



Legacy Africa Regional Equity Prescient Fund

Minimum Disclosure Document & General Investor Report

30 September 2023

Fund Details

Fund Manager	Senzo J Hlangu
Investment Manager	Legacy Africa Fund Managers
Inception Date	07 June 2023
Publication Date	20 October 2023
ASISA Classification	Regional Equity – General
Benchmark	MSCI EFM Africa ex-SA Index
Fund Size	R 35 315 669.48
Number of Units	37 035 931.09
NAV Price	95.36c
Initial Fees	0 %
TER	N/A – New Fund
TC	N/A – New Fund
TIC	N/A – New Fund
Class	A2
Management Fees	1.00%
Minimum Lump Sum	R50 000
Minimum Debit Order	R1 000
Income Declaration	Annually

Fund Investment Policy

The Fund invests in companies that generate most of their business in Africa outside of South Africa. These companies are large, liquid and listed in any major stock exchange anywhere in the world. The Fund invests primarily in equity securities, although it can invest up to 20% in liquid non-equity securities such as preference shares, debentures, bonds, collective investment schemes, and cash. The fund is at all times diversified across sectors and industries, countries, and currencies as well as stock exchange listings. The portfolio has adhered to its policy objective as stated in the supplemental deed.

Risk Profile

High Risk The fund is classified as high risk and is subject to the following risk factors: Country Risk, Currency Risk, Equity Risk, Industry Risk, and Repatriation Risk.

Country Risk: refers to the potential economic, political, and financial risks that may arise from investing or doing business in a particular country.

Currency Risk: also known as exchange rate risk, refers to the potential financial risk that arises from changes in currency exchange rates.

Equity Risk: also known as stock market risk, refers to the potential financial risk that arises from investing in stocks or other equity securities.

Industry Risk: refers to the potential financial risk that arises from investing in a particular industry or sector.

Repatriation Risk: refers to the potential financial risk that arises when a company or investor invests in a foreign country and faces difficulties repatriating their profits or capital back to their home country.

Asset Allocation

Asset Class	Fund Weight
Africa ex-SA Equity	61,7%
Cash	38,3%
TOTAL	100,0%

Fund Objective

The fund's primary objective is the growth of capital invested over the long term. The fund is expected to have a higher risk than the non-equity funds, but with a higher expected return. The fund is expected to generate its returns from capital growth as well as dividend income from its investee companies. The fund aims to outperform African equity markets over the long-term at lower-than-average risk. The fund's benchmark is the MSCI EFM Africa ex-South Africa Index.

Fund Performance

Not Available – Performance figures will be available a year after the fund's launch date.

Valuations and Transaction cut-off times

The valuation point for the purposes of calculating daily transaction prices of participatory interests including selling, repurchase, creation and cancellation will be before 18h00 each business day. Provided that with the consent of the trustee, valuation may take place more frequently but not less frequently. Additionally, the forward pricing method of calculation will be applied to all prices.

Market Commentary

Market Review

The MSCI EFM Africa ex-SA, which tracks equity markets in African countries excluding South Africa, increased 2.7% in USD and increased 3.1% in ZAR during the third quarter of 2023. The ZAR lost 0.4% against the USD. Three of our four largest African equity markets, namely Nigeria (up 16.5%), Egypt (up 14.0%) and Morocco (up 3.1%), delivered positive returns in USD, while Kenya continued its recent decline falling a further 12.9%.

In Nigeria, the local currency, the NGN, declined a further 2.5% in the third quarter after falling 39% in the previous quarter. The NGN is the worst performing major African currency over the past 12 months, having lost 44% against the USD by the end of the third quarter. The positive news in Nigeria came from the domestic equity market, as represented by the NGXINDEX, which delivered a 19% return in NGN, driven primarily by the largest stocks in the market as losers actually outnumbered winners. The largest stock in the market, Dangote Cement rose 19% during the quarter after reporting a decent set of financial results in a tough economic environment. Other large winners in Nigeria include BUA Foods (up 49%), SEPLAT Energy (up 31%) and Stanbic IBTC (up 44%). Notable losers include Airtel Africa (down 2.3%), MTN Nigeria (down 3.4%), BUA Cement (down 7.5) and Nestle Nigeria (down 18%).

In Egypt, the local currency remained stable around the 30.9 mark level from the last quarter, although it is expected to depreciate further in the near future due to significant increases in the domestic money supply and a persistent trade deficit. Nonetheless, the domestic equity, the EGX30 index, rose 14.5% in EGP during the quarter and 14.0% in USD. The positive market performance was broad-based with winners outnumbering losers 2 to 1 and more than half of the stocks in the EGX30 delivering positive double digit returns. The largest stock in the market, Commercial International Bank, increased 18% during the quarter. Other major winners were Talaat Mustapha Group (up 53%), Misr Fertilizers (up 58%), Abou Kir Fertilizers (up 50%), El Sewedy Electric (up 15.5%) and Telecom Egypt (up 15.5%).

In Morocco, the MAD lost 4% against the USD during the quarter, reversing gains made in the second quarter. The Moroccan currency remains the most stable of all major African currencies having gained 6.2% against the USD over the past 12 months, while other major African currencies show losses of between 4.4%, as with ZAR, and 44.3% with the NGN. On the equity market, the MOSENEW rose 7.4% in MAD during the third quarter, with winners outnumbering losers. The major winners include Attijariwafa Bank (up 2.7%), Maroc Telecom

(up 6.3%) and Bank of Africa (up 3.7%). On the losing front, cement producers LafargeHolcim Maroc (down 4.5%) and Ciments du Maroc (down 2.6%) reversed some of the gains made in previous quarters. Another notable loser in Morocco during the quarter was Banque Centrale Populaire (down 3.4%).

In Kenya, the KES continued its steady decline during the third quarter of 2023, declining a further 5.2% against the USD after falling 5.7% and 6.9% in second and first quarters respectively. On the equity market, the NSEASI fell 8.2% in KES and 12.9% in USD, making the Kenyan equity market the worst performing major African equity market over the past quarter, the past 12 months and indeed over the past 3 years. The largest stock in the Kenyan market, Safaricom continued its decline from its peak, falling a further 16.6% during the third quarter. Safaricom has lost 50% of its value over the past 3 years. Other losing stocks during the past quarter were KCB Group (down 28.8%), East African Breweries (down 15.5%) and Equity Group (down 7.1%). The only positive news came from domestic branches of international banks, namely ABSA Bank Kenya (up 1.3%), Standard Chartered Bank Kenya (up 2.8%) and Stanbic Holdings (up 3.6%). Over the past these banks have delivered stronger financial results despite a tough economic environment.

Contact Us

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Trustee

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Mandatory Disclosure

- 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.

- 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 all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at either 3pm or 5pm depending on the nature of the Fund. Prices are published daily 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.

Disclaimer:

- For any additional information such as fund prices, brochures and application forms please go to our website (www.legacyafrica.co.za).

Glossary of Terms:

- **Annualized performance:** Annualized performance shows longer term performance rescaled to a 1-year period. Annualized performance is the average return per year over the period. Actual annual figures are available to the investor on request.
- **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.
- **Alpha:** Denoted the outperformance of the fund over the benchmark.
- **Standard Deviation:** The deviation of the return stream relative to its own average.

- **Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.
- **% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.
- **Dividend Yield:** The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.
- **PE Ratio:** The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.
- **USD:** The United States Dollar, the currency of the United States of America. The USD is the current global reserve currency of the world and therefore is used here as a common currency for easy of comparison between markets with different currencies.
- **EGP:** The Egyptian Pound, the currency of Egypt
- **MAD:** The Moroccan Dirham, the currency of the Kingdom of Morocco
- **NGN:** The Nigerian Naira, the currency of Nigeria
- **KES:** The Kenyan Shilling, the currency of Kenya
- **ZAR:** The South African Rand, the currency of the Republic of South Africa
- **GBP:** The Great British Pound, the currency of Great Britain
- **EGX30:** the Egyptian stock exchange equity index
- **MOSENEW:** The Moroccan stock exchange equity index
- **NGXINDX:** The Nigerian stock exchange equity index
- **NSEASI:** The Kenyan stock exchange equity index

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

