



# PPS ENHANCED YIELD FUND

## FUND DATA AS AT 30 SEPTEMBER 2018

### OUR APPROACH

The portfolio typically invests in interest-earning securities, such as bonds and fixed deposits. It may invest in listed or unlisted financial instruments. Ratios may vary to optimise prevailing market conditions. It may also hold units in collective investment schemes or other similar schemes.

### RISK PROFILE



### QUARTERLY COMMENTARY

This is a stand-alone or building block cash-plus type fund that currently has one underlying manager, namely Taquanta. Taquanta specialises in cash-type investing applying a cautious corporate investing approach, with a strong yield focus. The fund has delivered a competitive return against its benchmark, peers and inflation over all reporting periods. Corporate paper has been limited to top rated institutions with no new additions of SOE debt, and no intention to roll any existing debt. With the view that interest rate risk is on the upside both domestically and globally the fund has maintained a high exposure to short-term floating rate notes, resulting in a low modified duration and a low capital sensitivity to interest rate hikes.

The PPS Enhanced Yield Fund aims to provide investors with income in excess of its benchmark, while providing capital protection and maintaining a high degree of liquidity. 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 - Interest Bearing - Short Term
Launch date	14 May 2007
Fee class launch date	02 January 2013
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	Alexander Forbes 3-month (STeFI) Index
Income distribution	Monthly
Investment horizon	Short-term - twelve months and longer
Portfolio size	R 2 429 211 132
Market value (NAV price per unit)	101.73 cents
Number of units held	270 303 406 (participatory interests)
Asset management fee (excl. VAT)	0.25%
Trustee	Standard Chartered Bank

### ASSET ALLOCATION

Maturity view	Allocation	Asset	Allocation
< 1 Year	21.5%	SA cash	100.0%
1 - 3 years	43.2%		
3 - 7 years	35.3%		

### ASSET MANAGER

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

	Asset Manager	Allocation	Portfolio Manager
	Taquanta Asset Managers	100%	Stephen Rogers, Faith Muramba

### PORTFOLIO DETAIL

#### Top 5 issuers

FirstRand Bank Ltd.	22.7%
Standard Bank Of South Africa Ltd.	21.5%
Absa Bank Ltd.	19.8%
Nedbank Ltd.	16.8%
Investec Bank Ltd.	8.9%
<b>As a % of total</b>	<b>89.6%</b>

#### Top 5 holdings

Nedbank 3M JIBAR +145BPS 20190510	4.8%
Absa 3M JIBAR +150BPS 20220117	4.5%
Standard Bank 3M JIBAR +152.5BPS 20220718	4.2%
FirstRand 3M JIBAR +152.5BPS 20220517	4.2%
Nedbank 3M JIBAR +147.5 BPS 20210107	3.4%
<b>As a % of total</b>	<b>21.0%</b>

### PERFORMANCE SUMMARY

Three years	Five year	Ten years	Since inception
8.50%	7.52%	7.26%	7.65%

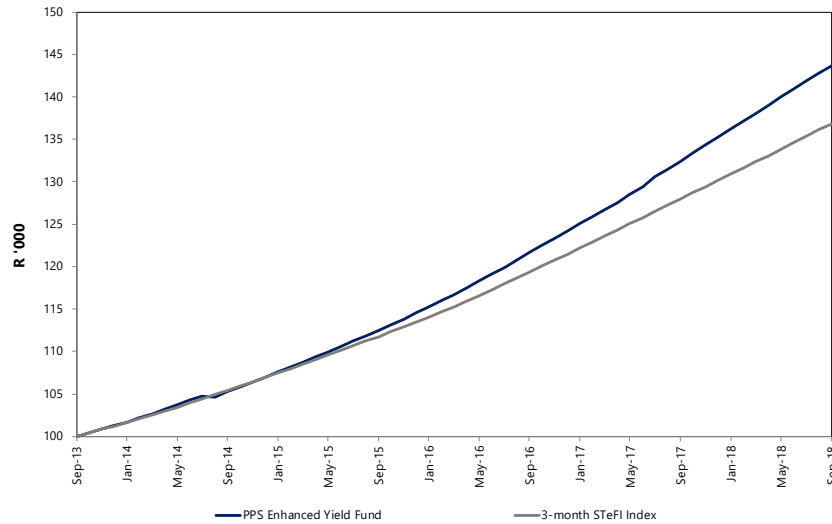
Please note that, performance over periods greater than one year is annualised. The performance quoted for the period prior to the launch of the A2 fee class is based on older classes, adjusted for fee differences.



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## ILLUSTRATIVE PERFORMANCE

The 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 Enhanced Yield Fund	6.29%	8.53%	8.50%	7.52%	7.26%	7.65%
3-month STeFI Index	5.14%	6.93%	6.98%	6.47%	6.51%	7.07%

	2017	2016	2015	2014	2013	2012
PPS Enhanced Yield Fund	8.87%	8.35%	7.14%	5.54%	5.24%	5.89%
3-month STeFI Index	7.15%	7.05%	6.08%	5.65%	5.03%	5.34%

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 Enhanced Yield Fund	3-month STeFI Index
Annualised standard deviation	0.48%	0.20%
Maximum drawdown	-0.12%	0.00%
Positive months	98.33%	100.00%

Actual annual figure	PPS Enhanced Yield Fund	Period
Highest	12.33%	2008
Lowest	5.24%	2013

## DISTRIBUTION DATES AND VALUES (LAST 12 MONTHS)

Date	Cents per unit
30-Sep-18	0.63
31-Aug-18	0.69
31-Jul-18	0.71
30-Jun-18	0.65
31-May-18	0.69
30-Apr-18	0.73
31-Mar-18	0.66
30-Feb-18	0.65
31-Jan-18	0.75
31-Dec-17	0.65
30-Nov-17	0.68
31-Oct-17	0.73

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
- Inflation risk
- Third party operational risk

## FEES (INCLUSIVE OF VAT)

Fees	Percentage
Total expense ratio (TER)	0.28
Transaction costs (TC)	0.00
<b>Total investment charge (TER + TC)</b>	<b>0.28</b>

Note: A schedule of fees, charges and maximum commissions are available on request.

## 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](mailto:clientservices@ppsinvestments.co.za).**

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**Telephone:** 0860 468 777 (0860 INV PPS)

**Email:** [clientservices@ppsinvestments.co.za](mailto:clientservices@ppsinvestments.co.za)

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

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Sandton, 2196

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**Email:** [SouthAfrica.Securities-Services@sc.com](mailto: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 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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