

# PPS STABLE GROWTH FUND

As of 31 Dec 2023



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\*\*

### Portfolio category

### Launch date

### Investment manager

### Benchmark

### Income distribution

### Investment horizon

### Portfolio size

### Market value (NAV price per unit)

### Number of units held

### Manager fee (excl. VAT)

### Trustee

### Risk profile

A & A2 class

South African - Multi Asset - Medium Equity

1 October 2018 (A & A2)

PPS Multi-Managers Proprietary Limited  
(authorised FSP)

South African - Multi Asset - Medium Equity  
(Category average)

Half-yearly

Long-term - five years and longer

R2 079 702 217

116.94 (A); 117.20 (A2)

1 179 (A); 75 579 108 (A2)

1.40% (A) ; 0.95% (A2)

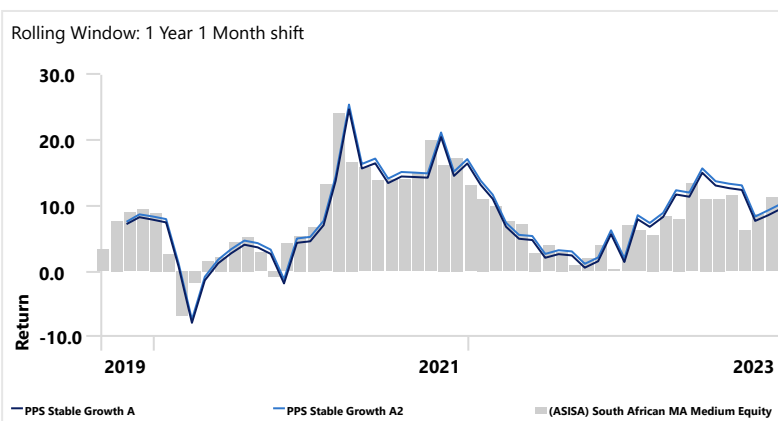
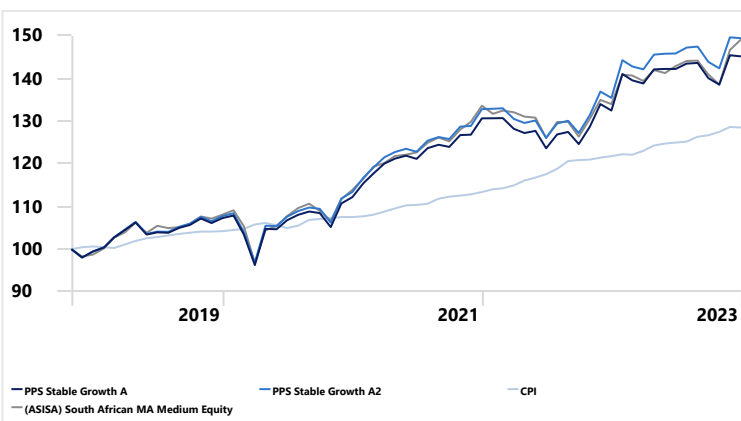
Standard Chartered Bank

Medium

\*\*On PPS Investments platform, A2 class is available 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 Stable Growth A	4.48%	10.48%	9.27%	8.04%	—	—	7.66%
PPS Stable Growth A2	4.70%	11.23%	9.93%	8.66%	—	—	8.26%
(ASISA) South African MA Medium Equity	5.80%	11.28%	9.39%	8.60%	7.15%	6.80%	8.04%

	YTD 2023*	2022	2021	2020	2019	2018	2017
PPS Stable Growth A	10.48%	1.40%	16.47%	4.57%	7.87%	—	—
PPS Stable Growth A2	11.23%	1.98%	17.12%	5.24%	8.36%	—	—
(ASISA) South African MA Medium Equity	11.28%	0.29%	17.31%	5.38%	9.47%	-1.77%	9.28%

\*Periods less than one year are not annualised

## ASSET MANAGERS



## RISK METRICS\*\*\*

Metric	A	A2	Benchmark
Annualised Standard Deviation	8.6%	8.6%	8.4%
Maximum Drawdown	-11.1%	-10.9%	-11.6%
Percentage of Positive months	66.1%	67.7%	66.1%
Information Ratio	-0.02	0.00	—
Sharpe Ratio	0.29	0.36	—

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

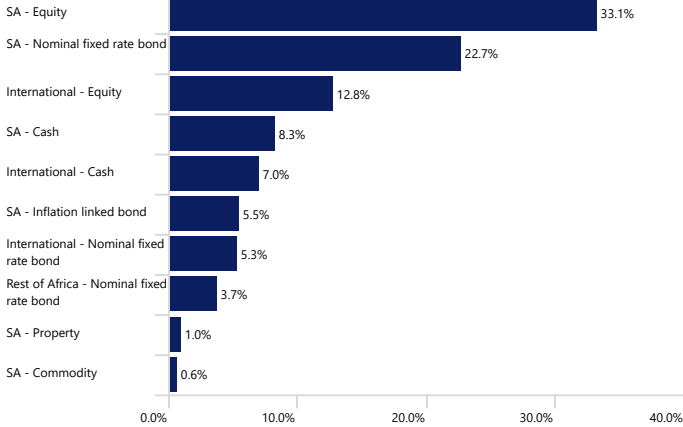
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## ASSET ALLOCATION



## PORTFOLIO DETAIL

Top 10 Holdings	Allocation
R209 6.25% 20360331	4.8%
I2025 2% 20250131	4.4%
Prosus NV	4.0%
Laurium Africa USD Bond	3.7%
R2035 8.875% 20350228	3.6%
R2037 8.50% 20370131	3.4%
R2044 8.75% 20440131	3.3%
Blackrock ICS US Dollar Liquidity Fund	3.3%
R186 10.50% 20261121	2.9%
FirstRand Ltd	2.6%

## MATURITY ALLOCATION

Maturity	Allocation
< 1 year	3.3%
1 - 3 years	27.0%
3 - 7 years	4.4%
7 - 12 years	29.2%
12 and more years	36.1%

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

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

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

Fees	A	A2
Total expense ratio (TER)	1.68	1.19
Transaction costs (TC)	0.15	0.15
<b>Total investment charge (TER+TC)</b>	<b>1.83</b>	<b>1.34</b>

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

Fees	A	A2
Total expense ratio (TER)	1.70	1.19
Transaction costs (TC)	0.19	0.19
<b>Total investment charge (TER+TC)</b>	<b>1.89</b>	<b>1.38</b>

## DISTRIBUTIONS

Date	A	A2
31 Dec 2023	2.03	2.45
30 Jun 2023	2.16	2.45

## MANAGER COMMENTARY

Positive performance for December was attributed to FirstRand and Anglo American Platinum. This was offset by exposure to Prosus which negatively impacted returns as well as exposure to Sasol (-11.6%), ABSA (-5.8%) and British American Tobacco (-7.7%).

Over the last quarter the fund returned 4.7% net, with the fund's exposure to South African Govt bonds contributing positively to performance along with exposure to FirstRand (+18.7%), Growthpoint (+18.2%) and Anheuser Busch (+14.5%). Sasol (-29%) and Pick n Pay (-37.1%) were notable detractors for the quarter. The fund result for 2023 was 11.2% for the year.

The fund took positions in the insurance sector through Sanlam and Momentum at the beginning of the year that performed very well, as well as positions in Mondi and The Foschini Group (TFG) that contributed positively in 2023. On the negative side the fund had a small exposure to Pick n Pay that performed poorly as load shedding put pressure on its margins, compounded by an increasingly competitive environment. The fund has subsequently reduced its position in Pick n Pay as we believe the company has structural issues that may take time to address, and the valuation does not fully price in these risks.

The fund also had a position in platinum miners that detracted from performance as the PGM basket price came under pressure during the year. We maintain the view that the supply demand balance puts the PGM metals in a deficit, and that this should support PGM prices over the medium term. The fund took its exposure to gold through AngloGold and Goldfields. We continue to hold a larger position in AngloGold as it cuts costs and grows production relative basis to Goldfields in the medium term.

In the SA equity component of the fund, exposure to the domestic SA economy is primarily gained through the banking sector, with our preferred picks being Absa and FirstRand. The banks continue to grow their earnings in a tough environment and have had a relatively benign experience with regards to bad debts on their loan books. If we overlay extremely low valuations and attractive dividend yields, we think they will produce healthy returns for our investors going forward.

British American Tobacco remains a core holding in the fund, offering a defensive earnings base, supported by the company's continued pricing power in an inflationary and uncertain environment. This is underpinned by a strong dividend yield and an improved likelihood of share buybacks in the period ahead. The fund continues to have limited exposure to the SA retail sector, owning only TFG and Mr Price in the discretionary retail space. These companies have self-help initiatives underway which we believe should underpin earnings growth despite a tough consumer environment.

The Fund's strong performance was achieved with appropriate risk management and without some of 2023's big index winners (notably Nvidia, Tesla and Eli Lilly) in the portfolio. Notable positive contributors to the final quarter's performance were Broadcom, Quanta Services, CRH Plc, Arca Continental, Heineken and Samsung Electronics. Detractors included Alibaba, Woodside Energy, Sanofi, British American Tobacco, and AIB Group.

The fund's 3% position in the Laurium Africa USD Bond Fund also contributed to performance over the year, delivering 10.7% in USD and 20.1% in ZAR. The Africa Bond Fund remains 96% invested in USD eurobonds with a 4% cash position. It carries a duration of 4.7 and a YTM of 10.6% in USD.

On an overall fund basis, December and Q4 of 2023 were impacted by idiosyncratic and unrelated negative moves in a handful of equity positions. This moderated the overall performance of the fund for the year to 12.4% (gross).

We continually evaluate all positions held by the fund. We are comfortable that there is meaningful upside in the fund's core positions which are attractively valued and should deliver strong real returns in the years ahead.

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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.