

# PRUDENTIAL INFLATION PLUS FUND

31 JULY 2019

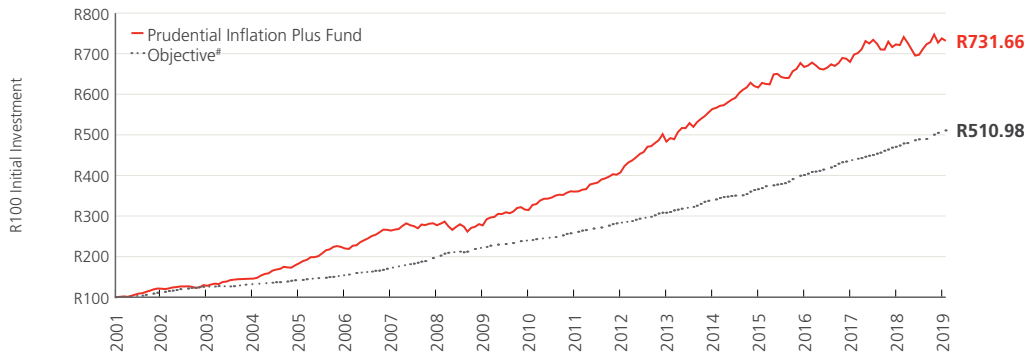


**PRUDENTIAL**  
INVESTMENT MANAGERS

## FACT SHEET/MINIMUM DISCLOSURE DOCUMENT

## MULTI-ASSET

### SINCE INCEPTION CUMULATIVE PERFORMANCE, DISTRIBUTIONS REINVESTED (A CLASS)



ANNUALISED PERFORMANCE	A CLASS	OBJECTIVE <sup>#</sup>	T CLASS	X CLASS	B CLASS
1 year	1.4%	7.9%	2.0%	1.7%	2.2%
3 years	2.9%	8.1%	3.5%	3.2%	3.7%
5 years	5.2%	8.4%	n/a	5.5%	6.0%
7 years	8.1%	8.7%	n/a	8.4%	9.0%
10 years	9.6%	8.6%	n/a	n/a	10.4%
Since inception	11.7%	9.4%	4.7%	9.4%	11.8%

<sup>#</sup> Objective (After A Class Fees) over a rolling 3-year period. Fee adjustment to gross Fund Objective for different classes: A class -1.6%, T class -1%, X class -1.4%, B class -0.9%.

<sup>\*\*</sup> Inception dates: X Class: 1 July 2011, B Class: 1 July 2002, T Class: 2 January 2015

RETURNS SINCE INCEPTION <sup>**</sup>	A CLASS	DATE
Highest annualised return	30.8%	30 Apr 2006
Lowest annualised return	-6.2%	28 Feb 2009

RISK MEASURES	A CLASS	OBJECTIVE
Monthly volatility (annualised)	5.8%	1.6%
Maximum drawdown over any period	-8.6%	-0.7%
% of positive rolling 12 months	94.2%	100.0%
Information ratio	-0.9	n/a
Sortino ratio	-1.0	n/a
Sharpe ratio	-0.8	n/a

ASSET ALLOCATION	
SA Inflation-linked Bonds	22.3%
SA Equity	21.3%
Foreign Equity	17.7%
SA Bonds (ex. Inflation-linked Bonds)	12.3%
SA Listed Property	12.1%
Foreign Bonds	5.9%
SA Cash	5.2%
Foreign Cash	2.1%
Africa Equity	1.0%
Foreign Property	0.1%

### TOP 10 HOLDINGS\*

1. Prudential Worldwide Real Return Fund	17.6%
2. Prudential Corporate Bond Fund	9.5%
3. Prudential Worldwide Strategic Real Return Fund	6.5%
4. Republic of SA ILB 3.45% 071233 (R202)	5.3%
5. Naspers Ltd	3.0%
6. Republic of SA ILB 2.00% 310125 (I2025)	2.3%
7. Standard Bank NCD 7.74% 231219	2.3%
8. Republic of SA ILB 2.60% 310328 (R210)	2.0%
9. Growthpoint Properties Ltd	2.0%
10. Republic of SA ILB 2.50% 311250 (I2050)	2.0%

\*As at 30 June 2019 (updated quarterly)

INVESTMENT OPTIONS	A CLASS	T CLASS	X CLASS	B CLASS
Minimum lump sum investment	R20 000	R10 000	R20 000	R100 million
Minimum monthly debit order	R1 000 pm	R1 000 pm	R1 000 pm	n/a

INITIAL FEES (excl. VAT)	A CLASS	T CLASS	X CLASS	B CLASS
Prudential	0.00%	0.00%	0.00%	0.00%
Financial adviser (if applicable)	2.75% (max)	2.25% (max)	2.75% (max)	0.00%

ANNUAL MANAGEMENT FEES (excl. VAT)	A CLASS	T CLASS	X CLASS	B CLASS
Prudential**	1.25%	0.80%	1.00%	0.60%
Financial adviser service fee (if applicable) ***	0.50%	0.00%	0.50%	0.00%

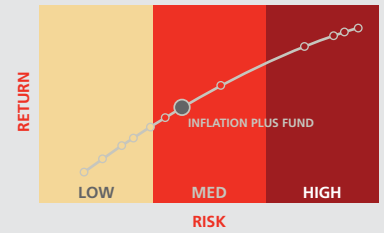
\*\* The Fund can invest portions of its assets into underlying foreign investments (incl. investments into Africa). This would mainly be achieved by investing into the sub-funds of the Prudential Global Funds ICAV and the Prudential Africa Equity Fund. These funds will charge an additional asset management fee which is included in the Fund's NAV and the Fund's TER. The Manager receives a marketing and distribution fee in respect of the Prudential Global Funds.

\*\*\* Included in Prudential's annual management fee above (T Class Financial Adviser Fees: Initial and Ongoing Adviser Fees are negotiated between the Investor and Financial Adviser. Should you agree to an ongoing Adviser Fee, this will be paid via the regular repurchase of units)

EXPENSES (incl. VAT)	A CLASS	T CLASS	X CLASS	B CLASS
Total Expense Ratio (TER)	1.67%	1.16%	1.39%	0.93%
Transaction Costs (TC)	0.12%	0.12%	0.12%	0.12%
Total Investment Charges (TIC)	1.79%	1.28%	1.51%	1.05%

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

### RISK/RETURN PROFILE:



### FUND OBJECTIVE:

The primary objective is to outperform CPI by 5% before fees (which is 3.4% after fees for the A class) over a rolling 3-year period. The secondary objective is to reduce the risk of capital loss over any rolling 12-month period.

### INVESTOR PROFILE:

Individuals looking for a low-to medium-risk multi-asset fund. Individuals and retirees who want to protect their investment from the detrimental effects of inflation over time. The recommended investment horizon is 3 years or longer.

### INVESTMENT MANDATE:

The Fund invests in an actively managed, diversified combination of domestic and international assets where the asset allocation is tactically managed. The intended maximum limits are Equity 40%, Listed Property 25%, Foreign 30%, and Africa (excl. SA) 5%. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

### FUND MANAGERS:

David Knee, Michael Moyle and Johny Lambridis

### ASISA CATEGORY:

South African - Multi-Asset - Low Equity

### OBJECTIVE (BEFORE FEES):

CPI+5% p.a. over a rolling 3-year period

### INCEPTION DATE:

1 June 2001

### FUND SIZE:

R31 930 536 393

### AWARDS:

Raging Bull: 2013  
Morningstar: 2015

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## MULTI-ASSET

INCOME DISTRIBUTIONS	TOTAL DISTRIBUTIONS	12-MONTH YIELD
(A Class) 30 June 2019	5.10 cpu	2.73%
(A Class) 31 December 2018	5.31 cpu	2.49%
(B Class) 30 June 2019	6.50 cpu	3.47%
(B Class) 31 December 2018	6.77 cpu	3.25%
(T Class) 30 June 2019	6.07 cpu	3.24%
(T Class) 31 December 2018	6.31 cpu	3.02%

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

### FUND COMMENTARY

Global equity markets were mixed in July, buoyed during the run up to the US Fed cutting rates by 0.25%, but subsequently muted by the Fed's more hawkish stance regarding further reductions. Adding to this depressed sentiment late in the month was the unproductive conclusion of the much-anticipated US-China trade talks, the likelihood of a 'hard Brexit' under new UK Prime Minister Boris Johnson, and the widespread slowdown in global growth (particularly in China). In the US, GDP for Q2 2019 surprised on the upside, having increased by 2.1% y/y versus a consensus forecast of 1.8%. In the UK, the PM reaffirmed his commitment to leave the EU by the extended deadline of 31 October 2019, with or without a deal. The prospect of a 'hard Brexit' sent the pound tumbling to its lowest levels in two years. Meanwhile, in China, GDP increased by 6.2% y/y (its slowest in 27 years) and the IMF lowered China's growth forecasts by 0.1%, to 6.2% for 2019 and 6.0% for 2020.

South African equity and bond markets ended July in the red as "risk off" sentiment swept across financial markets towards the latter part of the month. Adding to the negative sentiment was ratings agency Fitch's downgrade of SA's sovereign credit rating outlook from stable to negative, while both the SARB and the IMF revised SA's 2019 and 2020 growth forecasts downward. Eskom, meanwhile, announced an expected loss of around R20.7bn for the 2019/20 financial year, stating that it would be unable to meet its obligations without government help. The government has pledged to give the power utility an additional R59bn to help improve its financial position. In July, the FTSE/JSE All Share Index returned -2.4%, the BEASSA All Bond Index posted -0.7%, inflation-linked bonds (the Composite ILB Index) were flat at 0%, and cash as measured by the STeFI Composite Index returned 0.6%. Looking at global markets (all in US\$), the MSCI All Country World Index delivered 0.3%, the Bloomberg Barclays Global Aggregate Bond Index returned -0.3%, while the EPRA/NAREIT Global Property Index REIT posted 0.8%. The rand strengthened 1.8% against the euro and 3.3% against the pound sterling, but weakened 0.5% against the US dollar.

Contributing the most to absolute performance for the month was the fund's exposure to foreign equities (excluding property) and SA cash, while exposure to SA equities (excluding property) and SA bonds (excluding inflation-linked bonds) detracted the most from value.

### GLOSSARY

<b>12-month yield</b>	A measure of the Fund's income distributions as a percentage of the Fund's net asset value (NAV). This is calculated by summing the income distributions over a rolling 12-month period, then dividing by the sum of the NAV at the end of the period and any capital gains distributed over the same period.
<b>Annualised performance</b>	The average amount of money (total return) earned by an investment each year over a given time period. For periods longer than one year, total returns are expressed as compounded average returns on a yearly basis.
<b>Cumulative performance graph</b>	This illustrates how an initial investment of R100 or N\$100 (for example) placed into the Fund would change over time, taking ongoing fees into account, with all distributions reinvested.
<b>Income distribution</b>	The dividend income and/or interest income that is generated by the underlying Fund investments and that is periodically declared and distributed to investors in the Fund after all annual service fees.
<b>Information ratio</b>	Measures the Fund's active return (Fund return in excess of the benchmark) divided by the amount of risk that the manager takes relative to the benchmark. The higher the information ratio, the higher the active return of the Fund, given the amount of risk taken and the more consistent the manager. This is calculated over a 3-year period.
<b>Intended maximum limits</b>	This indicates the Fund's intended maximum exposure to an asset class. These limits may be reviewed subject to the Fund's Supplemental Deed and/or Regulation 28 for those Funds managed in accordance with Regulation 28 of the Pension Funds Act.
<b>Maximum drawdown</b>	The largest drop in the Fund's cumulative total return from peak to trough over any period.
<b>Monthly volatility (annualised)</b>	Also known as standard deviation. This measures the amount of variation or difference in the monthly returns on an investment. The larger the annualised monthly volatility, the more the monthly returns are likely to vary from the average monthly return (i.e. the more volatile the investment).
<b>Percentage of positive rolling 12 months Regulation 28</b>	The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.
<b>Sharpe ratio</b>	The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. The higher the Sharpe ratio the better the Fund's historical risk-adjusted performance has been. This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the standard deviation of the Fund's returns. This is calculated over a 3-year period.
<b>Sortino ratio</b>	This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the downside deviation of the Fund's returns i.e. the "bad" volatility. A high Sortino ratio indicates a low risk of large losses occurring in the Fund. This is calculated over a 3-year period.
<b>Total Expense Ratio (TER)</b>	This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over a rolling three years (where applicable) and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.
<b>Transaction Costs (TC)</b>	The percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.
<b>Total Investment Charges (TIC)</b>	The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER, TC & IC) should not be deducted from the fund returns.
<b>Unit class</b>	Prudential's funds are offered in different unit classes to allow different types of investors (individuals and institutions) to invest in the same fund. Different investment minimums and fees apply to different unit classes. A Class: for individuals and certain legal entities. B & D Class: retirement funds and other large institutional investors only. X Class: the special fee class that was made available to investors that were invested in the Dividend Income Feeder Fund. T Class: for investors in tax-free unit trusts. F Class: for Discretionary Fund Managers.

### HOW TO INVEST

0860 105 775

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[query@myprudential.co.za](mailto:query@myprudential.co.za)

Application forms

Invest now

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