



PPS CONSERVATIVE FUND OF FUNDS

FUND DATA AS AT 30 SEPTEMBER 2018

OUR APPROACH

This fund of funds is well diversified across managers and asset classes, with limited equity exposure which will not exceed 40% and a maximum effective property exposure of 25%. It may invest in listed and unlisted financial instruments. It solely holds units in local or foreign collective investment schemes or other similar schemes.

RISK PROFILE



QUARTERLY COMMENTARY

This is a multi-managed fund of funds with active asset allocation and manager selection. Over the past quarter there were no manager changes to the fund, but the asset allocation in the specialist section has been altered as certain asset classes became stretched. As the S&P500 reached an all-time high during the quarter and SA investors benefitted in rand terms from dollar strength there was an opportunity to reduce both the offshore and domestic equity exposures. The proceeds were used to increase the domestic bond exposure as the yield on the 10-year government bond rose above 9%. The fund does however remain overweight offshore equities and neutral domestic equities, but increased from underweight to neutral domestic bonds. Domestic property has remained neutral with foreign bonds still effectively at zero. Over the three-year investment horizon, the fund has marginally outperformed the CPI +2% benchmark. The fund is in the first quartile of performers in the category over the investment horizon.

The PPS Conservative Fund of Funds aims to outperform inflation by 2% per year over periods longer than 36 months. 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 - Low Equity
Launch date	14 May 2007
Fee class launch date	02 January 2013
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	CPI for all urban areas + 2%
Income distribution	Half-yearly
Investment horizon	Medium-term - three years and longer
Portfolio size	R 2 076 694 469
Market value (NAV price per unit)	152.97 cents
Number of units held	842 449 270 (participatory interests)
Asset management fee (excl. VAT)	0.60%
Trustee	Standard Chartered Bank

ASSET ALLOCATION

Asset	Allocation
SA cash	37.6%
SA bonds	22.3%
SA equity	15.9%
Foreign equity	15.3%
SA property	5.3%
Foreign property	1.5%
Foreign bonds	0.9%
Foreign cash	0.9%
SA commodities	0.2%

ASSET MANAGERS

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

	Asset Manager	Allocation	Portfolio Manager
	Prescient Investment Management	21%	Guy Toms
	Taquanta Asset Managers	15%	Stephen Rogers, Faith Muramba
	Prudential Investment Managers	13%	Michael Moyle, Chris Wood and Roshen Harry
	ABAX Investments	13%	Rashaad Tayob and Omri Thomas
	Investec Asset Managers	11%	Chris Freund, Sumesh Chetty and Clyde Rossouw
	Nedgroup Investments	6%	Veritas Global Equity
	Old Mutual Customised Solutions	5%	Shariefa Parker
	Catalyst Fund Managers	5%	Zayd Sulaiman, Andre Stadler and Jamie Boyes
	Coronation Fund Managers	4%	Louis Stassen, Pallavi Ambekar and Neville Chester
	Tantalum Capital	3%	Rob Oellermann & Melanie Stockigt
	Lansdowne Partners	1%	Peter Davies and Jonathon Regis
	PPS Multi-Managers	1%	Cash
	Perpetua Investment Managers	1%	Delphine Govender, Lonwabo Maqubela and Patrick Ntshalintshali

PERFORMANCE SUMMARY

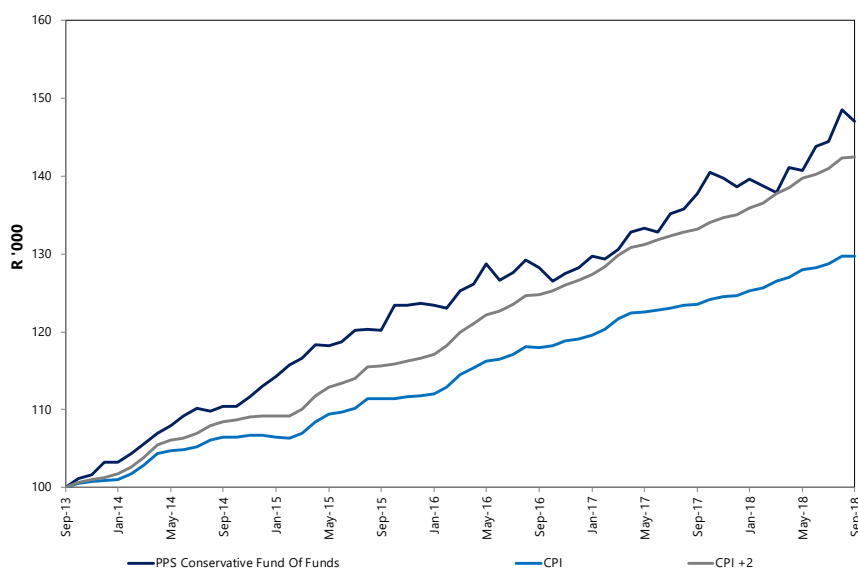
Three years	Five years	Ten years	Since inception
6.97%	8.02%	8.94%	8.38%

Please note that, performance over periods greater than one year is annualised. The performance quoted for the period prior to the launch of the A2 fee class is based on older classes, adjusted for fee differences.

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ILLUSTRATIVE PERFORMANCE

This graph reflects illustrative growth of a R100 000 lump sum over five years, taking all initial and ongoing investment fees into account. It assumes income is reinvested on the reinvestment date. The investment performance is for illustrative purposes only.



ANNUALISED PERFORMANCE

	YTD	1 year	3 years	5 years	10 years	Since inception
PPS Conservative Fund of Funds	6.07%	6.78%	6.97%	8.02%	8.94%	8.38%
Inflation	4.03%	4.94%	5.20%	5.33%	5.15%	6.03%
Inflation + 2%	5.51%	6.94%	7.20%	7.34%	7.15%	8.05%

	2017	2016	2015	2014	2013	2012
PPS Conservative Fund of Funds	8.12%	3.73%	9.31%	9.46%	14.10%	10.42%
Inflation	4.62%	6.64%	4.71%	5.81%	5.38%	5.54%
Inflation + 2%	6.62%	8.64%	6.71%	7.81%	7.38%	7.54%

The performance quoted for the period prior to the launch of the A2 fee class is based on older classes, adjusted for fee differences. Please note that performance over periods greater than one year is annualised.

RISK METRICS

	PPS Conservative Fund of Funds	Inflation	Benchmark
Annualised standard deviation	3.42%	1.33%	1.31%
Maximum drawdown	-2.12%	-0.34%	-0.05%
Positive months	70.00%	86.67%	98.33%

Actual annual figure	PPS Conservative Fund of Funds	Period
Highest	14.10%	2013
Lowest	0.82%	2008

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
30-Jun-18	5.13
31-Dec-17	1.94

FEES (INCLUSIVE OF VAT)

Fees	Percentage
Total expense ratio (TER)	1.18
Transaction costs (TC)	0.06
Total investment charge (TER + TC)	1.24

- A schedule of fees, charges and maximum commissions is available on request.
- PPS fund of funds invest in unit trusts that charge their own asset management fees, therefore the cost of the underlying managers will be reflected in the TER of the fund.

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.

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Telephone: 0860 468 777 (0860 INV PPS)

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

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Sandton, 2196

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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. 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 3pm on business days, except the last business day of the month, when it will be 5pm. 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).

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