

PPS DEFENSIVE FUND



INVESTMENTS

As of 30/06/2021

FUND DESCRIPTION

Sasfin Asset Managers has been appointed as our PPS Defensive Fund portfolio manager. Sasfin Asset Managers has a risk-conscious mindset with a focus on protecting capital by maintaining a diversified asset class exposure. In the PPS Defensive Fund (and in our other partnership strategies) our approach is to identify a manager through our comprehensive research process, with the skill set and capabilities to successfully manage a strategy. Partnership managers typically do not yet offer a similar strategy in the retail space.

The PPS Defensive Fund is aimed at investors looking for a low volatility, diversified multi asset portfolio, managed within Regulation 28 of the Pension Fund Act. The primary objective of the fund is to outperform the ASISA SA Multi Asset Low Equity category average and will aim for low short-term volatility with long-term capital growth. The investment horizon for this fund is greater than three years.

FUND OVERVIEW

List of classes*	A & A2 class
Portfolio category	South African - Multi Asset - Low Equity
Launch date	1 November 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	Category Average
Income distribution	Half-yearly
Investment horizon	Medium term - three years and longer
Portfolio size	R 794 699 156
Market Value (NAV price per unit)	107.79 (A); 108.09 (A2)
Number of Units Held	1 121 (A); 17 739 338 (A2)
Manager fee (excl. VAT)	1.35% (A) ; 0.90% (A2)
Trustee	Standard Chartered Bank
Risk profile	Low - Medium

*On PPS Investments platform, A2 class is available in Select range

HIGHEST & LOWEST RETURNS SINCE INCEPTION (12-month rolling)

	A	A2
Highest	16.1%	16.8%
Highest Month End Date	2021/03/31	2021/03/31
Lowest	-3.0%	-2.4%
Lowest Month End Date	2020/03/31	2020/03/31

RISK METRICS

Metric	A	A2	Benchmark
Annualised Standard Deviation	5.4%	5.4%	6.5%
Maximum Drawdown	-5.6%	-5.5%	-6.3%
Percentage of Positive months	78.1%	81.8%	72.7%
Information Ratio	0.25	0.46	—
Sharpe Ratio	0.29	0.39	—

ASSET ALLOCATION

Asset	Allocation
SA - Equity	25.2%
SA - Inflation linked bond	24.2%
SA - Nominal fixed rate bond	20.7%
SA - Nominal variable rate bond	10.0%
International - Equity	6.7%
SA - Cash	5.7%
International - Nominal variable rate bond	2.9%
SA - Property	2.2%
International - Cash	1.8%
SA - Preference share	0.6%

MATURITY ALLOCATION

Maturity	Allocation
< 1 year	1.5%
1 - 3 years	14.8%
3 - 7 years	15.7%
7 - 12 years	43.4%
12 and more years	24.6%

ANNUALISED PERFORMANCE

	3 months	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Defensive A	3.75%	14.32%	—	—	—	—	6.91%
PPS Defensive A2	3.86%	14.91%	—	—	—	—	7.42%
(ASISA) South African MA Low Equity	2.43%	10.86%	6.49%	5.98%	6.26%	7.79%	6.29%

	YTD 2021	2020	2019	2018	2017	2016	2015
PPS Defensive A	8.72%	12.19%	6.82%	—	—	—	—
PPS Defensive A2	8.95%	13.14%	7.37%	—	—	—	—
(ASISA) South African MA Low Equity	6.01%	11.49%	8.58%	1.24%	8.39%	3.59%	7.60%

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ASSET MANAGERS



DISTRIBUTIONS

Date	A	A2
30/06/2021	1.40	1.62
31/12/2020	2.41	2.71

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.60	1.06
Transaction costs (TC)	0.07	0.07
Total investment charge (TER+TC)	1.67	1.13

3 YEAR FEES (%) (INCLUSIVE OF VAT)**

Fees	A	A2
Total expense ratio (TER)	1.45	0.99
Transaction costs (TC)	0.13	0.13
Total investment charge (TER+TC)	1.58	1.12

**The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
RSA I2038 CPI 2.25% 20380131	13.6%
RSA R2030 8% 20300131	9.6%
RSA 8.25% 20320331	8.1%
Vanguard Total World Stock ETF	6.7%
RSA I2033 CPI 1.875% 20330228	4.1%
FirstRand ILB 2.60% 2028031	3.2%
Standard Bank 5.95% 20240531	2.9%
RSA 10.50% 20261221	2.9%
RSA I2029 CPI 2% 20290331	2.3%
Nedbank 3M JIBAR + 305BPS 20230320	1.7%

MANAGER COMMENTARY

The Fund enjoyed a good quarter returning 3.8%, ahead of reported inflation of 1.4% for the period. The Fund continued to earn inflation plus returns from its core low risk, interest bearing investments, particularly from the fixed rate bonds. Recovering international equity markets also helped boost returns. There were some exceptional returns from the Fund's stocks during the quarter, including PPC(+60.6%), Distell(+42.4%), Mpact (+32.9%), Hudaco(+29.6%) and Pepkor(+26.4%)

The Fund is, as usual, cautiously invested, cognizant of the risks facing investment markets. While there is optimism that vaccines will be effective against the COVID-19 virus, the rollout of vaccines in SA has been disappointingly slow and it will take many months to vaccinate sufficient citizens to achieve herd immunity. Social unrest remains a concern. We have yet to see the full consequential effect on the economy, tax collections and company revenues and profits of the pandemic, but we believe that the Fund is well positioned for the risks facing the economy, while still in a position to deliver inflation beating returns from its current base.

As of 30/06/2021

DISCLOSURES

Collective Investment Schemes in Securities (CIS) are generally medium-to long-term investments. The value of participatory interests (units) may go down as well as up, and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending up to 10% of the market value of the portfolio to bridge insufficient liquidity. The manager does not provide any guarantee either in respect of the capital or the return of a portfolio.

Total Expense Ratio (TER) is a measure that can be used by investors and advisers to determine how much of a CIS's underlying assets are relinquished as payment for services rendered in the administration of the CIS. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Costs (TC) is a measure that can be used by investors and advisers to determine the costs incurred in buying and selling assets underlying the CIS. TC's are a necessary cost in administering the CIS and impact CIS's 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 CIS, the investment decisions of the investment manager and the TER.

Total Investment Charges (TIC) is a measure of total cost relating to the investment. TIC is the sum of the total expense ratio (TER) and the transaction cost (TC).

TER's and TC's are expressed as a percentage of the daily net asset value of the CIS calculated over the past one year and three-year period on an annualised basis. The TER and TC disclosed are estimates based on our best estimate of the underlying costs.

These performance figures are for lump sum investments with income distributions reinvested on the ex-dividend date. All PPS Multi-Managers performance figures and values are quoted after the deduction of costs and applicable taxes incurred within the Fund. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of the reinvestment of income and dividend withholding tax. The reinvestment of income is calculated based on actual distributed amount and factors such as payment date and reinvestment date will be considered. Please note that performance over periods greater than one year is annualised. Annualised performance is the average return earned on an investment each year over a given time period. Performance is based on NAV to NAV calculations and calculated on a rolling monthly basis. The past performance is relevant to the investment or the service offered by the manager.

This fund is exposed to foreign securities and as such, it may be subject to the macroeconomic, settlement risks and political risks brought about by this exposure. It may also be subject to currency risk, which means the underlying investments of the fund could depreciate or appreciate against the reporting currency of the investor. Because these securities are listed on other exchanges, it may be subject to the relevant regulatory authority, and thus the tax implications and legislative changes of that particular entity. There may also be delays in realizing investments, due to system or liquidity issues experienced by the respective exchange. In addition, market and investment value fluctuations may occur. Overall, please be advised that, as indicated by the risk profile and potentially influenced by asset allocation, risks may be associated with this fund such as general market risk, company risk, credit risk, counterparty risk and third party operational risk.

Unit Trust prices are calculated on a Net Asset Value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses from the Fund divided by the number of units in issue. Transactions must be received by the Management Company (MANCO) by 2pm to receive the net asset value price for that day. Transaction requests received after this cut off time will only be processed on the next business day, and will receive the price of that day. Linked Investment Service Providers (LISP), specify their own transaction timelines and may take up to five business days to process. Portfolio valuations occur at 3 p.m. on business days, except the last business day of the month, when it will be 5pm. Prices are published daily and are available in the daily newspapers.

A schedule of fees, charges and maximum commissions are available on request. This fund does not charge performance fees.

The manager may close the portfolio to new investors to ensure the portfolio is managed according to its mandate.

Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge.

PPS Investments (39270), PPS Multi-Managers (28733), PPS Investment Administrators (45924) and PPS Insurance (1044) are licensed Financial Services Providers. PPS Management Company is a licensed collective investment scheme manager. PPS Nominees is an independent nominee company approved by the Financial Sector Conduct Authority (FSCA).

MANAGER DETAILS:

PPS Management Company (Pty) Limited (RF)
PPS House, Boundary Terraces,
1 Mariendahl Lane, Newlands, 7700
0860 468 777 (0860 INV PPS)
clientservices@ppsinvestments.co.za
www.pps.co.za

TELEPHONE:

EMAIL:

WEBSITE:

TRUSTEE DETAILS:

Standard Chartered Bank
5th Floor, 4 Sandown Valley Crescent,
Sandton, 2196
011 217 6600
SouthAfrica.Securities-Services@sc.com

TELEPHONE:

EMAIL:

PPS Multi-Managers is the appointed investment manager for the PPS Management company.