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 who 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: 23.31%
- SA Bonds: 22.65%
- SA Cash: 22.07%
- Global Equity: 21.10%
- Global Bonds: 7.13%
- Global Cash: 2.41%
- Global Property: 0.99%
- SA Property: 0.34%

Top Portfolio Holdings

MitonOptimal International Managed Flexible Fund 24.50%
MitonOptimal IP Interest Plus Fund 22.30%
IP Prudential Equity Fund Class B 17.94%
MitonOptimal IP High Conviction Equity Fund A 14.43%
MitonOptimal IP Active Beta Fund Class A 13.14%
Visio BCI Unconstrained Fixed Interest Fund 2.89%
Ashburton Inflation ETF 2.37%
Newfunds GOVI ETF 0.86%
Nedgroup Investments Money Market Fund Class 20 0.20%

Top Securities

- Naspers LTD-N SHS: 3.21%
- Prosus NV: 1.57%
- Sibanye Stillwater Ltd: 1.45%
- BHP Group plc: 1.43%
- Anglo American plc: 1.39%
- British American Tobacco PLC: 1.20%
- Gold Fields LTD: 1.18%
- Compagnie Financiere Richemont SA: 1.03%
- Impala Platinum Holdings LTD: 0.84%
- Apple INC: 0.77%

Fund Performance

- IP Prudential FoF - A
- CPI +3%

Fund Information

Fund managers

Roelf Both Director & Head of SA Portfolio Management

Latest price

A: 224.91 cents
B2: 225.12 cents

Fund size

A: 122 m
B2: 47 335 974.07

Number of units

A: 7 023 128.56
B2: 47 335 974.07

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 March / 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), Transaction Costs (TC) and Total Investment Cost (TIC) (01 July 2017 to 30 Jun 2020)

<table>
<thead>
<tr>
<th>Class</th>
<th>A</th>
<th>BZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>TER%</td>
<td>2.67%</td>
<td>1.81%</td>
</tr>
<tr>
<td>TC</td>
<td>0.13%</td>
<td>0.13%</td>
</tr>
<tr>
<td>TIC (incl. VAT)</td>
<td>2.80%</td>
<td>1.94%</td>
</tr>
</tbody>
</table>

Annualised Performance (A Class)

Highest % (30 April 2006) 31.86%

Lowest % (28 February 2009) -13.22%

Fund References

ISIN

A: ZAE0001149910
B2: ZAE000159158

Bloomberg

SENPRUASJ
MITPRB2SJ

JSE

SEPFF
SEPFB

Annualised Returns

<table>
<thead>
<tr>
<th>Class</th>
<th>YTD</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>12.8%</td>
<td>0.92%</td>
<td>12.2%</td>
<td>2.54%</td>
<td>7.37%</td>
</tr>
<tr>
<td>B2</td>
<td>5.20%</td>
<td>6.14%</td>
<td>7.74%</td>
<td>7.79%</td>
<td>8.74%</td>
</tr>
</tbody>
</table>

Cumulative Returns

<table>
<thead>
<tr>
<th>Class</th>
<th>YTD</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP Prudential FoF</td>
<td>12.8%</td>
<td>0.92%</td>
<td>3.77%</td>
<td>13.34%</td>
<td>206.39%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>5.20%</td>
<td>6.14%</td>
<td>22.97%</td>
<td>44.97%</td>
<td>274.04%</td>
</tr>
</tbody>
</table>

Fund returns shown are based on NAV-NAV unit prices calculated from IRESS or a lump-sum investment with income distribution reinvested (after fees and cost).
A global economic recovery is underway following the initial shock of the coronavirus pandemic, aided by very aggressive stimulus. However, the threat of further restrictions on activity continues to pose a risk to this recovery as we head into the final quarter of the year, with talk of a ‘second wave’ of the coronavirus pandemic gathering momentum.

Cheap liquidity conditions and accommodative policy are expected to remain a prominent feature of the global monetary environment for the next 6-9 months, or at least until there are meaningful signs of an improvement in the outlook for global growth. While the sheer magnitude of monetary stimulus has supported a recovery, the threat of further COVID-lockdowns and fear surrounding the pandemic remain risks – offsetting the benefits of the monetary injection. There are also upside risks with inflation stemming from the rapid expansion of money supply in the likes of the US. ‘Looser-for-longer’ monetary policy is expected to remain the stance of most global central banks heading into 2021 as policymakers attempt to engineer an economic recovery.


The selected sectors (in local and global markets) that will continue to benefit from the current COVID-19 infection scenario – IT/Health Care/Consumer Staples and Resources/Spot Commodities.

Taking a 12-month view, many factors support exposure to selected risk assets:

- Increasing global liquidity
- Low interest rates/developed market bond yields
- Economic recovery in US & China and when it is behind us, conclusion on US elections, a Brexit agreement as well as a stable COVID-19 scenario
- A potential change in SA political rhetoric; curbing corruption and implementation of economic stimulus

It remains important to actively manage risks and opportunities – especially the opportunity to invest in cheap, beaten down SA Incorporated sectors and global value stocks when economic fundamentals improve – in our funds and portfolios.

Portfolio actions over the quarter

- We increased exposure to the IP High Conviction Equity fund as the house view fund is overweight SA Resources which is our favorite SA Equity sector
- Reduced SA Bond exposure by reducing NEWFUNDS GOVI ETF after a recovery rally

Fund Distributions (cents per unit)

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Mar 2020</td>
<td>2.63</td>
<td>3.62</td>
</tr>
<tr>
<td>30 Sep 2020</td>
<td>2.48</td>
<td>3.48</td>
</tr>
</tbody>
</table>

With multi-asset portfolios the investment manager, MitonOptimal South Africa (Pty) Ltd employs an investment strategy where specific collectible 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.

FAIS Conflict of Interest 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.

Foreign Disclosure

1Fund size is of the A Class launched on 27/01/2005 and the B2 Class launched on 03/01/2011 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 calculator. 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 short 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 20:00 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 28169. 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.