

# PPS BALANCED PASSIVE FUND^

As of 31 Dec 2023



INVESTMENTS

## FUND DESCRIPTION

The fund is a South African Multi Asset High Equity fund that may invest in a combination of listed and unlisted financial instruments in the local and global equity, bond, money, and property markets with the primary objective of the fund to consistently deliver a return which is in line with the composite target. The manager shall adopt a largely passive approach in the management of the fund. This fund is managed according to Regulation 28 of the Pension Funds Act and therefore is a suitable standalone vehicle for retirement savings.

^Name change from PPS Balanced Index Tracker Fund to PPS Balanced Passive Fund as at 1 June 2023.

^^Benchmark change from PPS Balanced Index Composite to South African - Multi Asset - High Equity

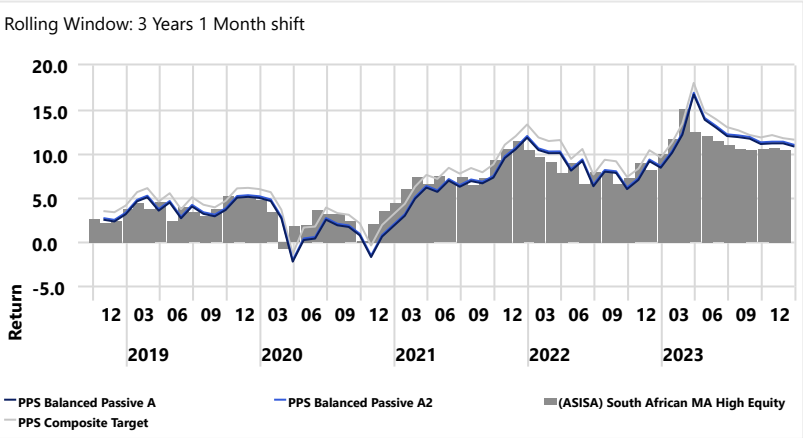
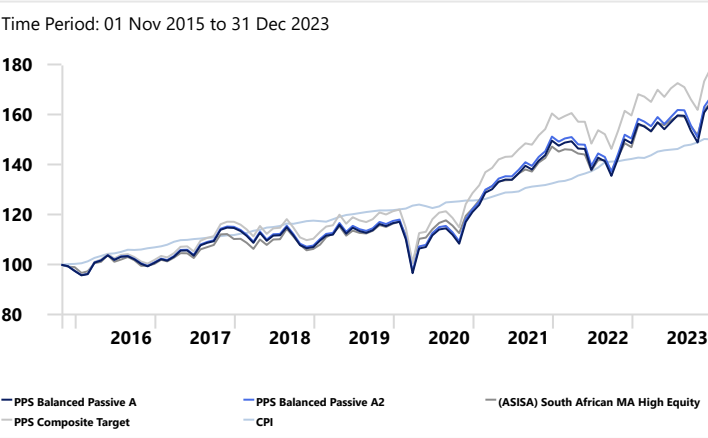
## FUND OVERVIEW

<b>List of classes**</b>	A & A2 class
<b>Portfolio category</b>	South African - Multi Asset - High Equity
<b>Launch date</b>	1 November 2015 (A & A2 class)
<b>Investment manager</b>	PPS Multi-Managers Proprietary Limited (authorised FSP)
<b>Benchmark^^</b>	South African - Multi Asset - High Equity (Category Average)
<b>Target</b>	Composite target
<b>Income distribution</b>	Annually
<b>Investment horizon</b>	Long-term - seven years and longer
<b>Portfolio size</b>	R1 758 885 627
<b>Market value (NAV price per unit)</b>	132.39 (A); 133.65 (A2)
<b>Number of units held</b>	7 332 915 (A); 827 967 016 (A2)
<b>Asset management fee (excl. VAT)</b>	0.55% (A) ; 0.40% (A2)
<b>Trustee</b>	Standard Chartered Bank
<b>Risk profile</b>	Medium - High

\*\*On PPS Investments platform, A2 class is available in Select range and A class is available in Original range

## ILLUSTRATIVE PERFORMANCE

Estimated growth of R100 000 invested with all distributions reinvested (for illustrative purposes only). Growth is represented in R '000



## ANNUALISED PERFORMANCE

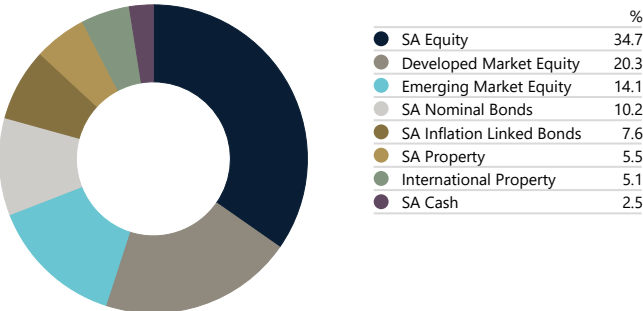
	3 months*	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Balanced Passive A	7.27%	10.87%	10.80%	9.01%	7.29%	—	6.31%
PPS Balanced Passive A2	7.32%	11.06%	10.99%	9.19%	7.47%	—	6.50%
(ASISA) South African MA High Equity	6.17%	12.25%	10.48%	9.21%	7.38%	7.00%	6.34%
PPS Composite Target	7.59%	11.92%	11.61%	9.96%	8.25%	8.57%	7.39%

	YTD 2023*	2022	2021	2020	2019	2018	2017
PPS Balanced Passive A	10.87%	-0.67%	23.61%	3.85%	8.96%	-6.68%	13.92%
PPS Balanced Passive A2	11.06%	-0.51%	23.82%	4.03%	9.15%	-6.52%	14.14%
(ASISA) South African MA High Equity	12.25%	-0.17%	20.32%	5.19%	9.52%	-3.60%	9.97%
PPS Composite Target	11.92%	-0.50%	24.83%	5.99%	10.01%	-5.82%	15.03%

\*Periods less than one year are not annualised

## ASSET ALLOCATION



## FUND STRATEGY

The composite target of the fund comprises of the following asset class building blocks:

### Asset Class Target Exposure

SA Equity (35.0%)  
Developed Market Equity (20.0%)  
Emerging Market Equity (15.0%)  
SA Nominal Bonds (10.0%)  
SA Inflation Linked Bonds (7.5%)  
SA Property (5.0%)  
International Property (5.0%)  
SA Cash (2.5%)

FTSE/JSE CAPPED SWIX Index  
MSCI World ESG Index  
MSCI EM ESG Index  
FTSE/JSE ALBI Index  
FTSE/JSE IGOV Index  
FTSE/JSE SAPY Index  
FTSE/EPRA NAREIT Global REITS  
STeFI Composite

### Previous Asset Class Exposure

SA Equity (45.0%)  
Developed Market Equity (18.5%)  
Emerging Market Equity (4.0%)  
SA Nominal Bonds (12.5%)  
SA Inflation Linked Bonds (7.5%)  
SA Property (10.0%)  
SA Cash (2.5%)

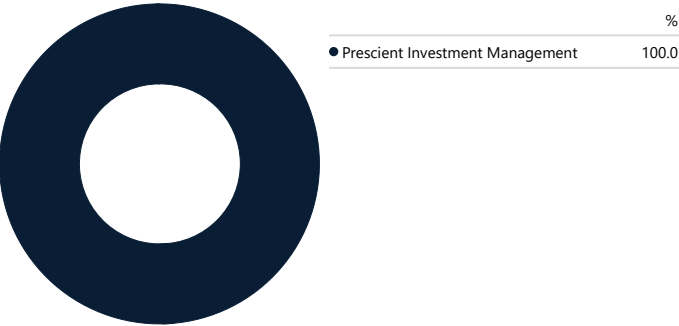
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## MANAGER ALLOCATION



## PORTFOLIO DETAIL

Top 10 Holdings	Allocation
iShares Global REIT ETF	5.3%
Naspers Ltd	2.1%
Nepi Rockcastle NV	1.7%
FirstRand Ltd	1.5%
RSA R186 10.50% 20261221	1.5%
RSA I2050 2.25% 20500131	1.4%
RSA R2030 8% 20300131	1.4%
RSA I2038 2.25% 20380131	1.2%
RSA I2046 2.50% 20460331	1.2%
Standard Bank Group Ltd	1.2%

## HIGHEST & LOWEST RETURNS SINCE INCEPTION

	A	A2
Highest	34.9%	35.1%
Highest Month End Date	31 Mar 2021	31 Mar 2021
Lowest	-13.8%	-13.7%
Lowest Month End Date	31 Mar 2020	31 Mar 2020

## DISTRIBUTIONS (Last 12 months)

Date	A	A2
31 Dec 2023	4.67	4.81

## RISK METRICS\*\*

Metric	A	A2	Benchmark
Annualised Standard Deviation	12.2%	12.2%	8.1%
Maximum Drawdown	-17.6%	-17.6%	-14.1%
Percentage of Positive months	62.3%	62.3%	63.9%
Information Ratio	-0.14	0.00	—
Sharpe Ratio	0.28	0.30	—

\*\*Risk metrics calculated over a 5 year period

## 1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	0.66	0.49
Transaction costs (TC)	0.05	0.05
Total investment charge (TER+TC)	0.71	0.54

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

Fees	A	A2
Total expense ratio (TER)	0.66	0.49
Transaction costs (TC)	0.06	0.06
Total investment charge (TER+TC)	0.72	0.55

## FUND COMMENTARY

This passive fund aims to provide cost-efficient performance in line with that of the composite target asset allocation, which itself is made up of South African (SA) and foreign equities (both developed and emerging), SA and offshore property, SA Bonds (both nominal and inflation-linked) and SA cash.

In the fourth quarter of 2023, the fund demonstrated a robust performance, yielding a return of 7.32%. This outpaced the South Africa MA High Equity Peer Group, which posted a 6.17% return. Contributing to the favorable market conditions were lower-than-anticipated U.S. inflation and dovish statements from the Federal Reserve.

The South African equity market (FTSE/JSE Capped SWIX) experienced a notable upswing of 8.3% in November, putting an end to the three-month decline of -10.3%. Over the quarter, SA equities delivered a return of 8.2%, while Developed Market ESG Leaders equities generated a return of 8.6% and Emerging Market ESG Leaders returned 3.5% in rand terms.

The positive momentum extended across various asset classes, with local property surging by 15.9%, global property by 12.5%, and local nominal and inflation-linked bonds by 8.1% and 6.1%, respectively. Local cash also continued with a consistent return of 2.1% for the quarter.

Reflecting on the past year, highlights the challenges in recent forecasting. At the close of 2022, expectations leaned towards an imminent recession. However, by mid-2023, the consensus shifted to a "higher for longer" outlook, culminating in an expectation of a "soft landing" in 2024. Throughout these market cycles, this fund has distinguished itself from peers by maintaining a steadfast focus on long-term expectations, regardless of prevailing uncertainties and shifting narratives.

For the year the fund has produced a return of 11.06%. Despite the volatility, developed market ESG leaders delivered a return of 34.8%, local equities returned 7.9% and emerging market ESG leaders delivered 14.1% in rand terms. Global and local property returned 18% and 10.7% respectively while local nominal and inflation linked bonds produced 9.7% and 7.1% respectively. Lastly, on the back of the higher interest rates local cash produced a return of 8.1%.

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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 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:

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