

IP Diversified Income Fund of Funds

(A & B2 Class) Minimum Disclosure Document

February 2022



Fund Objectives, Investment Process & Policy

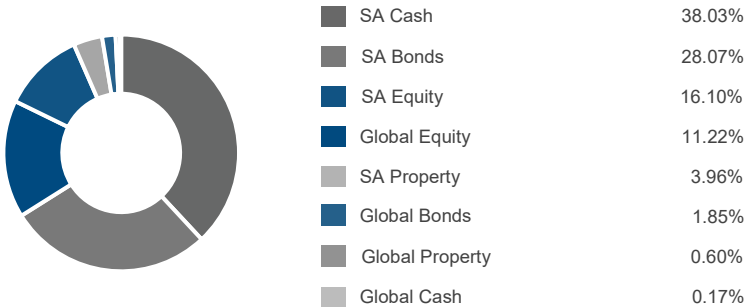
The IP Diversified Income Fund of Funds is an income generating South Africa based Fund of Funds. The investment objective of the Fund is to achieve a high level of sustainable income and stability of capital invested. It will invest in a broad range of participatory interests and other forms of participation in collective investment schemes (CISs) or similar schemes. The Fund aims to provide investors with a high level of income and low risk capital growth to outperform CPI + 2% p.a. over a rolling 2-year period. The Fund is diversified between asset classes with a high allocation to assets that generate income. It is managed according to the Prudential Regulation 28 guidelines of the Pension Fund Act. This Fund is suitable for conservative investors with the priority to safeguard assets in a tax efficient manner, whilst satisfying a need for income. The Fund has a predetermined risk budget per asset class to allow the manager to vary exposure between asset classes, whilst respecting the Fund's strategic asset allocation benchmarks. The managers consider tactical asset allocations between asset classes and sectors after a team process has determined a risk score by considering the global and local leading economic indicators, asset class valuations, fundamental research, independent liquidity analysis and technical analysis.

Investor Profile

Low Risk Low to Moderate Risk Moderate Risk Moderate to High Risk High Risk



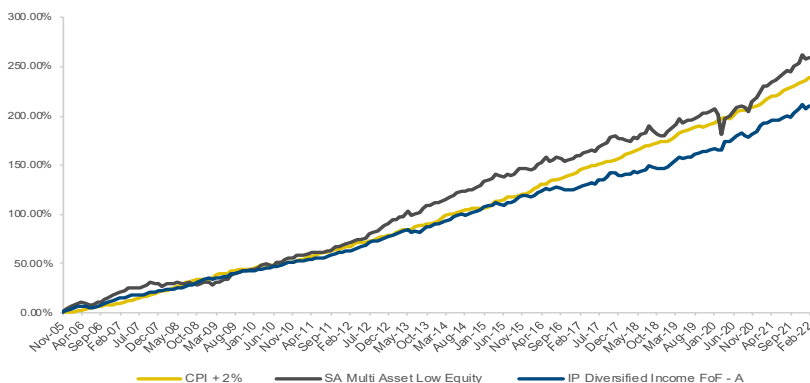
Asset Allocation



Top Portfolio Holdings

Top Portfolio Holdings	Top Securities
MitonOptimal IP Interest Plus Fund 38.07%	South Africa, Republic Of (Government) 13.35%
IP Active Beta Fund A 32.28%	Standard Bank Of South Africa Ltd 13.32%
MitonOptimal International Managed Flexible Fund 6.94%	Nedbank Ltd 9.38%
Visio BCI Unconstrained Fixed Int C 5.56%	Absa Bank Ltd 6.44%
Marriott Core Income Fund 4.78%	RMB Holdings Ltd 5.78%
Northstar MET Income Fund (D) 3.58%	Firststrand Bank Ltd 2.85%
FNBINFBND 3.12%	Investec Bank Ltd 2.71%
Marriott Property Income Fund C 1.72%	UBS 1.18%
Standard Bank Current Account 1.52%	Redefine Properties Limited 1.08%
Excelsia Equity 27four Fund A4 1.31%	Pepkor Holdings Ltd 1.06%

Fund Performance



Source: IRESS

ASISA Member of the Association for Savings & Investment SA

Fund Information

Fund managers



Roeloff Horne
Director & Head of SA
Portfolio Management

Latest price

A 163.31 cents

B2 163.44 cents

Fund size¹

R 260 m

Number of units

A 9 140 501.29

B2 149 722 578.48

ASISA category

SA Multi Asset - Low Equity

Regulation 28 compliant

Yes

Benchmark

CPI + 2%

Inception

A 21 November 2005

B2 03 October 2011

Min lump sum investment

R10,000

Min monthly investment

A R1,000

Dates of income declarations

31 Mar / 30 Jun / 30 Sept / 31 Dec

Date of income payment

15th day of the following month or next business day if the 15th does not fall on a business day

Portfolio Fees

Max initial manager fee	0.00%
Max initial adviser fee	2.00% (excl. VAT)
Annual management fee	A 1.00% (excl. VAT) B2 0.75% (excl. VAT)

Total Expense Ratio (TER)², Transaction Costs (TC) and Total Investment Cost (TIC) (01 Jan 2019 to 31 Dec 2021)

	A	B2
TER*	1.96%	1.67%
TC	0.12%	0.12%
TIC (incl. VAT)	2.08%	1.79%

*Includes the annual management fee of 1.00% for class A and 0.75 for class B2 (excl. VAT).

Annualised³ Performance (A Class)

Highest % (31 July 2007)	12.38%
Lowest % (30 November 2018)	1.75%

Fund References

	A	B2
ISIN	ZAE000140919	ZAE000159166
Bloomberg	SENDIV:SJ	MITDIB2:SJ
JSE	SEDIF	SEDB2

Annualised Returns ³	YTD	1-Year	3-Year	5-Year	Since inception 21-11-2005
IP Diversified Income FoF	-0.61%	6.23%	7.16%	6.39%	7.22%
Sector	-0.66%	9.18%	7.60%	6.81%	8.20%
Benchmark	134%	7.97%	6.97%	7.95%	7.82%
Cumulative Returns	YTD	1-Year	3-Year	5-Year	Since inception 21-11-2005
IP Diversified Income FoF	-0.61%	6.23%	23.04%	36.27%	210.38%
Sector	-0.66%	9.18%	24.59%	38.98%	259.95%
Benchmark	134%	7.97%	22.41%	38.36%	239.68%

Fund returns shown are based on NAV-NAV unit pricings calculated from IRESS for a lump-sum investment with income distribution reinvested (after fees and cost).



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Quarterly Market Commentary (as at 31 December 2021)

The final quarter concluded a calendar year in which most investors in funds with longer-term investment horizons saw their savings increase by double-digit nominal returns, resulting in above-average real returns.

The US equity market continued to appreciate strongly, despite higher-than-average valuations, additional disruptions caused by the emergence of the Omicron variant and the highest US inflation rate in 40 years. Even with the disruptive effects of the pandemic making comparisons somewhat tricky, corporate results during the quarter impressed, as reported earnings for constituents of the MSCI All Countries World Index grew by more than 25% versus the corresponding period in 2020. With consensus analysts' estimates pricing the Index on a multiple of 18 times forward earnings at the year-end, global equity valuations remain towards the top end of the range that has prevailed over the past thirty years.

While not even the most enthusiastic of bulls could convince us that the market is cheap, implied price/ earnings to growth (PEG) ratio of less than one does go a long way to justifying the view that, by the same token, it is by no means unattractive. Importantly, away from the highest rated US market, which dominates and skews the Index's metrics by virtue of its 60+% weighting, valuations are far less demanding (albeit with commensurately lower growth estimates in some cases).

Despite the generous earnings growth results, we caution investors to moderate their return expectations for 2022. There is a risk that equities may have a worse relative year ahead given the elevated levels of exuberance evident in market prices. Higher inflation makes it more likely that central banks will continue to raise interest rates and tighten monetary conditions.

While US equities performed well in 2021, lifting the global indices upwards, emerging market equities disappointed. The most significant detractor from performance in this asset class was the souring of investor sentiment towards China in response to multiple regulatory interventions aimed at rebalancing the economy in favour of the broader society, coupled with the impact of increasing tension between the world's two major powers. The silver lining of the recent underperformance of offshore-listed Chinese companies is that the prospects of superior future returns from high-quality businesses with attractive growth prospects and undemanding valuations have increased.

Domestically, the economy slowed in recent months as the post-lockdown pent-up demand worked its way through the system and as employment levels continued to lag the economic recovery.

SA equities and property outclassed their emerging market peers by ending the year up 29% and 36% respectively. The ZAR has depreciated by 8.0% against the US\$ in 2021, making it the worst performing BRICS currency for the year. This was largely driven by foreign selling of SA assets, adding to the pressure on inflation with the rising cost of imported goods.

SA government bonds were the top-performing sovereign debt market in the world last year and continue to offer attractive yields, especially at the long end of the yield curve. While policy interest rates are likely to increase this year, short-term interest rates remain low, and we continue to caution that investors in income funds should expect more muted returns going forward. Global bonds declined in US dollar terms in 2021 and the asset class remains unattractive in our view.

Our portfolios remain well exposed to risk assets in SA and offshore markets and our absolute return mindset will ensure that we have sufficient 'insurance' in place to manage volatility in portfolios.

Actions the past quarter

During the quarter we removed the small IP Prudential Equity exposure in the fund and replaced this 2% exposure by adding to the SA Property Index Fund and the IP Foreign Flexible Feeder Fund to increase SA Property and International asset exposure in the fund.

Fund Distributions (cents per unit)

	A	B2
30 Sep 2020	1.04	1.15
31 Dec 2020	1.03	1.15
31 Mar 2021	0.41	0.52
30 Jun 2021	1.03	1.15
30 Sep 2021	0.59	0.70

FAIS Conflict of Interest Disclosure

With multi-asset portfolios the investment manager, MitonOptimal South Africa (Pty) Ltd employs an investment strategy where specific collective investment schemes across a range of asset classes are selected and grouped together. This enables the management of the units in those portfolios in a cost and tax efficient manner. The investment manager re-invests 100% of all rebates received from the underlying managers. No other FSP receives a distribution fee from the investment manager. If another intermediary FSP is used, it is their responsibility to disclose any additional fees to you as the investor. The following fees are paid out of the portfolio's service charge and range as follows (excl VAT): IP Management Company (RF) (Pty) Ltd: Up to 0.15% p.a.; MitonOptimal South Africa: between 0.55% and 0.60%; Lipp Fee: 0.25%; Total Service Fee: 1.00% p.a. Excluding VAT.

Foreign Disclosure

The portfolio may include foreign investments and the following additional risks may apply: liquidity constraints when selling foreign investments and risk of non-settlement of trades; macroeconomic and political risks associated with the country in which the investment is made; risk of loss on foreign exchange transactions and investment valuation due to fluctuating exchange rates; risk of foreign tax being applicable; potential limitations on availability of market information which could affect the valuation and liquidity of an investment. All of these risks could affect the valuation of an investment in the fund.

Contact Information

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Fund Management Company

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¹Fund size is of the A Class launched on 21/11/2005 and the B2 Class launched on 03/10/2011 combined. ²Please note: The Total Expense Ratio (TER) of the value of the financial product was incurred as expenses relating to the administration of the financial product. The Transaction Costs (TC) relate to the buying and selling of assets underlying the financial product. Total Investment Charge (TIC) is the value of the financial product incurred as costs relating to the investment of the financial product. 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 TERs. Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The EAC is a standard industry measure which has been introduced to allow you to compare the charges you incur and their impact on the investment returns over specific periods. Please visit <http://www.ipmc.co.za/> effective-annual-cost to access the EAC illustration. You can request an EAC calculation from clientservices@ipmc.co.za or call us on 021 673-1340. ³The average return on an investment each year over a given time period. Collective Investment Schemes are generally medium to long term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the manager. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Fund is invested in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the Fund of Funds. The Manager retains full legal responsibility for the Fund, regardless of Co-Naming arrangements. Each portfolio may be closed for new investments. Transaction cut-off time is 14:30 daily. Valuation time is 20h00 for Fund of Funds. Prices are published and calculated daily, they are available in newspapers countrywide, as well as on request from the Manager. IP Management Company (RF) Pty Ltd is the authorised Manager of the Scheme – contact 021 673 1340 or clientservices@ipmc.co.za. Standard Bank is the trustee / custodian – contact compliance-IP@standardbank.co.za. Additional information including application forms, the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from clientservices@ipmc.co.za. IP Management Company is a member of ASISA. MitonOptimal South Africa (Pty) Limited is the Fund Manager and is regulated by the Financial Sector Conduct Authority, FSP 28160. We advise that you consult a Qualified Independent Financial Advisor to ensure that the Fund is appropriate in terms of the investor's risk tolerance and appetite. Collective Investment Schemes prices are calculated on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. Graphs and performance figures are sourced from IRESS for lump sum investments including income distribution, at NAV to NAV basis and do not take any initial fees into account. Income is reinvested on the ex-dividend date. Performance shown is for the portfolio. Individual investor performance may differ due to initial fees, actual investment date, re-investment date and withholding taxes. MitonOptimal South Africa (Pty) Limited is authorised to act as a Fund Manager in terms of FAIS. Fund of Funds invest in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.