PPS MANAGED FUND

As of 30/06/2021

INVESTMENTS

FUND DESCRIPTION

36ONE Asset Management has been appointed as the exclusive manager of the PPS Managed Fund. This fund seeks to achieve medium to long term capital growth by investing across asset classes, utilising 36ONE's fundamental bottom up approach, combined with a top-down macroeconomic overlay. In the PPS Managed Fund (as in our other partnership strategies) our approach is to partner with a manager that our comprehensive research process has identified as having the skill set and capability to successfully manage the strategy. Partnership managers typically do not yet offer a similar strategy in the retail space.

The PPS Managed Fund aims to outperform CPI+5%, and has an investment horizon of greater than six years. This fund is managed according to Regulation 28 of the Pension Funds Act and therefore is a suitable standalone vehicle for retirement savings.

FUND OVERVIEW

List of classes*	A & A2 class
Portfolio category	South African - Multi Asset - High Equity
Launch date	1 November 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	CPI for all urban areas +5%
Income distribution	Half-yearly
Investment horizon	Long term - six years and longer
Portfolio size	R2 251 669 792
Market value (NAV price per unit)	131.34 (A); 131.64 (A2)
Number of units held	1 057 (A); 185 471 019 (A2)
Manager fee (excl. VAT)	1.55% (A) ; 1.10% (A2)
Trustee	Standard Chartered Bank
Risk profile	Medium - High

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

RETURNS SINCE INCEPTION

	A	A2
Highest	27.9%	28.6%
Highest Month End Date	2021/03/31	2021/03/31
Lowest	1.0%	1.5%
Lowest Month End Date	2020/03/31	2020/03/31

RISK METRICS

Metric	A	A2	Benchmark
Annualised Standard Deviation	9.1%	9.1%	1.3%
Maximum Drawdown	-6.1%	-6.1%	-0.2%
Percentage of Positive months	77.4%	77.4%	93.5%
Information Ratio	0.63	0.68	—
Sharpe Ratio	0.98	1.03	—

ASSET ALLOCATION

Asset	Allocation
SA - Equity	47.7%
International - Equity	27.5%
SA - Nominal fixed rate bond	9.6%
SA - Nominal variable rate bond	8.4%
SA - Cash	2.1%
SA - Property	1.7%
International - Cash	1.5%
SA - Preference share	1.1%
International - Nominal fixed rate bond	0.4%

MATURITY ALLOCATION

Maturity	Allocation
< 1 year	4.4%
1 - 3 years	13.0%
3 - 7 years	34.3%
7 - 12 years	15.0%
12 and more years	33.3%

ANNUALISED PERFORMANCE

	3 months	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Managed A	2.44%	18.19%	—	—	—	—	14.10%
PPS Managed A2	2.58%	18.81%	—	—	—	—	14.63%
CPI + 5%	2.61%	10.17%	8.89%	9.31%	9.61%	10.01%	8.43%
(ASISA) South African MA High Equity	1.84%	17.31%	6.77%	5.78%	5.93%	8.58%	9.27%

	YTD 2021	2020	2019	2018	2017	2016	2015
PPS Managed A	10.61%	11.41%	12.58%	—	—	—	—
PPS Managed A2	10.90%	12.02%	13.08%	—	—	—	—
CPI + 5%	5.06%	8.18%	8.56%	10.18%	9.62%	11.61%	9.77%
(ASISA) South African MA High Equity	9.39%	5.19%	9.52%	-3.60%	9.97%	1.31%	7.66%

*Please note the 2020 performance figures on the MDD as at 30 June 2021 for the PPS Managed A & A2 published on 16 July 2021 were incorrect. The June MDD has been amended to reflect the correct figures.

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ASSET MANAGERS

	%
36ONE Asset Management	100.0

DISTRIBUTIONS

Date	A	A2
30/06/2021	0.34	0.68
31/12/2020	0.80	1.14

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.82	1.29
Transaction costs (TC)	0.49	0.49
Total investment charge (TER+TC)	**2.31**	**1.78**

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
RSA 8 875% 20350228	4.6%
British American Tobacco	4.6%
Standard Bank	4.2%
Impala Platinum	4.1%
Sasol	3.8%
Nedbank Group Ltd	3.6%
RSA R2030 8% 20300131	2.9%
ABSA Group Ltd	2.7%
Facebook Inc	2.7%
Glencore Xstrata	2.5%

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

Fees	A	A2
Total expense ratio (TER)	1.63	1.17
Transaction costs (TC)	0.56	0.56
Total investment charge (TER+TC)	**2.19**	**1.73**

**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.

MANAGER COMMENTARY

In the last month of Q2 2021, the JSE All Share Index ended its winning streak of consecutive monthly gains which began in October 2020. The index gave back 2.4% for the month, however, trading fairly flat over the quarter. Following months of strong performance, resources and financials led the overall decline of the local exchange during June. Resources were the major laggard as a weakening Chinese credit impulse weighed on metal prices. As a result, gold, PGM and diversified miners were the worst performers for the month.

In the US, the Biden administration had proposed big spending as well as big taxes at the end of the first quarter. The recommended spending is made up of a $2 trillion infrastructure plan as well as a further $1.8 trillion with plans to target increased social benefits such as healthcare and education. In late June, Joe Biden and a bipartisan group of senators reached a deal for $1.2 trillion in investments to rebuild the nation's infrastructure. Whilst details of the deal have yet to be articulated, the deal is seen as a good and bold start to nation building and includes $579 billion in new spending, majority of which will result in increased spending in transportation, roads, rail and bridges. Despite elevated inflation readings coming out of the US, the value rotation came to an abrupt pause post the Fed's June monetary policy meeting. The Fed made no changes to its rate-setting policy, but officials hinted at a reduced monetary policy response as the world's largest economy has bounced back quicker than anticipated. In turn, technology favourites reasserted themselves as market leaders while cyclicals became the laggards.

Over the past quarter, the MSCI World Index has been on an upward trajectory as vaccines continue to be rolled out across developed markets and governments eased Covid restrictions. The vaccination programmes have relieved some pressure off the global economy as these economies have been able to slowly reopen, in turn improving investor sentiment. Investors are keeping a watchful eye on the potential economic effects of the Delta coronavirus variant, as this new strain accounts for the majority of new cases and is driving infection rates up.

In South Africa, the Coronavirus delta variant has led to a dramatic increase in cases. In response to the surge in cases, the government has implemented stricter lockdown measures, prohibiting the sale of alcohol as well as dining-in at restaurants. We can expect these lockdown regulations to come at a great cost to the economy and people's livelihoods. Hopefully, the government steps up its efforts to vaccinate the population before the next wave arrives thereby saving lives and avoiding another costly lockdown. On a positive note, however, Cyril Ramaphosa announced major reform to enable investment in embedded generation and promote energy security. Following an extensive consultation process by the Department of Mineral Resources and Energy, Schedule 2 of the Electricity Regulation Act has been amended to increase the licensing threshold for embedded generation projects from 1 MW to 100 MW. This is supportive of long-term GDP and may resolve the severe energy supply issues and alleviate the long-term burden on taxpayers.

The fund's performance was positive for the quarter. The fund outperformed the ASISA SA Multi Asset High Equity Category but underperformed the CPI+5% benchmark. Holdings in beverages, banks and government bonds were the largest contributors to performance, while positions in PGM miners and paper contributed negatively. The fund's exposure to offshore equities also contributed positively to performance. Looking ahead, we expect the backdrop to remain relatively supportive for equity markets with GDP growth likely to be very strong towards the end of the year, particularly in the economies with a large percentage of the population vaccinated. We expect inflation fears will continue to be elevated for now as it will take time to discover whether rising price pressures are a temporary phenomenon or the start of something more sustained.

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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 advisors 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).

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