

# IP Prudential Fund of Funds

## (A & B2 Class) Minimum Disclosure Document

July 2021



### Fund Objectives, Investment Process & Policy

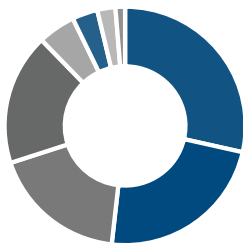
The IP Prudential Fund of Funds is a Fund of Funds. The objective of this Fund is to provide the investor a reasonable income with moderate capital growth, and will seek to follow an investment policy that reflects a spread of investments that are aiming at income and capital growth normally associated with the investment structure of a retirement Fund. 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 achieve total returns in excess of CPI +3% over rolling 3 year periods, providing investors with medium to long term capital growth from a diversified portfolio of equities, bonds, listed property and money market instruments, both locally and offshore. The Fund is managed according to the Prudential Regulation 28 guidelines of the Pension Fund Act. This Fund is suitable for cautious investors whom want to protect their assets, whilst achieving a real increase in the value of their investment. 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



SA Equity	28.54%
Global Equity	23.24%
SA Cash	18.20%
SA Bonds	17.83%
SA Property	5.05%
Global Bonds	3.42%
Global Cash	2.43%
Global Property	1.29%

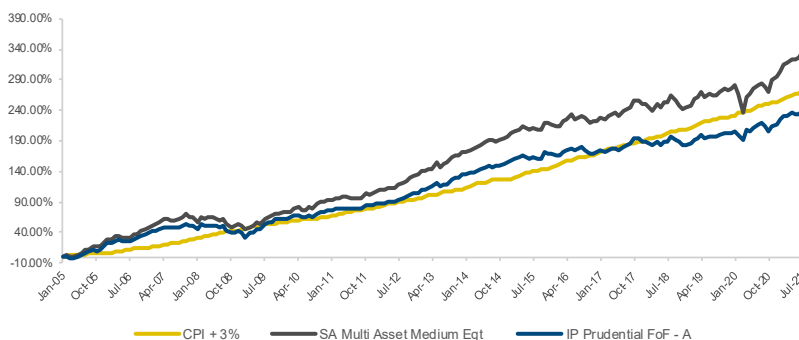
### Top Portfolio Holdings

IP Prudential Equity Fund Class B	22.57%
MitonOptimal IP Active Beta Fund Class A	19.48%
MitonOptimal International Managed Flexible Fund	19.14%
MitonOptimal IP Interest Plus Fund	11.05%
MitonOptimal IP High Conviction Equity Fund A	8.04%
Visio BCI Unconstrained Fixed Interest Fund	3.80%
Excelsia EQT 27four FD A4	2.53%
Ashburton Inflation ETF	2.27%
Satrix Property Index Fund A2	1.87%
Sasfin BCI Flexible Inc C	1.81%

### Top Securities

Anglo American PLC	2.07%
Naspers LTD-N SHS	1.49%
BHP Group PLC	1.42%
Growthpoint Properties LTD	1.38%
Sibanye Stillwater LTD	1.31%
Gold Fields LTD	1.13%
Compagnie Financiere Richemont SA	1.06%
MTN Group LTD	0.88%
Impala Platinum Holdings LTD	0.81%
Standard Bank Group LTD	0.80%

### 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 248.72 cents  
B2 249.63 cents

#### Fund size<sup>1</sup>

R 139 m

#### Number of units

A 6 710 500.73  
B2 48 965 821.32

#### ASISA category

SA Multi Asset - Medium Equity

#### Regulation 28 compliant

Yes

#### Benchmark

CPI + 3% p.a.

#### Inception

A 27 January 2005  
B2 03 October 2011

#### Min lump sum investment

A R10,000  
B2 R10,000

#### Min monthly investment

A R1,000

#### Dates of income declarations

31 Mar / 30 Sept

#### 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 adviser fee	0%
Max Initial advisor fee	2.00% (excl. VAT)
Annual management fee	A 1.50% (excl. VAT) B2 0.75% (excl. VAT)

### Total Expense Ratio (TER)<sup>2</sup>, Transaction Costs (TC) and Total Investment Cost (TIC) (01 Apr 2018 to 31 Mar 2021)

	A	B2
TER*	2.67%	1.81%
TC	0.17%	0.17%
TIC (incl. VAT)	2.84%	1.98%

\*Includes the annual management fee of 1.50% for A Class and 0.75% for B2 Class (VAT inclusive).

### Annualised<sup>2</sup> Performance (A Class)

Highest % (30 April 2006)	31.86%
Lowest % (28 February 2009)	-13.22%

### Fund References

	A	B2
ISIN	ZAE000140901	ZAE000159158
Bloomberg	SENPRUA: SJ	MITPRB2: SJ
JSE	SEPPF	SEPB2

Annualised Returns <sup>3</sup>	YTD	1-Year	3-Year	5-Year	Since inception 27-01-2005
<b>IP Prudential FoF (Class A)</b>	7.06%	7.31%	5.61%	4.19%	7.68%
Sector	9.44%	13.88%	7.11%	5.77%	9.29%
Benchmark	5.27%	7.65%	7.10%	7.25%	8.30%
Cumulative Returns	YTD	1-Year	3-Year	5-Year	Since inception 27-01-2005
<b>IP Prudential FoF (Class A)</b>	7.06%	7.31%	17.79%	22.77%	238.83%
Sector	9.44%	13.88%	22.88%	32.40%	333.40%
Benchmark	5.27%	7.65%	22.83%	41.91%	272.67%

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



**Quarterly Market Commentary** (as at 30 June 2021)

The SA Equity market disappointed over the past quarter after a promising start over the first 3 months of the year. The FTSE JSE ALSI Index returned -1.07% over the past quarter, while the SA Bond Index returned 7.17%. The FTSE JSE ALSI Index returned 13.2% for the 6 months to 30 June 2021, outperforming the S&P 500 return of 11.79% and providing the best start to a year since 2007. The Rand strengthened by 2.36% to the US Dollar over the period. The MSCI AC World Equity Index gained 9.60%, SA Bonds 5%, SA Cash 1.72% while SA Listed Property had the best asset class return of 19.30% over this period.

The US Federal Reserve surprised many market agents at its June policy meeting when it started "talking about talking about" monetary tapering, as Chairman Jerome Powell phrased it. The immediate aftermath of the meeting was a rotation out of risk assets and a surging USD. While the Fed's message continued to point to an environment of substantial monetary support to the US economy, there were some suggestions that it was turning slightly more cautious over inflationary pressures. It raised its inflation forecasts and acknowledged that inflationary pressures might be more persistent than previously thought. This was also accompanied by an increase in its GDP forecasts and, most notably, a change in its quarterly policy projections.

As things stand, there is reason to believe that both inflationary pressures and constraints to the labour market's recovery are transitory in nature. As such, the Fed will likely continue to monitor developments on these fronts and gradually prepare global markets for the eventual taper, which is broadly expected to begin at the end of next year.

SA went into lockdown level 4 on 28 June 2021 with various opinions on the timing and effect that it might have. According to Nedbank CIB, the new round of lockdown restrictions could take off about 10bps of growth from the 2021 predicted figures. SA economic activity has improved, but we will need to see how much longer restrictions and increasing Covid infections will limit continued economic growth. We remain optimistic that resources companies listed on the JSE will benefit from global supply/demand dynamics, with a move towards a greener global economy and infrastructure projects in the US and China – this despite an aggressive sell-off in most spot commodity prices post the Fed meeting in June.

SA risk assets still trade cheaper relative to their emerging and developed market peer group. Our equity market is valued 30% below its long-term average and trades at a large discount relative to our Emerging Market and Developed Market peer groups. Our SA Government bonds also remain attractive with real yields above 4%. We watch developments carefully and while we still favour SA and global equities above property, bonds, and cash, we expect a volatile environment for the rest of this year as the global inflationary trajectory, global monetary policy and Covid related restrictions will influence market behavior.

**Changes in the Fund over the past quarter**

We sold the Sharenet BCI Income Plus Fund and invested the proceeds as well as inflows into the fund increase risk in the portfolio. We added a SA Flexible Income manager, SA Property Index and Alpha Manager as well as an SA Equity Alpha Managers to this portfolio. The funds we added are:

- Satrix Property Index Fund
- Marriot Property Income Fund
- Sasfin Flexible Income Fund
- Excelsia Equity 27Four Fund

Source of all data: FE Analytics

**Fund Distributions (cents per unit)**

	A	B2
30 Sep 2020	2.48	3.48
31 Mar 2021	-	0.92

**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 enable 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 1.05% and 1.10%; Lisp Fee: 0.25%; Total Service Fee: 1.50% 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**

**Management Company**

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**Fund Management Company**

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<sup>1</sup>Fund size is of the A Class launched on 27/01/2005 and the B2 Class launched on 03/10/2011 combined. <sup>2</sup>Please 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 illustrator. You can request an EAC calculation from [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) or call us on 021 673-1340. <sup>3</sup>The 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](mailto:clientservices@ipmc.co.za). Standard Bank is the trustee / custodian – contact [compliance-IP@standardbank.co.za](mailto: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](mailto: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 calculate 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.