



PRESCIENT PORTABLE ALPHA BOND STRATEGY



Step into the future with us

Leading systematic investment house in South Africa

INCEPTION

27 years old

AUM

R158.4 Billion*

TEAM

75 staff members

47% are investment team

CAPABILITIES

Interest Bearing

Equities

Multi-Asset

Global

SUSTAINABILITY

Majority black-owned BEE Level 1

Prescient Foundation

Responsible Investing

ESG

* As at 31 August 2025

Prescient
INVESTMENT MANAGEMENT

SHAPING TOMORROW

Investing in the future

500+

MILLION

DATA POINTS PROCESSED
EVERY DAY



250+

THOUSAND

TIME SERIES TRACKED
EVERY DAY



100+

YEARS

COMBINED QUANTITATIVE
EXPERIENCE



20+

DATA SOURCES

EXPANDING INTO
ALTERNATIVE/
UNSTRUCTURED DATA



10

CODING
LANGUAGES

ACROSS THE FLOOR



1

HOUSE VIEW

DISTILLING ALL OF THE
DATA TO A SINGLE VIEW



CONTENTS

1. Incontrovertible “truths” from the Active vs. Passive debate
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5. Mechanics of Prescient Portable Alpha Bond Strategy
6. Conclusion: Why should investment strategies consider Bond Portable Alpha

Some incontrovertible truths...

Markets are
informationally
efficient over the
long term...

The average active
dollar
underperforms
after fees...

Persistence of
alpha is elusive...

Much “alpha” is
actually
systematic risk
premium...

The separation of
beta and alpha is
a well-defined
strategy...



Some incontrovertible truths...

Markets are informationally efficient over the long term...

Sovereign markets - yes, credit markets - no

The average active dollar underperforms after fees...

Yes, but bond indices are flawed...who is overweighted?

Persistence of alpha is elusive...

Persistence of alpha much more prevalent...

Much "alpha" is actually systematic risk premia...

Yes, and much greater "buy in" for premia, e.g. term premia

The separation of beta and alpha is a well-defined strategy...

Indeed yes...



Long-term performance signatures

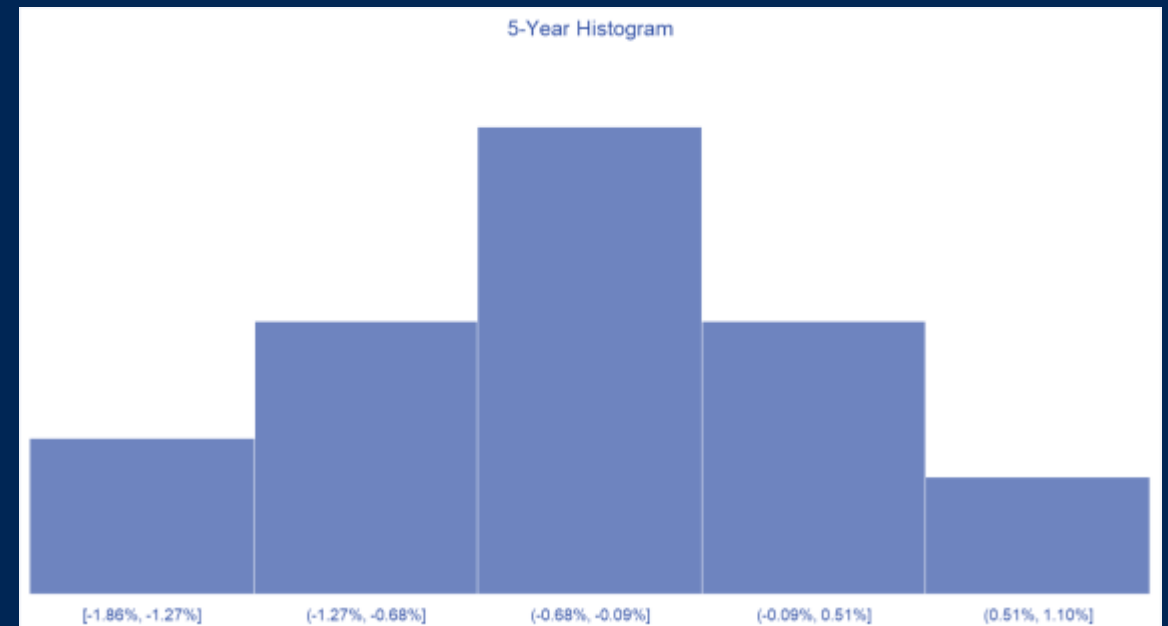
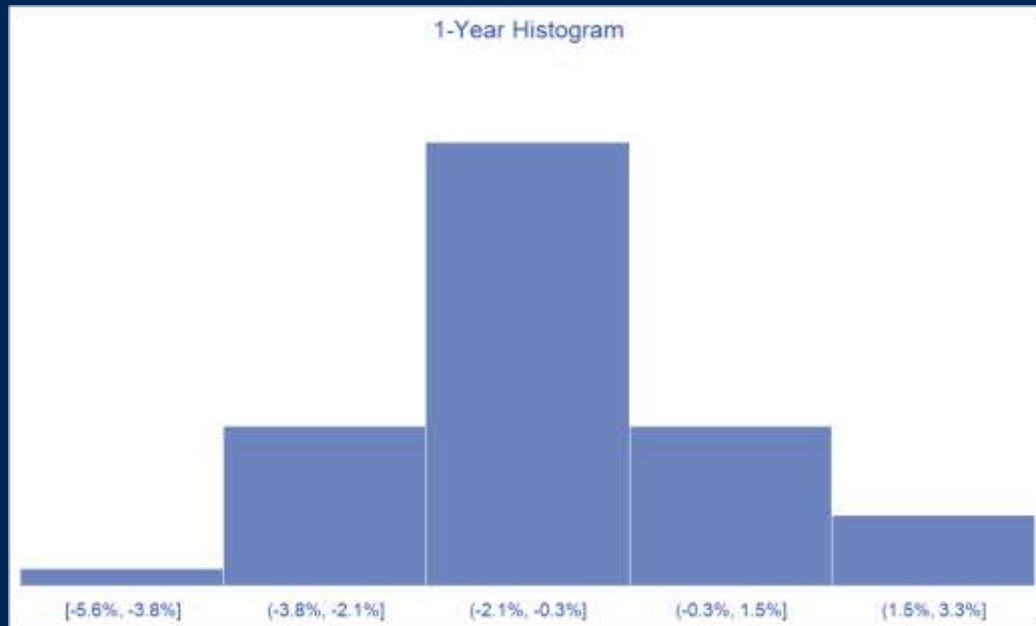
Dispersion of returns compresses over time...

Idiosyncratic credit bets wash out...

Coupon cashflow yield dominates total return...

A surprisingly small amount of alpha is enough to “top” the long-term tables...

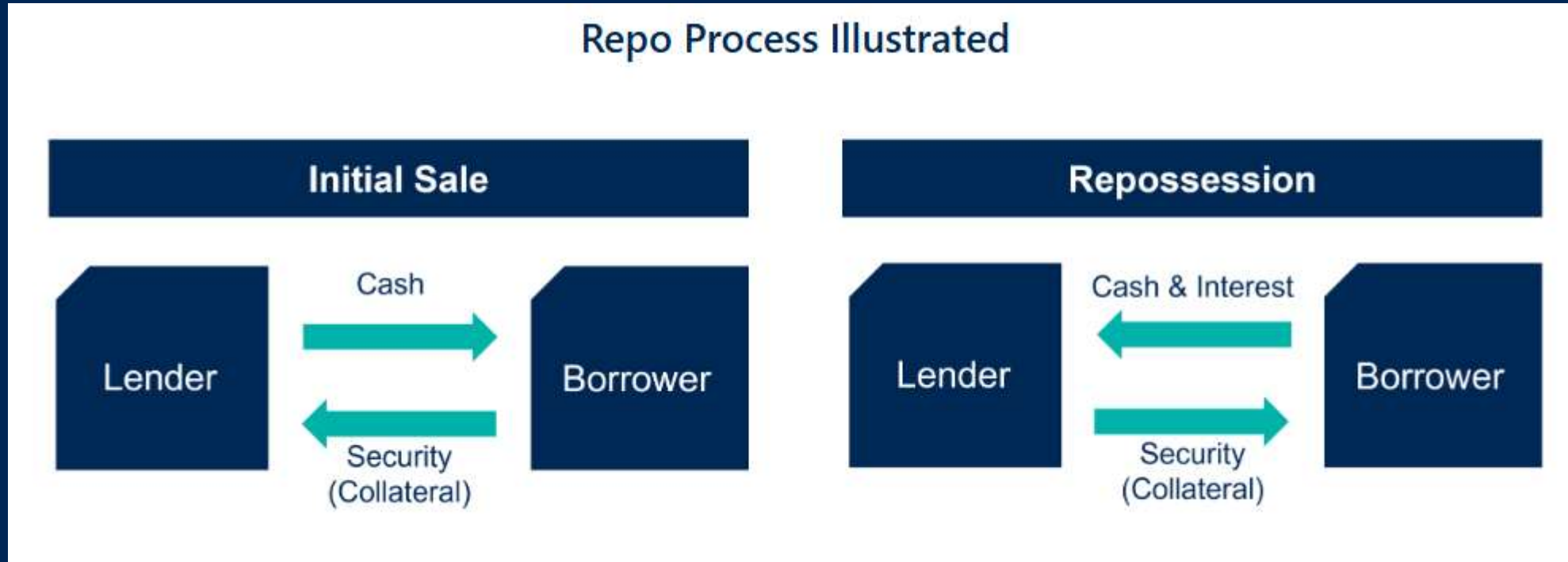
If only alpha was “independently” produced, scalable and replicable...





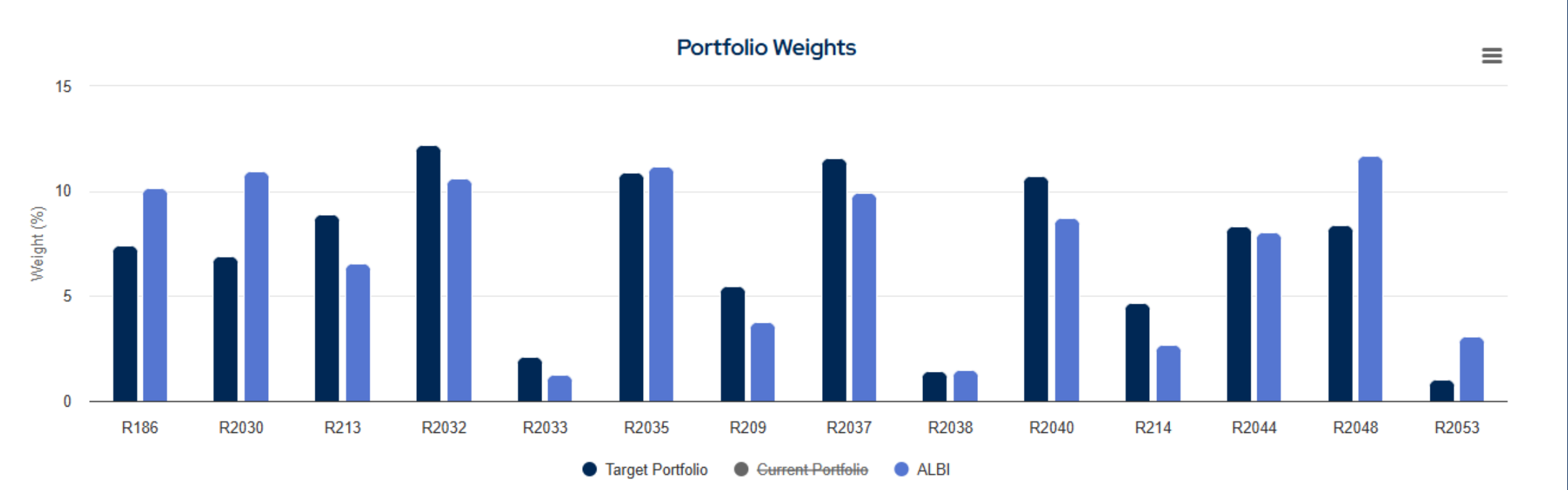
Enter Prescient Portable Alpha Bond Strategy

Enter Prescient Portable Alpha Bond strategy



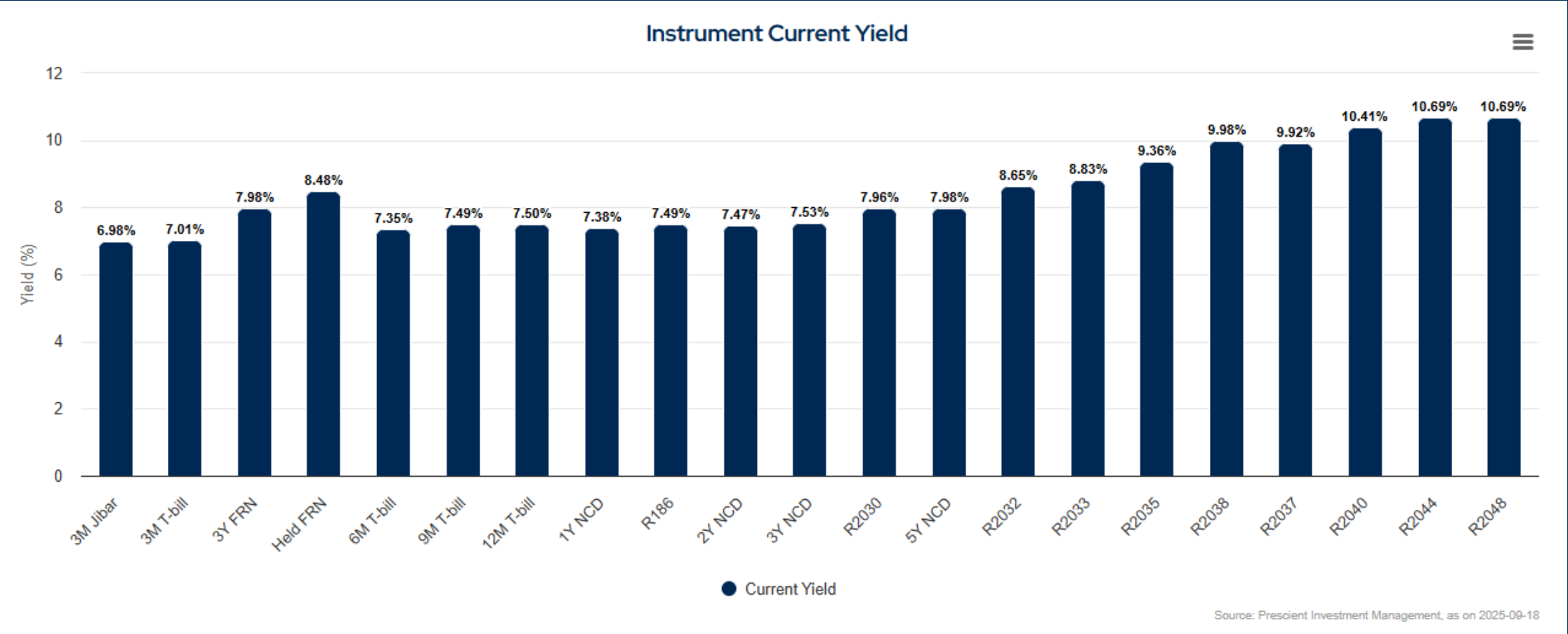
MECHANICS OF PRESCIENT PORTABLE ALPHA BOND STRATEGY

Step 1: Setup the Beta portfolio



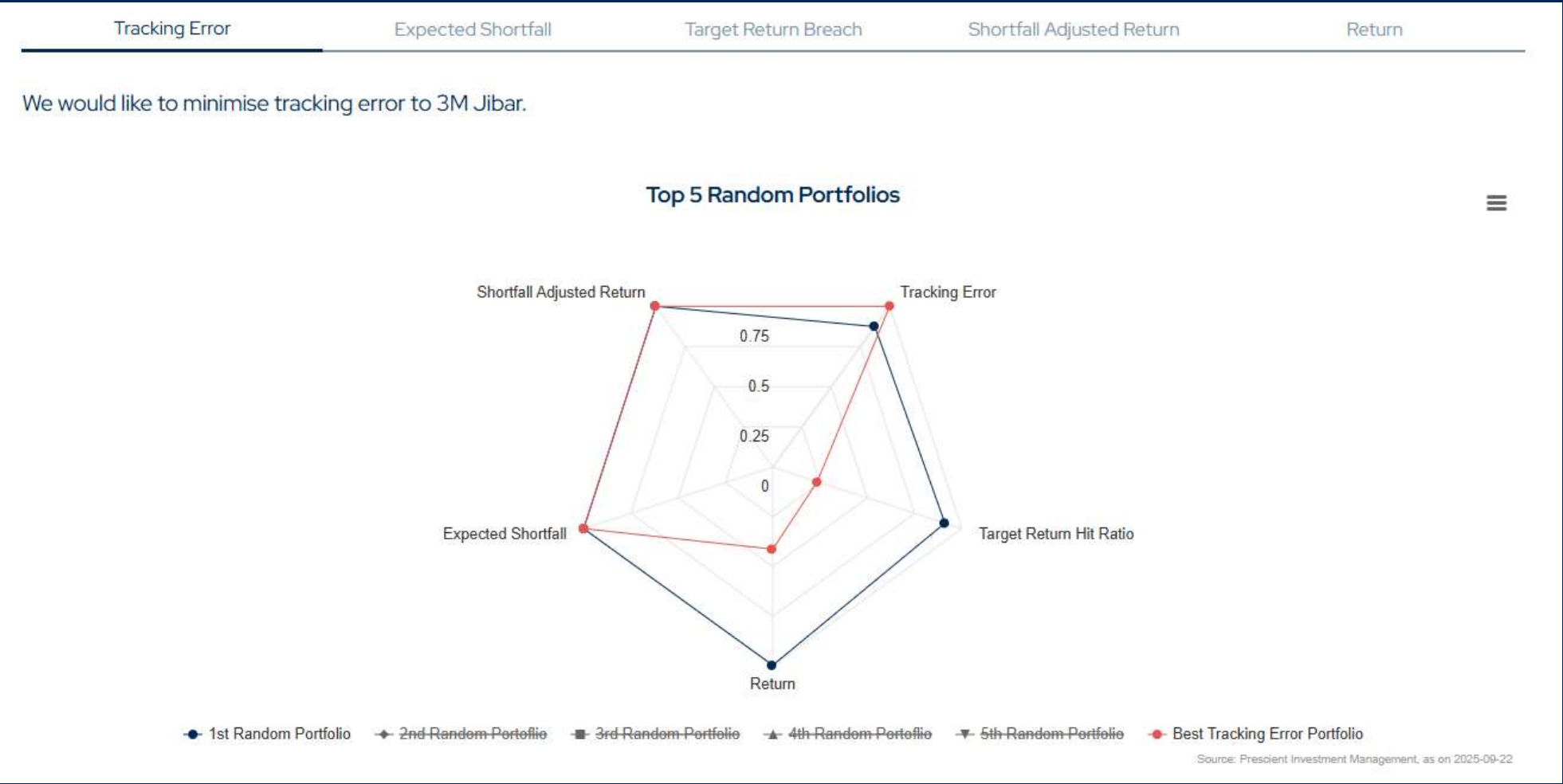
MECHANICS OF PRESCIENT PORTABLE ALPHA BOND STRATEGY

Step 2: Identify candidate assets



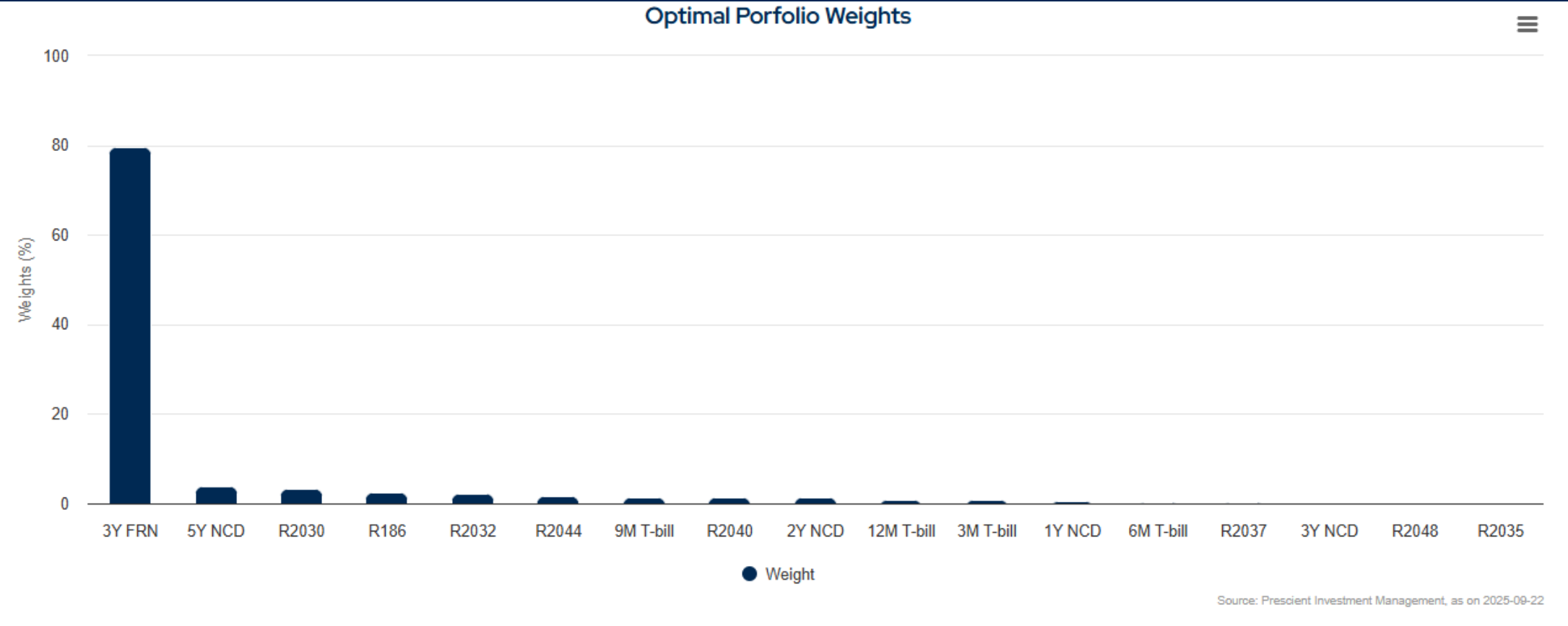
MECHANICS OF PRESCIENT PORTABLE ALPHA BOND STRATEGY

Step 3: Prescient's proprietary optimisation engine



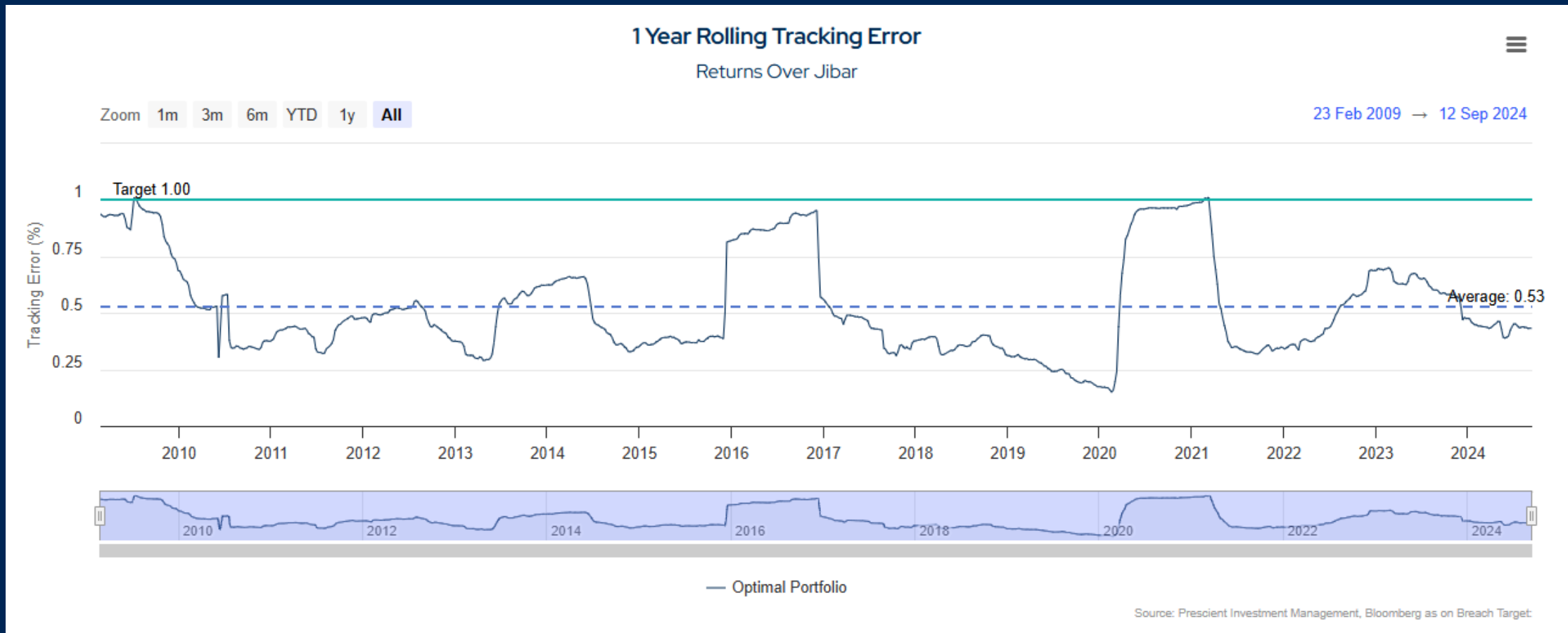
MECHANICS OF PRESCIENT PORTABLE ALPHA BOND STRATEGY

Step 4: Optimal alpha-seeking portfolio



MECHANICS OF PRESCIENT PORTABLE ALPHA BOND STRATEGY

Step 5: Portfolio diagnostics



WHY CONSIDER PORTABLE ALPHA?

1. Portable alpha allows investors to decouple market return (beta) from the generation of incremental return (alpha)
2. From a mean-variance perspective, adding a low-correlation alpha source shifts the efficient frontier outward.
3. During episodes of bond market volatility, the alpha engine continues to operate independently in the money-market space – you have "good" duration
4. Portable alpha strategies exhibit very low tracking error because the underlying beta is preserved.
5. Portable alpha strategies are scalable and replicable





THANK YOU

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Long-Term Insurance: Category B2	X	X	X
Long-Term Insurance: Category B2 - A	X	X	X
Long-Term Insurance: Category B1 - A	X	X	X
Long-Term Insurance: Category C	X	X	X
Retail Pension Benefits	X	X	X
Pension Funds Benefits	X	X	X
Shares	X	X	X
Money market instruments	X	X	X
Debentures and securitised debt	X	X	X
Warrants, certificates and other instruments	X	X	X
Structured deposits	X	X	X
Participatory interest in a hedge fund	X	X	X
Bonds	X	X	X
Derivative instruments	X	X	X
Participatory interests in Collective Investment Schemes	X	X	X
Forex Investment	X	X	X
Long – term Deposits	X	X	X
Short – term Deposits	X	X	X

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