PPS MANAGED FUND

As of 31 Dec 2024

INVESTMENTS

FUND DESCRIPTION

36ONE Asset Management has been appointed as the exclusive manager of the PPS Managed Fund. This fund seeks to achieve medium to long term capital growth by investing across asset classes, utilising 36ONE's fundamental bottom up approach, combined with a top-down macroeconomic overlay. In the PPS Managed Fund (as in our other partnership strategies) our approach is to partner with a manager that our comprehensive research process has identified as having the skill set and capability to successfully manage the strategy. Partnership managers typically do not yet offer a similar strategy in the retail space.

The PPS Managed Fund aims to outperform CPI+5%, and has an investment horizon of greater than six years. This fund is managed according to Regulation 28 of the Pension Funds Act and therefore is a suitable standalone vehicle for retirement savings.

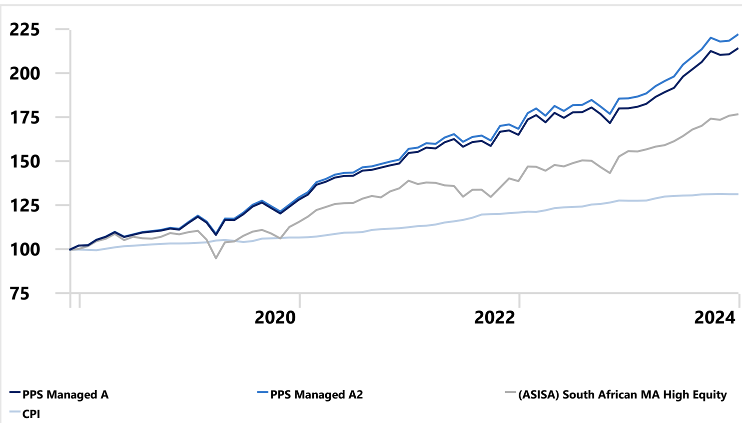
FUND OVERVIEW

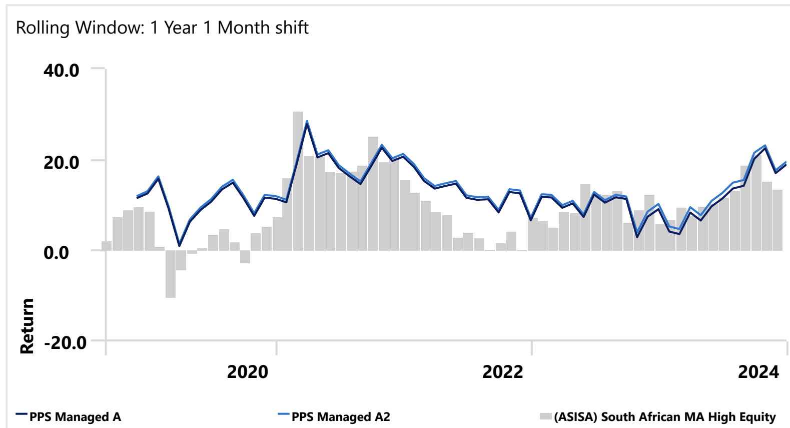
List of classes**	A & A2 class
Portfolio category	South African - Multi Asset - High Equity
Launch date	1 November 2018 (A & A2)
Investment manager	PPS Multi-Managers Proprietary Limited (authorised FSP)
Benchmark	CPI for all urban areas +5%
Income distribution	Half-yearly
Investment horizon	Long-term - six years and longer
Portfolio size	R5 719 515 127
Market value (NAV price per unit)	178.12 (A); 178.56 (A2)
Number of units held	1 177 (A); 1 028 467 282 (A2)
Manager fee (excl. VAT)	1.55% (A) ; 1.10% (A2)
Trustee	Standard Chartered Bank
Risk profile	Medium - High

**On PPS Investments platform, A2 class is availabe in Select range.

ILLUSTRATIVE PERFORMANCE

Estimated growth of R100 000 invested with all distributions reinvested (for illustrative purposes only).
Growth is represented in R '000





ANNUALISED PERFORMANCE

	3 months*	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Managed A	0.79%	18.96%	11.46%	13.24%	—	—	13 39%
PPS Managed A2	0.91%	19.59%	12.25%	13.96%	—	—	14 06%
CPI + 5%	1.23%	7.93%	10.28%	9.89%	9.74%	9.92%	9 63%
(ASISA) South African MA High Equity	1.46%	13.45%	8.33%	9.98%	7.86%	7.38%	9.86%

	YTD 2024*	2024	2023	2022	2021	2020	2019
PPS Managed A	18.96%	18.96%	9.12%	6.66%	20.69%	11.41%	12.58%
PPS Managed A2	19.59%	19.59%	10.27%	7.24%	21.31%	12.02%	13.08%
CPI + 5%	7.93%	7.93%	10.53%	12.41%	10.47%	8.18%	8.56%
(ASISA) South African MA High Equity	13.45%	13.45%	12.25%	-0.17%	20.32%	5.19%	9.52%

*Periods.less.than.one.year.are.not.annualised

ASSET MANAGERS

	%
36ONE Asset Management	100.0

RISK METRICS***

Metric	A	A2	Benchmark
Annualised Standard Deviation	8.3%	8.2%	1.4%
Maximum Drawdown	-8.9%	-8.8%	-0.3%
Percentage of Positive months	78.1%	78.1%	97.3%
Information Ratio	0.40	0.48	—
Sharpe Ratio	0.89	0.99	—

***Risk metrics calculated over a 3 year period

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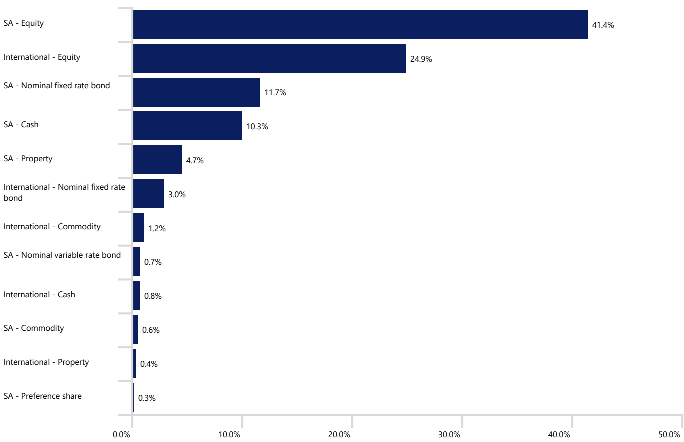
ASSET ALLOCATION



MATURITY ALLOCATION

Maturity	Allocation
< 1 year	8.9%
1 - 3 years	26.7%
3 - 7 years	0.0%
7 - 12 years	35.2%
12 and more years	29.2%

HIGHEST & LOWEST RETURNS SINCE INCEPTION

(12-month rolling performance)

Metric	A	A2
Highest	27.9%	28.6%
Highest Month End Date	31 Mar 2021	31 Mar 2021
Lowest	1.0%	1.5%
Lowest Month End Date	31 Mar 2020	31 Mar 2020

1 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.84	1.31
Transaction costs (TC)	0.38	0.38
Total investment charge (TER+TC)	**2.22**	**1.69**

PORTFOLIO DETAIL

Top 10 Holdings	Allocation
Absa Group Ltd	6.3%
R2035 8.875% 20350228	6.0%
R2048 8.75% 20490228	4.8%
Tencent Holdings Ltd	3.5%
Naspers Ltd	3.4%
ABSA 6.375% 20260527	3.0%
Remgro Ltd	3.0%
AngloGold Ashanti Ltd	2.8%
ING Groep NV 20270516	2.4%
Discovery Ltd	2.1%

3 YEAR FEES (%) (INCLUSIVE OF VAT)

Fees	A	A2
Total expense ratio (TER)	1.81	1.30
Transaction costs (TC)	0.44	0.44
Total investment charge (TER+TC)	**2.25**	**1.74**

DISTRIBUTIONS

Date	A	A2
31 Dec 2024	2.69	3.16
30 Jun 2024	3.14	3.57

MANAGER COMMENTARY

South African markets ended the year with more of a whimper than a bang, following an impressive Q3 rally. Bonds posted a modest gain of 0.4% (compared to +10.6% in Q3), while property declined by 0.8% (after gaining an exceptional +18.7% in Q3). The FTSE/JSE All Share Index fell 2.1% (+9.6% in Q3), translating to a 10.6% loss in US dollar terms (versus a gain of +16.1% in Q3). At a sector level, Industrials gained a slight 0.2%, while Financials and Resources declined by 1% and 9%, respectively. These declines were driven by the dual headwinds of a stronger US dollar and sluggish economic momentum in China, which weighed heavily on the Resources sector.

Despite this subdued finish, South Africa remains a focal point for optimism. The South African Reserve Bank (SARB) cut interest rates by 0.25% in November, marking a continuation of its dovish policy stance as inflation eased further. November CPI fell to 2.9% y/y (from 2.8% in October), remaining below the SARB's target range. The outlook for additional rate cuts in 2025 will largely depend on developments in the US. Domestically, Q3 GDP contracted by 0.3%, primarily due to declines in agricultural output. However, signs of recovery are emerging, supported by improving energy stability and the anticipated boost in consumer spending from the two-pot pension system withdrawals. November retail sales showed early signs of resilience, rising by 11% in nominal terms.

The rand depreciated by approximately 9.5% against the US dollar during the quarter, driven by the dollar's post-election rally. However, domestic conditions are gradually improving. The May election, which led to the formation of a government of national unity, continues to foster optimism for structural reforms in energy and transport. These critical interventions are expected to lay the groundwork for sustained growth in key sectors like mining and manufacturing. Furthermore, the country's progress on energy stability has already begun to alleviate constraints on business operations, bolstering prospects for an economic rebound in 2025.

Globally, markets experienced an eventful fourth quarter, dominated by political developments and diverging monetary policy decisions. In the US, a decisive presidential election victory for Donald Trump, along with Republican control of Congress, initially sparked a broad-based market rally fueled by expectations of deregulation, tax cuts, and fiscal stimulus. However, this rally was tempered in December when the Federal Reserve adopted a hawkish stance in its final policy meeting of the year.

The Fed cut the benchmark interest rate by 0.25% as expected but revised its 2025 rate-cut forecast downward to just 0.5%, compared to the previous projection of 1.0%. Inflation expectations were also revised upward, with November CPI increasing to 2.7% y/y (from 2.6% in October). This shift sent US 10-year bond yields climbing from 4.2% to 4.6% in December, while the S&P 500 erased earlier gains, closing the quarter up just 2.4%. In Europe, markets struggled under the weight of political uncertainty in Germany and France, coupled with sluggish economic growth. The European Central Bank (ECB) reduced rates by 0.25%, even as inflation ticked slightly higher to 2.2% y/y in November (from 2.0% in October). Meanwhile, the UK's FTSE 100 declined 6.8% as rising inflation and weaker-than-expected GDP growth dampened market sentiment. China faced a challenging quarter as well. The Hang Seng Index dropped 4.9%, reversing gains made earlier in the year. Economic data highlighted a slowing recovery, with weak retail sales, stable factory output, and continued declines in the property market undermining confidence. Existing stimulus measures have fallen short of countering these headwinds, and markets remain on edge amid ongoing uncertainty over US tariff policies.

The PPS Managed Fund displayed resilience in a challenging quarter, delivering a 0.9% return and closing the year with a robust gain of 19.8%. The fund benefited from favourable currency movements as the rand weakened against the US dollar. Among asset classes, local property and bonds were the largest contributors to performance. While local equities detracted overall, notable contributors included insurers Absa, Discovery, MAS and Tiger Brands. In contrast, Grindrod, Glencore and gold miners weighed on performance as declining commodity prices posed challenges for the sector. During the quarter, the fund increased its allocation to international property and insurers. Discovery performed strongly, driven by substantial share price appreciation. Earlier concerns about the National Health Insurance plan eased following the formation of the Government of National Unity, while the company's robust fundamentals continued to support its growth. Amid heightened global economic uncertainty and ongoing challenges in China, the fund reduced its exposure to technology stocks, particularly Naspers/Prosus. This strategic adjustment reflects a cautious approach to managing evolving market conditions while prioritising long-term growth opportunities aligned with the fund's objectives.

As we progress further into 2025, we remain optimistic about select sectors on the JSE, particularly those demonstrating strong value propositions and benefiting from improved business confidence. The establishment of a Government of National Unity has fostered a more constructive environment for private investment and reform, bolstering economic sentiment. However, we remain cautious on resource sectors, where declining commodity prices and global demand uncertainty continue to pose challenges.
Globally, we anticipate continued volatility in interest rates, driven by the interaction of evolving trade policies, the US fiscal outlook, and the Federal Reserve's cautious stance on monetary easing. The Trump administration's rhetoric and frequent policy reversals on critical economic issues, particularly regarding trade agreements and tariffs, add another layer of unpredictability. This persistent uncertainty will require heightened vigilance and adaptability in portfolio management.

The fund has adhered to its policy objective.

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.

Total Expense Ratio (TER) is a measure that can be used by investors and advisers to determine how much of a CIS's underlying assets are relinquished as payment for services rendered in the administration of the CIS. 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.

Transaction Costs (TC) is a measure that can be used by investors and advisors to determine the costs incurred in buying and selling assets underlying the CIS. TC's 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.

Total Investment Charges (TIC) is a measure of total cost relating to the investment. TIC is the sum of the total expense ratio (TER) and the transaction cost (TC).

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. The TER and TC disclosed are estimates based on our best estimate of the underlying costs.

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. Performance is based on NAV to NAV calculations and calculated on a rolling monthly basis. The past performance is relevant to the investment or the service offered by the manager.

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.

A schedule of fees, charges and maximum commissions are available on request. This fund does not charge performance fees.

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

Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge.

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.