

FAQ FREQUENTLY ASKED QUESTIONS (FAQ)

1. WHICH PRUDENTIAL FUNDS CHARGE PERFORMANCE FEES?

Prudential Dividend Maximiser Fund*	View fund Fact Sheet	Prudential Equity Fund	View fund Fact Sheet
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*Excluding T class. Tax free products do not charge performance fees.

2. PERFORMANCE FEE TABLE (UPDATED QUARTERLY)

	DIVIDEND MAXIMISER FUND			EQUITY FUND		
	A Class	B Class	I Class	A Class	B Class	I Class
April 2021	0.06%	0.07%	0.05%	0.09%	0.10%	0.08%
May 2021	0.04%	0.05%	0.04%	0.08%	0.09%	0.08%
June 2021	0.04%	0.05%	0.04%	0.07%	0.08%	0.06%
Total for the quarter*	0.14%	0.17%	0.13%	0.24%	0.26%	0.23%

*Figures may differ due to rounding

3. WHAT ARE THE MINIMUM AND MAXIMUM FEES, THE FEE HURDLES, AND THE SHARING (PARTICIPATION) RATES FOR THE FUNDS?

For both the funds listed above, the characteristics of the fee structure are detailed in the following table. The fees quoted are inclusive of VAT:

	CLASS			
	A Class	B Class	C Class	I Class
Base fee	1.15%	0.75%	2.47%	1.44%
Base fee incl. discount (if applicable)*	0.86%	0.46%	n/a	n/a
Benchmark	ASISA South African - Equity - General Category Mean			
Fee hurdle	ASISA South African - Equity - General Category Mean			
Sharing rate	20%	20%	20%	20%
Maximum fee	2.59%	2.19%	3.91%	2.88%
Fee accrual frequency	Daily	Daily	Daily	Daily
Fee payment frequency	Monthly	Monthly	Monthly	Monthly
Performance fee measurement period	Rolling 36 months	Rolling 36 months	Rolling 36 months	Rolling 36 months**

The performance fee is accrued daily based on performance over a 36-month period, with payments to the fund manager made monthly.

*A 0.29% (incl. VAT) p.a. fee discount will be effected on the base annual management fee (AMF) of the A and B classes of these funds, should net performance fall below the benchmark over a rolling five-year period.

**The performance fee charged in the I class will be based on the A class performance history up to 30 November 2019, and the I class performance history thereafter.

4. WHAT FEE RATE WILL BE CHARGED IF:

- the funds perform 10% p.a. less than the benchmark?
- the funds perform 5% p.a. less than the benchmark?
- the funds perform in line with the benchmark?
- the funds perform 5% p.a. more than the benchmark?
- the funds perform 10% p.a. more than the benchmark?

The following table applies to both the Prudential Dividend Maximiser Fund and the Prudential Equity Fund. Fees are shown inclusive of VAT:

	-10%	-5%	IN LINE WITH BENCHMARK	5%	10%
A Class	1.15%	1.15%	1.15%	2.36%	2.59%
B Class	0.75%	0.75%	0.75%	1.96%	2.19%
C Class	2.47%	2.47%	2.47%	3.69%	3.91%
I Class	1.44%	1.44%	1.44%	2.65%	2.88%

5. ARE THE FEE HURDLES THE SAME AS THE FUNDS' BENCHMARKS?

Yes, the fee hurdles are the same as the funds' benchmarks.

6. WILL MORE THAN THE MINIMUM FEE BE CHARGED IF THE FUND IS EXPERIENCING NEGATIVE PERFORMANCE?

Performance fees may apply even when the fund is experiencing negative performance. So if the fund performs better than the fee hurdle, even if the fee hurdle and benchmark performance are negative and the fund performance is negative, performance fees may apply.

7. IS FUND PERFORMANCE REPORTED GROSS OF (BEFORE) OR NET OF (AFTER) FEES AND COSTS?

Fund performance (the return of the fund) is calculated after all fees (including previous performance fee and underlying funds' fees) and all costs related to the management and administration of the fund have been taken into account. The performance fees of the fund are therefore paid on the net of fees outperformance.

8. DO ANY OTHER CLASSES OF THE FUNDS CHARGE FIXED FEES INSTEAD OF PERFORMANCE FEES?

The Prudential Dividend Maximiser Fund T Class, which is only available to tax-free investments, charges a fixed fee at 1.44% (incl.VAT). The Prudential Equity Fund F class and Prudential Dividend Maximiser Fund F class, which are available to institutional investors, charge a fixed fee of 1.15% (incl. VAT).

9. ARE PERFORMANCE FEES ACCRUED DAILY?

Yes, performance fees are accrued daily.

10. HOW OFTEN IS THE PERFORMANCE FEE PAID TO THE MANAGER (ALSO CALLED FEE PAYMENT FREQUENCY)?

The performance fee is paid monthly.

11. DO PERFORMANCE FEE ACCRUALS APPLY TO PERFORMANCE PERIODS MORE THAN A MONTH BEFORE ACCRUAL?

No. Performance fees are accrued based on the fund's performance relative to its benchmark in the previous month, which is the most recent available data.

12. IS A ROLLING MEASUREMENT PERIOD USED?

Yes, the measurement period is rolling 36 months. Where rolling measurement periods are used, certain unit holders may carry a lower proportion of the performance fee relative to performance enjoyed, while other investors may carry a higher proportion of the performance fee relative to performance enjoyed. This is dependent on when the investor initially invested in the fund – if they have been invested for the full 36 months or just a portion of the 36 months. This effect is restricted to the initial 36 months of a unit holder's investment period.

13. SHOULD THE FUND EXPERIENCE UNDER-PERFORMANCE TO THE FEE HURDLE, HOW LONG IS THAT UNDER-PERFORMANCE HELD AGAINST THE MANAGER? IN PARTICULAR, AT WHAT POINT WOULD THAT UNDER-PERFORMANCE BE WRITTEN OFF FROM A FEE CALCULATION POINT OF VIEW?

Under-performance against the fee hurdle will be held against Prudential for a three-year (36-month) period (as a consequence of the rolling 36-month measurement period) before being written off from a fee calculation point of view. A 0.29% (incl. VAT) p.a. fee discount will be effected on the base annual management fee (AMF) of the A and B classes of these funds, should net performance fall below the benchmark over a rolling five-year period. This discount will apply for as long as the rolling five-year performance is below the benchmark.

14. DOES PERFORMANCE ABOVE THE HURDLE NEED TO OVERCOME PRIOR UNDER-PERFORMANCE (ALSO CALLED A HIGH WATER MARK SYSTEM)?

There is no high water mark system in place. The fund is required to outperform the fee hurdle on a rolling 36-month basis in order to qualify for performance fees.

15. DO ANY UNDERLYING FUNDS CHARGE IMPLICIT PERFORMANCE FEES?

No.

16. IS THE PERFORMANCE FEE INCLUDED IN THE TER – TOTAL EXPENSE RATIO?

Yes, the performance fee is included in the TER (inclusive of VAT) and the performance fee element is also shown separately.

GLOSSARY

Annual management fee	The ongoing fee charged for managing the fund. This is a fixed fee (also called the Minimum Fee) that is charged regardless of fund performance. The annual management fee for the Prudential Equity Fund I class and Prudential Dividend Maximiser Fund I class includes a 0.50% (excl. VAT) Financial Adviser Service Fee, which is paid to the Financial Adviser by Prudential.
Base fee	This is the annual management fee (or service charge) charged by the fund manager regardless of fund performance.
Maximum fee	This is the maximum annual management fee that may in any instance be recovered from the fund by the fund manager. This fee includes the minimum fee and all performance fee elements.
Performance fee cap	The maximum performance fee that can be charged by the fund.
Benchmark	This is the performance measure the fund is managed against (such as the ASISA South African – Equity – General Category Mean). Each fund may only have one benchmark.
Fee hurdle	This is the level of performance the fund must attain, prior to a fee higher than the Minimum Fee being charged. Fee Hurdle refers to the absolute hurdle (for example ALSI + 2% per annum) and not only the threshold (for example, 2% per annum).
Sharing rate	The percentage of performance above the Fee Hurdle that the fund manager is entitled to share in with the client. Also called a Participation Rate.
High water mark	The highest level of outperformance (performance above the benchmark) the fund has reached since the previous fee payment date.
Fee accrual frequency	This is the frequency at which provisions are made in the fund prices in order to allow for fees in excess of the Minimum Fee.
Fee payment frequency	This is the frequency at which the amounts provided in the fund in respect of fees in excess of the Minimum Fee are transferred from the fund to the fund manager.
Performance fee measurement period	The length of the period for which the fund performance is compared to the fee hurdle, each time the fee is accrued.
Net of fees and costs	After all fees (including previous performance fee and underlying funds' fees) and all costs related to the management and administration of the fund have been taken into account.
Gross of fees and costs	Before any fees (including previous performance fees and underlying funds' fees) and any costs related to the management and administration of the fund have been taken into account.
Total Expense Ratio (TER)	This is the standard measure of the impact that the deduction of management fees and operating costs has on a fund's value. The TER is expressed as a percentage, and is calculated by dividing the portfolio costs by the market value of the fund.

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