

PRUDENTIAL HIGH YIELD BOND FUND

31 MAY 2019

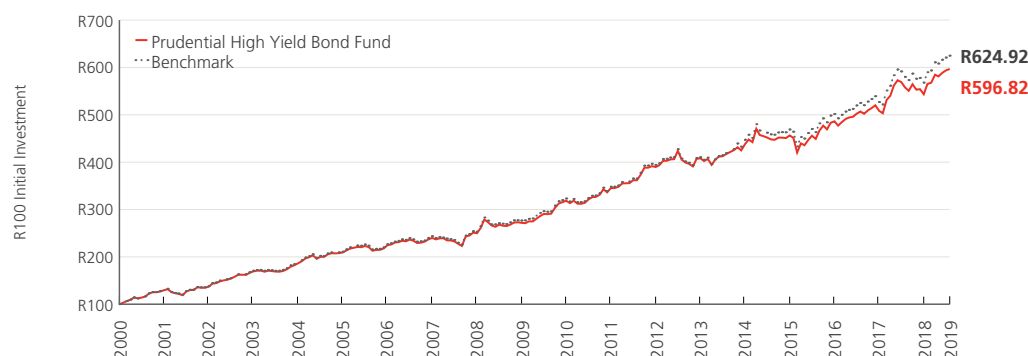
FACT SHEET/MINIMUM DISCLOSURE DOCUMENT



PRUDENTIAL
INVESTMENT MANAGERS

INCOME

SINCE INCEPTION CUMULATIVE PERFORMANCE, DISTRIBUTIONS REINVESTED (A CLASS)



ANNUALISED PERFORMANCE	A CLASS	BENCHMARK	B CLASS
1 year	7.0%	7.7%	7.2%
3 years	9.9%	10.5%	10.2%
5 years	7.4%	8.3%	7.8%
7 years	7.4%	8.0%	7.7%
10 years	8.4%	8.8%	8.8%
Since inception	10.1%	10.4%	9.2%

* Inception date B Class: 1 April 2003

RETURNS SINCE INCEPTION**	A CLASS	DATE
Highest annualised return	29.6%	31 Oct 2001
Lowest annualised return	-6.5%	31 Jan 2016

** 12-month rolling performance figure

RISK MEASURES	A CLASS	BENCHMARK
Monthly volatility (annualised)	7.2%	7.2%
Maximum drawdown over any period	-10.7%	-9.8%
% of positive rolling 12 months	94.8%	94.8%
Information ratio	-1.8	n/a
Sortino ratio	0.6	0.8
Sharpe ratio	0.4	0.5

TOP ISSUERS*	
1. Republic of South Africa	73.4%
2. Prudential Corporate Bond Fund	15.7%
3. Eskom Holdings Ltd	6.0%
4. South African National Roads Agency	0.8%
5. Nedbank Ltd	0.8%

*As at 31 March 2019 (updated quarterly)

INVESTMENT OPTIONS	A CLASS	B CLASS
Minimum lump sum investment	R10 000	R50 million
Minimum monthly debit order	R500 pm	n/a

INITIAL FEES (excl. VAT)	A CLASS	B CLASS
Prudential	0.00%	0.00%
Financial adviser (if applicable)	0.75% (max)	0.00%

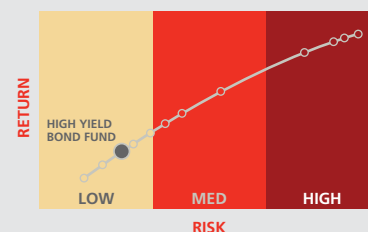
ANNUAL MANAGEMENT FEES (excl. VAT)	A CLASS	B CLASS
Prudential	0.75%	0.50%
Financial adviser service fee** (if applicable)	0.15%	0.00%

** Included in Prudential's annual management fee above

EXPENSES (incl. VAT)	A CLASS	B CLASS
Total Expense Ratio (TER)	0.89%	0.60%
Transaction Costs (TC)	0.02%	0.02%
Total Investment Charges (TIC)	0.91%	0.62%

Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include Bond, Money Market, and FX costs (where applicable).

RISK/RETURN PROFILE:



FUND OBJECTIVE:

To maximise income while securing steady capital growth. This is achieved by investing in a diversified portfolio of high-yield bonds in the South African market.

INVESTOR PROFILE:

Individuals that require a high level of income from their capital investment with relatively low risk. The recommended investment horizon is 1-3 years, or longer when used as strategic exposure to the asset class.

INVESTMENT MANDATE:

The Fund invests in a combination of government, semi-government and corporate bonds, and other interest-bearing securities. No duration constraints apply. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

FUND MANAGERS:

Gareth Bern and Roshen Harry

ASISA CATEGORY:

South African - Interest Bearing - Variable Term

BENCHMARK:

BEASSA Total Return All Bond Index

INCEPTION DATE:

27 October 2000

FUND SIZE:

R312 152 449

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INCOME

INCOME DISTRIBUTIONS	TOTAL DISTRIBUTIONS	12-MONTH YIELD
(A Class) 31 March 2019	2.59 cpu	8.37%
(A Class) 31 December 2018	2.75 cpu	8.37%
(A Class) 30 September 2018	2.62 cpu	8.44%
(A Class) 30 June 2018	2.70 cpu	8.27%
(B Class) 31 March 2019	2.68 cpu	8.65%
(B Class) 31 December 2018	2.84 cpu	8.66%
(B Class) 30 September 2018	2.71 cpu	8.73%
(B Class) 30 June 2018	2.79 cpu	8.55%

If the income earned in the form of dividends and interest exceeds the total expenses, the Fund will make a distribution. (cpu = cents per unit)

FUND COMMENTARY

The ANC won the country's national elections, with investors largely confident in Cyril Ramaphosa's commitment to curtailing corruption and pursuing difficult economic reforms. Following his pre-election pledge to reform the country's economy and attract foreign investors, Ramaphosa announced a smaller and well-balanced cabinet, a move that was well received by markets and helped the rand pull back from a five-month low.

The SARB kept its benchmark repo rate unchanged at 6.75%, however lowered its 2019 growth forecast from 1.3% to 1.0%. South Africa's inflation slowed to 4.4% (y/y) in April on the back of weak consumer spending, high unemployment and political uncertainty leading up to the national elections. On the back of these factors, the market is now expecting the SARB to cut interest rates as soon as its next meeting in July. In May, the BEASSA All Bond Index returned 0.6%, inflation-linked bonds (the Composite ILB Index) delivered -0.9%, and cash as measured by the STeFI Composite Index returned 0.6%.

The fund returned 7.0% over the past 12 months, compared to 7.7% delivered by the All Bond Index over the same period.

GLOSSARY

12-month yield	A measure of the Fund's income distributions as a percentage of the Fund's net asset value (NAV). This is calculated by summing the income distributions over a rolling 12-month period, then dividing by the sum of the NAV at the end of the period and any capital gains distributed over the same period.
Annualised performance	The average amount of money (total return) earned by an investment each year over a given time period. For periods longer than one year, total returns are expressed as compounded average returns on a yearly basis.
Cumulative performance graph	This illustrates how an initial investment of R100 or N\$100 (for example) placed into the Fund would change over time, taking ongoing fees into account, with all distributions reinvested.
Income distribution	The dividend income and/or interest income that is generated by the underlying Fund investments and that is periodically declared and distributed to investors in the Fund after all annual service fees.
Information ratio	Measures the Fund's active return (Fund return in excess of the benchmark) divided by the amount of risk that the manager takes relative to the benchmark. The higher the information ratio, the higher the active return of the Fund, given the amount of risk taken and the more consistent the manager. This is calculated over a 3-year period.
Maximum drawdown	The largest drop in the Fund's cumulative total return from peak to trough over any period.
Monthly volatility (annualised)	Also known as standard deviation. This measures the amount of variation or difference in the monthly returns on an investment. The larger the annualised monthly volatility, the more the monthly returns are likely to vary from the average monthly return (i.e. the more volatile the investment).
Percentage of positive rolling 12 months	The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.
Regulation 28	The South African retirement fund industry is governed by the Pension Funds Act, No 24 of 1956. Regulation 28 of the Pension Funds Act prescribes the maximum limits in asset classes that an approved retirement fund may invest in.
Sharpe ratio	The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. The higher the Sharpe ratio the better the Fund's historical risk-adjusted performance has been. This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the standard deviation of the Fund's returns. This is calculated over a 3-year period.
Sortino ratio	This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the downside deviation of the Fund's returns i.e. the "bad" volatility. A high Sortino ratio indicates a low risk of large losses occurring in the Fund. This is calculated over a 3-year period.
Total Expense Ratio (TER)	This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over a rolling three years (where applicable) and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.
Transaction Costs (TC)	The percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund 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 Fund, investment decisions of the investment manager and the TER.
Total Investment Charges (TIC)	The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER, TC & IC) should not be deducted from the fund returns.
Unit class	Prudential's funds are offered in different unit classes to allow different types of investors (individuals and institutions) to invest in the same fund. Different investment minimums and fees apply to different unit classes. A Class: for individuals and certain legal entities. B & D Class: retirement funds and other large institutional investors only. X Class: the special fee class that was made available to investors that were invested in the Dividend Income Feeder Fund. T Class: for investors in tax-free unit trusts. F Class: for Discretionary Fund Managers.

HOW TO INVEST

0860 105 775

prudential.co.za

query@myprudential.co.za

Application forms

Invest now

Application forms and all required documentation must be faxed to **+27 11 263 6143** or e-mailed to **instructions@myprudential.co.za**.

DISCLAIMER

Prudential Portfolio Managers Unit Trusts Ltd (Registration number: 1999/0524/06) is an approved CISA management company (#29). Assets are managed by Prudential Investment Managers (South Africa) (Pty) Ltd, which is an approved discretionary Financial Services Provider (#45199). The Trustee's/Custodian details are: Standard Bank of South Africa limited – Trustees Services & Investor Services. 20th Floor, Main Tower, Standard Bank Centre, Heerengracht, Cape Town.

Collective Investment Schemes (unit trusts) are generally medium-to long-term investments. Past performance is not necessarily a guide to future investment performance. Unit trust prices are calculated on a net asset value basis. This means the price is the total net market value of all assets of the unit trust fund divided by the total number of units of the fund. Any market movements – for example in share prices, bond prices, money market prices or currency fluctuations – relevant to the underlying assets of the fund may cause the value of the underlying assets to go up or down. As a result, the price of your units may go up or down. Unit trusts are traded at the ruling forward price of the day, meaning that transactions are processed during the day before you or the Manager know what the price at the end of the day will be. The price and therefore the number of units involved in the transaction are only known on the following day. The unit trust fund may borrow up to 10% of the fund value, and it may also lend any scrip (proof of ownership of an investment instrument) that it holds to earn additional income. A Prudential unit trust fund may consist of different fund classes that are subject to different fees and charges. Where applicable, the Manager will pay your financial adviser an agreed standard ongoing adviser fee, which is included in the overall costs of the fund. Collective Investment Schemes (CIS) summary with all fees and maximum initial and ongoing adviser fees is available on our website. One can also obtain additional information on Prudential products on the Prudential website. The Manager may, at its discretion, close your chosen unit trust fund to new investors and to additional investments by existing investors to make sure that it is managed in accordance with its mandate. It may also stop your existing debit order investment. The Manager makes no guarantees as to the capital invested in the fund or the returns of the fund. Excessive withdrawals from the fund may place the fund under liquidity pressure and, in certain circumstances, a process of ring fencing withdrawal instructions may be followed. The Fund is an interest bearing fund. A current annualised yield is used. This means the portion of the return of the Fund that is attributed to income generated over the last 12 months, assuming the investor reinvests all distributions and incurs no transaction fees or taxes. Fund prices are published daily on the Prudential website. These are also available upon request. The performance is calculated for the portfolio. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Purchase and repurchase requests must be received by the Manager by 13h30 (11h30 for the Money Market Fund) SA time each business day. All online purchase and repurchase transactions must be received by the Manager by 10h30 (for all Funds) SA time each business day.