



PPS BALANCED INDEX TRACKER FUND

FUND DATA AS AT 30 SEPTEMBER 2018

OUR APPROACH

The portfolio is a South African Multi Asset High Equity portfolio that may invest in a combination of listed and unlisted financial instruments in the local and global equity, bonds, money, and property markets with the explicit purpose of tracking the PPS Balanced Index. The manager may make use of optimisation or other techniques to track the index efficiently. The portfolio is suitable for retirement savings and is Regulation 28 compliant.

RISK PROFILE



QUARTERLY COMMENTARY

This is a passive fund with multi-asset asset allocation and a bias towards local and foreign equities. Due to the recent Regulation 28 change to the offshore allowance from 25% to 30% and the concern about the Naspers exposure in the SWIX Index, a once-off asset allocation adjustment was made during the quarter. The domestic equity benchmark being tracked was changed from the SWIX Index to the Capped SWIX Index, which limits the maximum exposure to any individual counter to 10%. In line with the increase in the offshore allowance the offshore component of the fund was increased from 17.5% to 22.5%. This was split between Developed Markets (18.5%) and Emerging Markets (4.0%). The 5% increase in offshore exposure was offset against domestic equities and domestic cash, by 2.5% each. While the intended investment horizon is longer, the fund is approaching its three-year anniversary and has outperformed the peer group average since inception.

The primary investment objective of the PPS Balanced Index Tracker Fund is to track the customised PPS Balanced Index, a published multi asset high equity composite index that is diversified across a number of constituent indices, and calculated and published daily by a recognised index compiler. This fund is managed according to Reg. 28 of the Pension Funds Act and therefore is a suitable standalone vehicle for retirement savings.

Range	Select (A2 class)
Portfolio category	South African - Multi Asset (MA) - High Equity
Launch date	1 November 2015
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	PPS Balanced Index
Income distribution	Annually
Investment horizon	Long-term - seven years and longer
Portfolio size	R 513 093 442
Market value (NAV price per unit)	107.64 cents
Number of units held	191 360 883 (participatory interests)
Asset management fee (excl. VAT)	0.55%
Trustee	Standard Chartered Bank

ASSET ALLOCATION

Asset	Fund weight	Benchmark weight	Strategic weight*	Benchmark
SA equity	45.1%	45.1%	45.0%	FTSE/JSE CAPPED SWIX Index
Foreign developed market equity	18.2%	18.1%	18.5%	MSCI World ESG (net) Index
SA nominal bonds	12.6%	12.7%	12.5%	BEASSA ALBI Index
SA property	10.0%	10.0%	10.0%	FTSE/JSE SAPY Index
SA inflation linked bonds	7.5%	7.6%	7.5%	BEASSA IGOV Index
Foreign emerging market equity	4.0%	4.0%	4.0%	MSCI EM ESG (net) Index
SA cash	2.6%	2.5%	2.5%	Call rate of the trustee call account

* Between the rebalancing dates, benchmark weights may vary according to market movements.

ASSET MANAGER

The investment manager uses a multi-manager approach, combining the strengths and expertise of several experienced underlying asset managers (authorised FSPs), which have specialist index-tracking skills.

Asset Manager	Allocation	Portfolio Manager
Old Mutual Customised Solutions	100%	Shariefa Parker

PORTFOLIO HOLDINGS

Top 10 holdings	Percentage
Naspers	4%
Old MSCI EM MK ESG IN-BHYBAC	4%
Growthpoint	3%
Sasol	3%
Redefine Properties	2%
RSA R186 10.5% 20271221	2%
Standard Bank	2%
FirstRand	2%
Nepi Rockcastle Plc	2%
British American Tobacco	2%
As a % of total	25%



PPS BALANCED INDEX TRACKER FUND

ILLUSTRATIVE PERFORMANCE

The performance graph of the fund will be published once a three-year investment record has been established.

ANNUALISED PERFORMANCE

	YTD	1 year	3 years	5 years	10 years	Since inception
PPS Balanced Index Tracker Fund	-2.46%	2.33%	n/a	n/a	n/a	4.21%
(ASISA) South African MA High Equity	0.89%	3.11%	5.29%	6.73%	9.11%	3.86%
PPS Balanced Index	-1.93%	3.14%	6.70%	9.21%	n/a	5.05%

Please note that performance over periods greater than one year is annualised.

	2017	2016	2015	2014	2013	2012
PPS Balanced Index Tracker Fund	14.14%	3.49%	n/a	n/a	n/a	n/a
(ASISA) South African MA High Equity	9.97%	1.31%	7.66%	9.50%	18.03%	16.27%
PPS Balanced Index	15.03%	4.32%	8.29%	15.69%	21.04%	24.50%

RISK METRICS (PAST FIVE YEARS)

	PPS Balanced Index Tracker Fund	(ASISA) South African MA High Equity	PPS Balanced Index
Annualised standard deviation	7.18%	6.74%	7.19%
Maximum drawdown	-5.26%	-5.28%	-5.01%
Positive months	57.14%	63.33%	63.33%

Actual annual figure	PPS Balanced Index Tracker Fund	Period
Highest	14.14%	2017
Lowest	3.49%	2016

Please be advised that, as indicated by the risk profile and potentially influenced by asset allocation, risks may be associated with this fund as follows:

- General market risk
- Company risk
- Credit risk
- Counterparty risk
- Third party operational risk

DISTRIBUTION DATES AND VALUES (LAST 12 MONTHS)

Date	Cents per unit
31-Dec-17	3.09

FEES (INCLUSIVE OF VAT)

Fees	Percentage
Total expense ratio (TER)	0.75
Transaction costs (TC)	0.05
Total investment charge (TER+TC)	0.80

- A schedule of fees, charges and maximum commissions are available on request.
- The TER and TC disclosed are estimates based on our best estimate of the underlying costs.

Get in Touch

If you need more information or would like to make an investment, please consult your PPS Investments accredited adviser. Alternatively, feel free to contact us directly. We are ready to assist if you require any brochures, application forms or annual reports or with any queries you may have. Contact us on 0860 468 777 (0860 INV PPS) or at clientservices@ppsinvestments.co.za.

Manager details: PPS Multi-Managers Proprietary Limited
PPS House, Boundary Terraces,
1 Mariendahl Lane, Newlands, 7700

Telephone: 0860 468 777 (0860 INV PPS)

Email: clientservices@ppsinvestments.co.za

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

Trustee details: Standard Chartered Bank
5th Floor, 4 Sandown Valley Crescent,
Sandton, 2196

Telephone: 011 217 6600

Email: SouthAfrica.Securities-Services@sc.com

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. A fund of funds is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.

TER & TC

Transaction Cost (TC) is a measure of the total costs incurred in buying and selling assets underlying the CIS. The TER is a measure that can be used by investors and advisers to determine how much of a Financial Product's underlying assets are relinquished as payment for services rendered in the administration of the Financial Product. TER's and TC's are expressed as a percentage of the daily net asset value of the CIS calculated over a period of three years on an annualised basis. 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. 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.

Performance figures are from PPS Multi-Managers and Morningstar. They 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. Past performance is not indicative of future performance.

This fund is exposed to foreign securities and as such, it may be subject to the additional macroeconomic 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 realising investments, due to system or liquidity issues experienced by the respective exchange. The portfolio may also be subject to settlement risk; regional market failures will impact the portfolio heavily invested therein. In addition, normal market and investment value fluctuations will occur.

Unit Trust prices are calculated on a NAV to NAV basis and do not take any initial fees into account, it is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund divided by the number of units in issue. Portfolio valuations occur at 5pm on business days, The closing price on the day of the transaction is processed. In the case of management companies, requests must be received by the manager by 2pm to receive the same day's price. Linked Investment Service Providers specify their own timelines and may take up to five days to process. Prices are published daily and are available in the daily newspapers.

Managers may close the portfolio to new investors to ensure the portfolio is managed according to its mandate.

Professional Provident Society Insurance Company Limited, the ultimate holding company of PPS Management Company, is a member of the Association for Savings & Investment SA (ASISA).

PPS Investments (39270), PPS Multi-Managers (28733) and PPS Investment Administrators (45924) are licensed Financial Services Providers. PPS Management Company is a licensed collective investment scheme manager.