

**Fund Objective**

The portfolio aims to provide investors with a higher level of income than a pure income fund, while minimising risk and ensuring capital stability. The investment manager will actively manage the investment opportunities to achieve the best rates of income from income generating instruments within the investment universe, to achieve the funds objective.

**Fund Universe**

To achieve this objective, the securities normally to be included in the portfolio will comprise a combination of global bonds, interest bearing securities, including loan stock, preference shares, equity securities, listed property securities, semi-gilts, debentures, debenture bonds and notes, money market instruments, and other non-equity securities, in line with the objective of the portfolio and assets in liquid form. Interest bearing instruments in a currency other than the Republic of South Africa, may only be included in this portfolio, if they comply with a credit rating of investment grade by the credit rating agencies approved by the Registrar, or if they comply with other regulations published by the Registrar, provided further that if the grading of an instrument differs between the rating agencies, the lower grading will apply.

**Manager Commentary**

The major global financial event in August was the Jackson Hole conference. There was general consensus among policymakers that the global economy cannot be cushioned against geopolitical shocks by using monetary policy. Instead, infrastructure investment and structural reform would remain the major catalysts for economic prosperity. Policymakers from the Fed to the ECB believe that a key risk to the global economy is the uncertain trade conditions being stoked by the US and China. The Fed has come under increasing criticism from President Trump to ease policy, while the ECB is grappling with a weak inflation outlook, fuelling calls for further Quantitative Easing. The BoE remains stuck in limbo as it forecasts higher policy rates over the medium term but has conceded that it may need to reduce interest rates if a 'no-deal' Brexit becomes a reality.

Global event risks remain the key drivers of risk sentiment, with the US-China trade negotiations being the key driver. Further uncertainty over Brexit negotiations, geopolitical tensions between the US and Iran, and global central banks' monetary policy responses are all likely to remain key risks to Emerging Market currencies. For SA, the MTBPS in October will remain a key policy event, while a Moody's sovereign credit rating review is scheduled for 1 November.

The ongoing trade war between the US and China continues to be flagged as a key downside risk to global growth, with the IMF revising its global growth forecast to a post-recession low of 3.2% for 2019. The World Bank is more bearish, with a global growth estimate of 2.6% for 2019 and a marginal pick-up to 2.7% in 2020 and 2.8% in 2021.

Locally, both the SACCI and BER Business Confidence Indices plummeted to multi-decade lows in the third quarter 2019, with executives extremely downbeat about prevailing business conditions. This does not pose well for future economic growth in South Africa. With confidence levels deteriorating further, tells us that investment growth will likely remain weak, or continue to contract in the foreseeable future. This is in stark contrast to Moody's latest outlook for SA, which believes growth will likely rebound strongly. SA real GDP grew stronger as expected at an annualised rate of 3.1% in 2Q19, following a contraction in the first quarter 2019. The ABSA PMI declined to 41.6 in Sep (lowest levels since 2000 excluding - early 2009) from 45.7 in August, given weak demand. New sales orders, purchasing inventories and business activity declined, and employment conditions remain weak.

On the positive side, inflation will likely remain subdued over the medium term, while further repo rate cuts could materialise. The SARB could reduce the repo rate by a further 25bps in November 2019 (or early 2020) should South Africa avert a Moody's downgrade and the Fed shows any further signs of dovishness. SA headline CPI accelerated from 4.0% in January to 4.5% in March and then settled around 4.3% in August. The FRAs are now pricing in a 25bp of rate-cuts in the next six months.

The SARB quarterly bulletin also suggests that government expenditure increased at 15.4% y/y (versus 10.2% y/y originally budgeted for in fiscal 2019/2020), outstripping SA government revenues which increased by a mere 6.8% y/y until Jun '19. Medium Term Budget Policy Speech (MTBPS) has become a critical rating downgrade event at both Fitch and Moody's. Without any sort of meaningful 'plan' to reduce expenditure or reignite growth, we believe there is a high likelihood that Moody's will change its outlook to "Negative". Any prospects of reducing expenditure at the MTBPS will likely appease credit rating agencies in the near term.

For the third quarter cash (STEFI +1.8%) outperformed SA Bonds (ALBI +0.8%) and equities (Capped SWIX -5.1%). In dollar terms the MSCI SA (-13.2%) continued to underperform MSCI Emerging Market index (-5.1%) due to a weak Rand performance (-6.9%). SA equities and SA Bonds saw outflows of \$5.7bn and \$2.4bn YTD respectively. Foreigners now hold 37% of SA's debt, down from 42% a year ago. The Fund has been structured defensively to mitigate downside risks.

**Fund Information**

Portfolio Manager:	Thyme Wealth (Pty) Ltd
Inception Date of Fund:	01-Mar-2018
Inception Date of Class:	01-Mar-2018
Benchmark:	3 Months JIBAR
Classification:	South African – Multi Asset – Income
Regulation 28 compliant:	Yes
Income distribution:	Quarterly
Date of income distributions:	31 Mar, 30 Jun, 30 Sept, 31 Dec
Date of income payment:	2nd day of the following month or the next business day if the 2nd does not fall on a business day
Min. lump sum investment:	R10,000
Min. monthly investment:	R1,000
Risk profile:	Conservative
JSE code:	TWIHA
ISIN Number:	ZAE000251898

**Portfolio Income in Cents Per Unit (cpu)**

Income Distribution	Dec 2018	Mar 2019	Jun 2019	Sep 2019
Class A	21.3701	20.3608	21.7349	21.5850

**Fund Net Asset Value (NAV) and Units in Issue**

Fund NAV	R 168 947 983
	<b>Class A</b>
Units in Issue	16 049 525
Class NAV	R 168 947 983
NAV Price as at Month End	1052.66

**Total Expense Ratio (TER) and Transaction Costs (TC):  
July 2016 — June 2019 ( 3 Yrs. Rolling %)**

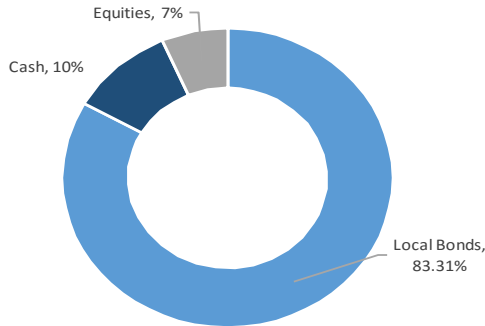
TER and TC Breakdown	Class A
Total Expense Ratio (TER)	0.84%
Transaction Costs (TC)	0.01%
Total Investment Charge (TIC)	0.94%

**Fee Structure**

	Class A
Annual Service fee (excl. VAT)	0.60%
Performance Fee	n/a

Initial Advice Fee and Ongoing Advisor Fee is negotiable between the Investor and Appointed Financial advisor. This is not part of the normal annual service fee charged by the fund.

**Asset Allocation as at 30 September 2019**



Data Source : INET/IRESS

**Top Holdings as at 30 September 2019**

- FIRSTRAND BANK LIMITED
- STANDARD BANK GROUP LTD
- ABSA GROUP LTD
- SOUTH AFRICA REPUBLIC OF (GOVT)
- ACCELERATE PROPERTY FUND LTD

**\*Performance—Net of Fees**

\* Returns History above one year are annualised

Cumulative (%)	1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	Since Inception
Fund	1.17%	2.96%	6.03%	9.45%	12.67%	n/a	n/a	n/a	16.84%
Benchmark	0.57%	1.73%	3.52%	5.34%	7.19%	n/a	n/a	n/a	10.97%

Annualised (%)	1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	Since Inception
Fund	n/a	n/a	n/a	n/a	12.67%	n/a	n/a	n/a	10.93%
Benchmark	n/a	n/a	n/a	n/a	7.19%	n/a	n/a	n/a	7.19%

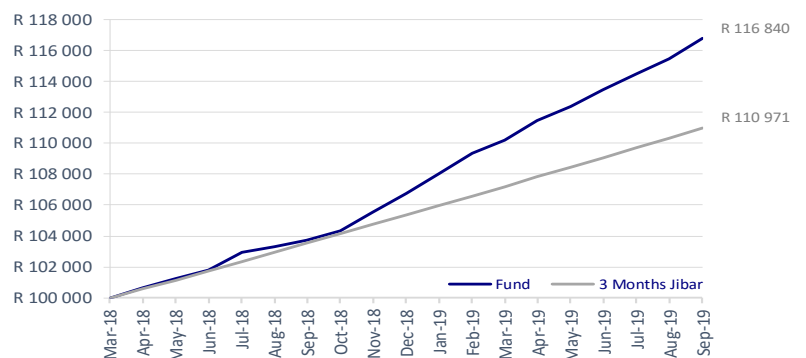
Monthly Performance	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2019	1.20%	1.23%	0.77%	1.17%	0.82%	0.97%	0.89%	0.87%	1.17%				9.45%
Benchmark	2019	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.57%	0.57%				5.34%
Fund	2018	n/a	n/a	n/a	0.64%	0.63%	0.50%	1.15%	0.32%	0.41%	0.60%	1.17%	1.14%	6.75%
Benchmark	2018	n/a	n/a	n/a	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	5.35%

**Risk Statistics**

Risk Metrics	Fund	Benchmark
Volatility *	1.01%	0.02%
Tracking Error *	1.01%	
Information Ratio	3.73	
Correlation	0.02	
Beta	1.31	
Sharpe Ratio *	3.34	
Highest Annual Return (Sep-2019)	12.67%	
Lowest Annual Return (Mar-2019)	10.19%	
Alpha *	3.55%	

\* Annualised

**Growth of a R 100 000 Invested since Inception**



Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Tracking error is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the index to which it is benchmarked.

Information ratio, is a measure of the risk-adjusted return of a portfolio. In this case, it measures the active return of the manager's portfolio divided by the amount of risk that the manager takes relative to the benchmark.

Sharpe Ratio is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of total risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Alpha is a measure of the active return on an investment. It represents the excess returns of a fund relative to the return of a suitable benchmark.

### Contact Information

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### Disclaimer and Disclosures

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 15:00 (17h00 at quarter end). 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](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. 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 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.

The total expense ratio (TER) 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 the financial product returns. It should not be considered in isolation as returns may be impacted by many other factors over time such as market returns, the type of financial product, the investment decisions of the investment manager and the TER.

Annualised returns is the weighted average compound growth rate over the performance period measured. Fund returns shown are based on NAV-NAV unit pricings calculated from INET / IRESS for a lump-sum returns is the weighted average compound growth rate over the performance period measured. Fund returns shown are based on NAV-NAV unit pricings calculated from INET / IRESS for a lump-sum investment with income distribution reinvested (after fees and cost). Performance numbers and graphs are sourced from Global Investment Reporting (Pty) Ltd.

#### The Effective Annual Cost (EAC)

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. You can contact [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) or call us on (021) 673-1340 for an Effective Annual Cost disclosure statement. Please visit <http://www.ipmc.co.za/effective-annual-cost> to address the EAC illustrator.