



PORTFOLIOMETRIX
Investment Management **by Design**

PORTFOLIOMETRIX ACTIVE INCOME PRESCIENT AMETF

Strategy Profile and Market Update
January 2024

PORTFOLIOMETRIX ACTIVE INCOME PRESCIENT AMETF



STRATEGY UPDATE – JANUARY 2024

FUND OBJECTIVE AND SUITABILITY

- To provide a high level of income for investors with a focus on capital preservation.
- The fund is suitable for low-to-moderate risk investors with an investment horizon of 12 months and longer.

DYNAMIC MANDATE

- The team manages the fund by dynamically investing across the broad universe of income generating investments, whilst actively managing the risk.
- The fund provides investors with diversified exposure to conservative, high income yielding investments typically only accessible by large institutional investors.
- We aim to generate a similar return to the ALBI with less volatility.
- The fund does not have exposure to equity, property, or foreign exchange risk.
- The fund is Regulation 28 compliant.

PORTFOLIO TEAM

- Experienced Fund Management team with a multiple award-winning track record.
- The team works closely with the global PortfolioMetrix asset management team that collectively manages more than R50bn in AUM.



PHILIP BRADFORD
BSoc Sci (Economics), CFA®
SA Head of Investments
Portfolio Manager



LIAM DAWSON
BEng (Mechanical Engineering)
CFA®, CAIA, FDP
Portfolio Manager



RICCARDO PERETTI
BCom (Hons), CFA®
Investment Analyst

MARKET UPDATE & OUTLOOK– JANUARY 2024

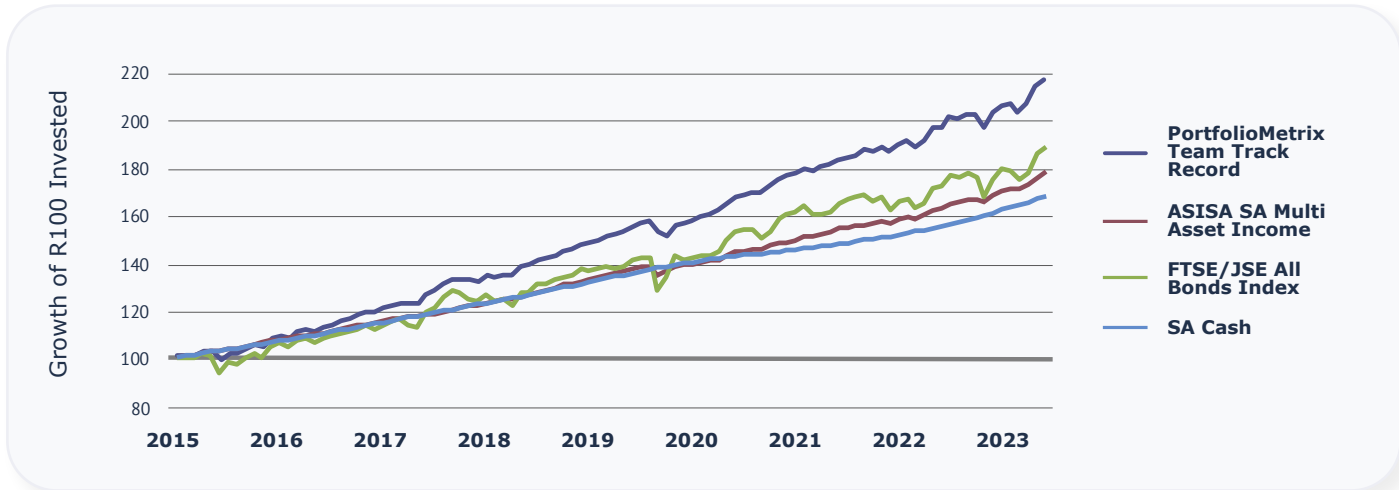
- The Federal Reserve minutes show policymakers agreed last month that it would be appropriate to maintain a restrictive stance “for some time,” while acknowledging they were probably at the peak interest rate and would begin cutting in 2024.
- Consumer prices in the US for November were in line with forecasts almost across the board.
- Headline US inflation slowed to 3.1% for the year and core inflation (stripping out energy and food) remained stable at 4%.
- US jobless claims increased more than expected to 218,000, while job openings eased to the lowest level since early 2021, adding to evidence of a steadily cooling labour market and giving the Fed a higher level of confidence that it will be able to achieve a soft landing for the economy.
- South African inflation slowed for the first time in four months in November thanks to cooling fuel prices which overpowered still-rising food costs. Headline CPI fell to 5.5% year-on-year in November from 5.9% in October, a slightly bigger fall than the 5.6% predicted by analysts.
- South Africa’s Q3 GDP contracted 0.7% year-on-year, compared with growth of 1.5% in the prior quarter, and significantly worse than market expectations of a 0.1% contraction for the period, as logistics constraints and chronic electricity shortages took their toll.
- South Africa has made progress in addressing the 20 technical compliance difficulties in its anti-money laundering system that resulted in its grey listing. This is according to National Treasury following the release of the Financial Action Task Force’s (FATF) technical compliance re-rating follow up report.
- After a few months of strong market performance, we remain cautious and are closely monitoring global and local events, especially for indications that inflationary pressures could possibly remain higher than expected.
- Despite these concerns we remain quite positive about the return prospects over the next 12 months and longer. As fund managers we have positioned the fund to take advantage of current high interest rates which should benefit investors handsomely over the next few years.

PORTFOLIOMETRIX ACTIVE INCOME PRESCIENT AMETF

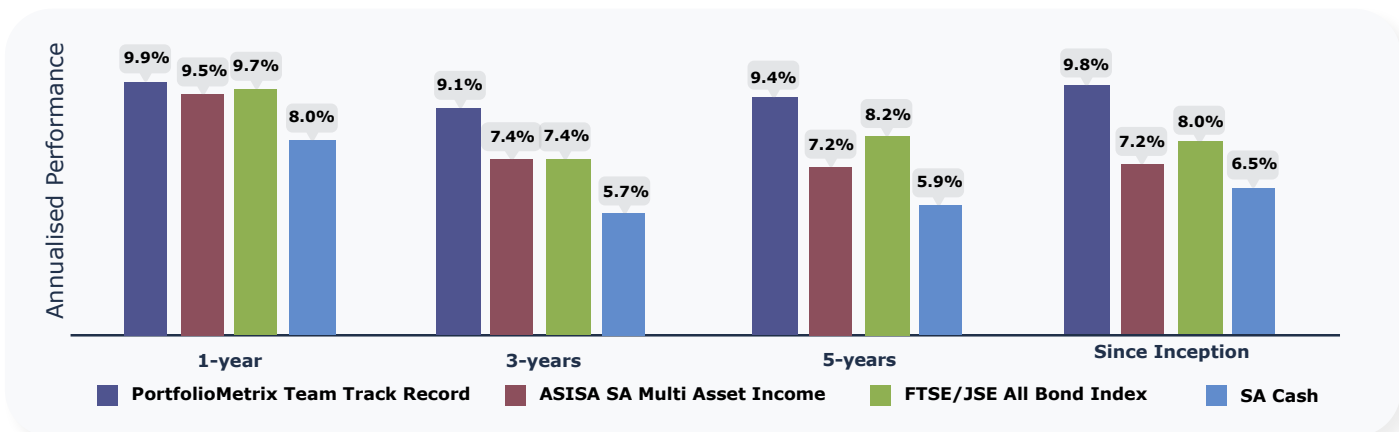


STRATEGY UPDATE – JANUARY 2024

PORTFOLIOMETRIX TEAM TRACK RECORD



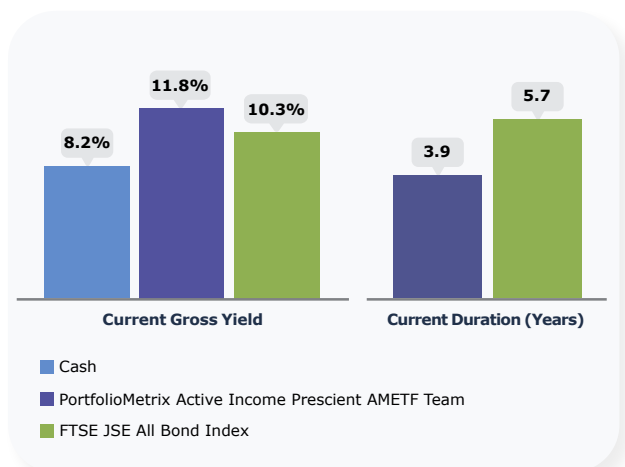
December 2023	PortfolioMetrix Team Track Record	ASISA Multi Asset Income	FTSE / JSE All Bond Index	SA Cash
1 Month	0.9%	1.2%	1.4%	0.7%
3 Months	6.5%	4.0%	8.1%	2.1%
6 Months	6.9%	5.7%	7.7%	4.2%
1 Year	9.9%	9.5%	9.7%	8.0%
3 Years	9.1%	7.4%	7.4%	5.7%
5 Years	9.4%	7.2%	8.2%	5.9%
Since Inception	9.8%	7.2%	8.0%	6.5%



The PortfolioMetrix Team Track Record is the composite of similar fixed income mandates managed since July 2015 to the end of December 2023. Details of this performance track record are available upon request. All performance is on a Net of Fees basis. Data longer than a period of one year has been annualised.
Source: Financial Express, PortfolioMetrix

ETF POSITIONING

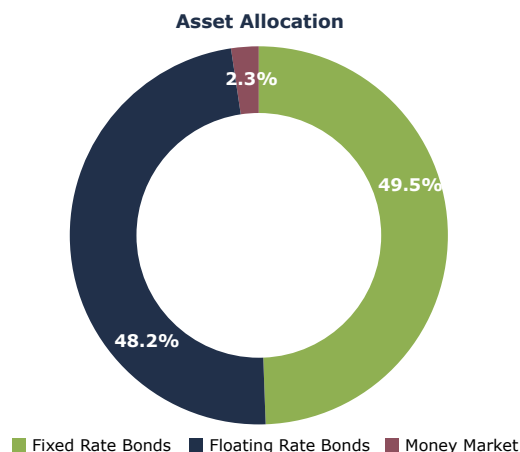
- The ETF’s gross current indicative yield* of 11.8% remains attractive in both absolute terms and relative to cash and the All Bond Index.
- The indicative aggregate duration is currently 3.9, which indicates an interest rate volatility of just over two thirds of the All Bond Index, which has a current duration of 5.7.
- We are confident that the fund is well positioned to provide investors with returns above cash and inflation over the medium-term and into the future.



*The indicated gross forward yield is indicative and fluctuates daily and therefore not guaranteed. As of 2024/01/31. Source: JSE, PortfolioMetrix

ASSET ALLOCATION

- Approximately half of the portfolio is invested in money market and floating-rate instruments, which continue to benefit from current high interest rates.
- The fixed rate bond exposure of just under 50% is providing high yields for investors by locking in rates at current high levels.
- We continue to maintain a high level of liquidity in the fund to be able to manage the risk in a volatile market environment and take advantage of attractive investment opportunities as they present themselves.



DISCLAIMERS

This portfolio operates as a white label fund under the Prescient ETF Scheme, which is governed by the Collective Investment Schemes Control Act (No.45 of 2002) (CISCA).

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. CISs are traded at the ruling price and can engage in scrip lending and borrowing. The CIS 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. 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.

Exchange traded funds are listed on an exchange and may incur additional costs.

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.

Performance has been calculated using net NAV to NAV numbers with income reinvested.

Exchange Traded Funds vs Unit Trusts: Whilst both unit trusts and ETFs are regulated and registered under CISCA, ETFs trade on stock exchanges just like any other listed, tradable security. Unlike a unit trust, which can be bought or sold only at the end of the trading day, an ETF can be traded intraday, during exchange trading hours.

For any additional information such as fund prices, brochures and application forms please go to www.prescient.co.za.

Investment performance, including bond yields, is for illustrative purposes only, investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date.

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COMPANY INFORMATION

PortfolioMetrix Asset Management SA (Pty) Ltd (registration number 2006/026054/07) is an Authorised Financial Services Provider (FSP No: 42383) regulated under the Financial Advisory and Intermediary Services Act 37 of 2002 to act in the capacity as investment manager. It is a limited liability company registered in South Africa, located at Corner Main Office Park, 2 Payne Road, Bryanston, 2191.

The Manager, Prescient Management Company (RF) (Pty) Ltd (registration number 2002/022560/07) and Trustee are registered and approved under Cisca. Prescient is a member of the Association for Savings and Investments South Africa. Prescient is a Ring-Fenced limited liability company registered in South Africa, located at Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 Postal address: PO Box 31142, Tokai, 7966.

[portfoliometrix.com](https://www.portfoliometrix.com)

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