

Minimum Disclosure Document & General Investor Report

31 December 2022

Fund Details

Fund Manager	Joe Kainja
Investment Manager	Legacy Africa Fund Managers
Inception Date	12 April 2021
Publication Date	31 January 2023
ASISA Classification	South African - Interest Bearing – Money Market
Benchmark	STeFI Call Deposit Index
Fund Size	R129 140 118.52
Number of Units	129 140 118.52
NAV Price	100c
Initial Fees	0 %
Class	A1, A2, B2, B3
Management Fees	0.5%, 0.4%, 0%
Minimum Lump Sum	R50 000
Minimum Debit Order	R1 000
Income Declaration TIC	Monthly

	Fund account	LAPMMF	LAPMMF
30/09/2022	Fee Component (per annum)	LGAFB3	LAMFA2
A	Base Fee (incl VAT)	-	0.35
B	Performance fee (incl VAT)	-	-
	Underlying Fees	-	-
C	Other fees	0.06	0.06
D	Total Expense Ratio (TER)	0.06	0.40
E	Transaction costs (TC)	-	-
	Underlying Transaction costs	-	-
F	Total Investment Charges (TER + TC)	0.06	0.40
		-	-

Risk Profile

Conservative/ Low Risk: Generally low risk portfolios have minimal equity exposure or no equity exposure, resulting in far less volatility than a more aggressive mandated portfolio and in turn the probability of capital loss (permanent/ temporary) is less likely. However, expected potential long-term investment returns could be lower over the medium to long-term.

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.

Asset Allocation and Fund Characteristics

Maturity Profile (%)

Instruments	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
CASH	11.94	5.26	8.43	7.01	8.26	8.07
CALL	9.90	2.66	8.30	6.69	8.11	8.05
Traded Cash	2.04	2.60	0.13	0.31	0.16	0.02
Money Market	88.06	94.74	91.57	93.29	91.74	91.93
0 - 1 Months			27.81	14.18	30.13	13.31
1 - 3 Months		81.53	22.11	50.80	7.95	53.27
3 - 6 Months	88.06	13.21	34.7	13.90	52.99	14.64
6 - 12 months			6.95	14.41	0.68	10.71

Issuer Type (%)

Instruments	9/30/ 2021	12/31/ 2021	3/31/ 2022	6/30/ 2022	9/30/ 2022	12/31/ 2022
RSA Government	88.06	55.00	8.26	15.63	36.72	43.06
Local Banks	11.94	45.00	91.74	84.37	63.28	56.94

Credit Rating (%)

Instruments	9/30/ 2021	12/31/ 2021	3/31/ 2022	6/30/ 2022	9/30/ 2022	12/31/ 2023
AAA	88.06	55.00	8.26	15.63	36.72	43.06
AA+	-	26.76	48.74	46.65	30.19	43.32
AA	11.94	18.24	43.00	37.81	33.08	13.62

Instrument Type (%)

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CASH	11.94	5.26	8.43	7.01	8.26	8.07
CALL	9.90	2.66	8.30	6.69	8.11	8.05
Traded Cash	2.04	2.60	0.13	0.31	0.16	0.02
Money Market	88.06	94.74	91.57	92.99	1.74	91.93
NCDs		39.74	69.42	70.25	4.92	48.87
Fixed Deposits			13.89	7.12	10.10	-
Treasury Bills	88.06	55.00	8.26	15.63	36.72	43.06

Fund Objective

The objectives of the Fund are to maximize income while preserving capital; and to provide liquidity to investors by investing mainly in South African, high quality, short-term money market and fixed income instruments. The Fund will aim to outperform the STeFI Call Deposit Index, after fees. Capital losses are unlikely but will be borne by the Fund and its investors if they do occur. The Fund is permitted to invest in listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time.

Fund Investment Policy

The primary performance objective of the portfolio is to obtain a high level of income while preserving capital preservation and maintaining high liquidity. Any capital gains will be of an incidental nature.

Fund Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021					0.32%	0.32%	0.32%	0.29%	0.25%	0.25%	0.28%	0.34%	
2022	0.30%	0.31%	0.37%	0.39%	0.36%	0.39%	0.43%	0.46%	0.52%	0.50%	0.53%	0.61%	5.28%

Annualised Returns	Fund	Benchmark
Since inception (Ann.)	4.61%	4.33%
1 Year	5.28%	4.88%

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

Economic and Market Review

The RMB/BER business confidence index in South Africa fell for the third consecutive quarter to 38 in the fourth quarter of 2022, the lowest since the first quarter of 2021. In addition, the load shedding is one of the major stumbling blocks to economic activity in South Africa. However, on a positive front, the Capacity Utilization in South Africa increased to 78.8% in the third quarter of 2022. The Capacity Utilization has now stabilized at these levels, which are just marginally lower than the pre-covid prints of about 80%. Furthermore, the SA economy grew by 1.9%, -0.7% and 1.6%, respectively during the first, second and third quarter of 2022 taking the SA GDP to about \$430 billion. So it's not all doom and gloom on the economic front.

The South African Reserve Bank have raised its benchmark repo rate for 7th consecutive time in November 2022, by a total of 3.5%, since policy normalization started in November the previous, to try and anchor run-away inflation. The FRA's are pricing in further rate hikes (a maximum of less than 1%) in the coming year with possibly all of that coming in the first half of the year. The one year returns will likely peak at just below 9% and with CPI expected to get into the SARB band in the next 12 to 18 months, cash will soon be delivering yield above its (CAPM) required returns. At this stage we would be increasing our cash holdings.

The bond market expectation of break inflation of averaging above the high end of the SARB target in the next 8 to 12 years seems a bit of a stretch which implies a continued preference of nominals to linkers across the yield curve. However, we believe that the linkers are now showing some value at these levels.

Elsewhere, the theme for the year was similar: rising interests to curb inflation rates at unprecedented high levels the world over where the consistent drivers for the accelerating inflation were rising energy and food costs. The CPI of the US, Euro Area and UK all reached record highs of 9.1%, 10.1% and 11.1%, respectively during the year. This led to: the US Fed pushing borrowing costs to the highest level since 2007; the ECB marking a fourth rate increase, following two consecutive 75bps hikes to a level not seen in fourteen years; and the Bank of England raising interest rates to the highest level since 2008.

For emerging markets, CPI for Mexico and Brazil reached a two-decade high of 8.7% in August and September and 12.1% in June 2022, respectively; while Russia's CPI recorded a high of more than 17% in April 2022 and the inflation rate in Argentina increased to a ridiculous 92.4% percent in November. This led to their respective Central Banks to react as follows: with the Bank of Mexico tightening benchmark policy rates by a total of 650bps; of rate increases since the start of the bank's tightening cycle; the Central Bank of Brazil hiking for interest rates for 12 consecutive times; the Central Bank of Russia aggressively raising its benchmark policy rate to 20 in February 2022; while the central bank of Argentina raised its "Leliq" interest rate by 950 bps to 69.5% in August.

Glossary Summary

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.

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.

A Money Market portfolio is not a bank deposit account and the price are targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instrument; and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

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.

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Investment Manager

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