

# UMTHOMBO WEALTH INSTITUTIONAL ACTIVE BOND PRESCIENT FUND



## ABOUT THE FUND

The Fund is actively managed on a discretionary basis to provide stable long-term growth with moderate level of risk. The Fund shall be within 2 years of the modified duration of the BEASSA Total Return Index.

## INVESTMENT STRATEGY

The Fund aims to deliver a return in excess of the benchmark over the long term, which comprises a reasonable level of income, as well as capital performance relative to the benchmark. The portfolio will invest in interest bearing and non-equity securities (including, but not limited to, government or quasi-government bonds, corporate bonds, cash deposits, money market and other interest-bearing securities), as well as listed and unlisted financial instruments in line with appropriate regulations. The investments are actively managed and will change over time to reflect a macro fundamental outlook including the interest rate cycle, business cycle, default cycle, as well as other cyclical and credit factors.

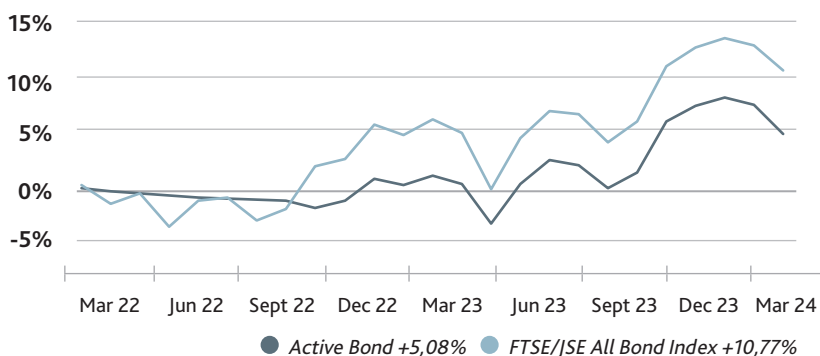
The portfolio has adhered to its investment objective and there were no material changes to the composition of the portfolio during the reporting period.

## GENERAL FUND INFORMATION

<b>Benchmark</b>	FTSE/JSE All Bond Index (ALBI)
<b>ASISA Sector</b>	SA - Interest Bearing - Variable Term
<b>Fund Size (NAV)</b>	R180 516 541,28
<b>Launch Date</b>	28 February 2022
<b>Base Currency</b>	ZAR
<b>Number of Units</b>	185394086,01
<b>Unit Price</b>	97,36
<b>Risk Rating</b>	Moderate
	This portfolio is focuses on capital preservation whilst providing medium exposure to long-term assets, with the goal of achieving a combination of stable income and capital growth. This portfolio can invest across the duration spectrum from money market to long bonds, which can result in capital volatility over the shorter term and deviation from the benchmark. This portfolio typically aims to generate returns above-inflation growth over a 3 to 5-year period.
<b>Regulation 28</b>	Compliant
<b>Income Distribution</b>	31 March, 30 September
<b>Minimum investment</b>	Monthly R1 000 Lump Sum R10 000
<b>Portfolio Managers</b>	Warden Mokoka, Molefe Leballo

## ANNUALISED PERFORMANCE (%) - SINCE INCEPTION

	Portfolio	Benchmark
1 Month	-2,40%	-1,93%
3 Months	-2,34%	-1,80%
YTD	-2,34%	-1,80%
1 Year	3,72%	4,19%
Since Inception: Ann. Return	2,40%	5,02%
Highest rolling 1 year	8,57%	9,70%
Lowest rolling 1 year	-2,72%	0,32%



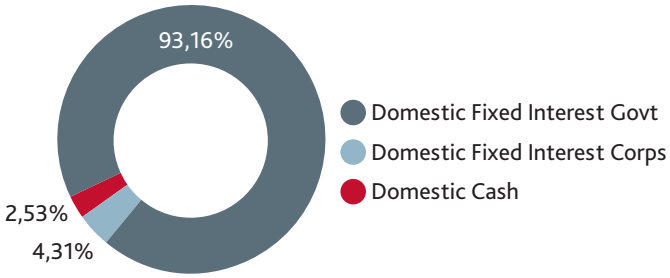
## RISK MEASURES - SINCE INCEPTION

	Standard Deviation	Sharpe Ratio	Information ratio	Positive Months
Portfolio	0.06	-0,46	-0,52	10

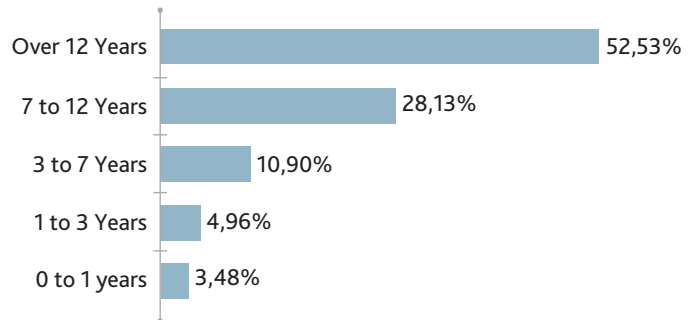
NB: The fund was actively managed as at 30 November 2022



### ASSET ALLOCATION (%)



### MATURITY PROFILE (%)



### TOP 5 ISSUER EXPOSURE



### FUND CHARGES AND RATIOS

Initial management fee	0.00%
Initial advisory fee	0.00%
Annual management fee	0,42%
Annual advisory fee	0.00%
Performance fee	0.00%

#### Cost ratios (incl. VAT) as at 31 March 2024

TER (%)	TC (%)	TIC (%)
0.56	0.08	0.64

TER (%): Total Expense Ratio, TC (%): Transactions Costs Ratio

TIC (%): Total Investment Charges (TER (%) + TC (%))

### INCOME DISTRIBUTION (CPU)

Amount declared (cents per unit)	31 Mar 23	30 Sept 23
Dividend	0.00	0,07
Interest	2.22	4,89
Total	2.22	4,96

### FUND COMMENTARY

The global economy has begun to improve but remains fragile. Despite lingering geopolitical tensions in Ukraine and the Middle East, market volatility remains broadly subdued from a historical perspective. That said, global investors remain hesitant to take on risk at a time when the Federal Reserve (Fed) still appears to be in no urgent hurry to cut U.S. policy rates. Higher-than-expected GDP and CPI data out of the US in recent months prompted Fed officials to upwardly revise their 2024 growth and inflation projections at the March FOMC meeting. Although the Mar-24 Fed dot plot still signalled 75bp worth of rate cuts in 2024, we have pencilled in only two rate cuts during 2024. Forward Rate Agreement (FRA) are now also pricing only two 25bp rate cuts from the Fed this year, compared to an expectation of five 25bp cuts at the start of the year. Analysts have also upwardly revised their US bond yield forecasts over the past month at a time when oil prices are currently trading above expectations. The unwinding of dovish US policy bets, dollar strength, and Donald Trump's resurgence are all reasons to worry about EM credit this year.

Consequently, we believe that these investors are likely to remain preoccupied with FOMC meetings and/or the outcome of any data that has a material influence on US policy rate expectations over the coming months. Any significant stimulus measures out of China and/or any global supply fears in war-torn areas could also provide a boost to commodity-exporting countries such as South Africa.

Locally, deepening logistics woes pose a downside risk to growth. Tepid growth will likely translate into government revenue underperformance, hindering the government's plans to halt the increase in debt. The central bank remains hawkish as it focuses on lowering inflation to the midpoint of its target range. We expect the SARB's first rate cut in 3Q24. The risks to our rate outlook include rand weakness and a delay in the U.S. Fed's rate cut. High-interest rates and poor job creation will keep household spending subdued. Investment is likely to remain robust owing to spending on renewable energy projects. The general elections due later this year are unlikely to bring about policy change.



## GLOSSARY

- **Annualised performance:** Annualised performance shows longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. 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.
- **Sharpe Ratio:** The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.
- **Standard Deviation:** The deviation of the return stream relative to its own average.
- **Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.
- **Max Gain:** Largest increase in any single month
- **% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.
- **Average Duration:** The weighted average duration of all the underlying interest bearing instruments in the Fund.
- **Average Credit quality:** The weighted average credit quality of all the underlying interest bearing instruments in the Fund (internally calculated).

## FUND SPECIFIC RISKS

- **Default risk:** The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.
- **Derivatives risk:** The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.
- **Interest rate risk:** The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises.
- **Property risk:** Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations.
- **Derivative counterparty risk:** A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.
- **Liquidity risk:** If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.

## DISCLAIMER

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate.

CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest-bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

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.

For any additional information such as fund prices, brochures and application forms please go to [www.prescient.co.za](http://www.prescient.co.za)



## CONTACT DETAILS

### Management Company:

**Prescient Management Company (RF) (Pty) Ltd**, Registration number: 2002/022560/07 Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 Postal address: PO Box 31142, Tokai, 7966. Telephone number: 0800 111 899. E-mail address: info@prescient.co.za Website: www.prescient.co.za

### Trustee:

**Nedbank Investor Services** Physical address: 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709 Telephone number: +27 11 534 6557 Website: www.nedbank.co.za

The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments South Africa.

### Investment Manager:

**Umthombo Wealth (Pty) Ltd**, Registration number: 2013/058341/07 is an authorised Financial Services Provider (FSP44802) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

Physical address: Suite 14, 2<sup>nd</sup> Floor, Katherine and West Building, 114 West Street, Sandton 2196. Telephone number: +27 11 318 0171 Website: www.umthombow.com

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

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

---

*Published on 22 April 2024*