

IP Prudential Equity Fund

(A Class) Minimum Disclosure Document

September 2019



Fund Objectives, Investment Process & Policy

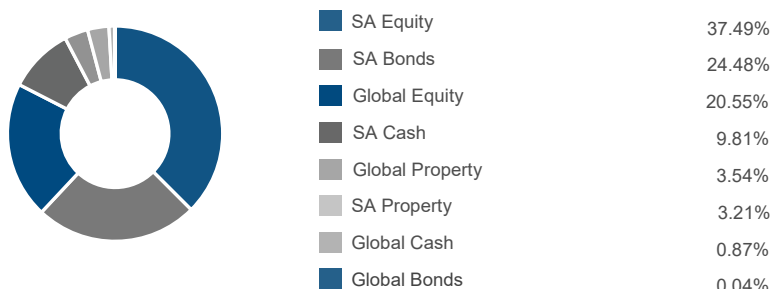
The IP Prudential Equity Fund is a multi-asset portfolio which aims to achieve long term capital growth, and will be a medium to high risk fund which can utilise the maximum equity exposure allowed under the prudential regulations. The asset allocation of the portfolio will be varied according to the manager's view on the macroeconomic outlook as well as the attractiveness of each asset class and may include equities, bonds, money market instruments, property and derivatives, in both local and foreign markets. The portfolio is managed to comply with the statutory investment limits set for funds in South Africa (regulation 28). This fund is suitable for the sophisticated investor who understands the risks of being exposed to Equity. The Fund will be managed using a top-down approach, taking into consideration macro-economic, fundamental, valuation and technical factors. These will serve as inputs to the managers' tactical asset allocation decisions. The managers will invest in a combination of passive ETF instruments or Index Tracking funds, and actively managed funds in core satellite approach. If direct securities are held, it will be managed on an index replication basis wherever possible. The Fund may also include participatory interests or any other form of participation in portfolios of Collective Investment Schemes or other similar schemes in the Republic of South Africa. At all times, the Fund will adhere to regulations governing retirement funds (Regulation 28) and any related capital control legislation as set by the South African Reserve Bank.

Investor Profile

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



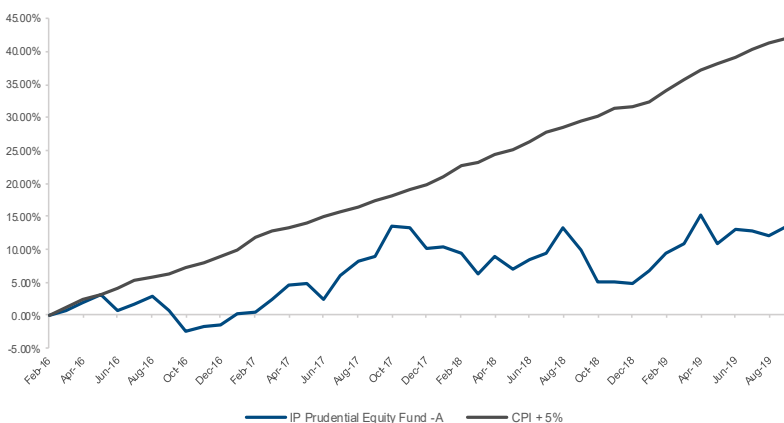
Asset Allocation



Top Portfolio Holdings

SIM Enhanced Yield	17.40%
Standard Bank Equity Note	14.27%
iShares MSCI ACWI ETF	8.40%
NewFunds GOVI ETF	7.31%
Sasfin BCI Flexible Income	5.80%
Matrix NCIS Equity	5.64%
Laurium Prescient Equity Fund	4.59%
New Gold Issuer LTD	4.16%
Naspers ILTD-N SHS	2.92%
Sanlam Managed Risk-I USD	2.23%

Fund Performance



Source: IRESS.

Fund Information

Fund manager



Roeloff Home
Director & Head of SA
Portfolio Management

Latest price

A 109.60 cents
B 109.84 cents

Fund size

R 171m

Number of units

A 105 722 844.30
B 50 143 037.13

ASISA category

SA Multi Asset - High Equity

Regulation 28 compliant

Yes

Benchmark

CPI + 5%

Inception

10 March 2016

Min lump sum investment

A R10,000

Min monthly investment

A R500

Dates of income declarations

31 Mar / 30 Sept

Date of income payment

2nd day of the following month or next business day if the 2nd does not fall on a business day

Portfolio Fees

Max initial manager fee	0.00%
Annual management fee	0.75% (excl. VAT)

Total Expense Ratio (TER)¹, Transaction Costs (TC) and Total Investment Cost (TIC) (01 Jul 2016 to 30 Jun 2019)

TER*	1.52%
TC	0.28%
TIC (incl. VAT)	1.80%

*Includes the annual management fee of 0.75% (VAT exclusive).

Annualised² Performance

Highest % (30 November 2017)	16.49%
Lowest % (30 November 2018)	-7.52%

Fund References

ISIN (A Class)	ZAE000215190
Bloomberg (A Class)	SENPRUA:SJ
JSE (A Class)	IPEFA

Annualised Returns ²	YTD	1-Year	3-Year	Since inception 10-03-2016
IP Prudential Equity Fund	8.45%	3.23%	4.12%	3.62%
Benchmark	7.91%	9.70%	10.14%	10.29%
Cumulative Returns	YTD	1-Year	3-Year	Since inception 10-03-2016
IP Prudential Equity Fund	8.45%	3.23%	12.89%	13.58%
Benchmark	7.91%	9.70%	33.61%	42.04%

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).

Quarterly Market Commentary (as at 30 September 2019)

The portfolio held up well through the volatility experienced over the past three months and returned +0.04% where SA Equity market (JSE ALSI) returned -4.75%. Our actions to reduce our SA Equity exposure during June and July and adding to SA Fixed Interest, Global Assets and Gold in most of our portfolios and funds assisted in preserving capital over the three months to end September 2019.

Markets experienced a volatile quarter, after central banks eased policy in response to slowing economic growth: both the Fed and ECB cut rates. The Fed also eased a liquidity shortage, while the ECB will restart asset purchases. Ongoing US-China trade tensions, an oil-price spike and more Brexit drama induced intra-month volatility. Local markets did not react to the SARB's expected decision to keep rates unchanged. A lot of patience is required to stay invested in capital markets when you realise that only one of the main catalysts we listed as an important market driver has been concluded positively since January 2019 when we had our annual team strategic planning session.

In no particular order, the drivers are:

- Actions to improve SA economic policy, addressing State-Owned Enterprises' (SOEs) financial conditions together with fiscal and economic stimulus to re-ignite SA GDP growth
- A deal between the US and China to end the trade war
- A definitive outcome to the UK and EU's Brexit negotiations
- Improving SA, emerging market and developed market corporate earnings.

The one catalyst that changed during 2019 is the end to of the FED's rate normalization cycle. This is one of the reasons why almost US\$16 trillion of developed market bonds are trading at negative yields! The fact that developed market bond yields are at historic lows, means that global investors have very little choice in terms of 'safe', high yielding instruments. This guarantees ongoing volatility as dividends of global stocks offer enhanced value relative to global bonds and possibly cause global investors to attempt to buy low and sell high in equity markets in order to generate absolute returns over time.

There are many more factors that can and will influence capital market behavior, but until the main catalysts mentioned are resolved, investors will require a well-diversified portfolio of assets to safeguard themselves against global and local equity market volatility. The good news is that a lot of the bad news is already in the price of SA risk assets and globally the slowdown in global economic activity is a 'known known' to economic policy leaders.

We therefore expect capital markets to grind higher, but with a guarantee of ongoing volatility.

Our preferred asset classes in the short term are Fixed Income in SA for yield and Global Equities for growth. Therefore, we remain underweight on SA Equities (relative to our long-term strategic plan per portfolio) and are severely overweight on SA Fixed Interest. We have some Gold bullion exposure to safeguard us if short term global policy errors derail capital markets. Longer term, local and global equities should win the battle between asset classes as the relative value of equities remain compelling relative to other asset classes, but while the global and local catalysts remain on the sidelines, a trading strategy managed by seasoned professionals is favored while owning local or global equities in a portfolio.

Actions during the past quarter

We reduced our SA Equity exposure, added to our Gold ETF position and bought a Silver ETN. We introduced the Sygnia Japan ETF and the iShares China A Shares ETF. Late in the quarter we took profit from our large overweight in Gold and started to buy back exposure to Laurium and Matrix Equity funds on weakness in SA stocks. The current forward dividend yield in the JSE ALSI is 5% p.a. when excluding IT. As we were at the bottom of our minimum allowed SA Equity exposure, we needed to use the opportunity to buy the SA Equity market at these cheap levels and move closer to a more neutral allocation.

Relative to our long-term strategic asset allocation plan, we remain underweight SA Equity and SA Property (despite buying back some exposure) and overweight on SA Fixed Interest/Money Market. We are overweight on Global Equities and Global Property, while we remain underweight on Global Bonds and Dollar Cash.

Fund Distributions (cents per unit)

	A
30 Sep 2018	0.89
31 Mar 2019	0.59
31 Sep 2019	1.36

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.

FAIS Conflict of Interest Disclosure

With multi-asset portfolios the investment manager, MitoOptimal 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 (Pty) Ltd: Up to 0.15% p.a.; MitoOptimal South Africa: between 0.25% and 0.30%; LISP: 0.25%. Total Service Fee: 0.75% p.a. Excluding VAT. Distributor: Signal Wealth (registered Financial Services Provider No. 45386) The distributor receives 0.25% from the management fee of the A class, 12 Green Point Mews, Main Road, Green Point, C: +27 83 259 1019 T: +27 31 941 2933

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¹Please 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. Transaction costs (TC) relate to the buying and selling of the 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 TER's. 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 or call us on 021 673-1340. ²The 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 Manager retains full legal responsibility for the fund, regardless of Co-Naming arrangements. Transaction cut off time is 14:30 daily. Each portfolio may be closed for new investments. Valuation time is 20h00. Prices are published daily and available 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 complianceIP@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. A statement of changes in the composition of the portfolio during the reporting period is available on request. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The fund is invested in a portfolio of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund.