

PPS BALANCED FUND OF FUNDS

Fund data as at 30 June 2019



INVESTMENTS

FUND DESCRIPTION

This fund will have moderately high equity exposure, not exceeding 75% and property not exceeding 25%. This fund may invest in equity securities, interest-bearing securities, listed and unlisted financial instruments and liquid assets. It solely holds units in local or foreign collective investment schemes or other similar schemes. Ratios may vary.

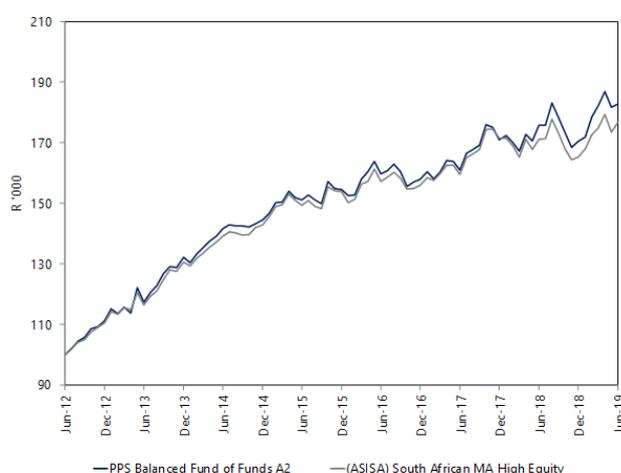
The PPS Balanced Fund of Funds aims to outperform its peer group over time. This fund is managed according to Regulation 28 of the Pension Funds Act and therefore is a suitable standalone vehicle for retirement savings.

FUND OVERVIEW

Range	Select (A2 class)
Portfolio category	South African - Multi Asset (MA) - High Equity
Launch date	27 July 2011
Fee class launch date	02 January 2013
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	South African Multi-Asset High Equity
Income distribution	Half-yearly
Investment horizon	Long-term - five years and longer
Portfolio size	R 2 058 942 512
Market value (NAV price per unit)	170.77 cents
Number of units held	799 172 258 (participatory interests)
Asset management fee (excl. VAT)	0.60%
Trustee	Standard Chartered Bank
Risk profile	Med - High

ILLUSTRATIVE PERFORMANCE

Estimated growth of R100 000 invested with all distributions reinvested (for illustrative purposes only).



*Performance prior to January 2013 is based on an older fee class performance prior to the launch of the A2 class and is adjusted for any fee differences

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
Naspers	7.1%
RSA R209 6.25% 20360331	3.1%
Standard Bank	2.6%
British American Tobacco	2.6%
Sasol	2.4%
Anglo American	2.0%
Absa Group Ltd	1.6%
FirstRand	1.4%
MTN	1.4%
Impala 6.375% 20220607	1.3%
As a % of total	25.5%

ASSET ALLOCATION

Asset	Allocation
SA equity	44.0%
Foreign equity	16.4%
SA bonds	11.8%
SA cash	15.3%
Foreign cash	6.3%
Foreign property	3.2%
SA property	2.4%
Foreign bonds	0.3%
SA commodity	0.2%

ANNUALISED PERFORMANCE

	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
PPS Balanced Fund of Funds	7.31%	3.96%	4.60%	5.25%	n/a	8.96%
(ASISA) South African MA High Equity	6.90%	3.24%	3.96%	4.89%	9.44%	8.86%

	2018	2017	2016	2015	2014	2013
PPS Balanced Fund of Funds	-0.35%	8.21%	2.22%	6.93%	9.39%	18.83%
(ASISA) South African MA High Equity	-3.60%	9.97%	1.31%	7.66%	9.50%	18.03%

RISK METRICS

Metric	Fund	Benchmark
Annualised Standard Deviation	6.8%	6.6%
Maximum Drawdown	-8.0%	-7.5%
Percentage of Positive months	56.7%	61.7%
Information Ratio	0.19	n/a
Sharpe Ratio	-0.22	n/a

RETURNS SINCE INCEPTION (12-month rolling performance)

Annual figures	Fund	Period
Highest	22.8%	31-May-13
Lowest	-3.8%	30-Nov-18

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ASSET MANAGERS

Manager	Percentage
Prudential Investment Managers	25.3%
ABAX Investments	23.5%
Tantalum Capital	13.0%
36ONE Asset Management	11.8%
PPS Multi-Managers	6.2%
Coronation Fund Managers	4.8%
Lansdowne Partners	3.3%
Egerton Capital	3.0%
Veritas Asset Management	2.7%
Catalyst Fund Managers	2.6%

FEES (INCLUSIVE OF VAT)

Fees	1 Year	3 Years
Total expense ratio (TER)	1.38%	1.34%
Transaction costs (TC)	0.22%	0.18%
Total investment charge (TER+TC)	1.60%	1.52%

DISTRIBUTIONS

Date	Cents per unit
31-Jun-18	-
30-Jun-19	4.37

FUND COMMENTARY

This FoF targets outperformance of the ASISA High Equity peer-group over rolling five years. Diversification is achieved on a manager level across both South African and foreign markets. The FoF has no explicit house-view allocation given its peer-benchmark, and maintains a foreign allocation of at least 25%.

Over the five-year investment horizon of the FoF, SA equities (up 4.3% p.a.) have materially underperformed foreign equities (up 12.3% p.a.) and our expectation for this asset class, while SA nominal bonds (up 8.6% p.a.) and SA cash (up 6.7% p.a.) have both delivered returns that comfortably exceeded CPI (averaging 5.0% p.a.). The poor performance of SA equities has resulted in most funds in this sector not meaningfully outperforming inflation over this period.

Year-to-date, foreign equities (up 13.9%) have substantially outperformed SA equities (up 6.9%), while SA nominal bonds (up 7.7%) have outperformed both SA cash (up 3.4%) and SA inflation-linked bonds (up 3.3%). Within SA equities, SA resources (up 19.2%) have been the top-performing sector. The relative outperformance of SA resources has been driven by spot commodity prices remaining higher than expected (despite global economic growth continuing to decelerate).

The look-through equity allocation of the FoF at 60.4% at quarter end reflects a relatively conservative aggregate positioning of the underlying managers that make up the fund. While we made no manager changes over the quarter, we are increasing our allocation to 36One who has allowance to invest in both SA and foreign markets, and is notably underweight equities currently. In contrast, Abax, Prudential and Tantalum all have domestic-only multi-asset mandates, and a relatively higher allocation to equities.

The remainder of the foreign allocation is made up of the underlying managers in the PPS Global Balanced FoF. This allocation has been a strong contributor to performance over the past three years (i.e. since we invested) and year-to-date, although it detracted somewhat over the quarter. Here we invest in our best foreign investment view that we anticipate will outperform the foreign allocation of SA managers over time, given the wider investment universe of foreign managers we have access to.

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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.

Total Expense Ratio (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. **Transaction Costs (TC)** is a measure of the total costs incurred in buying and selling assets underlying the CIS 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. 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. 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. **Total Investment Charges (TIC)** is a measure of total cost relating to the investment. The TER and TC disclosed are estimates based on our best estimate of the underlying costs. A schedule of fees, charges and maximum commissions are available on request.

Performance figures are from PPS Multi-Managers and Morningstar. 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.

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.

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

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.

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