PSG Asset Management

Quarterly portfolio fund commentaries

June 2021

Contents

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P 500 12.4% (11.7% excluding dividends, in rand). Both indices have found themselves at or around all-time highs in recent weeks.

This 2021 performance is in contrast with the past five years, during which the US indices have materially outperformed the JSE, with the S&P 500 delivering a total return of 120% (in rand) compared to the JSE's 48% gain. The difference in performance is even more stark when you look at markets in more detail and exclude the impact of a narrow group of stocks on the JSE. The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020.

A notable feature more recently has been the outperformance of cheap stocks (value) since November of last year, following a painful 12 years of relative underperformance.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. South Africa offers an exaggerated version of the opportunities that abound in low confidence markets. Our clients own good domestic and global businesses that are very cheap in both relative and absolute terms. The outlook for profit growth is favourable, balance sheets are in good shape and cash returns to shareholders should be high (for most of our investee companies).

Portfolio performance and positioning

PSG is focused on harnessing the market conditions to identify and allocate capital to ideas that help clients achieve their long-run objectives. The current environment is favourable, hence the low levels of cash in our funds.

An addition to the portfolio during the second quarter was Royal Dutch Shell (Shell). It is a good example of underappreciated quality at an exceptional price (3M investing). Environmental, social and governance (ESG) oversight has weighed heavily on major oil companies ('oil majors') and they have come under a lot of pressure to accelerate energy transition and reduce fossil fuel extraction. As a result, the market is overlooking the quality and cash-flow generation capability of the assets within the company's broader portfolio. We expect the market to increasingly appreciate the role that oil majors can play in executing a sensible exit from fossil fuels. A more sensible rating (and very high shareholder cash returns) should underpin excellent long term returns from this investment.

Over the quarter the PSG Equity Fund returned 3.37% versus the benchmark return of 0.05%. The contributors over this period were industrials (3.42%), foreign equities (0.67%) and foreign properties (0.22%). Detractors over this period were resources (-0.15%), financials (-0.14%) and real estate (-0.08). The fund is suitable for investors with an investment term of 7 years and longer. Over the short-term returns can be volatile and for this reason it is important to measure fund returns over the relevant investment term. Over the 7-year time horizon, the fund returned 3.85% versus the benchmark return of 7.01%. Since inception the fund has produced an annual return of 14.73% versus the benchmark return of 13.13%.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic equity	74.3%	Domestic equity	73.3%
Domestic cash	0.1%	Domestic cash	0.0%
Domestic property	0.0%	Domestic property	2.3%
Foreign equity	23.0%	Foreign equity	22.4%
Foreign property	2.4%	Foreign property	2.0%
Foreign cash	0.2%	Foreign cash	0.0%

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	36 466 274
Price (net asset value per unit) as at 30 June 2021 (Class A):	R11.17
Number of units as at 30 June 2021 (Class E):	113 485 187
Price (net asset value per unit) as at 30 June 2021 (Class E):	R11.25

All data as per Bloomberg as at 30 June 2021

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure

The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustees

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P 500 delivered 12.4% (11.7% excluding dividends, in rand). Both indices have found themselves at or around all-time highs in recent weeks.

This 2021 performance is in contrast with the past five years, during which the US indices have materially outperformed the JSE, with the S&P 500 delivering a total return of 120% (in rand) compared to the JSE's 48% gain. The difference in performance is even more stark when you look at markets in more detail and exclude the impact of a narrow group of stocks on the JSE. The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020.

A notable feature more recently has been the outperformance of cheap stocks (value) since November of last year, following a painful 12 years of relative underperformance.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. South Africa offers an exaggerated version of the opportunities that abound in low confidence markets. Our clients own good domestic and global businesses that are very cheap in both relative and absolute terms. The outlook for profit growth is favourable, balance sheets are in good shape and cash returns to shareholders should be high (for most of our investee companies).

Portfolio performance and positioning

PSG is focused on harnessing the market conditions to identify and allocate capital to ideas that help clients achieve their long-run objectives. The current environment is favourable, hence the low levels of cash in our funds.

An addition to the portfolio during the second quarter was Royal Dutch Shell (Shell). It is a good example of underappreciated quality at an exceptional price (3M investing). Environmental, social and governance (ESG) oversight has weighed heavily on major oil companies ('oil majors') and they have come under a lot of pressure to accelerate energy transition and reduce fossil fuel extraction. As a result, the market is overlooking the quality and cash-flow generation capability of the assets within the company's broader portfolio. We expect the market to increasingly appreciate the role that oil majors can play in executing a sensible exit from fossil fuels. A more sensible rating (and very high shareholder cash returns) should underpin excellent long term returns from this investment.

Over the quarter the PSG Flexible Fund returned 3.20% versus the benchmark return of 2.84%. The contributors over this period were industrials (3.34%), foreign equities (0.88%) and foreign properties (0.28%). The fund is suitable for investors with an investment term of 5 years and longer. Over the short-term returns can be volatile and for this reason it is important to measure fund returns over the relevant investment term. Over the 5-year time horizon, the fund returned 5.22% versus the benchmark return of 10.29%. Since inception, the fund has produced an annual return of 13.40% versus benchmark return of 11.49%.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic equity*	66.7%	Domestic equity*	67.4%
Domestic property	0.0%	Domestic property	1.7%
Domestic cash	2.4%	Domestic cash	1.2%
Foreign equity**	24.0%	Foreign equity**	21.5%
Foreign property	2.8%	Foreign property	3.9%
Foreign cash	4.1%	Foreign cash	4.3%
*Includes -0.7% effective derivative exposure **Includes -1.0% effective derivative exposure		*Includes -0.5% effective derivative exposure **Includes -1.6% effective derivative exposure	

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	493 809 068
Price (net asset value per unit) as at 30 June 2021 (Class A):	R5.44
Number of units as at 30 June 2021 (Class E):	847 762 062
Price (net asset value per unit) as at 30 June 2021 (Class E):	R5.44

All data as per Bloomberg as at 30 June 2021

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units inissue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impacton investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure

The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustees

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/psg-asset-managementand may include publications, brochures, forms and annual reports.

PSG Asset Management

PSG Balanced Fund

Quarterly portfolio commentary as at 30 June 2021
by Justin Floor and Dirk Jooste

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P 500 delivered 12.4% (11.7% excluding dividends, in rand). Both indices have found themselves at or around all-time highs in recent weeks.

This 2021 performance is in contrast with the past five years, during which the US indices have materially outperformed the JSE, with the S&P 500 delivering a total return of 120% (in rand) compared to the JSE's 48% gain. The difference in performance is even more stark when you look at markets in more detail and exclude the impact of a narrow group of stocks on the JSE. The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020.

A notable feature more recently has been the outperformance of cheap stocks (value) since November of last year, following a painful 12 years of relative underperformance.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. South Africa offers an exaggerated version of the opportunities that abound in low confidence markets. Our clients own good domestic and global businesses that are very cheap in both relative and absolute terms. The outlook for profit growth is favourable, balance sheets are in good shape and cash returns to shareholders should be high (for most of our investee companies).

Portfolio performance and positioning

Over the quarter the PSG Balanced Fund returned 5.0% versus the benchmark return of 2.6%, bringing the year-to date return to over 18%. The contributors over this period were industrials (3.2%), local government bonds (1.4%) and foreign equities (0.7%) while derivative hedges (-0.4%) and resources (-0.2%) detracted from overall performance. Specific holdings which added value this quarter were Starbulk (up 50% over the period), AB Inbev (up 12%) and Afrimat (up 29%). Meanwhile holdings in Prudential (down 14%) and Anglogold Ashanti (down 17%) detracted. The fund is suitable for investors with an investment term of 5 years and longer. Over the short-term, returns can be volatile and for this reason it is important to measure fund returns over the relevant investment term. Over the 5-year time horizon, the fund returned 5.8% versus the benchmark return of 9.3%. Since inception, the fund has produced an annual return of 12.3% compared to a benchmark return of 10.3%.

Notable changes to positioning over the quarter included increasing overall foreign exposure and a targeted increase in domestic listed property. This was funded by trimming our bond exposures and certain domestic equities as prices rose.

The Fund's overall equity exposure fell marginally to 71.8% and was offset by an increase in domestic listed property which comprise of primarily retail-dominated REITs with well-located assets expected to recover from pandemic-induced disruption. We continue to hold domestic bonds given attractive real yields and the possibility of a better than expected fiscal and macroeconomic backdrop. Cash levels remain low by historical standards, which is function of both unattractive prospective return potential and better opportunities elsewhere. The funds maintain a moderate amount of put option protection on global equity indices, which contribute to mitigating aggregate portfolio market risk at an acceptable cost.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic equity*	51.0%	Domestic equity*	48.6%
Domestic property	1.7%	Domestic property	4.6%
Domestic cash and NCDs	1.4%	Domestic cash and NCDs	0.4%
Domestic bonds	18.0%	Domestic bonds	16.3%
Foreign equity**	23.0%	Foreign equity**	23.2%
Foreign cash	2.7%	Foreign cash	4.3%
Foreign property	2.2%	Foreign property	2.6%
*Includes -0.5% effective derivative exposure **Includes -1.4% effective derivative exposure		*Includes -0.0% effective derivative exposure **Includes -3.3% effective derivative exposure	

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	58 743 388
Price (net asset value per unit) as at 30 June 2021 (Class A):	R72.87
Number of units as at 30 June 2021 (Class E):	58 812 502
Price (net asset value per unit) as at 30 June 2021 (Class E):	R72.98

All data as per Bloomberg as at 30 June 2021.

Disclaimer
Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Regulation 28
The fund is managed according to Regulation 28 of the Pension Funds Act. 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. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.

Performance
All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12-month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing
Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units inissue.

Redemptions
The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact oninvestors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details
PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure
The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustee
The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town,
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information
Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Asset Management

PSG Stable Fund

Quarterly portfolio commentary as at 30 June 2021
by John Gilchrist and Dirk Jooste

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P 500 delivered 12.4% (11.7% excluding dividends, in rand). Both indices have risen to at or around all-time highs in recent weeks.

This 2021 performance is in contrast with the past five years, during which the US indices materially outperformed the JSE, with the S&P 500 delivering a total return of 120% (in rand) compared to the JSE's 48% gain. The difference in performance is even more stark when you look at markets in more detail and exclude the impact of a narrow group of stocks on the JSE. The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020.

A notable feature more recently has been the outperformance of cheap stocks (value) since November of last year, following a painful 12 years of relative underperformance.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by a combination of liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. South Africa offers an exaggerated version of the opportunities that abound in low confidence markets. Our clients own good domestic and global businesses that are very cheap in both relative and absolute terms. For most of our investee companies, the outlook for profit growth is favourable, balance sheets are healthy and cash returns to shareholders should be high.

Portfolio performance and positioning

Over the quarter the PSG Stable Fund returned 4.14% versus the benchmark return of 2.15%. The contributors over this period were local government bonds (2.44%), industrials (1.47%) and real estate (0.19%), while foreign options were a detractor (-0.18). The fund is suitable for investors with an investment term of 3 years and longer. Since inception, the fund has produced annualised returns of 7.96% versus benchmark return of 8.03% per annum.

Although domestic equity remained fairly stable in terms of overall Fund exposure, purchases of Anglogold, Discovery and Northam were funded by sales of shares that had performed well and which were approaching our intrinsic values (including Distell, Anheuser-Busch, Glencore, Shoprite and Raubex). The domestic property exposure was increased through purchases of Resilient and Hammerson, while sales of Tanger and Simon Property Group reduced the foreign property exposure. Within foreign equity we were buyers of Tesco, Japan Post Insurance, Royal Dutch Shell and Hiscox, and sellers of Compass Group, Prudential and Brookfield Asset Management. These decisions were driven by a declining margin of safety on existing holdings, and new attractive opportunities being added to the buylist.

In fixed income, we reduced the exposure to the R2037, opportunistically sold subordinated bank debt at attractive credit spreads, and added to the long-dated inflation-linked bond exposure at attractive real yields.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic equity*	25.7%	Domestic equity*	25.6%
Domestic property	1.0%	Domestic property	3.2%
Domestic cash and NCDs	7.0%	Domestic cash and NCDs	7.0%
Domestic bonds	50.1%	Domestic bonds	47.7%
Foreign equity**	11.2%	Foreign equity**	12.2%
Foreign cash	3.0%	Foreign cash	2.8%
Foreign bonds	0.0%	Foreign bonds	0.3%
Foreign property	2.0%	Foreign property	1.2%
**Includes -0.4% effective derivative exposure* ***Includes -0.8% effective derivative exposure*		**Includes -0.0% effective derivative exposure* ***Includes -1.2% effective derivative exposure*	

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	36 314 109
Price (net asset value per unit) as at 30 June 2021 (Class A):	R1.45
Number of units as at 30 June 2021 (Class E):	311 053 268
Price (net asset value per unit) as at 30 June 2021 (Class E):	R1.45

All data as per Bloomberg as at 30 June 2021

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Regulation 28

The fund is managed according to Regulation 28 of the Pension Funds Act. 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. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value orcharacteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact oninvestors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio isdelegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure

The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustee

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town,
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Diversified Income Fund

Quarterly portfolio commentary as at 30 June 2021
by Lyle Sankar and John Gilchrist

Current context

The performance of the local fixed income market has been strong for the year to 30 June 2021, despite what has been volatile markets for global fixed income investors. For investors in government bonds, the ALBI (nominal bond index) and CILI (inflation-linked bond index) respectively delivered 5% and 7.68% for the first 6 months of the year. On a 12-month view, the government bond market delivered very strong inflation-beating returns with both nominal and inflation-linked markets delivering roughly 14%.

While the bond market has performed very well over the year to date, it has not done so in a straight line. Nominal bonds (as represented by the ALBI) had a tough start to the year as expectations of higher global inflation resulted in global fixed rate bond yields rising in unison, resulting in a negative first quarter return. This was followed by a robust recovery in the second quarter. Local inflation-linked bonds however posted strong performance over both quarters, particularly in the second quarter where markets drove yields lower on higher inflation expectations. Recent months have also delivered very high month-on-month consumer price inflation increases, adding to the attractiveness of these bonds.

We have seen solid performances by equity markets in 2021, with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P delivered 500 12.4% (11.7% excluding dividends, in rand). The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020, subsequently offering both a re-rating and attractive dividend or free cash flow yields. Local property in aggregate has had a very good year to date performance of 19.3%, largely as a result of a reversion from very low aggregate valuations in recent years. Cash markets, which follow the repo rate path (3.5% over the past year), have delivered a low 1.83% year to date, emphasising the high opportunity cost of cash/cash like investments.

Our perspective

We continue to highlight the extremes in global markets, where we perceive two markets. In the one, investors continue to favour widely owned assets, fuelled by liquidity and very low interest rates, and in the other assets are cheap and not widely owned. The global macroeconomic environment remains polarised and the market has revisited expectations of a higher global growth and inflation outlook with the Fed noting the need to consider tightening monetary policy in future, resulting in volatility in these cheap assets in June. For fixed income investors, emerging market bonds and particularly South African government bonds remain out of favour. We see a polarised local fixed income market as well, with high bond yields in government bonds relative to local inflation which is expected around 4.5% this year, and low yields in assets like corporate bonds which carry an element of credit (default) risk.

South Africa faces numerous challenges when it comes to improving its growth outlook, but the performance of the fiscus is likely to be better than expected at the start of the year and in the budget policy statement in February 2021. The impact of consistently better trade balances has resulted in an improved growth outlook and consistent upward revisions during the year. Importantly, revenue collection has outperformed and resulted in the need to borrow less than expected. The global macroeconomic backdrop, however, has had a greater impact on the performance of the bond market as seen by the volatility thus far in 2021, and the improved fiscal outlook is likely not yet reflected in prices/yields in our view.

We have high confidence in the returns on offer from our portfolios. In the fixed income market, with corporate bonds viewed as expensive, we are ensuring our clients participate in the high real yields available in government bonds in a sensible manner – with positions in the best risk-adjusted areas of curves as suitable to the mandate. In addition, our clients own selective positions in good domestic and global businesses that are very cheap in both relative and absolute terms, which provide both different sources of yield in a low rate environment, as well as diversification benefits to local income investing risks. Specifically, the fund continues to use a basket of attractive securities from our equity, property and preference share buylists which we believe will assist in navigating the risks posed by the global macroeconomic environment.

Portfolio performance and positioning

The market presented very strong buying opportunities post the weakness seen in the first quarter, which the fund has taken advantage of. Specifically, the interest rate risk and exposure to government bonds increased at the start the quarter. In addition, the fund was able to participate strongly in the performance of the inflation-linked bond market using very low duration (6-month inflation-linked bonds) to take advantage of the high accrual months (estimated around 7% annualised inflation accruals) of May, June and continuing into July 2021. As the markets showed significant strength however, the fund had reduced exposure to interest rate risk over latter part of the quarter, balancing out risk while still being able to offer attractive inflation-beating returns ahead. Further, the fund increased exposure offshore (largely to cash) to enable further local risk diversification. We continue to hold very little corporate bond exposure and are beginning to consider options in the money market space where yields have begun to rise.

Over the quarter the PSG Diversified Income Fund returned 3.51% versus the benchmark return of 1.67%. The contributors over this period were local government bonds (2.87%), cash (0.55%), equity (0.45%). Over a 1-year period the fund delivered a return of 11.22% versus the benchmark return of 6.17%, despite the tough market environment.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic equity	4.0%	Domestic equity	3.8%
Domestic preference shares	3.0%	Domestic preference shares	3.1%
Domestic property	0.7%	Domestic property	1.0%
Domestic cash and NCDs	14.7%	Domestic cash and NCDs	22.8%
Domestic bonds	71.5%	Domestic bonds	62.5%
Foreign equity	1.6%	Foreign equity	1.5%
Foreign bonds	0.0%	Foreign bonds	0.7%
Foreign cash	4.0%	Foreign cash	4.2%
Foreign property	0.5%	Foreign property	0.4%

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	1 161 995 982
Price (net asset value per unit) as at 30 June 2021 (Class A):	R1.27
Number of units as at 30 June 2021 (Class E):	334 574 158
Price (net asset value per unit) as at 30 June 2021 (Class E):	R1.26

All data as per Bloomberg as at 30 June 2021.

Disclaimer
Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Regulation 28
The fund is managed according to Regulation 28 of the Pension Funds Act. 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. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value orcharacteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.

Performance
All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing
Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions
The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact oninvestors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Yield
The yield for the portion attributable to fixed income instruments is calculated daily on an annualised basis and is based on the historic yield of the fixed income instruments. The fund returns include returns from property and equity instruments.

Company details
PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure
The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustee
The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town,
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information
Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Asset Management

PSG Income Fund

Quarterly portfolio commentary as at 30 June 2021
by Lyle Sankar and Duayne Le Roux

Current context

The performance of the local fixed income market has been strong for the year to 30 June 2021, despite what has been volatile markets for global fixed income investors. For investors in government bonds, the ALBI (nominal bond index) and CILI (inflation-linked bond index) respectively delivered 5% and 7.68% for the first 6 months of the year. On a 12-month view, the government bond market delivered very strong inflation-beating returns with both nominal and inflation-linked markets delivering roughly 14%.

While the bond market has performed very well over the year to date, it has not done so in a straight line. Nominal bonds (as represented by the ALBI) had a tough start to the year as expectations of higher global inflation resulted in global fixed rate bond yields rising in unison, resulting in a negative first quarter return. This was followed by a robust recovery in the second quarter. Local inflation-linked bonds however posted strong performance over both quarters, particularly in the second quarter where markets drove yields lower on higher inflation expectations. Recent months have also delivered very high month-on-month consumer price inflation increases, adding to the attractiveness of these bonds.

We have seen solid performances by equity markets in 2021, with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P delivered 500 12.4% (11.7% excluding dividends, in rand). The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020, subsequently offering both a re-rating and attractive dividend or free cash flow yields. Local property in aggregate has had a very good year to date performance of 19.3%, largely as a result of a reversion from very low aggregate valuations in recent years. Cash markets, which follow the repo rate path (3.5% over the past year), have delivered a low 1.83% year to date, emphasising the high opportunity cost of cash/cash like investments.

Our perspective

We continue to highlight the extremes in global markets, where we perceive two markets. In the one, investors continue to favour widely owned assets, fuelled by liquidity and very low interest rates, and in the other assets are cheap and not widely owned. The global macroeconomic environment remains polarised and the market has revisited expectations of a higher global growth and inflation outlook with the Fed noting the need to consider tightening monetary policy in future, resulting in volatility in these cheap assets in June. For fixed income investors, emerging market bonds and particularly South African government bonds remain out of favour. Thus we see a polarised local fixed income market as well, with high bond yields in government bonds relative to local inflation which is expected around 4.5% this year, and low yields in assets like corporate bonds which carry an element of credit (default) risk.

South Africa faces numerous challenges when it comes to improving its growth outlook, but the performance of the fiscus is likely to be better than expected at the start of the year and in the budget policy statement in February 2021. The impact of consistently better trade balances has resulted in an improved growth outlook and consistent upward revisions during the year. Importantly, revenue collection has outperformed and resulted in the need to borrow less than expected. The global macroeconomic backdrop, however, has had a greater impact on the performance of the bond market as seen by the volatility thus far in 2021, and the improved fiscal outlook is likely not yet reflected in prices/yields in our view.

We have high confidence in the returns on offer from our portfolios. In the fixed income market, with corporate bonds viewed as expensive, we are ensuring our clients participate in the high real yields available in government bonds in a sensible manner – with positions in the best risk-adjusted areas of curves as suitable to the mandate. In addition, our clients own selective positions in good domestic and global businesses that are very cheap in both relative and absolute terms, which provide both different sources of yield in a low rate environment, as well as diversification benefits to local income investing risks. Specifically, the fund continues to use a basket of attractive securities from our equity, property and preference share buylists which we believe will assist in navigating the risks posed by the global macroeconomic environment.

Portfolio performance and positioning

The market presented very strong buying opportunities post the weakness seen in the first quarter, which the fund has taken advantage of. Specifically, the interest rate risk and exposure to government bonds increased at the start the quarter. In addition, the fund was able to participate strongly in the performance of the inflation-linked bond market using very low duration (6 month inflation-linked bonds) to take advantage of the high accrual months (estimated around 7% annualised inflation accruals) of May, June and continuing into July 2021. As the markets showed significant strength however, the fund had reduced exposure to interest rate risk over latter part of the quarter, balancing out risk while still being able to offer attractive inflation-beating returns ahead. We continue to hold very little corporate bond exposure and are beginning to consider options in the money market space where yields have begun to rise.

Over the quarter the PSG Income Fund returned 1.81% versus the benchmark return of 0.92%. The major contributors over this period was local government bonds (1.41%) and cash (0.60%), being positioned in the short end of the curve. Over a 1-year period the fund delivered a return of 6.41% versus the benchmark return of 4.01%.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Domestic bonds	48.9%	Domestic bonds	59.6%
Domestic cash and NCDs	51.1%	Domestic cash and NCDs	40.4%

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A): 202 498 303
Price (net asset value per unit) as at 30 June 2021 (Class A): R1.07
Number of units as at 30 June 2021 (Class E): 1 537 762 838
Price (net asset value per unit) as at 30 June 2021 (Class E): R1.07

All data as per Bloomberg as at 30 June 2021.

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Yield

The yield is calculated daily on an annualised basis. The calculation is based on the historic yield of fixed income instruments.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure

The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustee

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town,
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Money Market Fund

Quarterly portfolio commentary as at 30 June 2021
by Duayne le Roux and Lyle Sankar

Current context

The performance of the local fixed income market has been strong for the year to 30 June 2021, despite what has been volatile markets for global fixed income investors. For investors in government bonds, the ALBI (nominal bond index) and CILI (inflation-linked bond index) respectively delivered 5% and 7.68% for the first 6 months of the year. On a 12-month view, the government bond market delivered very strong inflation-beating returns with both nominal and inflation-linked markets delivering roughly 14%.

While the bond market has performed very well over the year to date, it has not done so in a straight line. Nominal bonds (as represented by the ALBI) had a tough start to the year as expectations of higher global inflation resulted in global fixed rate bond yields rising in unison, resulting in a negative first quarter return. This was followed by a robust recovery in the second quarter. Local inflation-linked bonds however posted strong performance over both quarters, particularly in the second quarter where markets drove yields lower on higher inflation expectations. Recent months have also delivered very high month-on-month consumer price inflation increases, adding to the attractiveness of these bonds.

We have seen solid performances by equity markets in 2021, with most markets continuing to build on the 2020 recovery: the FTSE/JSE All Share Index has enjoyed year-to-date gains of 13.2% (11.5% excluding dividends) while the S&P delivered 500 12.4% (11.7% excluding dividends, in rand). The average stock on the JSE had been in a 5-year bear market that concluded with the climactic panic of 2020, subsequently offering both a re-rating and attractive dividend or free cash flow yields. Local property in aggregate has had a very good year to date performance of 19.3%, largely as a result of a reversion from very low aggregate valuations in recent years. Cash markets, which follow the repo rate path (3.5% over the past year), have delivered a low 1.83% year to date, emphasising the high opportunity cost of cash/cash like investments.

Our perspective

At the start of the quarter we noted that, the 'steepness' (the compensation for taking additional term risk) of the NCD curve was starting to widen to more moderate levels. Over the course of the last quarter we've seen this widening extend further and at certain points offer attractive opportunities which we've been able to take advantage of.

Over the quarter, we've also seen inflation rise above the South African Reserve Bank's (SARB's) inflation band midpoint (4.5%), as significant base effects filtered through the inflation numbers. Over this same period the SARB has taken the stance to keep the repo rate unchanged as it views these inflationary effects as temporary in nature and unlikely to result in the second-round effects which would warrant rate action. We remain mindful of the inflation dynamics at play and have prioritised liquidity in our approach to applying cash.

This quarter has seen the Treasury Bill curve continue to offer attractive yields compared to the negotiable certificate of deposit (NCD) curve, at lower levels of credit risk. And in certain areas the additional compensation has been at all-time highs. However, aggregate levels remain anchored by a low repo rate. As such we have opted to increase exposure to Treasury bills at these points over the course of the quarter.

Overall, the fund performance has started to reflect the higher cash rate environment that we believe is still in its infancy. As communicated before, the fund should outperform cash accounts over the near-term, as well as offer diversification against any individual bank risk.

Portfolio performance and positioning

Over the quarter the PSG Money Market Fund returned 0.90% versus the benchmark return of 0.93%. The fund is suitable for investors who need an interim investment vehicle or 'parking bay' for surplus money with high liquidity and capital preservation requirements.

The fund's exposure to bank NCDs has increased from the previous quarter. This is due to the fund taking advantage of the more moderate steepness in the NCD curve. The fund has increased exposure to Treasury bills as the yield pick-up compared to NCDs has increased, while it also helps to maintain adequate levels of liquidity and improve credit quality

Changes in portfolio positioning

Q1 2021		Q2 2021	
Linked NCDs/ Floating-rate notes	7.8%	Linked NCDs/Floating-rate notes	0.0%
Step rate notes	13.6%	Step rate notes	15.6%
NCDs	3.9%	NCDs	23.2%
Treasury bills	54.6%	Treasury bills	59.5%
Call deposits	19.5%	Call deposits	0.9%
Corporate bonds	0.6%	Corporate bonds	0.8%

There may be slight differences in the totals due to rounding.

Number of units as at 30 June 2021 (Class A):	664 965 072
Price (net asset value per unit) as at 30 June 2021 (Class A):	R1.00
Number of units as at 30 June 2021 (Class F):	398 871 031
Price (net asset value per unit) as at 30 June 2021 (Class F):	R1.00

All data as per Bloomberg as at 30 June 2021.

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Money Market

The PSG Money Market Fund maintains a constant price and is targeted at a constant value. The quoted yield is calculated by annualizing the average 7 day yield. A money market portfolio is not a bank deposit account. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio.

Regulation 28

The fund is managed according to Regulation 28 of the Pension Funds Act. 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. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of Interest Disclosure

The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustees

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town,
8001
Tel: +27 (21) 401 2443.
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Global Equity Feeder Fund

Quarterly portfolio commentary as at 30 June 2021
by Greg Hopkins, Philipp Wörz and Justin Floor

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the MSCI World Index has enjoyed year-to-date total returns of 13% while the S&P 500 delivered 15.2% (in USD). Both indices have found themselves at or around all-time highs in recent weeks.

Emerging market indices lagged developed market peers over the first 6 months of year (MSCI Emerging Markets Index +7.4%), largely due to the underperformance of Chinese equities (MSCI China +1.8%). Notably the FTSE/JSE All Share Index delivered a total return of 16% in US dollars.

A standout feature more recently has been the outperformance of cheap stocks (value) since November last year, following a painful 12 years of relative underperformance. Despite continued strong performance of US technology giants during the first half of 2021, the MSCI World Value Index (+15.2%) outperformed growth (MSCI World Growth Index +11.3%), which is in a stark contrast to the past five years.

In this context the PSG Global Equity Fund gained 20.1% in US dollars during the first half.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. Our clients own good businesses that are very cheap in both relative and absolute terms. The outlook for profit growth is favourable, balance sheets are in good shape and cash returns to shareholders should be high (for most of our investee companies).

Portfolio performance and positioning

PSG is focused on harnessing the market conditions to identify and allocate capital to ideas that help clients achieve their long-run objectives. The current environment remains highly favourable.

A material addition to the portfolio during the second quarter was Royal Dutch Shell (Shell). It is a good example of underappreciated quality at an exceptional price (3M investing). Environmental, social and governance (ESG) oversight has weighed heavily on major oil companies (‘oil majors’) and they have come under significant pressure to accelerate the energy transition and reduce fossil fuel extraction. As a result, the market is likely overlooking the quality and cash-flow generation capability of the assets within the company’s broader portfolio. We expect the market to increasingly appreciate the role that oil majors can play in executing a sensible long-term exit from fossil fuels. A more sensible rating (and very high shareholder cash returns) should underpin excellent long term returns from this investment. Furthermore, given our increasingly productive view of supply and demand dynamics across global resources, specifically oil and gas markets, the fund increased its exposure to several leading companies in the energy space.

During the quarter, we took advantage of strongly rising prices across many of our larger holdings as an opportunity to rebalance the portfolio and materially reduced our holdings in Mosaic, Prudential and Brookfield Asset Management. The fund exited its holdings of AP Moller Maersk where tight markets for container ships have vastly improved the company’s fortunes and resultant share price. Container shipping remains a cyclical industry and with current prices ahead of fundamentals, we no longer see a margin of safety in Maersk.

Volatile markets also afforded us the opportunity to use price weakness across several stocks to add to existing positions, most notably Japan Post Insurance and Anheuser Busch.

Over the quarter the PSG Global Equity Feeder Fund returned 1.63% in rands versus the benchmark return of 4.19%. The contributors over this period were industrials (1.56%), consumer staples (1.37%) and energy (0.94%) while detractors included financials (-0.36) and resources (-0.26). The contributors and detractors are that of the main fund (PSG Global Equity sub-fund). The fund is suitable for investors with an investment term of 7 years and longer. Over the short-term returns can be volatile and for this reason it is important to measure fund returns over the relevant investment term. Since inception the fund produced an annual return of 11.94% versus the benchmark return of 18.76%.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Equities	93.3%	Equities	95.9%
Cash	6.7%	Cash	4.1%

Q1 2021		Q2 2021	
US	36.6%	US	35.9%
Europe	15.6%	Europe	14.8%
UK	19.6%	UK	24.8%
Asia ex Japan	0.0%	Asia ex Japan	0.0%
Japan	14.0%	Japan	14.9%
Canada	3.1%	Canada	1.6%
Africa	4.4%	Africa	3.9%
Cash	6.7%	Cash	4.1%

There may be slight differences in the totals due to rounding.

Please note that the above commentary and portfolio positioning is for the US dollar-denominated PSG Global Equity Sub-Fund. The PSG Global Equity Feeder Fund is 100% invested in the underlying US dollar fund. However, there may be small short-term valuation, trading and translation differences between the two funds.

Number of units as at 30 June 2021 (Class A):	4 926 953
Price (net asset value per unit) as at 30 June 2021 (Class A):	R3.01
Number of units as at 30 June 2021 (Class E):	34 866 022
Price (net asset value per unit) as at 30 June 2021 (Class E):	R3.08

All data as per Bloomberg as at 30 June 2021.

Disclaimer
Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Feeder Funds
A Feeder Fund is a portfolio which, apart from assets in liquid form, invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.

Performance
All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing
Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units inissue.

Redemptions
The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details
PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure
The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustees
The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information
Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.

PSG Global Flexible Feeder Fund

Quarterly portfolio commentary as at 30 June 2021
by Greg Hopkins, Philipp Wörz and Justin Floor

Current context

We have seen solid performances by equity markets in 2021 with most markets continuing to build on the 2020 recovery: the MSCI World Index has enjoyed year-to-date total returns of 13% while the S&P 500 delivered 15.2% (in USD). Both indices have found themselves at or around all-time highs in recent weeks.

Emerging market indices lagged developed market peers over the first 6 months of year (MSCI Emerging Markets Index +7.4%), largely due to the underperformance of Chinese equities (MSCI China +1.8%). Notably the FTSE/JSE All Share Index delivered a total return of 16% in US dollars.

A standout feature more recently has been the outperformance of cheap stocks (value) since November last year, following a painful 12 years of relative underperformance. Despite continued strong performance of US technology giants during the first half of 2021, the MSCI World Value Index (+15.2%) outperformed growth (MSCI World Growth Index +11.3%), which is in a stark contrast to the past five years.

In this context the PSG Global Flexible Fund gained 16.5% in US dollars during the first half.

Our perspective

We continue to highlight the extremes in global markets. We perceive two markets, one that is widely owned, fuelled by liquidity and very low interest rates, and another that is cheap and not widely owned. Market indices are dominated by the former and our client portfolios contain the latter.

We have high confidence in the long-term returns on offer from our portfolios. Differentiated active managers can harvest early bull market opportunities in cyclical sectors and out-of-favour geographies. Our clients own good businesses that are very cheap in both relative and absolute terms. The outlook for profit growth is favourable, balance sheets are in good shape and cash returns to shareholders should be high (for most of our investee companies).

Portfolio performance and positioning

PSG is focused on harnessing the market conditions to identify and allocate capital to ideas that help clients achieve their long-run objectives. The current environment is favourable, hence the low levels of cash in our funds.

A material addition to the portfolio during the second quarter was Royal Dutch Shell (Shell). It is a good example of underappreciated quality at an exceptional price (3M investing). Environmental, social and governance (ESG) oversight has weighed heavily on major oil companies ('oil majors') and they have come under significant pressure to accelerate the energy transition and reduce fossil fuel extraction. As a result, the market is likely overlooking the quality and cash-flow generation capability of the assets within the company's broader portfolio. We expect the market to increasingly appreciate the role that oil majors can play in executing a sensible long-term exit from fossil fuels. A more sensible rating (and very high shareholder cash returns) should underpin excellent long term returns from this investment. Furthermore, given our increasingly productive view of supply and demand dynamics across global resources, specifically oil and gas markets, the fund increased its exposure to several leading companies in the energy space.

During the quarter, we took advantage of strongly rising prices across many of our larger holdings as an opportunity to rebalance the portfolio and materially reduced our holdings in Mosaic, Prudential and Brookfield Asset Management.

Volatile markets also afforded us the opportunity to use price weakness across several stocks to add to existing positions, most notably Japan Post Insurance and Anheuser Busch.

Over the quarter the PSG Global Flexible Feeder Fund returned 1.24% in rands versus the benchmark return of 0.30%. The contributors over this period were industrials (1.48%), consumer staples (1.33%) and energy (0.90%), while resources (-0.29) and financials (-0.20) detracted. The contributors and detractors are that of the main fund (PSG Global flexible sub-fund). The fund is suitable for investors with an investment term of 5 years and longer. Over the short-term returns can be volatile and for this reason it is important to measure fund returns against the relevant investment term. Since inception the fund produced an annual return of 11.47% versus the benchmark return of 15.10%.

Changes in portfolio positioning

Q1 2021		Q2 2021	
Equities	87.5%	Equities	88.8%
Bonds	0.7%	Bonds	0.8%
Cash	11.8%	Cash	10.4%

Q1 2021		Q2 2021	
US	34.8%	US	34.3%
Europe	14.7%	Europe	13.4%
UK	18.7%	UK	23.3%
Asia ex Japan	0.0%	Asia ex Japan	0.0%
Japan	12.7%	Japan	13.3%
Canada	3.2%	Canada	1.3%
Africa	3.4%	Africa	3.2%
Cash and Bonds	12.5%	Cash and Bonds	11.2%

There may be slight differences in the totals due to rounding.

Please note that the above commentary and portfolio positioning is for the US dollar-denominated PSG Global Flexible Sub-Fund. The PSG Global Flexible Feeder Fund is 100% invested in the underlying US dollar fund. However, there may be small short-term valuation, trading and translation differences between the two funds.

Number of units as at 30 June 2021 (Class A):	14 059 297
Price (net asset value per unit) as at 30 June 2021 (Class A):	R2.46
Number of units as at 30 June 2021 (Class B):	132 186 564
Price (net asset value per unit) as at 30 June 2021 (Class B):	R2.54

All data as per Bloomberg as at 30 June 2021.

Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long- term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The portfolio may borrow up to 10% of its market value to bridge insufficient liquidity. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. PSG Collective Investments (RF) Limited does not provide any guarantee either with respect to the capital or the return of the portfolio. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Feeder Funds

A Feeder Fund is a portfolio which, apart from assets in liquid form, invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.

Performance

All performance data for a lump sum, net of fees, include income and assumes reinvestment of income on a NAV to NAV basis. Annualised performances show longer term performance rescaled over a 12 month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 15h00 daily. Cut-off time is determined by the platform. Income distributions are net of any applicable taxes. Actual annual figures are available to the investor on request. Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Figures quoted are from Morningstar Inc.

Pricing

Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the Fund including income accruals less permissible deductions divided by the number of units in issue.

Redemptions

The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required.

Company details

PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority, and a member of the Association of Savings and Investments South Africa (ASISA) through its holdings company PSG Konsult Limited. The management of the portfolio is delegated to PSG Asset Management (Pty) Ltd, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no 29524. PSG Asset Management (Pty) Ltd and PSG Collective Investments (RF) Limited are subsidiaries of PSG Konsult Limited. PSG Collective Investments (RF) Limited can be contacted on +27(21) 799 8000; (toll free) 0800 600 168, via email assetmanagement@psg.co.za.

Conflict of interest disclosure

The Fund may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the fund manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the Fund for the benefit of the investors. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Ltd retains any portion of such discount for their own accounts. The fund manager may use the brokerage services of a related party, PSG Securities Ltd.

Trustees

The Standard Bank of South Africa Limited,
The Towers, 2 Heerengracht Street,
Cnr Hertzog Boulevard,
Cape Town
8001
Tel: +27 21 401 2443
Email: Compliance-PSG@standardbank.co.za

Additional information

Additional information is available free of charge on the website www.psg.co.za/asset-management and may include publications, brochures, forms and annual reports.