PPS MANAGED FUND

As of 31 Mar 2024

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.

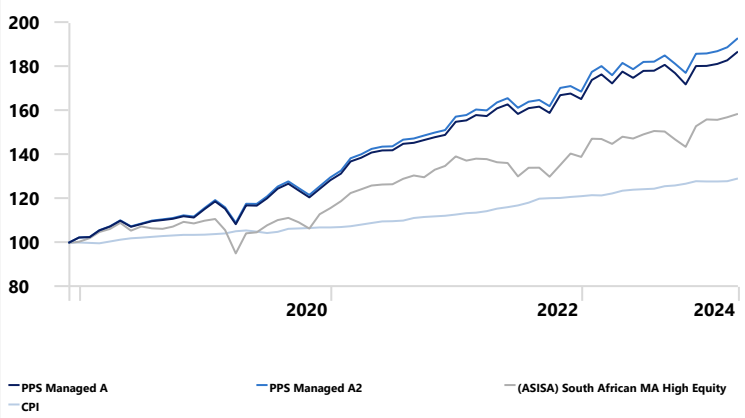
FUND OVERVIEW

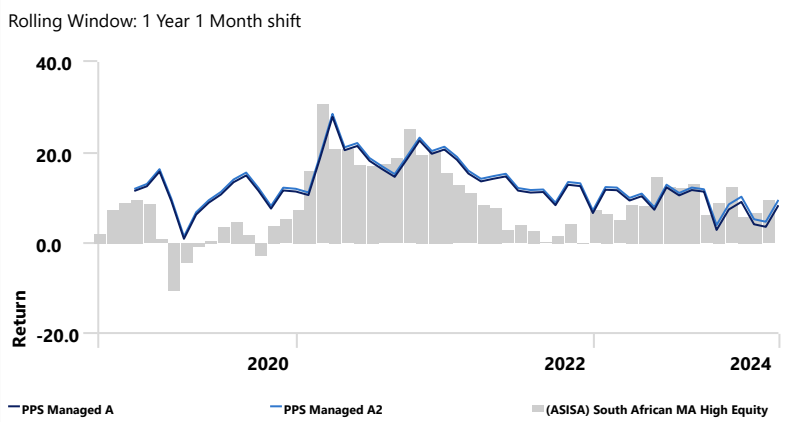
List of classes**	A & A2 class
Portfolio category	South African - Multi Asset - High Equity
Launch date	1 November 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	CPI for all urban areas +5%
Income distribution	Half-yearly
Investment horizon	Long-term - six years and longer
Portfolio size	R4 497 058 417
Market value (NAV price per unit)	158.21 (A); 158.29 (A2)
Number of units held	1 155 (A); 670 823 627 (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 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

	3 months*	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Managed A	3.61%	8.38%	10.46%	11.73%	—	—	12.46%
PPS Managed A2	3.75%	9.56%	11.24%	12.43%	—	—	13.14%
CPI + 5%	2.26%	10.57%	11.09%	10.15%	9.83%	10.10%	9.94%
(ASISA) South African MA High Equity	1.63%	9.43%	8.46%	8.34%	7.25%	6.93%	9.05%

	YTD 2024*	2023	2022	2021	2020	2019	2018
PPS Managed A	3.61%	9.12%	6.66%	20.69%	11.41%	12.58%	—
PPS Managed A2	3.75%	10.27%	7.24%	21.31%	12.02%	13.08%	—
CPI + 5%	2.26%	10.53%	12.41%	10.47%	8.18%	8.56%	10.18%
(ASISA) South African MA High Equity	1.63%	12.25%	-0.17%	20.32%	5.19%	9.52%	-3.60%

*Periods less than one year are not annualised

ASSET MANAGERS

	%
36ONE Asset Management	100.0

RISK METRICS***

Metric	A	A2	Benchmark
Annualised Standard Deviation	8.4%	8.3%	1.3%
Maximum Drawdown	-8.9%	-8.8%	-0.3%
Percentage of Positive months	76.6%	76.6%	96.9%
Information Ratio	0.18	0.27	—
Sharpe Ratio	0.73	0.82	—

***Risk metrics calculated over a 3 year period

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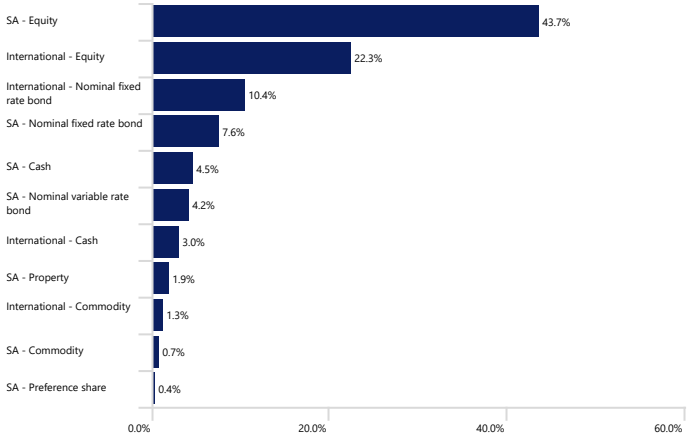
ASSET ALLOCATION



MATURITY ALLOCATION

Maturity	Allocation
< 1 year	13.4%
1 - 3 years	41.4%
3 - 7 years	13.0%
7 - 12 years	32.2%
12 and more years	—

HIGHEST & LOWEST RETURNS SINCE INCEPTION

(12-month rolling performance)

Metric	A	A2
Highest	27.9%	28.6%
Highest Month End Date	31 Mar 2021	31 Mar 2021
Lowest	1.0%	1.5%
Lowest Month End Date	31 Mar 2020	31 Mar 2020

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.80	1.29
Transaction costs (TC)	0.38	0.38
Total investment charge (TER+TC)	**2.18**	**1.67**

3 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.81	1.29
Transaction costs (TC)	0.41	0.41
Total investment charge (TER+TC)	**2.22**	**1.70**

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
Naspers Ltd	6.0%
Prosus NV	4.0%
British American Tobacco	3.9%
ABSA Group 6.37% Perpetual Bond	3.9%
ABSA Group Ltd	3.8%
MAS Securities 4.25% 20260519	3.4%
RSA R2032 8.25% 20320331	3.1%
RSA R2035 8.88% 20350228	2.9%
AngloGold Ashanti	2.8%
Nedbank Group Ltd	2.7%

DISTRIBUTIONS (cents per unit)

Date	A	A2
31 Dec 2023	2.62	3.98
30 Jun 2023	3.28	3.72

MANAGER COMMENTARY

Global equity markets had a strong start to 2024 with broad-based gains. US markets were in the green with the S&P500 posting double-digit gains, having its best start to a year since 2019. That market was supported by resilient economic data and better than expected corporate earnings. While there was a broadening of gains compared to the narrow focus on the "Magnificent 7" AI-related stocks in 2023, analysis of the Equal-Weighted S&P Index reveals that large-cap shares continued to be the main driver of market outperformance in the quarter.

As anticipated, the US Federal Reserve (Fed) maintained interest rates at their current levels. However, Chairman Jerome Powell set a dovish tone at the March meeting, suggesting that policymakers were nearing the point of confidence in the sustained downward trend of inflation, potentially paving the way for rate reductions. Powell reaffirmed the projection for three rate cuts later in the year. The market had begun to doubt the number of rate cuts for this year as the last three readings of annualised US CPI came in above expectations. Powell addressed these higher readings and referred to them as a “bumpy ride” lower to target levels.

The shift in the broader economic environment was also mirrored in the market's anticipation of interest rate reductions. Forecasts for the number of US rate cuts in 2024 dropped from six or seven at the end of 2023 to a maximum of three cuts, expected to begin in July 2024. Current market expectations are largely consistent with the Federal Reserve's latest projections. With the likelihood of aggressive rate cuts diminishing, the yield of the Bloomberg Global Aggregate Index rose by 28 basis points (bps) during the quarter, resulting in negative returns of -2.1%. Most major central banks kept interest rates unchanged this quarter and are likely to remain cautious as rate cuts begin in the second half of the year.

Outside of the US, performance was mostly positive. European equities rose along with the United Kingdom (albeit at a weaker pace). The United Kingdom entered a technical recession, while the Eurozone narrowly avoided one, with improving leading indicators suggesting better growth ahead. Continued disinflation prompted a shift towards policy easing, with central banks in the region adjusting their policy signals during the quarter. Initially, the Bank of England (BOE) maintained a hawkish view, citing concerns over inflation and wage growth. However, dovish signals emerged later as the BOE became more open to easing, particularly in a soft-landing scenario. The European Central Bank (ECB) kept its policy rates unchanged but hinted at potential rate cuts in June after revising down its inflation forecasts, aiming for alignment with policy targets by 2025. Attention has now turned to the expected number of rate cuts this year once the ECB initiates its rate reduction cycle.

Emerging market (EM) equities lagged their developed market counterparts, with the MSCI EM Index returning 2.4% as investors remained worried about China’s growth prospects without significant fiscal stimulus. However, the MSCI China Index bounced back by 12.3% from its January low, driven by improved economic activity data during the Lunar New Year holiday and some easing measures from the People’s Bank of China, including the first reduction of its 5-year loan prime rate since June 2023.

The PPS Managed Fund demonstrated robust performance, showing a 3.75% increase for Q1 2024, with a significant portion of this growth occurring in the final month. The fund surpassed both the ASISA SA Multi Asset High Equity Category and the CPI+5% benchmark year-to-date. The primary driver of performance during the quarter was technology, particularly Naspers/Prosus, followed by offshore AT1 and corporate bonds, and gold miners, notably AngloGold Ashanti.

Naspers benefited from strong results from its underlying Tencent investment and completed buybacks. Gold reached all-time highs, buoyed by lower interest rates, heightened geopolitical risks, and increased central bank buying. Offshore equity emerged as the main contributor to performance on an asset basis, followed by local equity. Positive momentum in global equity continued into March, marking the fifth consecutive month of gains, primarily driven by mega-cap technology stocks. Currency effects also contributed positively to performance over the quarter. However, our exposure to healthcare, SA government bonds, and an investment holding company had a negative impact on performance during the quarter.

As we navigate through the remainder of this year, we maintain a cautious outlook amidst prevailing uncertainties both locally and globally. This year has been marked the "year of elections," with national elections anticipated in at least 64 countries. While we see attractive opportunities in local markets with strong and improving earnings growth and financial metrics such as return on equity and dividend yield, downside risks for EM are present, particularly with the upcoming elections, persistent headwinds in China, and rising tensions in the Middle East. In this inflationary environment, we have continued to make ongoing adjustments to emphasise holdings that we believe are well-suited to transmit pricing power or are valued more attractively. These attributes should help protect against two of the most pernicious effects of inflation for equity investors: compression of profit margins and compression of valuation multiples.

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).

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