

# PRESCIENT FLEXIBLE BOND FUND (A2)

## MINIMUM DISCLOSURE DOCUMENT

### INVESTMENT AND RETURN OBJECTIVE

The Fund aims to outperform both JSE All Bond Index and the STeFI Call Index over time, utilising active bond and cash management combined with strategies which aim to reduce risk over time.

### INVESTMENT PROCESS

The Fund invests in cash and high-quality capital market instruments. A number of techniques are used to generate returns, including duration management, yield enhancements via credit exposure and risk management strategies, where these strategies are designed to provide downside protection.

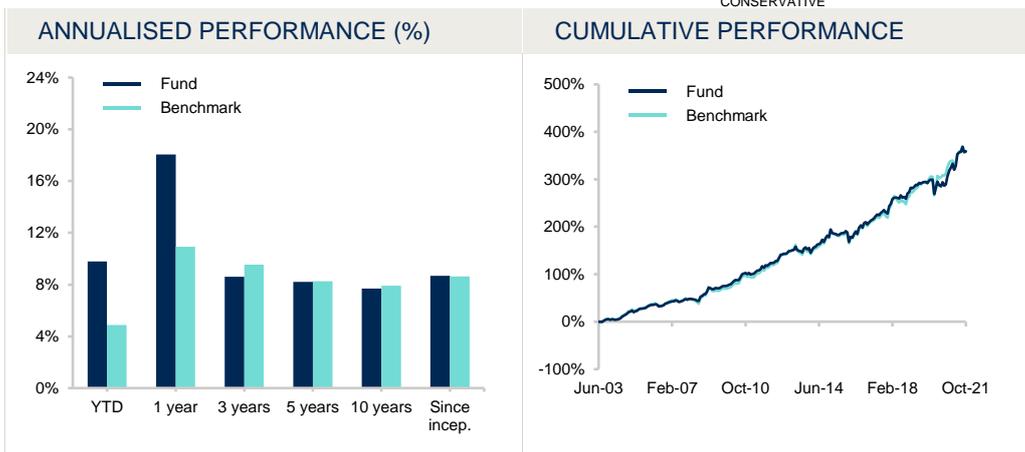
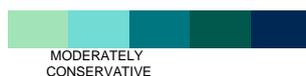
### WHO SHOULD INVEST

Investors requiring a specific allocation to the bond market but is prepared to give the fund manager some discretion to exercise his views on value in the bond market. This Fund is Reg. 28 compliant.

### RISK INDICATOR DEFINITION

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. It is managed in such a manner that the probability of capital losses over one-year periods is unlikely. This portfolio typically targets a return in the region of 2% - 3% above inflation before tax over the long term.

## RISK INDICATOR



ANNUALISED PERFORMANCE (%)			RISK AND FUND STATS		
	Fund	Benchmark	Since inception (p.a.)		
1 year	18.07	10.93	Alpha	0.04%	
3 years	8.61	9.53	Sharpe Ratio	0.33	0.28
5 years	8.20	8.27	Standard Deviation	6.24%	7.29%
10 years	7.70	7.92	Max Drawdown	-9.00%	-9.79%
Since incep.	8.67	8.63	Average Duration	10.44yrs	
Highest rolling 1 year	20.14	21.23	Current Yield (gross)	10.69%	
Lowest rolling 1 year	-5.23	-5.61			

### FUND COMMENTARY

The global economy continues to exhibit an uneven recovery from the Covid-19-induced recession of 2020, strengthened by widespread vaccination rollouts and accommodative fiscal and monetary policy settings in advanced economies. Indicators of economic activity in some major global economies are now above their pre-Covid trend. The spread of the more contagious Delta variant of the virus, coupled with supply bottlenecks, is casting a shadow over the near-term growth prospects for the global economy. Growth in most emerging market and developing economies has decelerated. This slowing in growth and increasing divergence with advanced economies reflects differences in available fiscal and monetary policy space early in the timeline of the pandemic, and importantly, differences in vaccination rates. Economies that have achieved widespread vaccination have reopened and eased restrictions more quickly than others, supporting progressive normalisation of economic activity. Notwithstanding the ever more concretely articulated US "taper-timeline" and a global economy now gripped by risk-off sentiment, financial conditions globally (measured econometrically) are still very loose and accommodative, liquidity is plentiful, and developed market central banks will maintain these accommodative policy environments until there is broad-based labour market strength, and genuine evidence of non-transitory inflationary pressure. These loose conditions usually provide supportive backdrops for emerging market yields and currencies, but risk-aversion and reactionary fears might create extended periods of volatility and price weakness until such time that more sober pricing assessments can be made. The local nominal bond market was down 0.5% on a total return basis for October. The long end of the nominal curve outperformed the rest of the curve, gaining 0.4%. Inflation-linked bonds gained 0.6% on a total return basis for October, with the long-end outperforming the rest of the linker curve. The Fund outperformed its benchmark over the month, and currently offers a cashflow yield of 10.7% p.a., with the equivalent measure for the All Bond Index, being 9.8% p.a.

# Prescient

31 OCTOBER 2021

## ABOUT THE FUND

### Fund manager:

Prescient Interest Bearing Team

### Fund classification:

South Africa - Interest Bearing - Variable Term

### Benchmark:

JSE All Bond Index

### Fund Size:

R632.5 m

### No of units:

185,429,006

### Unit price (cpu):

104.84

### Inception date:

30 June 2003

### Minimum Investment:

R10 000 lump-sum  
R500 per month

### Initial Fee:

0.00%

### Annual management fee:

0.58% (incl VAT)

### Fee class:

A2

### Fee breakdown:

Management Fee	0.50%
Performance Fees	0.00%
Other Fees*	0.10%
<b>Total Expense Ratio (TER)</b>	<b>0.60%</b>
<b>Transaction Costs (TC)</b>	<b>0.16%</b>
<b>Total Investment Charge (TIC)</b>	<b>0.76%</b>

\*Other fees includes underlying fee (where applicable): Audit Fees, Custody Fees, Trustee Fees and VAT

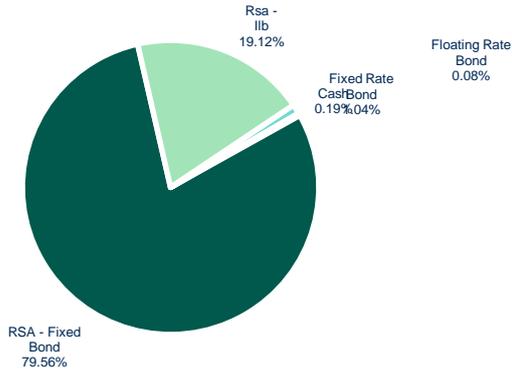
### Income distribution:

30 September 2021 - 5.25 cpu

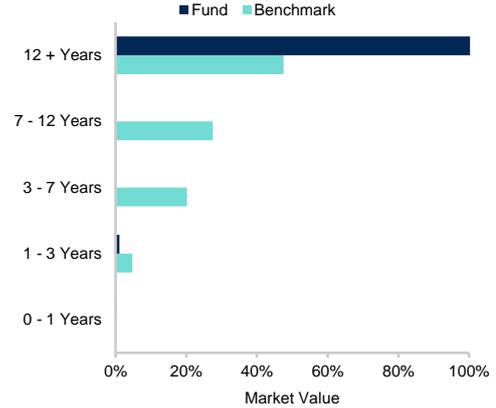
31 March 2021 - 5.19 cpu

# PRESCIENT FLEXIBLE BOND FUND (A2)

## FUND COMPOSITION



## MATURITY EXPOSURE



## FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2003</b>							-0.41%	-0.33%	2.45%	2.23%	0.90%	0.12%	5.01%
<b>2004</b>	-0.97%	0.88%	-0.16%	-0.74%	0.14%	1.11%	2.03%	2.91%	1.55%	1.90%	1.75%	2.79%	13.92%
<b>2005</b>	1.19%	1.86%	-2.63%	1.72%	0.43%	2.95%	0.61%	0.41%	0.41%	0.69%	1.83%	1.55%	11.48%
<b>2006</b>	0.77%	0.72%	0.03%	0.97%	-0.75%	-2.88%	0.83%	0.27%	1.13%	2.41%	0.64%	1.16%	5.36%
<b>2007</b>	0.75%	1.03%	0.01%	1.09%	-0.32%	-1.66%	0.42%	0.65%	1.64%	1.28%	-0.85%	0.99%	5.09%
<b>2008</b>	0.42%	-0.60%	-0.29%	-0.59%	-1.18%	-0.72%	6.87%	0.90%	1.88%	0.40%	3.50%	5.00%	16.34%
<b>2009</b>	-0.77%	-1.41%	0.16%	1.41%	-0.35%	0.01%	0.99%	1.48%	0.50%	-0.13%	0.26%	1.17%	3.31%
<b>2010</b>	0.42%	1.92%	2.08%	1.17%	-0.35%	0.39%	3.51%	2.80%	0.98%	0.63%	-1.56%	1.50%	14.23%
<b>2011</b>	-1.66%	0.40%	0.47%	1.85%	1.15%	0.46%	1.05%	2.97%	-1.29%	2.31%	-0.42%	1.06%	8.53%
<b>2012</b>	1.57%	0.12%	0.14%	1.57%	0.14%	2.47%	3.13%	0.25%	0.72%	-0.17%	0.77%	1.63%	12.98%
<b>2013</b>	0.07%	0.79%	0.04%	2.90%	-2.73%	-0.81%	-0.20%	-1.15%	3.31%	0.97%	-1.52%	1.22%	2.77%
<b>2014</b>	-4.14%	2.88%	1.87%	0.52%	1.76%	0.27%	1.11%	2.47%	-1.71%	3.26%	1.69%	-1.37%	8.70%
<b>2015</b>	5.96%	-2.44%	-0.67%	-0.09%	-0.66%	-0.09%	1.01%	0.34%	-0.02%	1.49%	-0.84%	-7.15%	-3.58%
<b>2016</b>	4.15%	-0.59%	2.67%	1.84%	-1.83%	4.55%	1.89%	-1.61%	3.16%	0.64%	-1.50%	1.19%	15.28%
<b>2017</b>	1.32%	0.80%	0.78%	1.50%	1.10%	-0.50%	1.40%	0.95%	0.93%	-1.46%	-0.69%	4.60%	11.14%
<b>2018</b>	1.49%	2.92%	0.65%	0.24%	-0.21%	-0.39%	1.91%	-1.39%	0.45%	-1.18%	3.33%	0.62%	8.65%
<b>2019</b>	2.50%	-0.32%	0.87%	1.10%	-0.20%	1.19%	-0.29%	0.46%	0.47%	-0.16%	-0.52%	1.35%	6.61%
<b>2020</b>	0.45%	0.04%	-7.56%	3.35%	3.62%	-1.92%	-0.78%	2.36%	-1.83%	0.63%	4.33%	3.08%	5.28%
<b>2021</b>	1.45%	2.01%	-3.01%	2.03%	5.76%	0.85%	0.18%	2.36%	-2.51%	0.54%			9.78%

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## GLOSSARY

**Annualised performance:** Annualised performance show 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 performance:** The highest and lowest performance 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.

**Current Yield:** Annual income (interest or dividends) divided by the current price of the security.

**CPU:** Cents Per Unit to the Glossary

**Alpha:** Denoted the outperformance of the fund over the benchmark.

**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.

**Average Duration:** The weighted average duration of all the underlying interest bearing instruments in the Fund.

## Fund Specific Risks

**Default Risk:** The risk that the issuers of fixed income instruments 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.

**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.

## Information Disclosure

The portfolio has adhered to its object and there were no material changes to the composition of the Fund portfolio during the quarter.

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## 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 TERs. During the phase in period TERs 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 cost is 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, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. 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:** [info@prescient.co.za](mailto:info@prescient.co.za) **Website:** [www.prescient.co.za](http://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](http://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 SA.

### Investment Manager:

Prescient Investment Management (Pty) Ltd, Registration number: 1998/023640/07 is an authorised Financial Services Provider (FSP 612) 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:** Block B, Silverwood, Silverwood Lane, Steenberg Office Park, Tokai, 7945 **Postal address:** PO Box 31142, Tokai 7966 **Telephone number:** +27 21 700 3600 **Website:** [www.prescient.co.za](http://www.prescient.co.za)

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