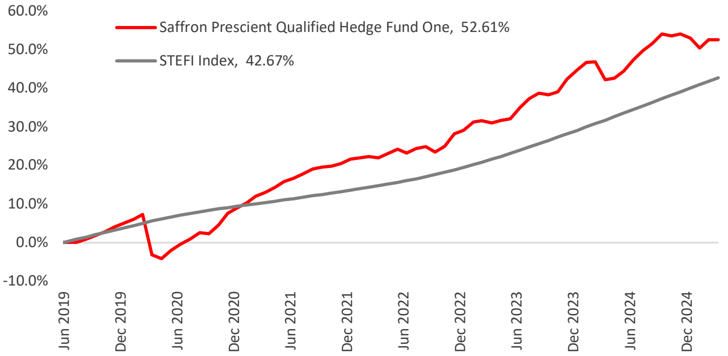
SAFFRON PRESCIENT QUALIFIED HEDGE FUND ONE

The fund was previously named Saffron Sanlam Collective Investments Qualified Hedge Fund One
Class A I Minimum Disclosure Document & General Investor Report
As at 31 March 2025

Fund Performance

Since inception cumulative performance graph



Monthly %	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sept'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25
Fund	0.29	1.28	1.98	1.69	1.19	1.65	-0.35	0.35	-0.70	-1.69	1.42	0.06
Benchmark	0.74	0.70	0.63	0.74	0.67	0.69	0.68	0.63	0.69	0.66	0.59	0.64

Yearly %	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25
Fund	16.73	7.96	7.36	8.57	7.34
Benchmark	4.57	3.94	5.96	8.32	8.36

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	7.34	8.36	7.34	8.36
2 Years	16.54	17.37	7.95	8.34
3 Years	25.11	24.37	7.75	7.54
4 Years	35.08	29.27	7.81	6.63
5 Years	57.68	35.17	9.54	6.21
Since Inception	52.61	42.67	7.58	6.33

Performance net of fees. Source: Prescient Fund Services; Date: 31/03/2025

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/03/2025

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

Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	2.40%	3.23%
Sharpe Ratio	0.04	0.14
Sortino Ratio	0.05	0.16
Information Ratio	0.04	0.13

Value at Risk (10-day, 99% confidence)

	Current	Regulatory Maximum	Mandate
VaR at period end	2.40%	20.00%	20.00%
Highest VaR over the month	2.58%		

Source: RiskCafé; Date: 31/03/2025

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	47,600,000.00
Gearing Ratio	3.41
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)

Absa Prime Services	100.00%

Risk Profile

Aggressive

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

1) Where return and risk figures are quoted for periods greater than 12 months, these returns are annualised. In other words, they are scaled to represent an equivalent one year measure. Actual annual figures are available to the investor on request.

2) VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.

3) Sources of leverage are from equity and / or fixed interest derivatives provided by the Prime Broker. The types and sources of leverage are based on strategies that implement derivatives, short selling and borrowed money as by the Prime Broker. Leverage is calculated using the Commitment approach.

4) Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements.

5) In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

Fund Objective

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

Fund Strategy

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

Fund Manager Details

Investment Manager: Saffron Wealth (Pty) Ltd

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

Fund Manager: Brandon Quinn

Fund Information

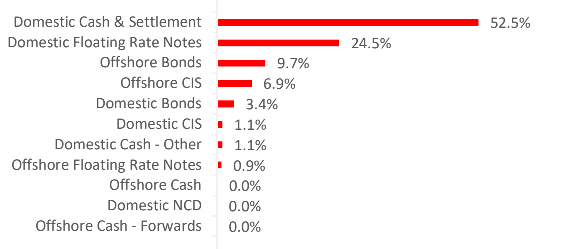
Fund Classification	Qualified Investor Hedge Fund | South African | Fixed Income
Base Currency	South African Rand (ZAR)
Inception Date	May 2019
JSE Code	SSHOA
ISIN	ZAE000273991
Benchmark	STeFI
Risk Profile	Aggressive
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
Min. Lump Sum Investment	ZAR 1,000,000.00
Min. Recurring Investment	ZAR 1,000,000.00
Valuation Frequency	Monthly
Valuation Dates	Last day of each month
Income Distribution Freq.	Annually
Income Declaration Dates	Last day of March
Income Payment Dates	Last business day of April
Fund Size	ZAR 23,629,338.29
Number of Units	633337.69
Unit Price	12.57
Asset Duration	1.10
Fund Duration	4.85

Distribution History (cents per unit)

31/03/2025	0.44 cpu	30/06/2023	7.61 cpu
31/03/2024	0.00 cpu	31/03/2023	8.54 cpu
31/08/2023	27.30 cpu	30/12/2022	8.96 cpu

Fund Holdings

Asset Allocation (%)



Service Charge (Excl. VAT)

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

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

Glossary Terms

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

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

Highest & Lowest return
The highest and lowest returns for any 1 year over the period since inception have been shown.

NAV
The net asset value represents the assets of a Fund less its liabilities.

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

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

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

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

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

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

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

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

Adherence to policy objective
The portfolio adhered to its policy objective.

Additional Information

Investment Manager
Saffron Wealth (Pty) Ltd
(FSP) License No. 34638
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SAFFRON WEALTH FUND MANAGEMENT

MDD as at 31 March 2025
Issue Date: 25 April 2025

Administered by: Prescient

Fund Manager Quarterly Comment - As at 31 March 2025

The fund returned -0.23% and 7.34% for the quarter and year respectively, while the benchmark (STeFI Index) returned 1.89% and 8.36%. On a rolling one-year basis, the fund lagged the cash benchmark by -1.02%.

The Federal Reserve held its policy stance steady for a second consecutive meeting, keeping the fed funds target range at 4.25–4.50%, in line with market expectations. The economic outlook was revised to reflect weaker growth and higher inflation, partly due to trade policy developments, though inflation forecasts remained relatively contained. Chair Powell acknowledged heightened uncertainty, with risks skewed toward higher inflation and slower growth, reinforcing a cautious monetary policy approach. Additionally, the Fed adjusted its Quantitative Tightening strategy, reducing the monthly Treasury redemption cap from USD25bn to USD5bn, citing liquidity considerations. Over the quarter, yields on US 5-year and 10-year bonds fell by 43 bps and 36 bps, respectively, while the DXY (US Dollar Index) lost 3.98%. Over the year, the 5-year yield dropped by 26 bps, while the 10-year yield remained unchanged at 4.21%, despite trading within a wide range of 4.78% to 3.62%.

The European Central Bank (ECB) lowered its three key interest rates by 25 bps, bringing the deposit facility rate to 2.50%, the main refinancing rate to 2.65%, and the marginal lending facility to 2.90%. This decision reflects an updated inflation outlook, with headline inflation projected at 2.3% in 2025 and stabilising around 2.0% by 2027. While monetary policy is becoming less restrictive, economic growth forecasts have been revised down due to weak exports and investment uncertainty. The ECB remains data-dependent, not committing to a fixed rate path and committed to ensuring inflation stabilises at its 2.0% target.

The Bank of England (BoE) held the Bank rate steady at 4.50%, with one opposing vote for a 25bp cut. The minutes indicated a gradual approach to further policy easing. Economic conditions remain subdued, with weak consumer and business sentiment, however Q1 GDP growth was slightly upgraded. The MPC noted concerns over rising inflation expectations, which could influence future wage and price pressures. The Bank is expected to continue with a cautious approach, with three more 25bp cuts predicted this year, starting in May.

The VIX Index, a key gauge of market volatility, closed at 22.28, reflecting an increase of 4.93 points. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread lifted by approximately 33 bps, ending the quarter at 397 bps, while the index posted a positive return of +2.35%, driven by lower US interest rates. In credit spreads, South Africa's 5-year Credit Default Swap (CDS) spread widened by 37 bps to 230 bps, and Turkey's by 56 bps to 318 bps. Conversely, Brazil's spread tightened by 30 bps to 186 bps.

On the commodity front, it's worth noting that the DXY decreased by -3.98% this quarter, which typically boosts commodities priced in USD due to their inverse demand driven relationship. Overall, the CRB Commodity Index was up c. 2.0% for the quarter. The CRB Metals Index outperformed with c.+12.5% whereas the CRB Food Index was down c. 3.5%. Physically backed gold exchange-traded funds (ETFs) registered the largest quarterly inflow in three years (WGC) as the demand for bullion increased amidst the geopolitical volatility. The XAU commodity index, comprised of silver and gold miners, posted a +19.45% return for the quarter. Furthermore, other precious metals such as Platinum and Palladium were up +9.8% and +8.41%. Energy such as Brent crude oil was flat for the quarter as investors anticipated further news flow surrounding a ceasefire in the Russo-Ukraine war, escalation in the Middle East and the uncertainty of the looming trade war.

The South African rand appreciated by 2.8% against the US dollar but weakened against the euro (-1.52%) and the pound (-0.40%) over the quarter. Over the past year, the USD/ZAR exchange rate has depreciated by 3.00%. Although the rand is typically correlated with metals prices, this relationship appears to have broken down over the past year. The breakdown could be attributed to factors such as domestic GNU and property expropriation risks and shifts in global risk sentiment.

Turning to asset classes, equities (JALSHTR Index) were the best performer, returning 5.85%, followed by cash (STeFI) at +1.89%, and both nominal bonds (ALBI TR Index) and inflation-linked bonds (CILI TR Index) at +0.70%. Property (JSAPY TR Index) was the weakest performer, declining by -3.51%. Over a 12-month period, equities remain the top-performing asset class posting a gain of 22.87%, followed closely by nominal bonds (+20.23%) and property (+19.83%).

As anticipated, the South African Reserve Bank (SARB) Monetary Policy Committee (MPC) kept the repo rate unchanged at 7.50%, citing potential risks to domestic inflation from the ongoing global trade war. The decision followed a split vote, with two members advocating for a 25-bps cut. The SARB revised its inflation forecasts, noting that inflation remains contained in the short term. Lower global oil prices and the gradual increase in VAT, set to take effect in May 2025 and April 2026, were expected to offset each other. The SARB has reduced its 2025 inflation forecast to 3.6% (from 3.9%) and 2026 to 4.5% (from 4.6%), while slightly adjusting its core inflation forecast for 2025 down to 3.7%. However, the MPC remains concerned about medium-term inflation risks. The 3-month JIBAR rate tightened to 7.56% (down 19 bps), while the 12-month T-bill average yield decreased to 8.03% (from 8.42%). The South African bond yields sold off due to domestic risks and shifts in global risk sentiment. The SAGB yield curve lifted, with the short-end R2032 yield lifting by 17 bps, and the long-end R209 and R2044 yields lifting by 31 bps and 46 bps, respectively.

At the end of 1Q 2025, the fund was 3.41x geared, with an effective 52.47% allocation to cash. The largest asset class exposures were to Domestic Floating Rate Notes (24.52%) and Offshore Bonds (9.69%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.40%.

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

Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
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