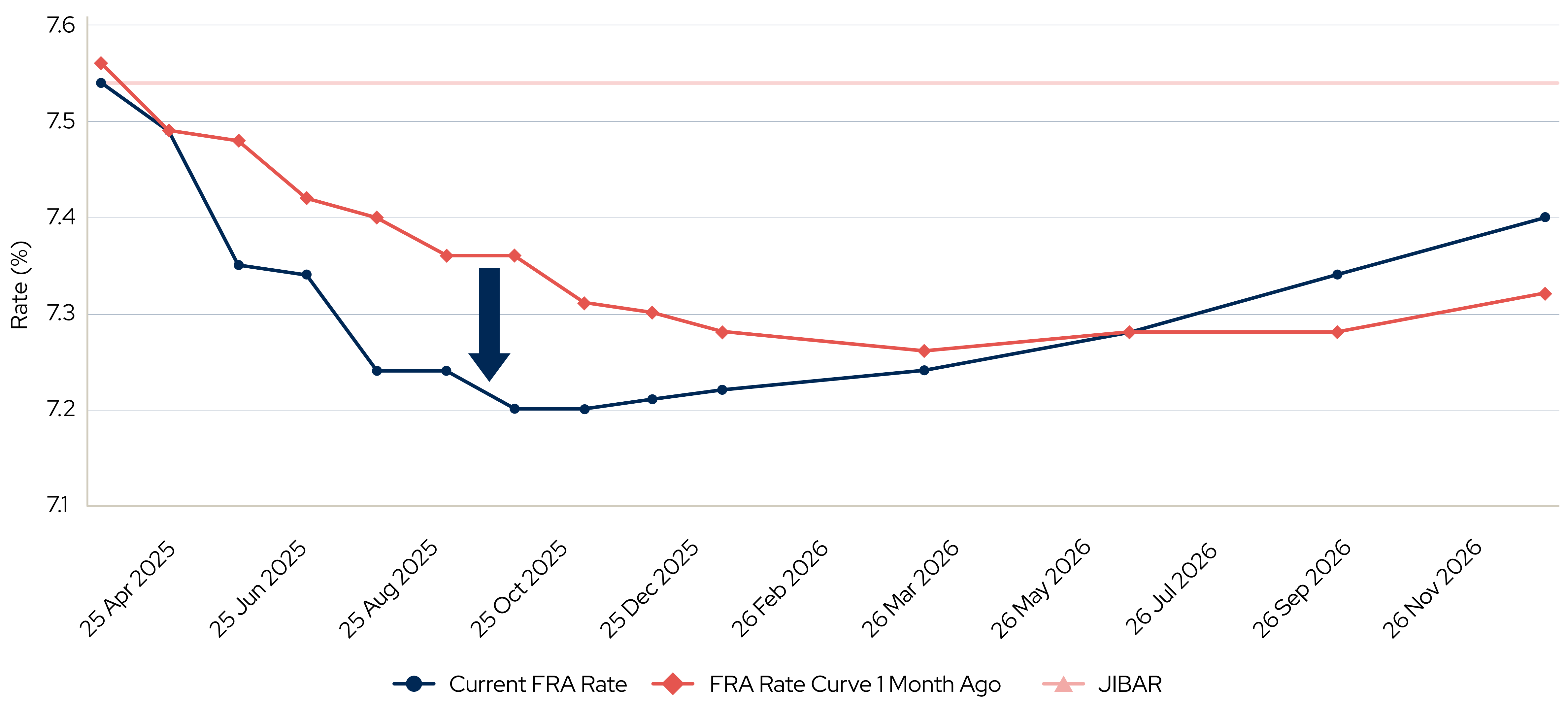
SA 12 Month Rate



Item	View	Score
SA 12 Month Rate	Neutral	-0.05
Valuations (54%)	Neutral	0.07
Economics (30%)	Moderate Positive	0.36
Financial Conditions (3%)	Moderate Positive	0.26
Sentiment (14%)	Strong Negative	-0.82

Market Pricing

Key Rates Vs Forward Rate Agreements



Source: Prescient Investment Management, Bicomberg as on 2025-04-07

The words of the FED

by TIMOTHY TERBLANCHE
Head of Data Science

and ADAM DE WAAL*
Quantitative Analyst

We built a few tools and employed a few large language models to not only listen but to also hear what the Fed has to say.

*Representative acting under supervision.

> The central bank doesn't shout. It speaks in careful tones. Often vague. Always measured, their words can move markets and, eventually, entire economies. But if you listen closely, you'll hear the story of the economy hidden between the lines. You'll hear who's winning, who's losing, and where the tide may turn.

We built a few tools and employed a few large language models to not only listen but to also hear what the Fed has to say.

Talking to the People

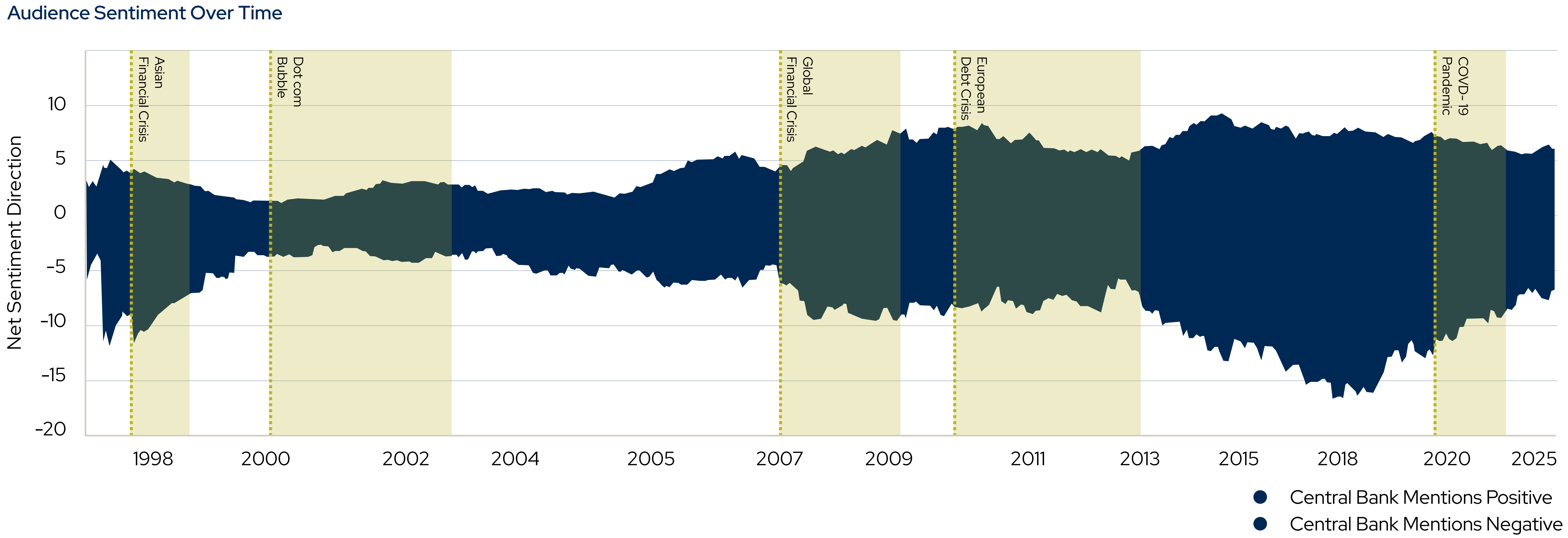
At first glance, a Federal Reserve speech might seem like a string of careful phrases and measured optimism. But beneath the surface lies something deeper – a signal, a shift in sentiment, a subtle nod to what comes next.

In this note, we explore what those words have been telling us. Not just what was said, but how it was said. And to whom. Were they trying to reassure households after a crisis? Were they warning firms to rein in spending? Were they quietly nudging the government to do more, or to back off?

We took thousands of central bank speeches—decades of them—and broke them down, sentence by sentence, speech by speech. Then, using artificial intelligence, we asked: Who is this message for? And what's the tone?

Central banks don't speak into a void. Every phrase, every emphasis, is directed at someone – households, firms, markets, or government. The result is a clearer picture of how the Fed's messaging has shifted through time and across economic cycles.

Audience Sentiment Over Time - Fed Chairs



Source: Prescient Investment Management, Bicomberg as on 2025-04-07

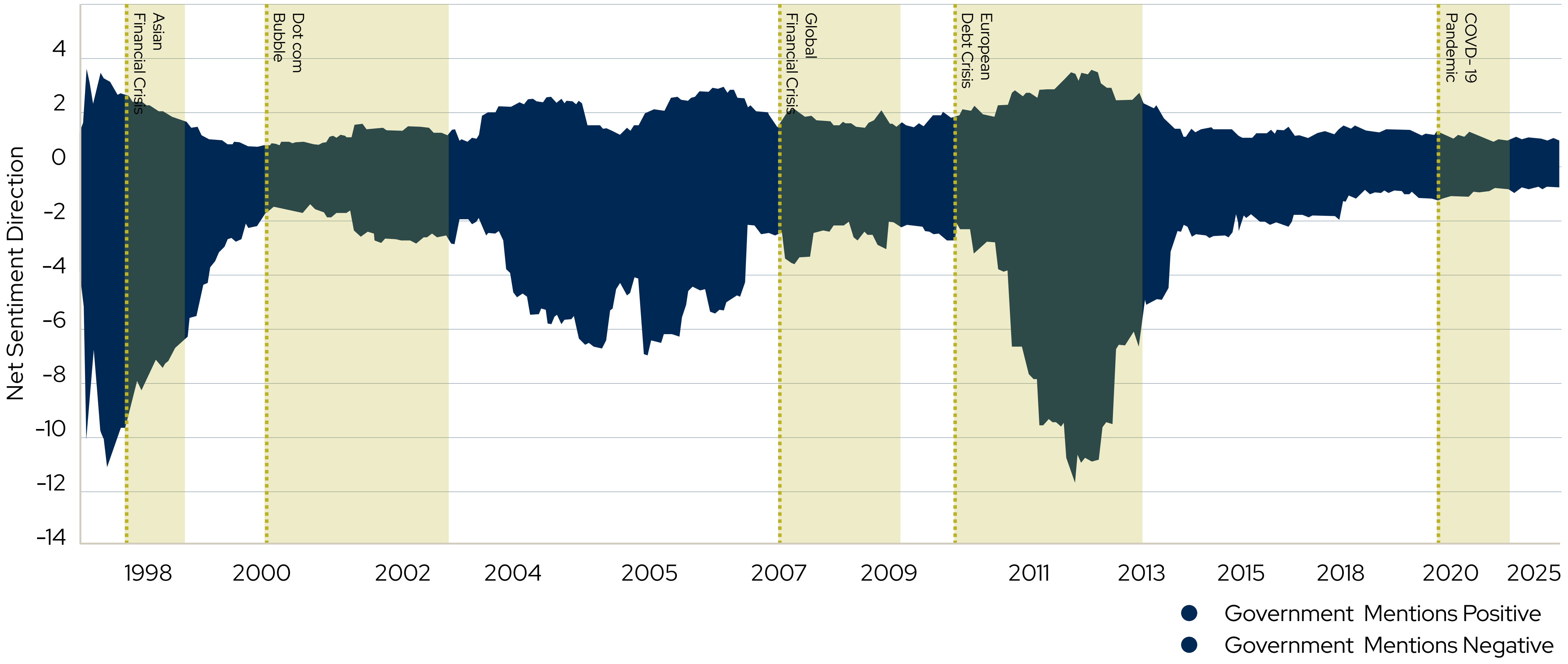
In the chart above, we track sentiment toward various economic groups, such as households, firms, financial institutions, governments, and other central banks. One clear trend stands out: the Fed is speaking more frequently and more positively about central banks than at any time in recent history.

This likely reflects the growing importance of global monetary coordination. After the 2008 Global Financial Crisis and again during COVID-19, international collaboration became essential. Liquidity swaps, synchronized rate policies, and global risk management all played a role in ensuring market stability. The Fed, once focused inward, is increasingly part of a global conversation.

At the same time, we also see elevated attention toward financial institutions and government during periods of crisis — a nod to the Fed's dual role in calming markets and working alongside fiscal agents to stabilize the economy.

Audience Sentiment Over Time - FED Chairs

Audience Sentiment Over Time



Source: Prescient Investment Management, Bicomberg as on 2025-04-07

But attention is not always flattering. In the chart above, we see significant negative sentiment directed toward governments, particularly in the period following the European Debt Crisis and peaking around 2013.

This coincides with what's often referred to as the "Taper Tantrum" — when the Fed announced plans to reduce its bond-buying program. The move caught many global markets off guard, and the ripple effects were particularly sharp in emerging economies. The central bank, while acting with U.S. mandates in mind, became a lightning rod for criticism about cross-border impacts and the limits of policy coordination.

This growing negative tone toward governments may also reflect the friction between monetary and fiscal policy. When fiscal expansion is expected but fails to materialize — or when deficits grow unchecked — central banks often find themselves caught between criticism and caution.

Beyond audience, the tone of central bank communication — whether hawkish or dovish — can often hint at the path ahead. Hawkish language typically signals concern about inflation and a bias toward tightening. Dovish speech tends to prioritize growth and suggests easier policy.

> We use a fine-tuned version of a BERT model — a type of AI that understands context in language — trained specifically on central bank communication to classify sentiment across a vast set of Fed speeches. Then we compare this sentiment to the actual Fed Funds Rate over time. A well-trained Natural Language model can pick up subtle cues that a manual reader might overlook – for example, a shift from phrases like "we expect" to "we hope" could indicate less certainty about the economy.

The Mood Behind the Microphone

> Beyond audience, the tone of central bank communication – whether hawkish or dovish – can often hint at the path ahead. Hawkish language typically signals concern about inflation and a bias toward tightening. Dovish speech tends to prioritize growth and suggests easier policy.

Federal Reserve Sentiment Vs. Fed Funds Rate

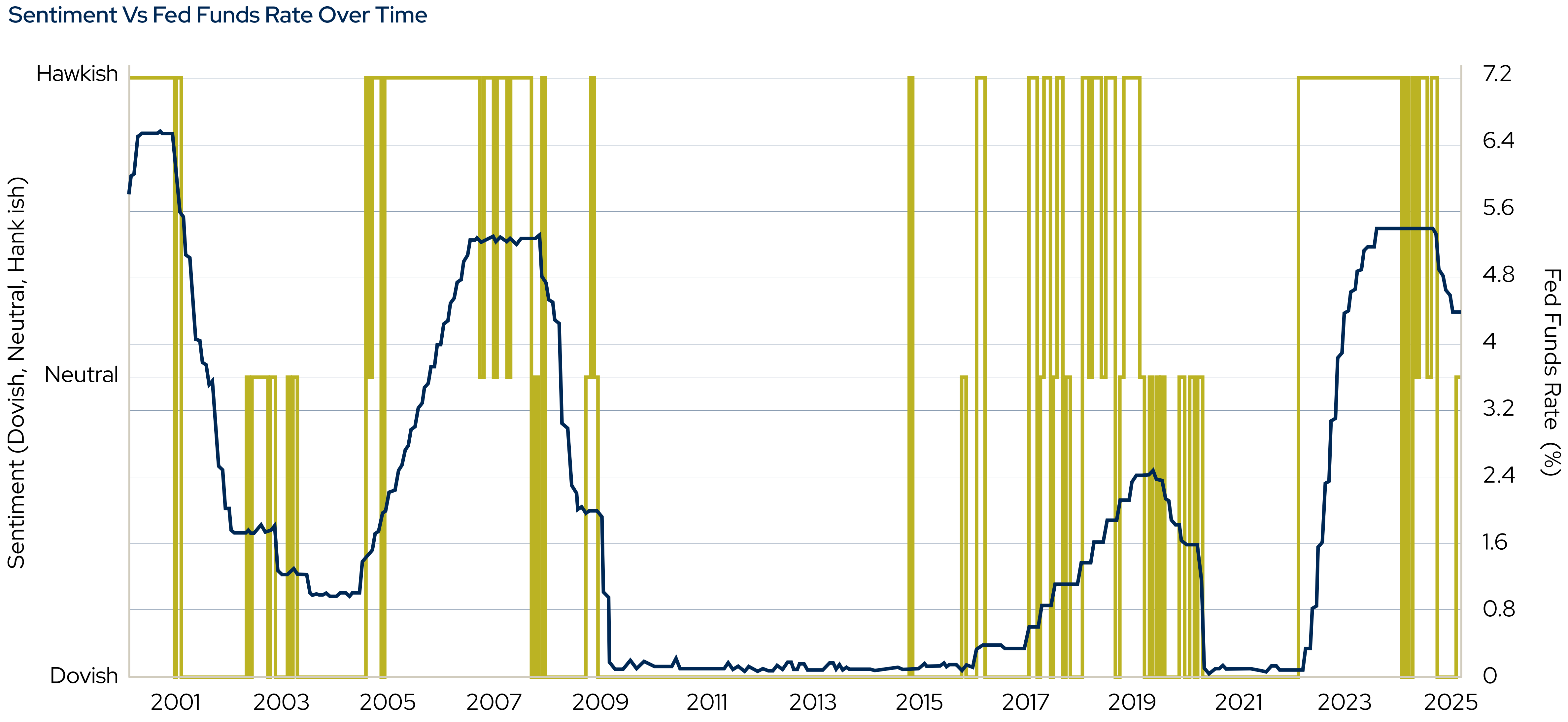


Figure 3
This visualization shows changes in speech tone (hawkish, neutral, dovish) alongside the Fed Funds Rate.
Key periods – such as 2004–2006, 2016–2018, and the tightening cycle beginning in 2022 – show a close relationship between sentiment and policy action.
During moments of crisis, sentiment becomes more volatile. Language shifts ahead of, and sometimes in anticipation of, rate changes.

This chart overlays two perspectives: the actual Fed Funds Rate (in blue) and the sentiment detected in Federal Reserve communications (in olive), classified as hawkish, neutral, or dovish over time. A clear trend emerges in 2022, when the model begins to pick up a decisive and persistent shift toward a more hawkish tone. Notably, this shift in sentiment precedes the actual rate hikes, remaining elevated throughout the tightening cycle until early 2024, when the tone begins to soften. This suggests that changes in language can act as an early signal for changes in policy. We also observe that sentiment becomes more volatile during major turning points in policy – such as the lead-up to the Global Financial Crisis in 2008, the normalization cycle from 2016 to 2018, and the rapid tightening in 2022. These periods are marked by an increase in both the frequency and variation of sentiment signals, reflecting the Fed's effort to communicate more actively during times of uncertainty.

In contrast, during periods of policy stability – particularly between 2009 and 2015, and again from 2019 to early 2022 – sentiment readings are sparse and less volatile, reinforcing the idea that the Fed communicates more when the path ahead is less certain. Monitoring these sentiment shifts offers an additional lens through which to understand the evolving stance of monetary policy, often before changes are fully reflected in interest rates.

Why This Matters

We don't base our investment decisions on a single model or signal. Rather, the sentiment indicators we've developed form part of a broader data-driven framework, where each input is weighted according to its strength and relevance at a given time. The contribution of this signal may vary across cycles, but it remains a consistent and valuable component of how we assess central bank positioning and macroeconomic risk.

> For a systematic investment firm like Prescient, turning words into data is a game-changer. Our investment strategies rely on quantitative signals and unbiased indicators. The Central Bank Monitor transforms the Fed's qualitative communications into a quantitative sentiment index that we can feed directly into our models. This means our algorithms can now numerically factor in something that was once only gauged by gut feel or expert hunches.

At its core, this work helps us decode the language of monetary policy – offering earlier insight into shifts in tone, audience, and direction. It allows us to capture subtle changes in how the Federal Reserve communicates, and to integrate those insights into a wider context. For us on the data science team, this is part of a broader commitment: data drives results, and precision drives success.

Sources:

- How central bank communication affects the economy
- Information in Central Bank Sentiment: An Analysis of Fed and ECB Communication by Jens Hilscher, Kyle Nabors, Alon Raviv: SSRN
- Machine Learning and FOMC Statements: What's the Sentiment? | CFA Institute Enterprising Investor

Prescient flagship funds

Prescient Income Provider

Income producing with downside risk managed while offering inflation protection.

FIND OUT MORE

Real: CPI + 3% p.a.
Horizon: 3+ months

Prescient Income Plus Fund

High yield via credit exposure with inflation protection.

FIND OUT MORE

Real: CPI + 3% p.a.
Horizon: 3+ months

Prescient Flexible Bond Fund

Savings for retirement, offering systematic exposure to local bonds, enhanced with high-performing yield assets

FIND OUT MORE

Real: CPI + 3% p.a.
Horizon: 3+ years

Prescient Defensive Fund

Savings for retirement and other goals offering a more conservative asset allocation including equities and offshore assets.

FIND OUT MORE

Real: CPI + 4% p.a.
Horizon: 3+ years

Prescient Balanced Fund

Long term savings for retirement offering an aggressive asset allocation to mostly equities and offshore assets.

FIND OUT MORE

Real: CPI + 6% p.a.
Horizon: 5+ years

Prescient Equity Fund

Long term savings aiming to consistently outperform peers.

FIND OUT MORE

Real: CPI + 7% p.a.
Horizon: 5+ years

Prescient offshore flagship funds

Prescient Global Income Provider Fund

Diversified Global Income exposure within a well maintained risk framework.

FIND OUT MORE

Real: US CPI + 1% p.a.
Horizon: 3+ months

Prescient Global Balanced Fund

Diversified exposure to a mix of offshore assets with an aim to achieve long term capital growth appreciation.

FIND OUT MORE

Real: US CPI + 5% p.a.
Horizon: 5+ years

Prescient Core Global Equity Fund

Cost-effective access to diversified global equity markets.

FIND OUT MORE

Real: US CPI + 6% p.a.
Horizon: 7+ years

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