PPS DEFENSIVE FUND

As of 31 Mar 2025

INVESTMENTS

FUND DESCRIPTION

Terebinth Capital has been appointed as the portfolio manager for the PPS Defensive Fund. Terebinth Capital combines their skill-sets in macroeconomic and quantitative analyses to construct diversified portfolios, reflecting their best investment view, to achieve appropriate risk-adjusted returns. As in our other partnership strategies, our approach for the PPS Defensive Fund is to use our comprehensive research process to identify a best-in-class manager with the skill set and capabilities to successfully manage a strategy. A key differentiating factor is that partnership managers typically don't 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 in line with 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. Simultaneously, the aim is to deliver long-term capital growth with low short-term volatility. The investment horizon for this fund is greater than three years.

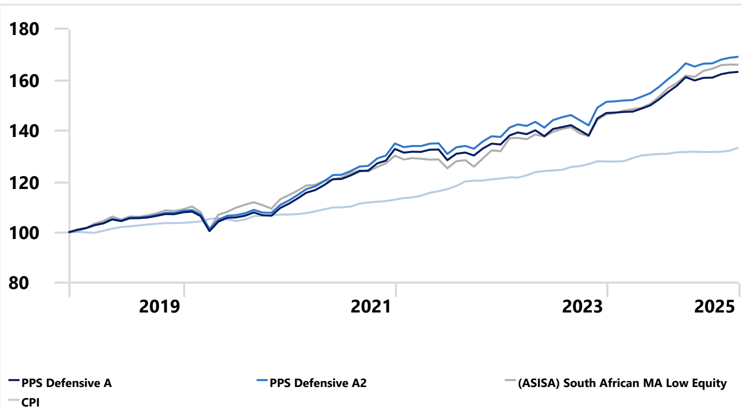
FUND OVERVIEW

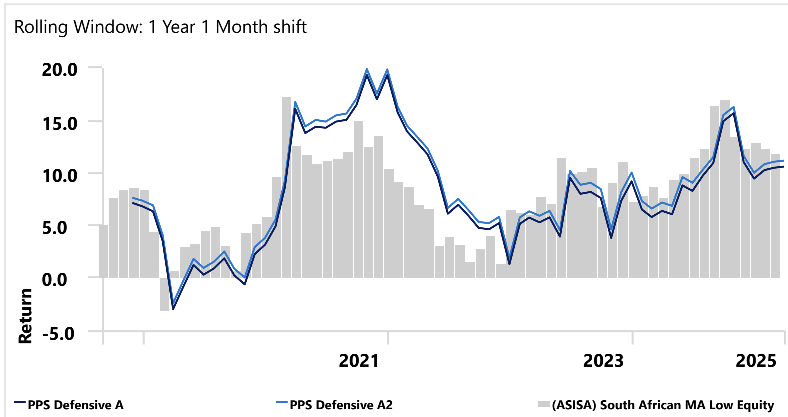
List of classes**	A & A2 class
Portfolio category	South African - Multi Asset - Low Equity
Launch date	1 November 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	South African - Multi Asset - Low Equity (Category average)
Income distribution	Half-yearly
Investment horizon	Medium-term - three years and longer R
Portfolio size	765 545 149
Market value (NAV price per unit)	124.56 (A); 124.85 (A2)
Number of units held	1 308 (A); 133 643 665 (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 availabe in Select 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

	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Defensive A	10.63%	8.49%	7.42%	10.20%	—	—	8.05%
PPS Defensive A2	11.20%	9.18%	8.09%	10.84%	—	—	8.66%
(ASISA) South African MA Low Equity	11.85%	10.23%	8.79%	10.41%	7.84%	6.93%	8.35%

	YTD* 2025	2024	2023	2022	2021	2020	2019
PPS Defensive A	1.42%	9.48%	9.22%	1.33%	19.35%	3.19%	6.82%
PPS Defensive A2	1.56%	10.03%	10.06%	1.91%	19.89%	3.85%	7.37%
(ASISA) South African MA Low Equity	0.97%	12.25%	11.05%	1.36%	13.53%	5.17%	8.58%

*Periods less than one year are not annualised

ASSET MANAGERS

	%
Terebinth Capital	100.0

RISK METRICS***

Metric	A	A2	Benchmark
Annualised Standard Deviation	4.8%	4.8%	5.1%
Maximum Drawdown	-7.2%	-1.8%	-8.2%
Percentage of Positive months	78.9%	80.3%	75.0%
Information Ratio	0.28	0.56	—
Sharpe Ratio	1.09	1.22	—

***Risk metrics calculated over a 3 year period

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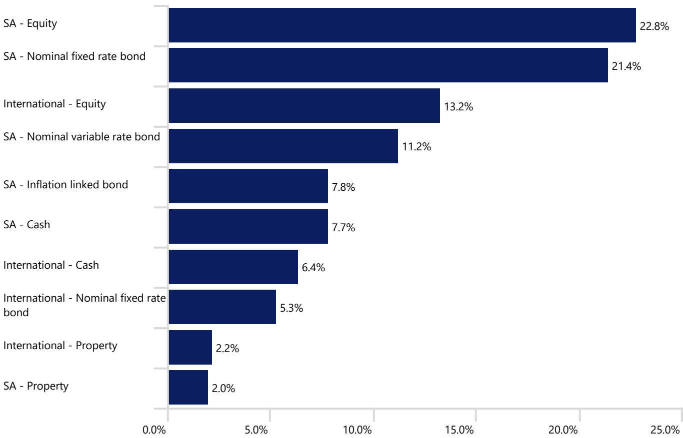
ASSET ALLOCATION



MATURITY ALLOCATION

Maturity	Allocation
< 1 year	7.6%
1 - 3 years	15.9%
3 - 7 years	35.6%
7 - 12 years	36.9%
12 and more years	4.0%

HIGHEST & LOWEST RETURNS SINCE INCEPTION

(12-month rolling performance)

Metric	A	A2
Highest	19.4%	19.9%
Highest Month End Date	31 Oct 2021	31 Oct 2021
Lowest	-2.9%	-2.4%
Lowest Month End Date	31 Mar 2020	31 Mar 2020

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
RSA R2035 8.88% 20350228	6.3%
Vanguard Total World Stock ETF	6.0%
RSA R209 6.25% 20360331	4.5%
Firstrand Bank Ltd ILB 2.60% 20280331	4.0%
RSA ILB 1.875% 20330228	3.8%
USA T-Bill 4.625% 20260228	3.4%
RSA R213 7.00% 20310228	3.0%
Investec NCD 9.55% 20290315	2.7%
ABSA Bank Ltd NCD 9.55% 20290315	2.6%
Naspers Ltd	2.4%

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.75	1.25
Transaction costs (TC)	0.13	0.13
Total investment charge (TER+TC)	**1.88**	**1.38**

3 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.66	1.14
Transaction costs (TC)	0.09	0.09
Total investment charge (TER+TC)	**1.75**	**1.23**

DISTRIBUTIONS (cents per unit)

Date	A	A2
31 Dec 2024	2.14	2.46
30 Jun 2024	2.31	2.59

MANAGER COMMENTARY

The PPS Defensive Fund aims to outperform the benchmark with low short-term volatility, but with long-term capital growth. The portfolio is constructed to minimise the risk of capital loss over a 12-month period, while achieving returns of CPI + 3% over the medium to longer term. In a bid to achieve these objectives, the fund will generally be diversified across various asset classes.

Elevated uncertainty and rising market volatility made for another challenging macro backdrop. The fund gained 1.4% net of fees, with the bulk of return coming from domestic equities (1.1ppt contribution), followed by domestic inflation-linked, floating-rate, and fixed-rate bonds, each contributing almost 0.2ppt. Global and local listed property detracted from performance, while biggest negative impact was from offshore equity (-0.2ppt).

Domestic equities (Capped SWIX) gained 3.6% in Q1, while global equities (MSCI World) lost 4.6% in USD. South Africa was one of the EM outperformers, with the MSCI South Africa rallying 7.0% versus 0.4% for the overall MSCI EM (+0.4%) index (in USD terms). Listed property was a relative laggard, down 4.3% for the quarter. Listed property felt the strain of souring local sentiment and the rise in bond yields.

The key sector leaders were Precious Metals (+34.3%) and Tobacco (+5.0%) with key performing names including AngloGold (+30.5%) and American Platinum (+30.5%). The industry laggards included Personal Goods (-15.1%) and Paper (-11.5%). The equity market rally was driven by a narrow set of counters, with impetus for precious metals, notably gold, as well as improving sentiment on China via Naspers and Prosus. Despite a solid banking reporting season, the sector ended the quarter in the red. The fund benefited from the overweight position in SA equities, but the allocation to listed property, although being underweight, was still punitive.

Fixed-rate and inflation-linked bonds eked out a 0.7% total return in Q1, underperforming cash. A more hawkish SARB and budget uncertainty weighed on sentiment towards SA fixed income. The short end of the ILB curve was a relative outperformer, benefiting from the VAT rate hike announcement – this provided a return buffer to the portfolio. The nominal curve bear-steepened on waning offshore support for the market – investors have turned notably more cautious on SA in light of the budget debacle. Despite the lingering uncertainty around the budget finalisation, National Treasury indicated that issuance levels are expected to remain unchanged. The fund was positioned across the curve up to 15-year maturity, hence, the bear steepening detracted from performance, but elevated yields provided a partial buffer.

While the fund benefited from offshore equity exposure in the first part of the quarter, trade tariff jitters and negative economic surprises started to weigh on US equities. The negative impact from the offshore allocation was in part due to the negative FX translation from rand appreciation over the quarter. The underlying returns on our offshore bond allocations were offset by the recovery in the rand exchange rate. The souring sentiment toward equity markets was also reflected weakening offshore listed property. Within the portfolio exposure, offshore listed property detracted only marginally from the return amid diverse performances from the underlying counters.

The macro outlook has shifted dramatically year-to-date, with the aggressive tariff announcements denting confidence, souring sentiment, and hitting risk assets. While Trump has announced a 90-day pause on reciprocal tariffs on most countries, given their willingness to negotiation, tariffs between the US and China have continued to escalate. Absent significant further stimulus by Chinese authorities and a dovish pivot by the Fed, global markets are set to remain volatile, with risks firmly to the downside.

While our base case view is not yet so bearish as to pencil in a global recession, the recent announcements by the US administration has injected a trust deficit, with much damage already done. Similarly, news flow on the survival of the GNU reveals deep rooted tensions between the two main parties – the DA and the ANC – with this fragility warranting higher SA risk premia that in 2H24.

We expect the Fed and SARB to remain on hold in the near-term to gauge the impact of tariffs on inflation and the global slowdown on the rand, respectively, but that anticipated moderation in growth will ultimately force them into action. The domestic monetary policy stance remains restrictive, is evident in subdued credit growth and downside inflation surprises. While we remain constructive on the reform agenda, this will take time to bear fruit. As such, there is little risk of demand-led imbalances in the domestic economy. While political and policy risks will persist, we expect the budget process to conclude with parliament adopting the budget. This will reduce some of the uncertainty reflected in bond yields.

The upside from recent volatility is that valuations have improved across many asset classes, yielding new opportunities. While we have maintained a barbell approach withing the portfolio – at or above neutral allocation to risk assets with conservative fixed income positioning – our bias remains cautious in the short term.

Our updated return outlook favours domestic bonds over money market, credit and SA equities, while the undervaluation in the rand points to a home bias. That said, a further cheapening in offshore risk assets would warrant broader equity exposure as this will pressure policy makers to respond via fiscal easing and liquidity injections.

The current portfolio positioning balances elevated risks with broad based upside. On our base case returns, the prospective fund return would meet a CPI + 3% objective with a reasonable probability based on the historical return distributions and given the downside risk to the outlook. There were no material changes to the composition of the portfolio and underlying managers during the quarter. The fund has adhered to its policy objective.

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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).

MANAGER DETAILS:	PPS Management Company (RF) (Pty) Limited PPS House, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700	**TRUSTEE DETAILS:**	Standard Chartered Bank 5th Floor, 4 Sandown Valley Crescent, Sandton, 2196
TELEPHONE:	0860 468 777 (0860 INV PPS)	**TELEPHONE:**	011 217 6600
EMAIL:	clientservices@ppsinvestments.co.za	**EMAIL:**	SouthAfrica.Securities-Services@sc.com
WEBSITE:	www.pps.co.za		

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