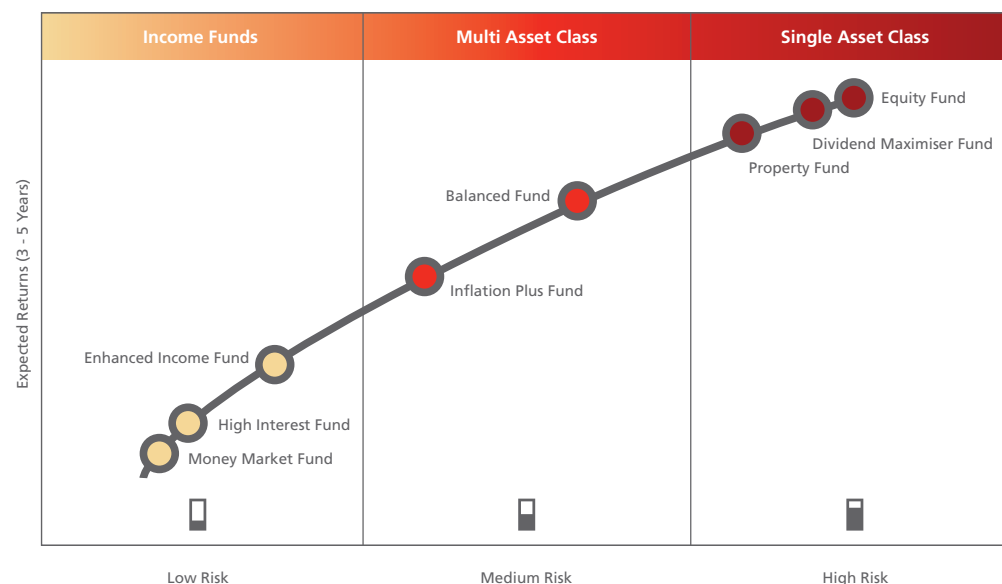


# PRUSPECTIVE

## PRUDENTIAL FUNDS' REVIEW & MARKET PERFORMANCE AS AT 31 MAY 2014



### Prudential Solution Funds



### SA Market Performance

#### Equity:

The FTSE/JSE All Share (ALSI) gained 1.6% on a total return basis for the month and over the 12 months gained 21.8%. Small Caps (up 3.5%) outperformed Large Caps (up 1.9%) and Mid Caps (down 0.8%).

The best-performing sectors were Media (up 17.6%), Support Services (up 10.5%) and Forestry & Paper (up 8.7%). The worst were Gold Mining (down 12.8%), Industrial Metals (down 11.3%) and Technology Hardware & Equipment (down 10.7%).

Over a 10-year period, Industrials (up 25.3% p.a.) outperformed Financials (up 19.2% p.a.) and Resources (up 14.4% p.a.). The composition of the ALSI as at the end of the month was Industrials 54.9%, Resources 25.6% and Financials the remaining 19.5%.

#### Bonds:

The All Bond Index gained 1.2% for the month and over the 12 months gained 2.9%. The Inflation-Linked Bond Index gained 1.9% for the month and over the 12 months gained 4.4%.

#### Property:

The SA Listed Property Index declined 1.3% for the month and over 12 months gained 7.0%.

#### Cash:

Cash returned 0.5% for the month and over the 12 months returned 5.5%. Over a 10-year period, inflation in the form of ECPI has been 6.0% p.a.

### International Market Performance

The Rand weakened 0.5% against the US Dollar and strengthened 1.2% against the Euro in May 2014.

The MSCI World Index gained 2.1% on a total return basis in US Dollar terms for the month and over the 12 months gained 19.5%. The MSCI Emerging Markets Index gained 3.5% for the month and over the 12 months gained 4.6%.

The best-performing emerging market index from the selection of international equity indices for the month was the MSCI Russia (up 12.2%), while the worst-performing was the MSCI Bovespa (down 1.1%).

The best-performing developed market index from the selection of international equity indices for the month was the Hang Seng (up 5.4%), while the worst-performing was the Cac 40 (up 0.7%).

The US Dollar Platinum price gained 2.8% for the month and over the 12 months remained flat. The US Dollar Gold price declined 3.8% for the month and over the 12 months declined 12.1%. Brent Crude gained 1.4% for the month and over the 12 months gained 8.2%.

### Asset Class Preference for Retail Multi-Asset Class Funds: Five-Year Time Horizon

<b>Overweight</b>	<ul style="list-style-type: none"> <li>SA Corporate Bonds</li> <li>SA Listed Property</li> <li>SA Sovereign Bonds</li> <li>International Equity</li> <li>International Corporate Bonds</li> </ul>
<b>Neutral</b>	<ul style="list-style-type: none"> <li>SA Equity</li> </ul>
<b>Underweight</b>	<ul style="list-style-type: none"> <li>SA Inflation-linked Bonds</li> <li>SA Cash</li> <li>International Sovereign Bonds</li> <li>International Cash</li> </ul>

### Disclaimer

#### Prudential Portfolio Managers Unit Trusts Ltd

Registration number: 1999/05242/06. Physical address: 7<sup>th</sup> Floor, Protea Place, 40 Dreyer Street, Claremont, 7708, Cape Town, South Africa. Telephone: +27 21 670 51 00. Facsimile: +27 21 683 71 56

Prudential Portfolio Managers Unit Trusts Ltd is an approved CISC management company (#29). Assets are managed by Prudential Portfolio Managers South Africa (Pty) Ltd, which is an approved discretionary Financial Services Provider (#615). Collective investment schemes (unit trusts) are generally medium- to long-term investments. The value of participatory interest (units) may go down as well as up. Past performance is not necessarily a guide to the future. Unit trusts are traded at ruling price and can engage in borrowing and scrip lending. Commissions and incentives may be paid and if so, would be included in the overall cost. Different classes of units apply to the Prudential collective investment scheme funds and are subject to different fees and charges. A detailed schedule of fees and charges and maximum commissions is available on request from the company. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates. Fund valuations take place at approximately 15h30 SA time each day and forward pricing is used. Purchase and repurchase requests must be received by the Manager by 13h30 (11h30 for Money Market and 10h30 for Dividend Income Funds) SA time each business day. All online purchase and repurchase transactions must be received by the Manager by 10h30 (for all Funds) SA time each business day. In calculating performance figures initial charges are not taken into account. Annual service charges are deducted in all calculations. Performance figures are sourced from Morningstar and are based on lump sum investments using NAV prices with gross income reinvest. The Prudential Money Market and Dividend Income funds aim to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this will have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the Fund, it can have the effect of a capital loss. Such losses will be borne by the Prudential Money Market Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors unit holdings will be reduced to the extent of such losses.

Sources: Morningstar & Deutsche Bank

# PRUSPECTIVE

## PRUDENTIAL FUNDS' REVIEW & MARKET PERFORMANCE AS AT 31 MAY 2014



FUND	FUND DESCRIPTION	ASSET ALLOCATION							REG 28 COMPLIANT	INTENDED MAXIMUM LIMITS				PERFORMANCE HISTORY #					ADDITIONAL INFORMATION	
		DOMESTIC				FOREIGN				Equity	Listed Property	Offshore (excl. Africa)	Africa (excl. SA)	1 Month	1 Year	3 Years	5 Years	Since Inception	Current Indicative Yield**	
<b>Income</b>																				
Low Risk	<b>Prudential High Interest Fund</b> (South African - Interest Bearing - Short Term)	A low risk fund that offers a high level of income in excess of current account or money market yields. (Investment horizon 3-12 months).	0.0%	0.0%	7.6%	92.4%	0.0%	0.0%	0.0%	Yes	0%	0%	0%	0%	0.6%	5.5%	5.7%	N/A	5.7%	6.1% (after fees)
Low - Med Risk	<b>Prudential Enhanced Income Fund</b> (South African - Multi Asset - Income)	A low to medium risk income solution fund that offers higher income returns together with moderate capital growth. (Investment horizon 1-3 years).	0.0%	6.0%	34.8%	47.5%	1.3%	10.4%	0.0%	Yes	10%	25%	20%	5%	0.9%	6.2%	8.6%	N/A	9.4%	6.5% (after fees)
<b>Multi-Asset</b>																				
Med Risk	<b>Prudential Inflation Plus Fund</b> (South African - Multi Asset - Low Equity)	A low to medium risk multi-asset class fund which protects against inflation by targeting a return of CPI+5% p.a. before fees and costs. (Investment horizon 3+ years).	20.7%	7.9%	40.7%	5.1%	16.5%	9.1%	0.0%	Yes	40%	25%	25%	5%	1.7%	10.7%	15.4%	14.7%	14.2%	<b>Top Holdings</b> 1. RSA 186 6.0% 2. RSA 210 5.2% 3. IShares MSCI World ETF 5.1% 4. RSA 197 5.1% 5. IShares MSCI ACWI ETF 3.9%
Med Risk	<b>Prudential Balanced Fund</b> (South African - Multi Asset - High Equity)	A medium risk multi-asset class fund which offers a steady growth of capital and income over the medium to long-term. (Investment horizon 5+ years).	41.0%	2.9%	15.6%	15.0%	21.5%	4.0%	0.0%	Yes	75%	25%	25%	5%	2.0%	16.0%	17.3%	17.7%	15.7%	<b>Top Holdings</b> 1. Pru High Interest Fund B 13.7% 2. IShares MSCI ACWI ETF 4.5% 3. MTN Group 4.3% 4. Naspers 3.9% 5. Sanlam World Equity Tracker 3.5%
<b>Property</b>																				
Med - High Risk	<b>Prudential Enhanced SA Property Tracker Fund</b> (South African - Real Estate - General)	A medium to high risk fund, which provides medium to long-term capital growth through efficient cost-effective exposure to SA listed property shares. (Investment horizon 5+ years).	0.0%	98.5%	0.0%	1.5%	0.0%	0.0%	0.0%	No	0.0%	100%	0.0%	0.0%	-1.0%	7.6%	17.0%	19.3%	16.8%	<b>Top Holdings</b> 1. Growthpoint 19.3% 2. Redefine Properties 14.1% 3. Hyprop 10.5% 4. Capital Property 7.1% 5. Resilient 5.8%
<b>Equity</b>																				
High Risk	<b>Prudential Dividend Maximiser Fund</b> (South African - Equity - General)	A high risk domestic equity fund which aims to provide medium to long-term capital growth together with a dividend yield higher than the market average. (Investment horizon 7+ years).	76.2%	0.0%	0.0%	2.4%	21.3%	0.0%	0.1%		100%	10%	25%	5%	1.8%	20.1%	19.5%	20.7%	20.3%	<b>Top Equity Holdings</b> 1. Sasol 9.4% 2. MTN Group 7.6% 3. British American Tobacco 6.7% 4. BHP Billiton 6.1% 5. Old Mutual 5.3%
High Risk	<b>Prudential Equity Fund</b> (South African - Equity - General)	A high risk domestic equity fund which invests in shares that offer value and medium to long term growth. (Investment horizon 7+ years).	83.5%	0.0%	0.0%	2.3%	14.0%	0.0%	0.2%	No	100%	10%	15%	0%	1.6%	20.5%	20.2%	21.1%	20.2%	<b>Top Equity Holdings</b> 1. Sasol 8.5% 2. MTN Group 7.5% 3. British American Tobacco 7.3% 4. BHP Billiton 6.9% 5. Anglo American 5.1%

\* Bonds may include Corporate Bonds, Government Bonds and Inflation-linked bonds.

\*\* The current indicative yield is calculated by dividing the annual income of each holding in the portfolio by that holdings' current market price. This does not make any allowances for capital returns. This is a nominal yield for the A class Funds.

■ Top quartile in category - Morningstar

\* Source: Morningstar, annualised (A Class performance).