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Signature



MI-PLAN IP ENHANCED INCOME FUND (Class B6)

February 2020

MI-PLAN

Asset Management
Retirement Partners | Analytics

FUND INFORMATION

Class inception date	5 April 2019	JSE Code	Annual mngmnt fee (excl. VAT)	Total expense ratio (%)*	NAV	Units in Issue
Fund inception date	26 March 2012					
Sector	South African - Multi Asset - Income	Class B6: (Distributor Class)	MIPEB6	0.65%	0.78	1,049
Risk profile	Conservative					27,154,100
Minimum investment	Lump sum: R10 000; Monthly: R500	From 5 April 2019 to 31 Dec 2019 0.78% of the value of the MI-PLAN IP ENHANCED INCOME FUND Class B6 was incurred as expenses relating to the administration of the financial product. 0.01% of the value of the financial product was incurred as costs relating to the buying and selling of the assets underlying the financial product. Therefore 0.79% (Total Investment Charge) of the value of the financial product was incurred as costs relating to the investment of the financial product.				
Asset composition	Fixed Interest, Cash, Equity and Listed Property	* A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product 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 financial product, the investment decisions of the investment manager and the TER.				
Benchmark	STFIND x 1.1	The distributor receives 0.15% from the fund management fee.				
Fund Size	R 2,319,168,078	INVESTOR PROFILE				
Income declaration	Quarterly (Mar / Jun / Sep / Dec)	The fund should suit investors:				
Distributions (Class B6):	CPU n/a	<ul style="list-style-type: none"> • Aiming for higher returns than are available through cash or bank deposits over a 12-36 month period. • Seeking actively managed exposure to the full spectrum of the fixed interest and high yielding universe of assets. • Not wanting to personally choose between money market, bond, income, or preference dividend funds but rather believing in the ability of a good asset manager to do this job. 				

OBJECTIVE

The objective of the portfolio is to provide a return in excess of Money Market portfolios, for investors seeking to earn a reasonable level of income with low risk of capital loss.

The fund does not suit investors whose time horizon is less than 12 months and who are uncomfortable with price fluctuations over this shorter term.

APPLICATION

This fund enjoys a flexible mandate, and the manager will scour opportunities within money market instruments, vanilla bonds, inflation-linked bonds and equities, including listed property. Where good value exists in suitable foreign assets, moderate use may be made of these. The basic premise is that higher returns than money market funds are available, but because the assets that generate these also incur higher risks, they will be used judiciously and cautiously.

FUND MANAGEMENT



Rowan Williams-Short

MSc. FIFM, CFA, CIPM

Portfolio Manager

Vunani Fund Managers

All good things come to an end. After 20 consecutive months of beating its benchmark, the fund underperformed by 0.13% in February, though it did still deliver a positive return. It has been in existence for 95 months, over which time it has beaten its benchmark 74% of the time and has given positive monthly returns 94% of the time.

The reasons for underperformance in February include (i) strong ongoing inflows of yield-diluting cash, (ii) pronounced weakness in bonds on the last business day of the month and (iii) a trade we implemented evidently too early, and which was somewhat blindsided by bond market weakness. The trade was both yield-enhancing and duration neutral but buckled a bit under the yield curve steepening that followed yet another disappointing Budget Speech and considerable hyperbole about the Coronavirus. We will of course retain that trade, which had already borne fruit by the time of writing in early March.

Benefiting from data since 1871, we observe that the US 10-year Treasury yield broke an all-time record, falling to below 1%. Sadly, having surrendered fiscal prudence in about 2010, South Africa abjectly failed to enjoy the old correlation. We have squandered an opportunity to massively reduce our cost of servicing debt, and our level of indebtedness itself. Another record that was set was the steepness of the domestic yield curve (credible data exists since 1988; the 30-year less 3-year yield premium reached an astonishing 3.65%). Thus, very grim prognoses for widening deficits, spiralling debt and WGBI expulsion appear adequately priced in. Let's recall that the fiscal situation has worsened steadily over a number of years and sharply since 2015, yet over the past 4 years bonds have produced real returns of 5.5%. Your low risk, but not-so-low return fund has beaten equities by 45% over those four years (9.67% per annum).

We have been working hard on some exciting new investments for the fund. There has been some frustrating red tape, but consummation seems closer.

An analysis of factors affecting the adherence to the policy objective is contained in the fund manager commentary together with performance as reported. A detailed listing of changes from the previous quarter is available on request from info@miplan.co.za or clientservices@ipmc.co.za

Collective Investment Schemes are generally medium to long term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the manager. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Manager retains full legal responsibility for the Fund, regardless of Co-Naming arrangements. Transaction cutoff time is 14h30 daily. Each portfolio may be closed for new investments. Valuation time is 15h00 (17h00 at quarter end) and 20h00 for certain funds with significant investments in CIS. Prices are published daily and available in newspapers countrywide, as well as on request from the Manager. IP Management Company (RF) Pty Ltd is the authorised Manager of the Scheme – contact 021 673 1340 or clientservices@ipmc.co.za. Standard Bank is the trustee / custodian – contact compliance-IP@standardbank.co.za. Additional information including application forms, the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from clientservices@ipmc.co.za. IP Management Company is a member of ASISA. A statement of changes in the composition of the portfolio during the reporting period is available on request. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The fund is invested in portfolios of collective investment schemes that levy their own charges, and which could result in a higher fee structure for the fund.

Date of issue: 23/03/2020



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RISK AND RETURN STATISTICS to 29 February 2020

PERFORMANCE

	FUND	BMK	RANK	QRTL	Inc ABIL ¹
1 Year	11.8%	8.0%	2/90	1	11.6%
3 Years *	10.7%	8.2%	3/70	1	10.8%
5 Years *	9.6%	7.9%	5/57	1	9.8%
Since inception *	8.4%	7.2%			8.5%
Information ratio	0.6				
Active returns (since inception)	1.1%				
	Period	Performance			
Highest return	2019	11.6%			
Lowest return	2014	3.3%			

1. The performance of this product was affected by the African Bank event. African Bank instruments were transferred into a retention fund from which units were issued to impacted investors. The composite performance of the retention fund and the main fund – for comparative purposes – is indicated above. *Returns are annualised if period is longer than 12 months. Based on A1 class. Start date of A1 class: 26 March 2012.

TOP 10 EXPOSURES

Issuer	% OF FUND	DURATION
RSA	10.3%	6.57
ABSA	10.2%	0.12
SCMB	8.8%	0.23
FIRSTRAND	5.0%	0.39
REDINK	5.0%	0.13
AFRICAN BANK	4.9%	1.20
NED	4.9%	0.12
INVESTEC	4.2%	0.12
LANDBANK	3.6%	0.13
BAYA	2.5%	3.84

Annualised returns is the weighted average compound growth rate over the performance period measured. Fund returns shown are based on NAV-NAV unit pricings calculated from INET for a lump-sum investment with income distribution reinvested (after fees and cost). Source of data: Ranking and performance data obtained from Profile Data and Financial Express. "Inc ABIL" calculated internally.

PORTFOLIO STRUCTURE as at 29 February 2020

EFFECTIVE ASSET ALLOCATION

	FUND	STEFI
Cash	1.4%	15.0%
0 to 3m	1.4%	30.0%
3m to 6m	1.6%	35.0%
6m to 12m	20.1%	20.0%
12m to 3y	20.2%	
3y to 10y	49.5%	
>10y	0.2%	
Domestic Equity	2.8%	
Foreign Equity	1.8%	
Foreign Property	1.1%	
Foreign Cash	0.1%	

YIELD*

Description	FUND
Yield to maturity	9.50%
Modified duration	1.02

* Current

CONTACT DETAILS

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MI-PLAN (Pty) Ltd (Reg. No 2008/001568/07) is a licensed Financial Services Provider No. 9383

IP Management Company (RF) (Pty) Ltd (Reg. No 2007/017601/07)

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The portfolio may include foreign investments and the following additional risks may apply: liquidity constraints when selling foreign investments and risk of non-settlement of trades; macroeconomic and political risks associated with the country in which the investment is made; risk of loss on foreign exchange transactions and investment valuation due to fluctuating exchange rates; risk of foreign tax being applicable; potential limitations on availability of market information which could affect the valuation and liquidity of an investment. All of these risks could affect the valuation of an investment in the fund.

Disclosure: MI-PLAN has a 37% ownership interest in IP Management Company (RF) (Pty) Ltd. IP Management is a registered Collective Investment Manager in terms of CISCA and performs administrative functions on co-branded MI-PLAN IP unit trusts for which it receives contracted fees. In terms of its licence, IP Management Company may not conduct any other business other than the business of running a Collective Investment scheme. Accordingly, all intermediary service and advice where applicable, is provided by MI-PLAN in terms of its licence for which remuneration is paid from the fees mandated in the supplemental deed and disclosed herein. MI-PLAN offers investors a unique liability matching offering that matches the client's portfolio to their unique needs as documented at www.miplan.co.za. The complexity and uniqueness of this process and variability of each client's needs, required that technology be used to embed MI-PLAN's intellectual property in the financial service offering. In delivering this financial service, software is provided by MI-PLAN to advisers that determines a liability matched asset allocation, constructed using MI-PLAN IP funds. The design of the MI-PLAN software is based on the premise that the 25% allocated to MI-PLAN funds that provides the client with a foundation on which to choose other funds as mapped into the MI-PLAN software. As it's important to match the choice of product with the advice benchmark included in the MI-PLAN software should less than 25% of the clients product choice be directed to funds that are not similar to the MI-PLAN suite of funds, that a risk of a disconnect exists between the benchmark created and product choice. No fee is charged for the software and no obligation is placed on the advisor to offer, continue to offer, or offer to a minimum number of clients, this financial service. There are no other conditions placed on the advisors for the continued use of such technology that may influence the objective performance of the advisor. The advisor's obligations to render unbiased, fair advice in the best interests of you, the client, remains with your advisor. Your advisors obligation is to compare this financial offering against all others and ensure it is the most appropriate for your needs.

The EAC is a standard industry measure which has been introduced to allow you to compare the charges you incur and their impact on the investment returns over specific periods. Please visit <http://www.ipmc.co.za/effectiveannual-cost> to address the EAC illustrator. You can request an EAC calculation from clientservices@ipmc.co.za or call us on 021 673-1340.