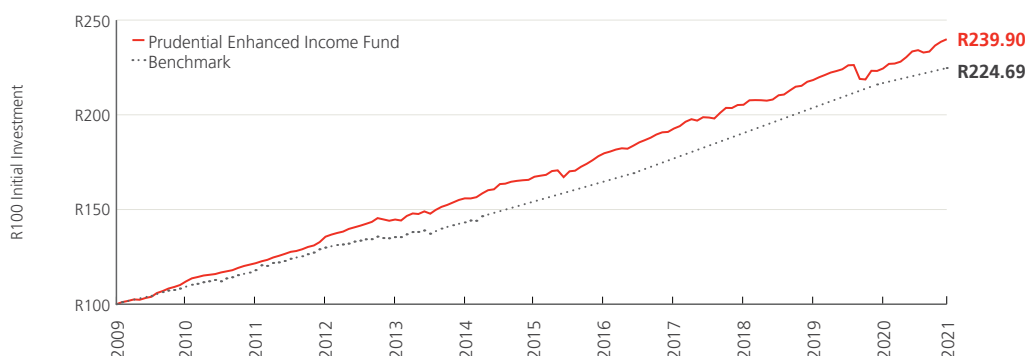


**SINCE INCEPTION CUMULATIVE PERFORMANCE, DISTRIBUTIONS REINVESTED (A CLASS)**



| ANNUALISED PERFORMANCE | A CLASS | BENCHMARK | T CLASS | X CLASS | D CLASS |
|------------------------|---------|-----------|---------|---------|---------|
| 1 year                 | 7.5%    | 4.0%      | 7.7%    | 7.4%    | 7.8%    |
| 3 years                | 5.4%    | 6.0%      | 5.7%    | 5.4%    | 5.8%    |
| 5 years                | 6.1%    | 6.6%      | 6.5%    | 6.3%    | 6.6%    |
| 7 years                | 6.4%    | 6.7%      | n/a     | 6.6%    | 7.0%    |
| 10 years               | 7.1%    | 6.8%      | n/a     | 7.3%    | n/a     |
| Since inception        | 7.6%    | 7.0%      | 6.6%    | 7.3%    | 7.6%    |

\* Inception dates: X Class: 1 April 2011, D Class: 1 July 2011, T Class: 2 January 2015

| 1-YEAR INCOME RETURN     | A CLASS | T CLASS | X CLASS | D CLASS |
|--------------------------|---------|---------|---------|---------|
| Fund yield (net of fees) | 5.2%    | 5.3%    | 5.1%    | 5.5%    |

| RETURNS SINCE INCEPTION** | A CLASS | DATE        |
|---------------------------|---------|-------------|
| Highest annualised return | 12.9%   | 30 Nov 2010 |
| Lowest annualised return  | 1.8%    | 30 Apr 2020 |

\*\* 12-month rolling performance figure

| RISK MEASURES                    | A CLASS | BENCHMARK |
|----------------------------------|---------|-----------|
| Monthly volatility (annualised)  | 2.3%    | 1.2%      |
| Maximum drawdown over any period | -3.4%   | -1.2%     |
| % of positive rolling 12 months  | 100.0%  | 100.0%    |
| Information ratio                | -0.2    | n/a       |
| Sortino ratio                    | -0.2    | 4.6       |
| Sharpe ratio                     | -0.2    | 0.4       |

| ASSET ALLOCATION                      |       |
|---------------------------------------|-------|
| SA Bonds (ex. Inflation-linked Bonds) | 34.9% |
| SA Cash                               | 33.9% |
| SA Inflation-linked Bonds             | 16.9% |
| Foreign Bonds                         | 10.6% |
| SA Listed Property                    | 3.6%  |
| Foreign Cash                          | 0.1%  |

**TOP 10 HOLDINGS\***

|   |       |
|---|-------|
| 1. Republic of SA Bond 10.50% 211226 (R186)         | 30.1% |
| 2. Prudential High Interest Fund                    | 11.0% |
| 3. Republic of SA ILB 2.00% 310125 (I2025)          | 10.8% |
| 4. RSA Sovereign USD Bond 4.875% 140426             | 5.1%  |
| 5. Republic of SA Bond 8.875% 280235 (R2035)        | 4.7%  |
| 6. Republic of SA ILB 2.60% 310328 (R210)           | 3.6%  |
| 7. Republic of SA Bond 8.00% 310130 (R2030)         | 3.6%  |
| 8. iShares Interest Rate Hedged High Yield Bond ETF | 3.5%  |
| 9. ACSA Ltd ILB 3.64% 300428                        | 2.8%  |
| 10. Northam Platinum Ltd FRN J3+3.75% 251123        | 2.3%  |

\*As at 30 June 2021 (updated quarterly)

| INVESTMENT OPTIONS          | A CLASS | T CLASS | I CLASS | X CLASS | D CLASS     |
|-----------------------------|---------|---------|---------|---------|-------------|
| Minimum lump sum investment | R10 000 | R10 000 | R10 000 | R10 000 | R20 million |
| Minimum monthly debit order | R500 pm | R500 pm | R500 pm | R500 pm | n/a         |

| INITIAL FEES (excl. VAT)           | A CLASS     | T CLASS     | I CLASS     | X CLASS     | D CLASS |
|------------------------------------|-------------|-------------|-------------|-------------|---------|
| Prudential                         | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%   |
| Financial adviser (if applicable)* | 3.00% (max) | 3.00% (max) | 3.00% (max) | 3.00% (max) | 0.00%   |

\* Initial Adviser Fees are negotiated between the Investor and Financial Adviser. Should you agree to an Initial Adviser Fee, it will be deducted before the investment is made.

| ANNUAL MANAGEMENT FEES (excl. VAT)               | A CLASS | T CLASS | I CLASS | X CLASS | D CLASS |
|--|---------|---------|---------|---------|---------|
| Prudential**                                     | 0.75%   | 0.60%   | 1.00%   | 0.80%   | 0.50%   |
| Financial adviser service fee*** (if applicable) | 0.00%   | 0.00%   | 0.30%   | 0.30%   | 0.00%   |

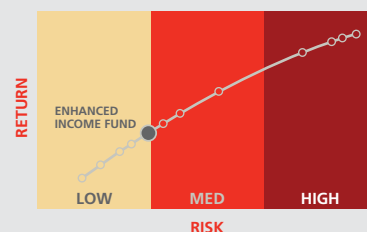
\*\* Additional underlying foreign fund fees are dependent on the fund and are included in the TER

\*\*\* The Financial Adviser Service Fee is included in Prudential's annual management fee above. An Ongoing Adviser Fee, over and above the Financial Adviser Service Fee, may be negotiated between the Investor and Financial Adviser. Should you agree to an Ongoing Adviser Fee, it will be paid via the regular repurchase of units.

| EXPENSES (incl. VAT)           | A CLASS | T CLASS | I CLASS | X CLASS | D CLASS |
|--------------------------------|---------|---------|---------|---------|---------|
| Total Expense Ratio (TER)      | 1.06%   | 0.75%   | 1.19%   | 0.99%   | 0.64%   |
| Transaction Costs (TC)         | 0.10%   | 0.10%   | 0.10%   | 0.10%   | 0.10%   |
| Total Investment Charges (TIC) | 1.16%   | 0.85%   | 1.29%   | 1.09%   | 0.74%   |

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:**

To maximise total returns in excess of the benchmark over a rolling 36-month period, while seeking to protect capital and reduce volatility through active asset management.

**INVESTOR PROFILE:**

Individuals requiring an actively managed income solution that provides a high income return together with moderate capital growth. The recommended investment horizon is 1 to 3 years.

**INVESTMENT MANDATE:**

The Fund invests in a flexible mix of high-yielding securities. The intended maximum limits are Equity 10%, Listed Property 25%, Foreign 20%, plus additional 5% Africa (excl. SA). No duration constraints apply. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

**FUND MANAGERS:**

David Knee and Roshen Harry

**ASISA CATEGORY:**

South African - Multi-Asset - Income

**BENCHMARK:**

STeFI Composite Index measured over a rolling 36-month period

**INCEPTION DATE:**

1 July 2009

**FUND SIZE:**

R852 246 067

| INCOME DISTRIBUTIONS        | TOTAL DISTRIBUTIONS | 12-MONTH YIELD |
|-----------------------------|---------------------|----------------|
| (A Class) 30 June 2021      | 1.22 cpu            | 4.95%          |
| (A Class) 31 March 2021     | 1.35 cpu            | 5.64%          |
| (A Class) 31 December 2020  | 1.50 cpu            | 6.15%          |
| (A Class) 30 September 2020 | 1.44 cpu            | 6.75%          |
| (D Class) 30 June 2021      | 1.30 cpu            | 5.23%          |
| (D Class) 31 March 2021     | 1.43 cpu            | 5.92%          |
| (D Class) 31 December 2020  | 1.58 cpu            | 6.47%          |
| (D Class) 30 September 2020 | 1.52 cpu            | 7.16%          |
| (T Class) 30 June 2021      | 1.27 cpu            | 5.11%          |
| (T Class) 31 March 2021     | 1.40 cpu            | 5.80%          |
| (T Class) 31 December 2020  | 1.55 cpu            | 6.36%          |
| (T Class) 30 September 2020 | 1.49 cpu            | 7.04%          |

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 June, as concerns over rising inflation, tighter monetary policies, and a rise in new Covid-19 infections appeared to be the major drivers behind market sentiment. There was some reprieve in the US, however, after President Biden and a bipartisan group of US Senators closed a deal on an infrastructure initiative worth \$1.2 trillion, while concerns over policy tightening eased after the US Federal Reserve (Fed) reassured financial markets that the recent spike in inflation was transitory. Meanwhile, the Fed now forecasts that the US economy will grow by 7% in 2021 (up from March's projection of 6.5%). Officials noted that progress with the vaccination rollout and strong policy support will likely increase economic activity and employment. In the UK, the Bank of England reiterated its intention to keep its monetary policy unchanged in the short term, warning against "premature tightening" until there is clear evidence that significant progress has been made to eliminate spare capacity and to bring inflation towards the 2% target. The European Central Bank (ECB) left its monetary policy unchanged in June, raising its GDP projections for 2021 and 2022 to 4.6% and 4.7%, respectively. Sentiment lifted after ECB President Christine Lagarde suggested that the region could expect a stronger economic recovery following brighter prospects for global demand and a faster-than-anticipated increase in consumer spending, downplaying the likelihood of tighter monetary policies. Turning to China, tensions between the US and China resurfaced after the US blacklisted five Chinese firms over alleged human rights abuses in Xinjiang. Beijing responded by saying that it would take all necessary measures to safeguard the legitimate interests of Chinese companies.

In South Africa, President Ramaphosa announced a 14-day Level 4 lockdown amid a sharp rise in new Covid-19 cases. In more positive news, South Africa's economy grew by an annualised 4.6% in Q1 2021, easily beating market expectations of a 2.5% increase. Inflation climbed to 5.2% y/y in May from 4.4% y/y in April, largely in line with market expectations. The increase marked the highest inflation reading since November 2018, however this was largely due to last year's low base. Meanwhile, South Africa's trade surplus rose to R54.6 billion in May, marking the largest monthly trade surplus on record. In June, the FTSE/JSE All Share Index returned -2.4%, the FTSE/JSE All Bond Index delivered 1.1%, inflation-linked bonds (the Composite ILB Index) posted -1.5%, and cash as measured by the STEFI Composite Index returned 0.3%. Looking at global market returns (in US\$), the MSCI All Country World Index delivered 1.4%, the Bloomberg Barclays Global Aggregate Bond Index returned -0.9%, while the EPRA/NAREIT Global Property REIT Index posted 1.3%. The rand depreciated 4.1% against the US dollar, 1.1% against the pound sterling and 0.9% against the euro.

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

**GLOSSARY**

|   |  |
|---|--|
| <b>1-year income return</b>                     | The portion of the return of the Fund that is attributed to income generated over the last 12 months, assuming the investor reinvests all distributions and incurs no transaction fees or taxes.   |
| <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</b> | The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.   |
| <b>Regulation 28</b>                            | 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.  |
| <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 for the year to the end of the most recent 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>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.<br>A Class: for individuals only.<br>B & D Class: retirement funds and other large institutional investors only.<br>X Class: the special fee class that was made available to investors that were invested in the Dividend Income Feeder Fund.<br>T Class: for investors in tax-free unit trusts.<br>F Class: for Discretionary Fund Managers. |

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