PPS STABLE GROWTH FUND

As of 30/06/2021

INVESTMENTS

FUND DESCRIPTION

Laurium Capital has been appointed as the exclusive portfolio manager for our single-managed PPS Stable Growth Fund. Laurium Capital has an absolute return mindset and a longstanding track record in fixed interest, multi-asset high, and alternative offerings. In the PPS Stable Growth Fund (and in our other single-managed strategies) our approach is to identify a manager, through our comprehensive research process, with the skill set and capabilities to successfully manage a strategy, but who does not yet offer such a fund in the retail space.

The PPS Stable Growth Fund aims to achieve moderate returns while preserving capital over the medium to long term. The primary objective of the fund is to outperform the ASISA SA Multi Asset Medium Equity category average. The investment horizon for this fund is greater than five years.

FUND OVERVIEW

List of classes*	A & A2 class
Portfolio category	South African - Multi Asset - Medium Equity
Launch date	1 October 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	Category Average
Income distribution	Half-yearly
Investment horizon	Long term - five years and longer
Portfolio size	R1 392 437 520
Market value (NAV price per unit)	104.33 (A); 104.33 (A2)
Number of units held	34 866 141 (A); 34 866 141 (A2)
Manager fee (excl. VAT)	1.40% (A) ; 0.95% (A2)
Trustee	Standard Chartered Bank
Risk profile	Medium

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

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

	A	A2
Highest	24.7%	25.5%
Highest Month End Date	31/03/2021	31/03/2021
Lowest	-7.9%	-7.4%
Lowest Month End Date	31/03/2020	31/03/2020

RISK METRICS

Metric	A	A2	Benchmark
Annualised Standard Deviation	9.3%	9.3%	9.1%
Maximum Drawdown	-10.8%	-10.7%	-8.1%
Percentage of Positive months	68.8%	69.9%	75.0%
Information Ratio	-0.21	0.02	—
Sharpe Ratio	0.23	0.29	—

ASSET ALLOCATION

Asset	Allocation
SA - Equity	40.0%
SA - Nominal fixed rate bond	20.1%
International - Equity	18.8%
SA - Cash	5.8%
SA - Inflation linked bond	5.0%
International - Cash	4.3%
International - Nominal fixed rate bond	2.1%
SA - Commodity	1.7%
SA - Property	1.3%
SA - Nominal variable rate bond	0.6%
International - Nominal variable rate bond	0.3%

MATURITY ALLOCATION

Maturity	Allocation
< 1 year	3.7%
1 - 3 years	5.3%
3 - 7 years	35.0%
7 - 12 years	4.0%
12 and more years	52.0%

ANNUALISED PERFORMANCE

	3 months	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Stable Growth A	0.92%	13.47%	—	—	—	—	7.47%
PPS Stable Growth A2	1.07%	14.15%	—	—	—	—	8.02%
(ASISA) South African MA Medium Equity	2.06%	13.85%	6.69%	5.77%	5.94%	8.26%	7.97%

	YTD 2021	2020	2019	2018	2017	2016	2015
PPS Stable Growth A	8.00%	4.57%	7.87%	—	—	—	—
PPS Stable Growth A2	8.30%	5.24%	8.35%	—	—	—	—
(ASISA) South African MA Medium Equity	7.69%	5.38%	9.47%	-1.77%	9.28%	1.54%	7.40%

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ASSET MANAGERS

	%
Laurium Capital	100.0

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
RSA R209 6.25% 20360331	5.9%
RSA I2025 CPI 2% 20250131	5.0%
Naspers	4.7%
RSA 8.5% 20370131	4.4%
RSA 10.50% 20261221	3.8%
British American Tobacco	3.1%
Anglo American	2.5%
Laurium Africa USD B6	2.1%
Anglo American Platinum	2.0%
AngloGold	2.0%

DISTRIBUTIONS

Date	A	A2
30/06/2021	0.00	0.11
31/12/2020	1.57	1.90

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.64	1.11
Transaction costs (TC)	0.30	0.30
Total investment charge (TER+TC)	**1.94**	**1.41**

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

Fees	A	A2
Total expense ratio (TER)	1.36	0.95
Transaction costs (TC)	0.56	0.56
Total investment charge (TER+TC)	**1.92**	**1.51**

**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

Against this macro backdrop, we continue to have reasonable exposure to South African focused companies' earnings (SA Inc). Within the South African listed market, we see attractive opportunities in the healthcare, insurance, industrial and telecommunication sectors, along with some of the large global consumer stocks including British American Tobacco and Naspers.
We have a reasonable exposure to resource counters including diversified miners. The strong economic recovery in China should continue to support bulk commodities, while a lack of new supply into the platinum group metals market in conjunction with supply problems at Norilsk Nickel in Russia should keep platinum group prices higher for longer.

The second quarter of 2021 heralded the anticipated surge in inflation in the US, with year on year CPI in May rising to 5%, the highest level in two decades. The current rise in prices reflects temporary supply chain shortages and disruptions, as well as reopening rebounds in items such as travel prices. Amidst the surge in current US inflation prints, the US Fed slightly altered their outlook at the June FOMC meeting, with the dot plot showing the 2023 (median) dot pricing in 2 rate hikes (of 25bps), compared to 0 hikes at the prior March meeting. This shift was driven by the Fed's greater confidence in the improved outlook for the economy and an upgrade in inflation forecasts, with a recognition of upside risks to the inflation outlook.

Stronger global growth and the elevated commodity price backdrop this year has been very supportive for SA fundamentals, providing a substantial boost to our terms of trade, and resulting in many economists materially upgrading their 2021 GDP forecasts to between 4.5-5.0%. This dynamic is very constructive for SA bond valuations for a number of reasons. Firstly, it improves SA's trade balance and current account position, thereby reducing our external vulnerability as a country. Secondly, the resultant constructive rand backdrop should keep any risks to inflation from the currency well contained. Thirdly, the boost to economic growth and increase in tax receipts from mining companies is a definite positive for the fiscal position, with clear potential for the budget deficit to narrow below the 9% deficit pencilled in by National Treasury in the February.

The SA bond yield curve continued to flatten during the quarter, with stronger commodity prices and the related improvement in the fiscal outlook supporting longer dated yields. Bond yields have certainly recovered from the weakness seen in March, however we anticipate some volatility in global bond markets as the Fed starts to signal their intention to taper asset purchases at some point in the coming months. All considered, we remain constructive on bond valuations on the back of recent progress in reforms, and continued commitment to fiscal consolidation shown thus far by National Treasury. We continue to see value across the SA bond curve and would only look to reduce duration at lower yield levels.

Markets around the world are well above levels they were at the beginning of the year. The MSCI World Index is up 12.2%, European markets up 14.4% and the MSCI Emerging Markets Index up 6.5% for the year. As a rising tide lifts all boats we can see that both the Nasdaq Composite (representing the booming tech stocks) is up 12.9%, and the Russell 1000 Value Index (which has a higher weighting of "old school" industries such as financial services, healthcare, and industrials) is up an even more impressive 15.9% for the year.

In our local market, the FTSE-JSE All Share Index is up 13.2% for the year. It is worthwhile pointing out the stark difference in performance between domestic companies and foreign earners. Domestically focussed companies such banks, retailers and real estate companies are up strongly, while the likes of Naspers and Prosus are flat and down -12% respectively.
We believe the funds are well diversified and offer attractive upside, while pragmatically weighing up the inherent risks, in order to achieve the best risk-adjusted returns for our clients going forward.

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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.