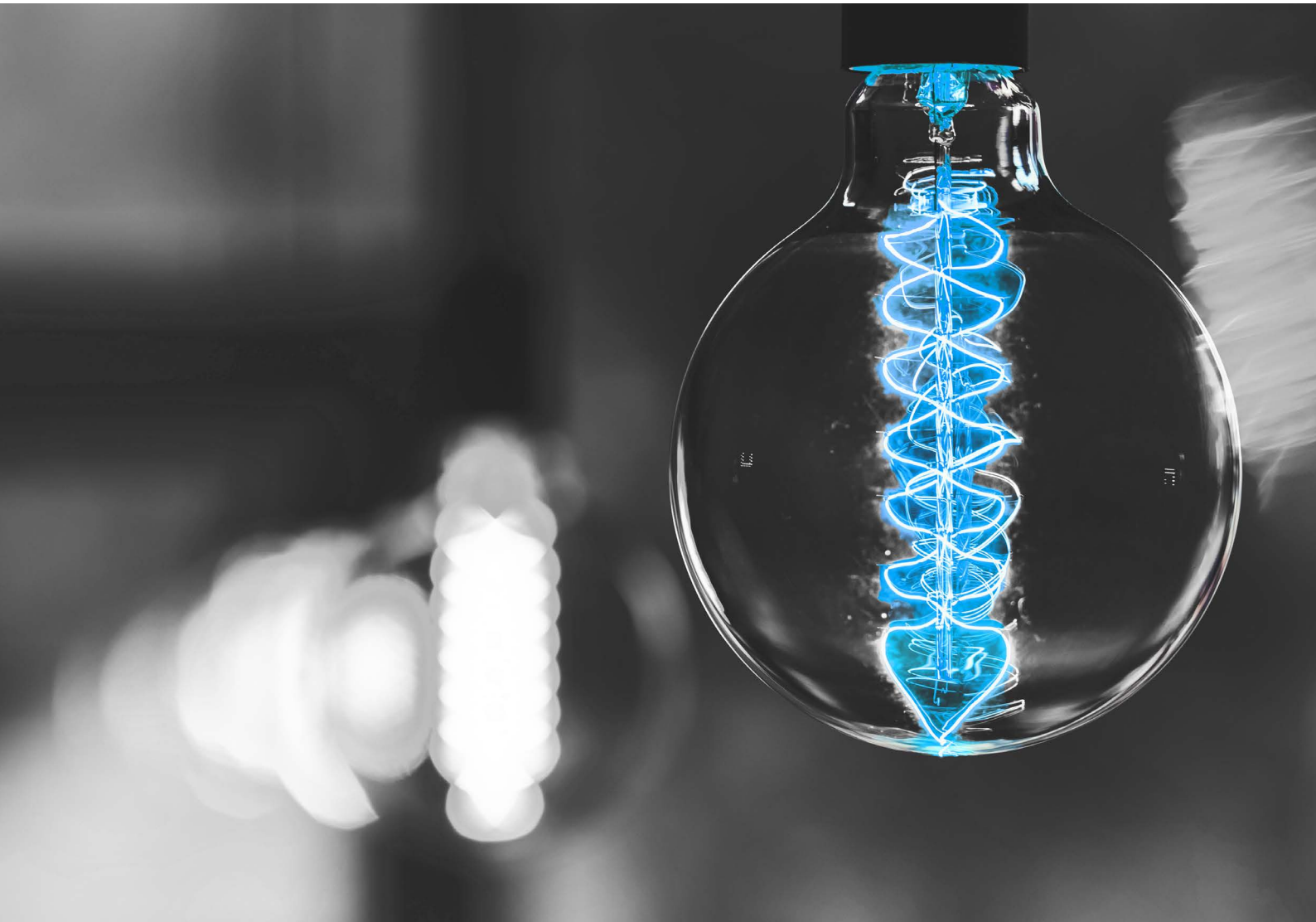
PSG Asset Management

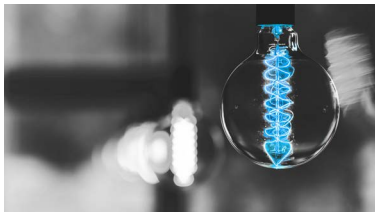
Angles & Perspectives

Second Quarter 2024



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At PSG Asset Management, we value independent thinking as part of our 3M investment process, and believe it helps us to identify often overlooked opportunities for our clients in unloved sectors of the market.

Introduction



Anet Ahern

Anet has over 37 years' experience in investment and business management. After starting her career at Allan Gray in 1986, where she fulfilled various roles in trading and investment management, she worked as a portfolio manager at Syfrets, and later BoE Asset Management, where she was CIO and CEO. She also spent six years at Sanlam, where she was the CEO of Sanlam Multi Manager International. Anet joined PSG Asset Management as CEO in 2013.

At PSG Asset Management, we firmly believe that the independent thinking and thorough research that underpin our 3M investment process, provide us with a unique vantage point from which to identify investment opportunities for our clients.

This edition showcases the breadth and depth of our independent thinking – from questioning the nature of safe-haven assets, to thinking differently about how commodities are likely to behave in the future and what role they might fulfil in client portfolios. Lastly, we show how thinking about event risk probabilistically helps us to position portfolios with protection in mind. By questioning the popular narratives that often dominate markets, we are able to find the overlooked gems that others are ignoring – perhaps because they reside in unpopular areas, or are just deeply out of favour. And in the process, by looking beyond what is popular, we deliver valuable diversification benefits to our clients.

In the first article, Head of Research Kevin Cousins explains that economies and financial markets are built on a foundation of trust. Without it, markets become inefficient and governments lose credibility. Nowhere is this more pertinent than for fixed income investors, as purchasing a country's sovereign bonds requires a leap of faith that the yield available will compensate you for the risks taken for many years into the future. But the decline in US economic fundamentals and the fact that policymakers' intentions may be at odds with the interests of bond holders, make us question the role of developed market sovereign bonds as a benchmark financial asset and portfolio safe haven going forward.

Next, Fund Manager Shaun le Roux argues that because commodities tend to experience multi-year cycles and can be quite volatile, their popularity tends to wax and wane over time, and they are currently underrepresented in most investment portfolios. This is unfortunate, as we think they can play a valuable role as part of a diversified portfolio, given the low starting valuations for select commodity shares combined with the attractive underlying supply-demand dynamic. Providing a practical example of our thinking on commodities, Analyst Nomandla Duma then shares a case study that unpacks the investment thesis for Anglo American and the impact of copper supply constraints.

In the final article, Head of Fixed Income Lyle Sankar shares how we actively apply high-quality decision-making to protect capital as part of our fixed income process. Using recent and upcoming elections as examples of how we think about event risk, he shows how we purposefully aim to minimise the likelihood of losses in our funds, rather than only focusing on picking the winners.

We trust that you will find these articles insightful, and their guidance valuable in these turbulent times.



Why trust matters for investors



Kevin Cousins

Kevin has over 30 years' experience in investment management. Kevin joined PSG Asset Management as an investment analyst in 2015. He was appointed as Head of Research in 2017.

Economies and financial markets are built on a foundation of trust. Without it, markets become inefficient and governments lose credibility. Poor or short-sighted fiscal and monetary policies or consistently missing economic targets is typical of 'untrustworthy' governments, and it can create a low-trust environment with huge potential implications for investors. Nowhere is this more pertinent than for fixed income investors, as purchasing a country's sovereign bonds requires a leap of faith that the yield available will compensate you for the risks taken for many years into the future.

Historically, low-trust countries were typified by emerging markets (EMs) with unsustainable debt burdens, large twin deficits, a high dependence on foreign flows, questionable rule of law and polarised politics. But today, that characterisation can be applied to several developed markets.

The decline in US economic fundamentals and the fact that policymakers' intentions may be at odds with the interests of bond holders, make us question the role of developed market sovereign bonds as a benchmark financial asset and portfolio safe haven.

It all starts with trust

Oxford University lecturer and author Rachel Botsman has spent many years researching trust. Trust is highly subjective and contextual. In a recent presentation, she makes the point that when deciding whether to trust someone, we need to pair it with 'to do what?' to provide necessary context. There is proven science around what makes someone trustworthy, as described by her trust equation. It has four components: competence, reliability, integrity and empathy. Of these, integrity is considered the most important.

TRUST = Competence + Reliability + Integrity + Empathy

The ingredients of trust

How factors		**Why** factors	
Competence	**Reliability**	**Integrity**	**Empathy**
Do they have the skills/ resources necessary?	Do they have a track record of delivery?	The most important factor: alignment between words and actions, their intentions and your interests	Important for social rather than economic interactions









Source: PSG Asset Management based on the work of Rachel Botsman

Botsman describes trust as 'a bridge between the known and unknown' and as such, trust is an essential yet a largely ignored aspect of an economy and especially financial markets. What do high or low levels of trust mean for markets, and why should investors care about changes in levels of trust over time?

Low levels of trust correlate with high inflation

If we ask the question "Do you trust the government's economic policy?" we can instinctively see the link between trust and financial markets. It is well understood that inflation expectations help to shape actual inflation outcomes. A low-trust environment has huge potential implications for investors, as poor or short-sighted fiscal and monetary policies or consistently missing economic targets may lead to high levels of macroeconomic volatility.

The OECD Trust Rating Survey asks: "In this country, do you have confidence in the national government?" Their most recent poll covered 41 countries. Our analysis shows that in the most recent 2022/23 inflation cycle, the 10 countries with the lowest government trust scores (35% or lower) had an average inflation peak at 15.9% while in the 10 countries with the highest trust scores (60% or higher) inflation peaked at 9.1%.

Lower trust means higher macro risk?

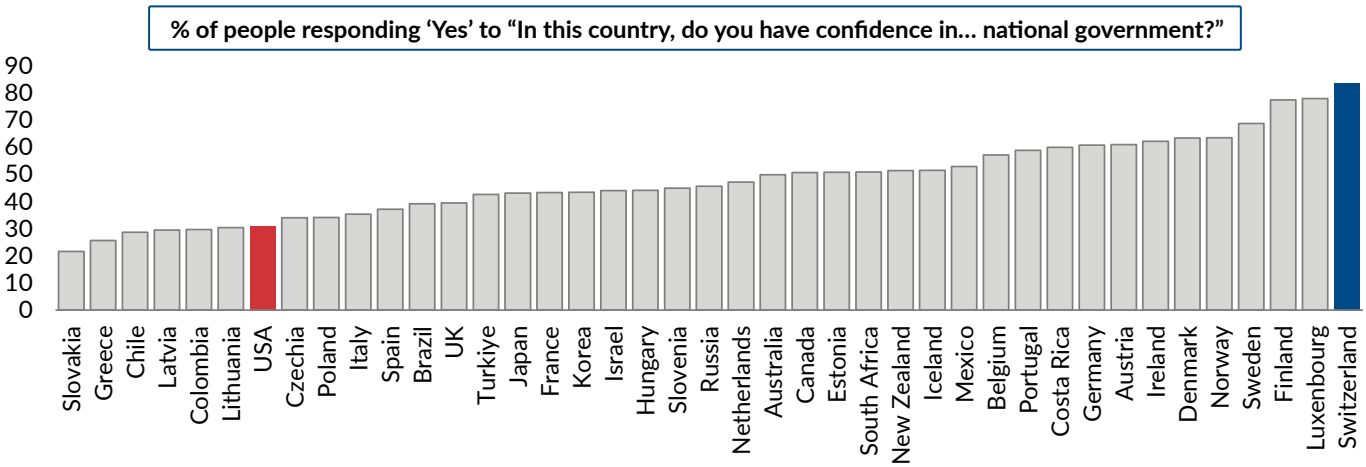
Low levels of trust in the government does not cause inflation (correlation is not causation). We think the causes of inflation are complex and multi-faceted, as laid out in our Q2 2023 article 'Arthur Burns, William Miller and learning the right lessons from history'. However, we would make the case that low levels of trust, or a significant decline in trust, raises the vulnerability to inflationary events and increases the risk that bouts of macroeconomic volatility may be exacerbated or prolonged by second-round impacts.

Given this, the impact of a low level of trust in a specific economy may not be directly felt for years, but rather represents a vulnerability that could reduce economic and political resilience during periods of upheaval.

The US is now a low-trust society

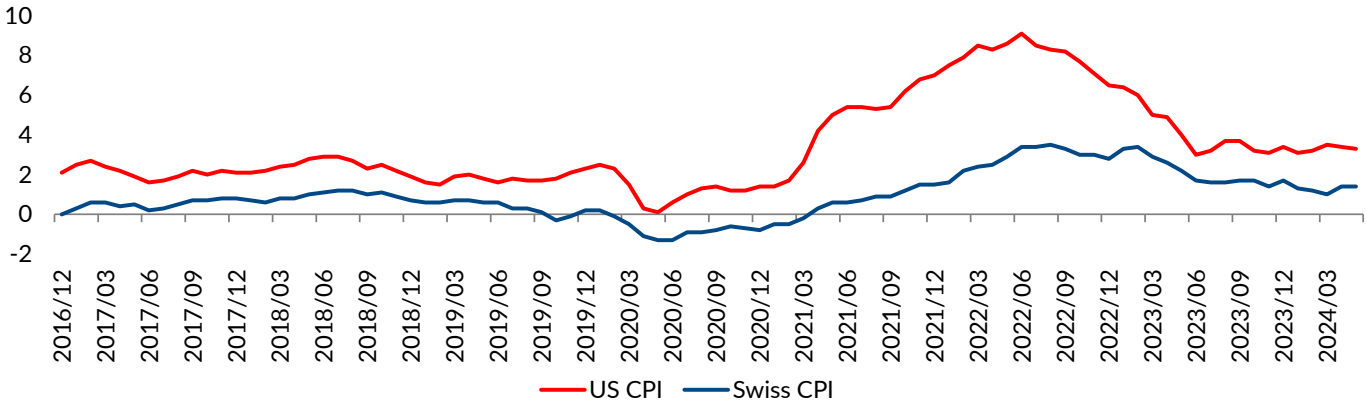
If we compare two developed countries at opposite ends of the trust scale, the US and Switzerland, we see a dramatic difference in their recently recorded levels of the consumer price index (CPI). While we think inflation always has many causes and accelerators, this is still an interesting divergence between two wealthy developed countries.

OECD Trust Rating



Sources: OECD and PSG Asset Management

Comparing recent CPIs



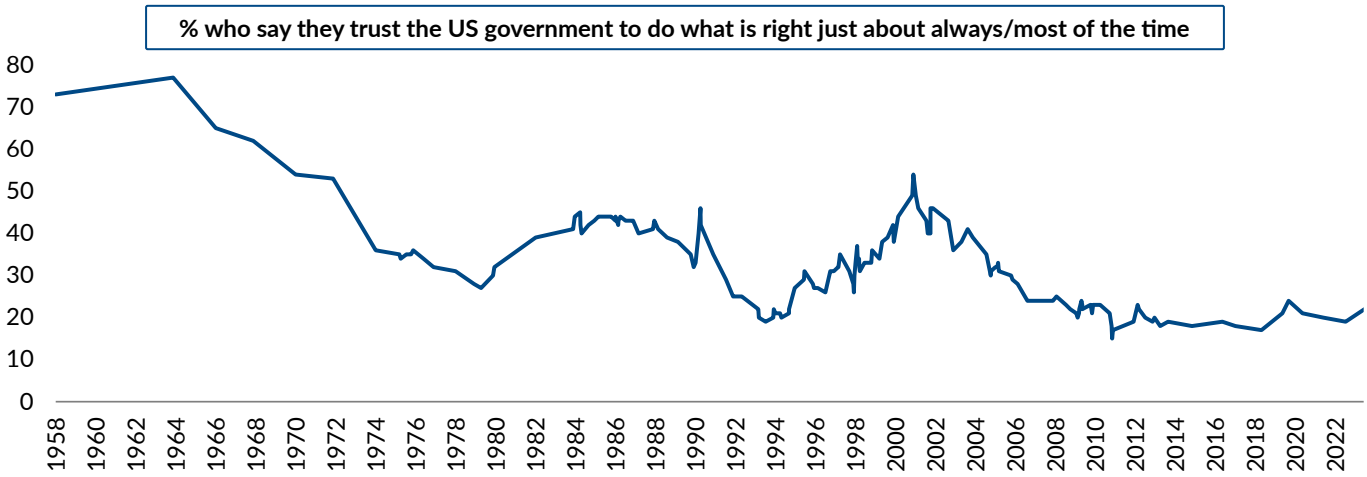
Sources: PSG Asset Management and Bloomberg

The new emerging markets

In the post-Covid world, many developed markets (most notably the US) now align to descriptions previously reserved for low-trust EM countries: having unsustainable debt burdens, large twin deficits, questionable rule of law and polarised societies. ***Eighty years ago, more than 70% of Americans said, "We trust the government to do what is right just about always or most of the time." This has dropped to just over 20% today.*** (Pew Research Center).

The collapse of trust in the US government

Pew Research Center



Sources: PSG Asset Management and Pew Research Center

The decline in US economic fundamentals (wide budget deficits set to continue with demographic pressure from the retiring Boomers, government debt-to-GDP ratio at a post-WW2 high and forecast to get much worse, consistent current account deficits and hence reliance on continued foreign flows) has accelerated since 2009, and now actually looks typical of an emerging market in the 'bad old days'. We also note that since 2009, the trust rating has remained at lows of around 20%.

The trust equation raises questions

Purchasing a country's sovereign bonds requires a high level of trust that the available yield will compensate you for the risks taken. We question whether the current yields on US treasuries provide adequate compensation for that leap of faith. ***Given the very high and worsening debt levels and the associated policy constraints, US policy has been inconsistent and there is a high probability that the US will not be able to deliver on the implicit promises its bond holders rely on - i.e. they may not be 'competent' in terms of the trust equation above. More importantly, US policymakers' intentions may be at odds with the interests of bond holders, calling into question their integrity (negative real yields will help reduce future levels of debt to GDP, but are catastrophic for bond holder returns)***. This makes us question the role of developed market sovereign bonds as a benchmark financial asset and portfolio safe haven.



Beware the tail event

Most of today's investors were grounded in the 60/40 portfolio that performed well through the benign secular stagnation environment of the 2010s, which was also the last decade of a 40-year declining interest rate cycle. We believe that this period is likely to offer poor preparation for what lies ahead. To navigate a low-trust environment you need an awareness of the risk of severe 'tail events' (so called because they are on the edge of a distribution of possible outcomes) and how they would impact portfolios. These events are nowhere to be found in the typical lookback periods of the quantitative risk models used almost universally by the asset management industry. ***Resilient portfolio construction requires not just data, but also the creativity to imagine a different world.***

Operating in a world of broken trust

What happens when a government breaches the trust of investors? We had a preview of that in 2022 with the collapse in developed market bond prices. However, the non-linearity and violence of investors' reactions to a loss of trust have been displayed many times in history. Perhaps the best primer for this and for understanding monetary policy in general, is the book 'Lords of Finance: The Bankers Who Broke the World', which outlines the events leading up to and culminating in the Great Depression:

> *...experimenting with the currency was like walking a knife edge. A moderate degree of inflation does not remain moderate for long. At some point the public loses confidence in the authority's power to maintain the value of money, and deserts the currency in panic.*

We believe the US's declining economic fundamentals make it significantly less trustworthy than in the past, and less trustworthy than other nations historically regarded as higher risk. Ironically, the exposure of global investors to US assets has never been greater. Long-duration US bonds in particular demand a high level of trust not supported by our work, and should be avoided at current yields.

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Is it time for a fresh look at commodity investing?



Shaun le Roux

Shaun has managed the PSG Equity Fund since 2002 and the PSG Flexible Fund since 2016. He is a CA(SA) and a CFA charterholder.

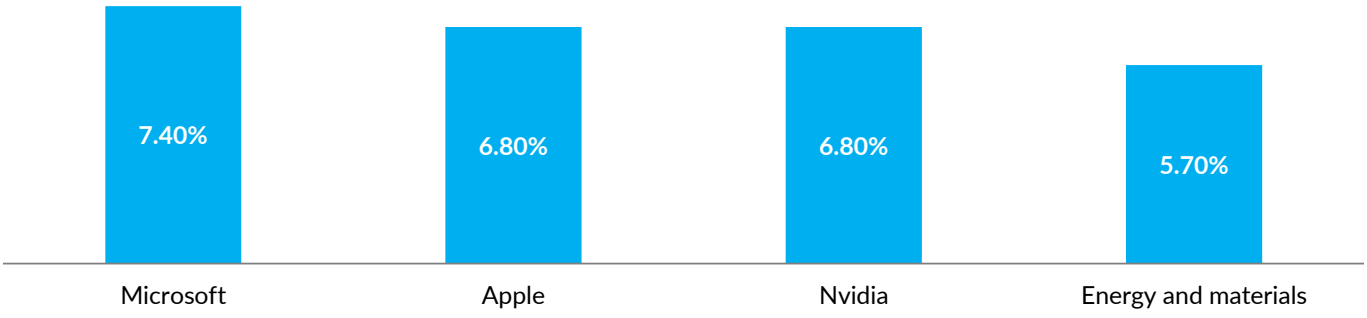
Commodities are fundamental to the functioning of economies. They play an important role in the South African economy and resource shares are an important component of our stock market. However, as commodities experience multi-year cycles and can be quite volatile, their popularity tends to wax and wane over time. Nevertheless, we believe there are currently good investment opportunities in the commodity complex and they are underrepresented in most investment portfolios. This is unfortunate, as we think they can play a valuable role as part of a diversified portfolio, given the challenging environment we believe lies ahead.

Commodities are out of favour for multiple reasons

Commodities are deeply out of favour in global markets, and local fund managers have been persistently bearish on commodity prices over the past three years (according to the Bank of America survey). There are a number of reasons for this pessimism, which seem to have become the common consensus:

- **Long-term underperformance.** The Commodity Research Bureau (CRB) Commodity Index is broadly at the same level as in 2014, meaning commodity prices have declined in real terms over a decade while the US stock market has appreciated sharply over this period.
- **Commodity prices are cyclical and volatile.** Many investors equate volatility with risk. Demand fluctuates with macro factors such as economic growth and inventory cycles. Commodity shares are therefore regarded as low-quality investments, particularly after a period of underperformance. Low-return, high-volatility assets are seen as toxic.
- **The macro environment raises concern around commodity demand.** Fears of the US falling into a recession have lingered for several years. The Chinese economy has also faltered and the commodity-intensive property sector has been in sharp decline. China remains the single largest consumer of most commodities.
- **ESG concerns hamper investment.** The carbon intensity of mining and the push to wean the world off fossil fuels have removed or reduced environmental, social and governance (ESG) conscious investors from the pool of capital providers.
- **Commodity shares are now a very small component of most global indices.** Global equity markets have become increasingly dominated by passive investors, the US and mega-cap growth stocks. As the chart below shows, the combined weight of energy and materials in US stock indices is dwarfed by individual stocks like Apple (and Nvidia).
- **New production locations are not investment friendly.** New production increasingly comes from less politically stable jurisdictions like the Democratic Republic of the Congo (DRC).
- **Rising global interest rates** have raised the cost of capital and the cost of financing physical inventories.

Weight in S&P 500



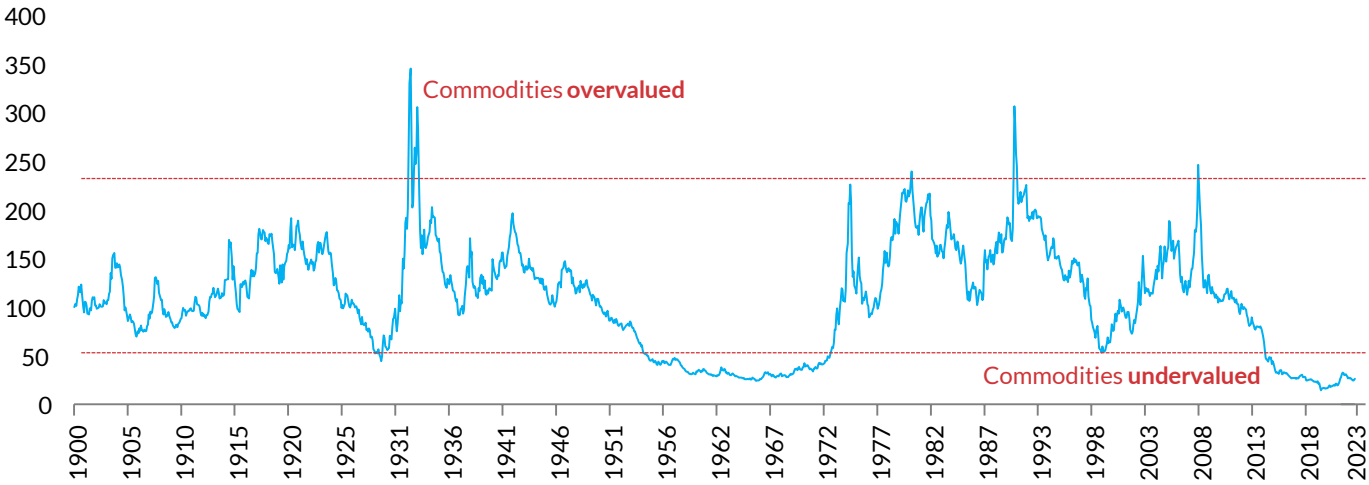
Sources: PSG and ishares.com – 3 July 2024

History provides a valuable perspective

As students of economic history, however, we believe it is crucial to look beyond the recent experience and interrogate the common consensus. After a careful study of market conditions (and being willing to take a differentiated view), we concluded that commodities are not only likely to do well in the future, but can also fulfil an important role in a diversified portfolio.

If, instead of focusing on the past decade, you zoomed out and looked at the past century, you would observe that there are a few periods where commodities (and other real assets) not only handsomely outperformed financial assets, but also offered portfolio protection against inflation.

Commodity prices/Dow Jones Industrial Average



Sources: Bloomberg and GR Models

The chart above compares the performance of commodity prices to financial assets over the past 120 years. You will notice three periods of distinct outperformance by commodities – the 1930s, 1970s/80s and early 2000s to 2010. It will surprise many who are hardwired to sell off cyclical sectors during an economic downturn, that those periods coincided with economic recessions and even a depression.

As global natural resources investors Goehring & Rozencwajg put it: "While the 1970s and 2000s bull markets are well studied, we were stunned that commodity and natural resources equities did well during the Great Depression. A simple equally weighted portfolio of energy, base metal and agricultural stocks bought at the market peak in 1929 more than doubled by 1938 compared with the broad market that remained 50% lower. Indeed, owning commodity stocks throughout the Great Depression was the only way to preserve one's wealth."

The current environment hints at future outperformance

We think those periods of superior returns from commodities over financial assets were characterised by three key conditions:

- Expensive financial assets at the start of the period. Stock market indices were expensive in 1929, 1969 and 1999 and subsequent returns were poor. Those periods were also characterised by concentrated markets where a select group of stocks came to dominate and drive markets higher.
- Global macro conditions were inflationary.
- The preceding decade had seen very limited investment in the supply capacity of commodity-extracting (old economy) sectors with capital flowing to new economy and financial assets.

We would argue that each of these conditions exists today.



Despite the macroeconomic hurdles outlined above, we think there are a number of drivers of demand that should more than compensate for the potential economic headwinds over the medium term. The transition to a lower-carbon world is very metal-intensive and the current projections of the metals required to build out the envisaged solar farms, wind turbines, electricity grids and electric vehicles will require significant new green metal capacity. Furthermore, within developing economies, we may be witnessing the passing of the growth baton from China to other faster-growing nations that are moving up the industrialisation curve in South East Asia (like India or Indonesia), South America, the Middle East and Africa. Looking a bit further into the future – towards the end of the decade – it is not currently clear how supply will meet the anticipated demand for transition metals like copper. (More on this in the article that follows.) Thus, we expect the markets for most commodities to be tight over the medium term, given the persistence of underinvestment in capacity and likely sources of demand.

Our portfolios are positioned to take advantage of the opportunities

Given healthy fundamentals and low valuations, with stocks trading at very attractive levels relative to likely future cash flows, our clients have relatively high exposure to a number of commodity-related ideas. We have leveraged our global process to identify several opportunities outside of the JSE, especially in the energy and shipping sectors.

We have also taken a non-consensual view that the outlook for the platinum group metals (PGM) sector is favourable from these levels. We think market participants are overly focused on the demand implications of highly optimistic future penetration rates for electric vehicles (EVs). Positioning is very bearish, and we are seeing all-time highs of investors taking speculative short positions in palladium. We think that after a period of aggressive destocking by purchasers, supply constraints and deficits will force an inflection in the months ahead.

We have also been flagging that the global macro environment calls for a differentiated approach to managing portfolio risk. Whereas many market participants still default to G7 bonds as a means of reducing portfolio risk, we argue that we are in a macro environment in which bonds and equities are likely to be positively correlated. Real assets are also going to play a very important role in protecting a portfolio against inflation in times to come. We believe that a risk toolkit that is fit for these times means thinking differently about commodities. It is our view that both gold and energy securities offer portfolio protection against many of the likely future macro risks. Accordingly, our clients have healthy gold and energy exposure.

It's time to think differently about the role of commodities and real assets in your portfolio

Resource stocks can be volatile over the shorter term, but we remind investors that this volatility works both ways and that commodities can offer protection and upside in an environment where expensive, well-owned financial assets start to struggle.



Case study:

Our thinking on Anglo American and copper supply constraints



Nomandla Duma

Nomandla joined PSG Asset Management in June 2022 as an equity analyst with a background in multi-asset research. She has five years' industry experience.

As investors in Anglo American (Anglo), we were not surprised by BHP's bid to acquire the company's copper and iron ore assets earlier this year.

We had assessed the quality of Anglo's copper assets and concluded that the depressed share price (especially towards the end of last year) offered a very attractive way to gain exposure to tier one copper assets.

Our bullish copper market thesis is predicated on supply

The last copper market cycle was driven by Chinese demand and, while we foresee a medium-term underpin to demand, our views are based on constraints that limit the capacity to bring new supply to market.

Robust demand growth story

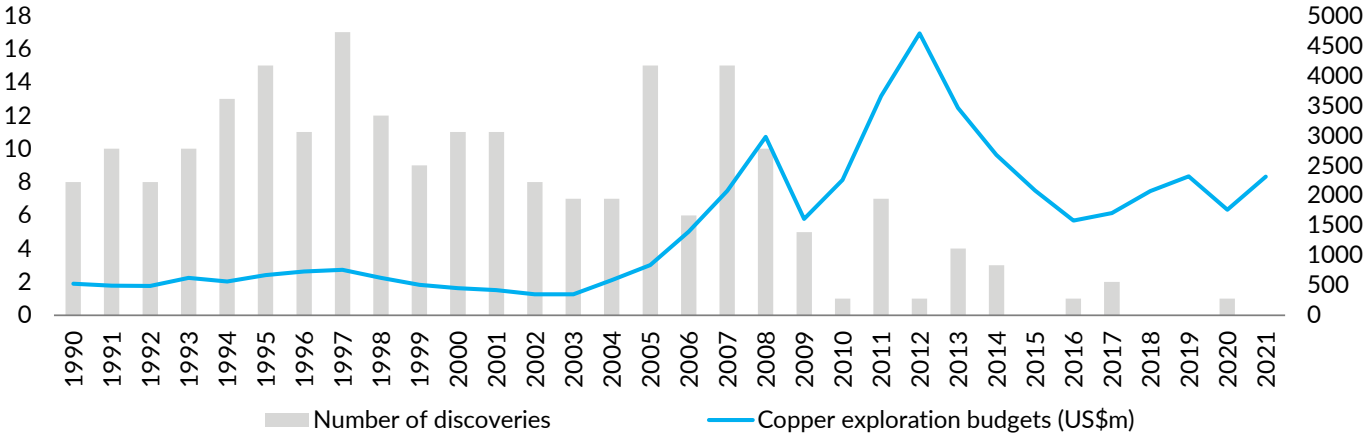
Copper, which has key traditional uses in the power and construction industries, is at the heart of the energy transition and will be required to facilitate the transition to lower-carbon energy.

While shortages are already expected by 2030, the demand for copper is expected to double from 25 million tonnes per annum (mtpa) in 2020 to 50 mtpa by 2050. The additional copper demand over the coming years would come from critical decarbonisation technologies, such as wind turbines, photovoltaic panels, heat pumps, electric vehicles and energy-efficient equipment. While these projections may be dialled down and technological breakthroughs may narrow the deficits, one thing is clear: the world looks likely to be chronically short of copper in years to come.

Constrained copper supply will be unable to match growing demand in time

- **Concentrated supply sources.** Compared to other metals, copper supply is concentrated with over 40% of production coming from two South American countries, Chile and Peru. This tends to exacerbate supply side shocks. Looking ahead, this level of concentration is unlikely to change, as Chile and Peru have the largest untapped copper resources.
- **The copper market depends on a few very old mines to meet the world's demand.** 50% of primary copper supply comes from just 25 copper mines (out of the more than 700 mines that are reported to be in operation today). The average discovery year of these 25 mines is 1928.
- **Declining grades a structural feature of the market.** In 2010, the top 15 miners' average grades were roughly 1.2% kg per tonne, while today they are roughly 0.7% kg per tonne.
- **New copper discoveries are mainly in 'higher-risk' geographies.** The superior locations in more investor-friendly geographies are depleted. Today, miners need to look into higher elevations, water scarce areas and more hostile geographies for larger deposits. Two-thirds of new copper resources established in 2023 came from Africa, dominated by the Democratic Republic of Congo (DRC).
- **A challenging regulatory environment limits the miners' ability to build new mines.** Regulators have become quite active, in many cases discouraging or delaying approval for major mining projects. The road from copper discovery to production is long and complex – on average, it takes almost 20 years to bring a copper mine into production from the date of discovery. This is a significant impediment to the copper market's ability to meet anticipated demand towards the end of the decade.
- **Fewer new copper discoveries could also lead to an enduring structural supply deficit of copper.** The chart below shows how few new copper discoveries have been made in recent times. Of the new discoveries since 1990, only 5% were made in the decade to 2021, in contrast to the 36% in the decade before. This is not because companies are reducing exploration spend but due to them shifting more of their exploration budgets towards known deposits and existing mines. In a world where the red tape to open new mines is so onerous, expanding known deposits is favoured over spending money on discovering new greenfield deposits.

30-year history of copper discoveries against exploration budgets

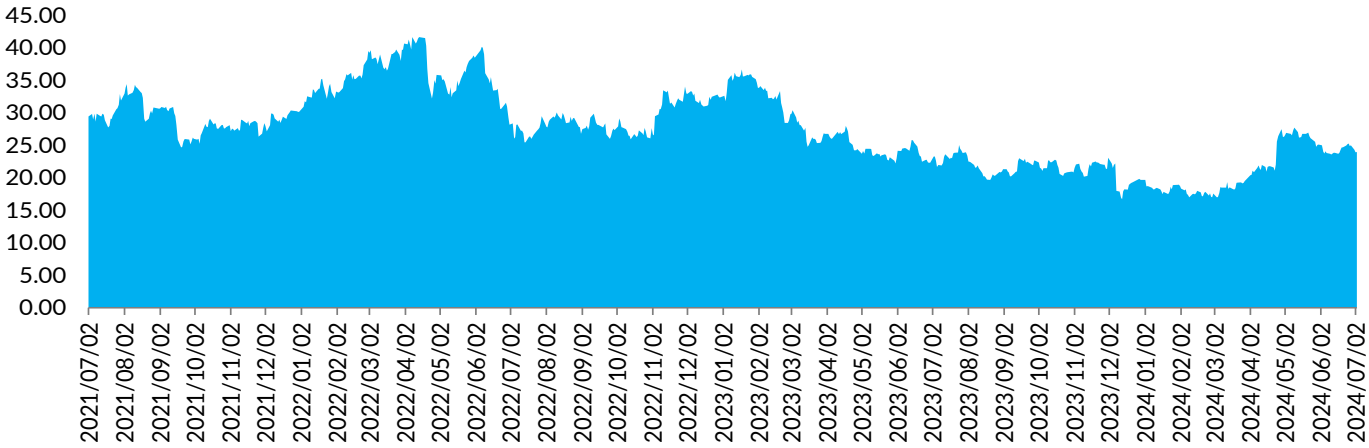


Source: S&P Market Intelligence

Why we favour investment in Anglo

After not owning Anglo for a number of years, the stock came onto our buy lists last year after it had retreated almost 40% from the highs reached during the supply disruptions associated with the Russia-Ukraine war.

Anglo American share price in GBP



Source: Bloomberg

The reasons for investing in Anglo in 2023 still hold:

- We favour investment in copper as a critical metal and Anglo provides a cheap entry point for copper exposure (alongside our longstanding Glencore position). Based on our analysis, pure-play copper names trade at a premium of more than 40% to Anglo (on an EV/EBITDA basis). Furthermore, Anglo has high-quality assets in Peru and Chile and is one of the very few producers that are expected to materially grow production over the next few years.
- Anglo has differentiated commodity exposure to the other majors: PGMs and diamonds are later cycle and have been in a cyclical downturn.
- We also view some of Anglo's other key assets favourably, including high-quality iron ore and metallurgical (met) coal deposits. Both are highly cash-generative assets whose values are not adequately captured in the Anglo share price.

The share price tumbled by more than 20% in December 2023, after unforeseen production cuts and further cyclical weakness in PGMs and diamonds. We increased our position size, arguing that many of the issues affecting the share price were temporary and cyclical, and that the copper assets acted as the anchor tenant of our thesis.

Unpacking the BHP offer

In April 2024, BHP made an all-share offer for Anglo. The structure of the deal proposed by BHP sent a clear signal that its primary focus was on the copper assets and their growth profile. They proposed excluding the two SA subsidiaries, Kumba Iron Ore and Anglo American Platinum (Amplats), which would be spun out to shareholders. Anglo countered with a strategic plan of their own and eventually, after the Anglo board rejected a revised offer, BHP decided to walk away.

Although we trimmed our exposure at higher levels, we continue to believe that Anglo offers an attractive risk-reward skew for our clients. We argue that the BHP offer vindicates our view that tier one copper assets are scarce and can be acquired cheaply through Anglo. Previously underappreciated copper assets are now in play, and we don't expect this to be the last copper merger and acquisition. We would not be surprised if we saw another bid for Anglo from BHP (or another major) in due course, if the share price does not rise to reflect the value of these assets.

When we trimmed Anglo in our local portfolios earlier this year after the bid, we switched some of our position into Amplats, which came under pressure given the impending overhang in its shares after the proposed unbundling. Anglo's iron ore assets also provide a competitive edge given their disproportionate skew to higher-quality iron ore, which is valuable in a decarbonising world. Furthermore, export volumes at Kumba are depressed and should recover with improving SA logistics performance after reforms at Transnet.

One possible catalyst for an Anglo rerating could be a reduction in the risk premium attached to its SA assets. This is much more likely after the market-friendly conclusion of the recent local elections. BHP was not interested in holding onto the SA assets and Anglo is also proposing unbundling Amplats. A change in sentiment towards SA could have a material impact on the Anglo share price. This would mitigate the execution risks and complexity introduced by the strategic plan set forth by Anglo to divest Amplats, met coal and possibly diamonds.

The BHP bid has demonstrated the quality of the assets in Anglo's portfolio. These factors and the very cheap share price compensate our clients for our concerns about the capital allocation track record of the management team. This company has a history of selling low and buying high, and time will tell whether the mooted exits from PGMs, met coal and possibly diamonds will take place at a low point in the cycle.

The months ahead are unlikely to be boring for Anglo shareholders. However, Anglo has highly sought-after copper assets that are the crown jewel of the portfolio. We don't think that the current share price captures the value inherent in its portfolio of assets.





Managing risk for shifting probabilities

Lyle Sankar

Lyle joined PSG Asset Management in 2014 and currently manages the PSG Income Fund and PSG Diversified Income Fund. He was appointed as Head of Fixed Income in April 2022.

We believe it is possible to make significantly better decisions when we focus on the probabilities of various scenarios, rather than trying to predict exact outcomes. By encouraging independent thinking when analysing market opportunities in the global context, our proven 3M investment process helps us to achieve better client outcomes in the long run. The case studies below provide practical insights into our thinking and decision-making process in the 'year of elections'.

There are dangers in blindly aligning to the consensus view

We typically search for opportunities in uncrowded areas of the market, where the likelihood of a market mispricing – and ensuring the odds of securing a positive outcome – is higher.

Conversely, we believe a significant value-add of this process is being able to consistently avoid potential investment pitfalls. These are areas characterised by strongly held consensus views and rich valuations that are vulnerable to unfavourable outcomes if these expectations prove to be incorrect. Often, the consensus only needs to be partially incorrect for clients to face significant downside risk.

Our 3M process helps us to decide when to be offensively positioned, and importantly, when to be more defensive in our positioning. Over the long term, this approach has helped us to avoid many of the pitfalls that markets inevitably deliver, and has enabled our funds to generate attractive yields for clients (beating inflation and cash).

Case study: SA elections and managing event risk

The recent SA elections presented a major event risk for clients and in many ways proved to be a pivotal moment for South Africa's economic outlook. While the relief was palpable post the election, it is important to learn from these events. From our perspective:

- Predictions or forecasting is fraught with error and relying on this to inform positioning going into major events can be extremely risky. Before the elections, many anticipated support for the ANC falling below the 50% threshold but few foresaw an outcome closer to the 40% level. There is immense value in understanding the limitations and risks of predictions around events.
- The consensus market view is typically already reflected in price or yields, and therefore presents significant risk if it proves to be incorrect. We estimated that the market consensus was nearly 80% that the ANC would receive around 45% of the vote – this was seen as being a market-friendly outcome. We believe it is particularly important to think in probabilities when event risk is involved. Some of the key questions we asked ourselves were: "What happens to markets if the view is wrong? Is the probability of this outcome really 80%? Has the market already fully priced in this specific outcome?"

We aimed to understand the risks associated with a poor (market-unfriendly) outcome, and considered the potential losses that could result. We believed, given we couldn't dismiss the possibility of a negative outcome, and given what was priced into markets, it was appropriate to manage risk within our funds carefully by including additional protection ahead of the elections. We believe this approach served our clients well. Not only did our clients fare well given the ultimate outcome, but if a negative scenario had materialised, they would have enjoyed a significant degree of protection.

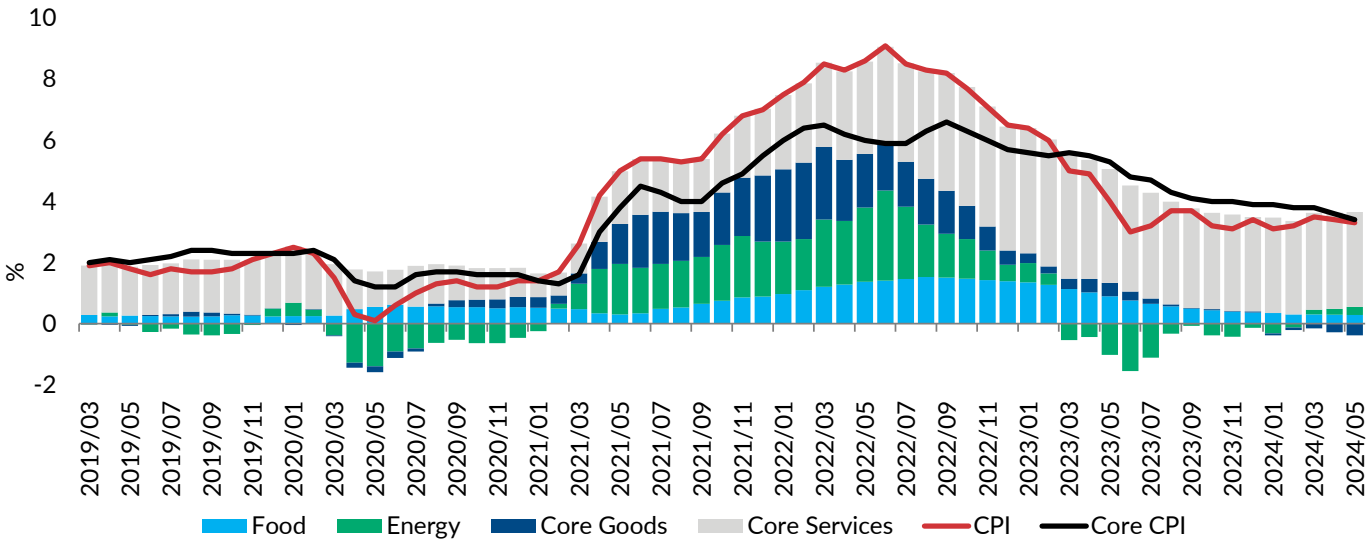


Applying these learnings in global fixed income markets

When looking abroad, we see a strongly held consensus view on the future path of inflation that can benefit from closer scrutiny. US inflation is considered by most market participants to be well contained, as evidenced by 1-year inflation swaps pricing in inflation below 2% over the next 12 months, and with the market pricing with 100% certainty that the rate cutting cycle will commence in September 2024. With US growth beginning to slow, the market expects three interest rate cuts over the next six months, and US bonds are already pricing in a softer inflation and growth backdrop.

However, we have several concerns with this consensus thesis. We would caution against assuming inflation is destined to fall from current levels of around 3.5% to safely within the 2% target range for an extended period. In our view, the impact of longer-term inflation dynamics and drivers of inflation is being underestimated by the market, even if the economy seems to be cooling in the short term.

Underlying inflation pressures in the US remain high



Source: Bloomberg

US inflation has averaged between 3% and 4% over the past year and a half, underpinned by sticky core services inflation (the grey bars in the graph above). This is primarily driven by wages, which remain elevated above the 3% level compared to the Federal Reserve's 2% target. Wage inflation is usually challenging to bring under control without a drastic increase in unemployment. Typically, after periods of very sticky inflation, it takes a long time for inflation to narrow to target. As a result, we believe inflation is likely to remain elevated and more volatile over the near term, contrary to market expectations.

US elections are likely to drive further inflationary pressures

US election outcomes need to be considered when trying to understand the likely direction of underlying inflation pressures in the US. However, it is likely that regardless of the outcome (Democrat or Republican), the US will continue to drive inflationary pressures through deficit spending at a time when the US has the tightest labour market in history, and wage pressures are still prevalent.

Until recently, Donald Trump was firmly in the lead as the favourite candidate in the US presidential election. The policies which he subscribes to, including a tough stance on immigration and being pro the implementation of tariffs, are likely to increase the cost of labour and the cost of goods respectively, and are therefore likely to have an impact on future inflation outcomes. While President Biden's decision to step down from the presidential race in favour of current Vice-President Kamala Harris has introduced more uncertainty regarding the eventual election outcomes, we know that politicians are not prone to cutting spending. There are a number of current government policies and programmes which will be difficult to reverse, and we therefore think that government spending is likely to remain elevated, regardless of who is in the White House. Thus, we believe the current consensus view of low inflation is at a considerable risk of not coming to fruition.

We see a high likelihood of policy error, with implications for investor returns down the line

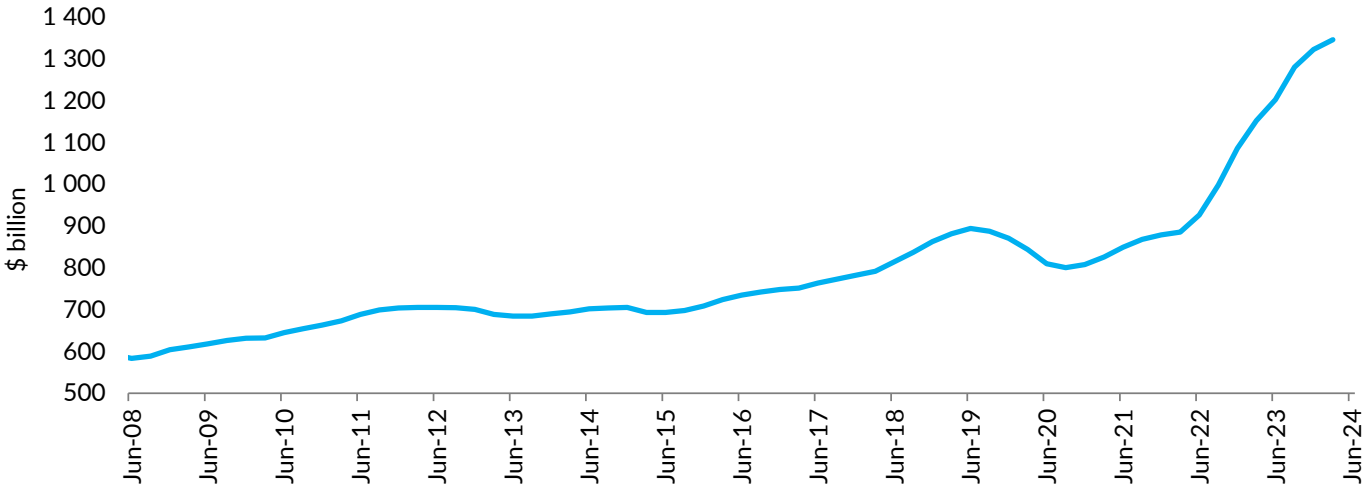
The market is currently pricing in three interest rate cuts in 2024, and we expect that the Fed will cut rates even though we do not think inflation is under control (as outlined above). This seems to have become something of a foregone conclusion, following on the recent spate of concerning economic data releases we have seen.

One of the reasons we expect the Fed to cut is that they are acutely aware of the impact of elevated interest rates on the US debt burden, on debt servicing costs, and on the amount of debt that the US treasury needs to issue to market. The US continues to spend significantly more than it earns, and its interest payment bill has ballooned by more than 75% over two years.

We estimate that in the next three years, the US will issue in excess of $20 trillion of debt to refinance maturing bonds and sustain current budget deficits. While it is not their primary mandate, one way to control this dynamic is to lower the cost of debt.

However, cutting rates without inflation being under control has negative implications for the currency, for the attractiveness of their debt instruments, and also impacts how the interest rate cycle progresses from this point forward.

US interest payments



Sources: Bureau of Economic Analysis and Bloomberg

Larger cycles drive relative price moves in markets and although the US dollar has been on a 15-year upward cycle, there is a distinct possibility that the US dollar will weaken from here, marking an inflection in the current cycle. These are typically attractive environments for emerging market assets, including South Africa.

We believe the local market offers investors attractive opportunities

Shifting the focus to SA, we believe there is reason for continued positive sentiment. We highlight some aspects which need to be considered when setting exposure to SA assets.

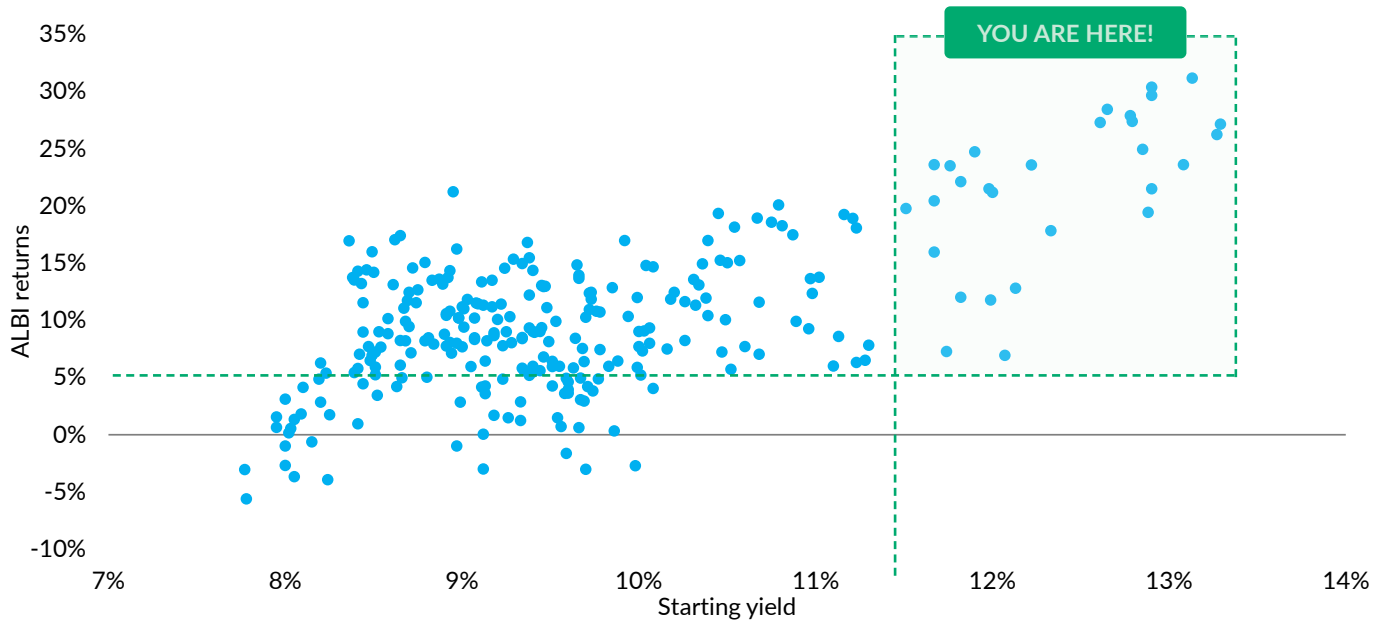
We believe the environment has grown increasingly favourable for local assets to outperform:

- No load shedding for close to three months, with energy supply outstripping demand.
- The anticipated rate cutting cycle could be deeper than many would have expected.
- Greater political certainty and forward momentum on the much-needed reform agenda.
- A tailwind for emerging markets through an inflection in market cycles (a weaker US dollar environment).

We believe for bond investors, the probability has shifted towards the bull case of equity-like returns at bond-like levels of risk.

> *We believe for bond investors, the probability has shifted towards the bull case of equity-like returns at bond-like levels of risk.*

Entry yield vs All Bond Index Total Returns 1 year later



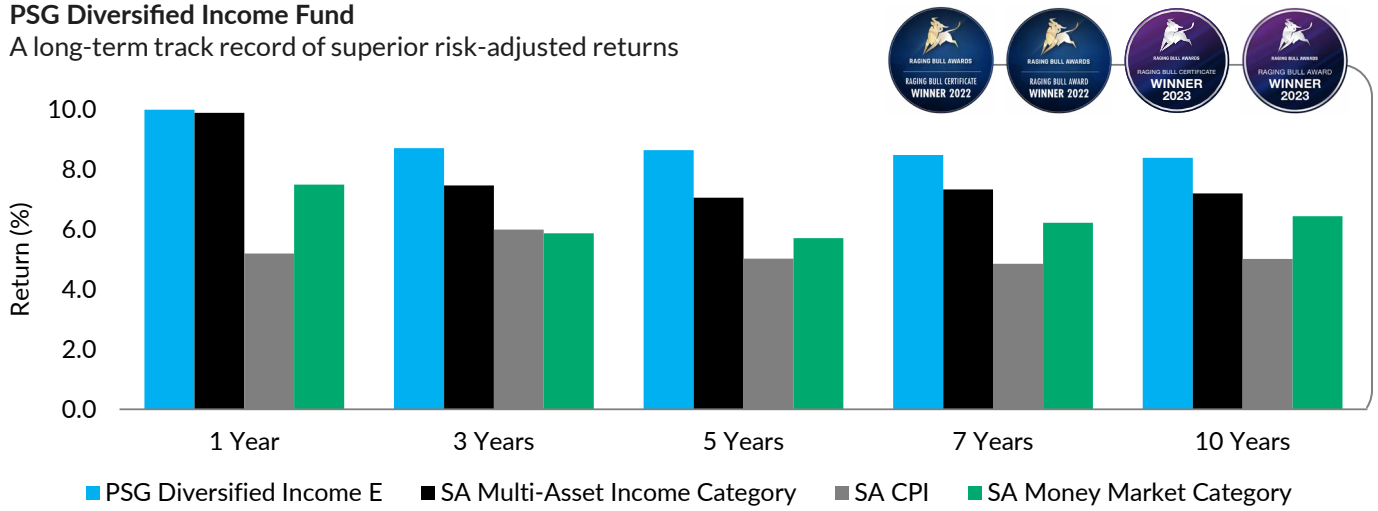
Sources: Bloomberg and PSG Asset Management

Avoiding the 'speed bumps' has rewarded our investors

We believe that thinking in probabilities has enabled us to avoid many of the pitfalls we have seen in fixed income markets to date, while our approach of finding opportunities in overlooked areas in the market has enabled us to provide long-term investment excellence to our clients. Importantly, we always keep our eyes fixed on the objective of capital preservation, which should also be a top priority for fixed income investors, in our view.

PSG Diversified Income Fund

A long-term track record of superior risk-adjusted returns



Source: Morningstar, 30 June 2024. The PSG Diversified Income Fund won the trophy for Best South African Interest-Bearing Fund and certificate for Best South African Multi-Asset Income Fund (over varying periods) in both 2022 and 2023 at the Raging Bull Awards.

Looking forward, we believe local investors currently have the opportunity to lock in attractive real yields in South African bonds at the peak of the interest rate cycle. However, this window of opportunity will not last indefinitely, and thus we are actively positioning our funds to make the most of the prevailing dynamics in the market, to our clients' advantage.

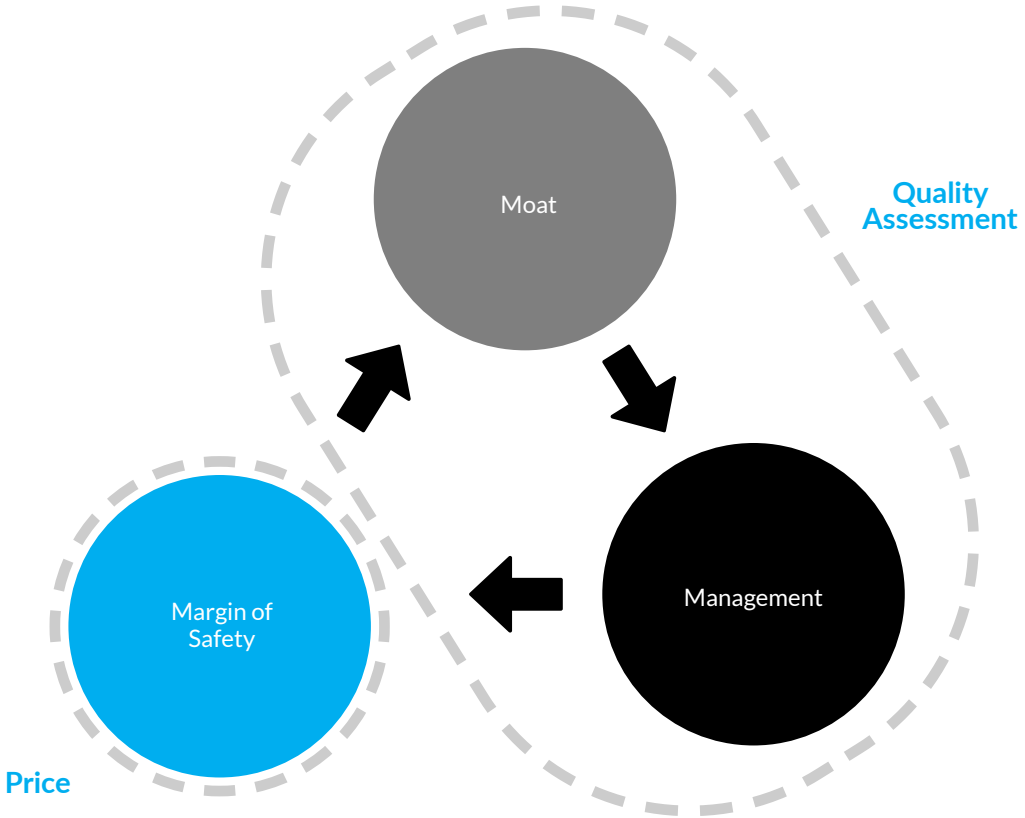
PSG Asset Management (Pty) Ltd is an authorised financial services provider (FSP 29524). More information on all funds administered on the PSG Collective Investment (RF) scheme and more information on the Raging Bull Awards, can be obtained from PSG Collective Investments (RF) Limited, at www.psg.co.za/asset-management.

A quick reminder of our 3M process

As investment professionals, we seek to generate consistent long-term returns for our clients. A robust and proven investment process is at the heart of our ability to do so consistently over time, even as market cycles come and go and stocks fall in and out of favour. We understand that generating strong long-term returns for our clients rests on the ability to buy low, invest for the long run and sell high.

To find the most attractive opportunities, we look in the uncrowded areas of the market that offer the best chance of mispricing (generally those characterised by fear, uncertainty or neglect). We further improve our chances of success by applying our 3M process.

The first two M's help us evaluate the quality of companies. These are the strength of 'management' and evidence of a competitive advantage that serves as a 'moat', setting the company apart from its peers. Our third M is the 'margin of safety', reflected in how far a security is trading from its fair value (or, viewed differently, whether its current price is setting us up to 'buy low'). Essentially, we are looking for some inherent quality that the market might be missing. As a result, we tend to invest in companies that are as good as the market or better, but trading at a discount. We believe that if we apply this methodology consistently, we will tend to buy quality companies at affordable valuations, helping our clients in growing their investments over time.



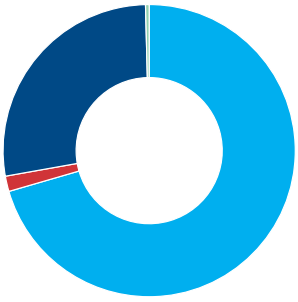
Portfolio holdings as at 30 June 2024

PSG Equity Fund

Top 10 equities

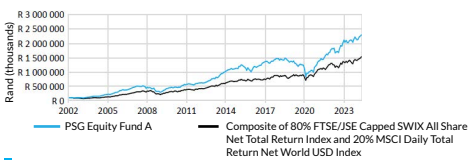
Discovery Ltd
Glencore plc
AngloGold Ashanti plc
Northam Platinum Holdings Ltd
Standard Bank Group Ltd
AECI Ltd
JSE Ltd
Prudential plc
The Foschini Group Ltd
Anglo American plc

Asset allocation



Domestic equity	70.5%
Domestic property	1.7%
Offshore equity	27.4%
Offshore cash	0.4%
Total	**100%**

Performance

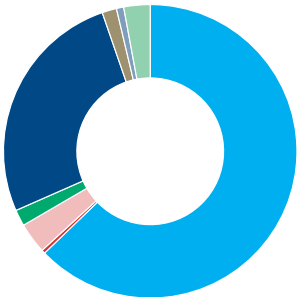


PSG Flexible Fund

Top 10 equities

Discovery Ltd
Glencore plc
AngloGold Ashanti plc
Standard Bank Group Ltd
Northam Platinum Holdings Ltd
AECI Ltd
Prudential plc
Wheaton Precious Metals Corp
Shell plc
JSE Ltd

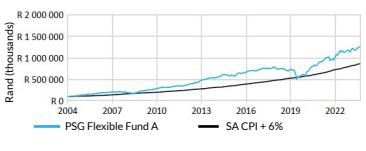
Asset allocation



Domestic equity	62.8%
Domestic property	0.4%
Domestic commodity	3.4%
Domestic cash	1.8%
Offshore equity*	26.3%
Offshore property	1.6%
Offshore commodity	0.8%
Offshore cash	2.9%
Total	**100%**

*Includes -2.1% effective derivative exposure

Performance

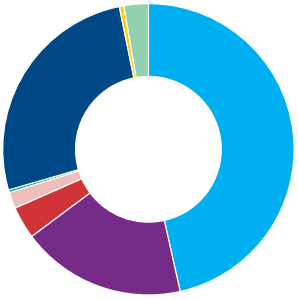


PSG Balanced Fund

Top 10 equities

Discovery Ltd
Prudential plc
Hiscox Ltd
Hammerson plc
The Foschini Group Ltd
Northam Platinum Holdings Ltd
Wheaton Precious Metals Corp
Absa Group Ltd
Anheuser-Busch Inbev SA/NV
Pepco Group NV

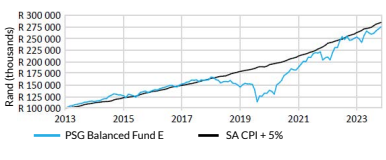
Asset allocation



Domestic equity	46.5%
Domestic bonds	18.3%
Domestic property	3.6%
Domestic commodity	1.8%
Domestic cash	0.3%
Offshore equity*	26.3%
Offshore bonds	0.5%
Offshore cash	2.7%
Total	**100%**

*Includes -2.3% effective derivative exposure

Performance



PSG Stable Fund

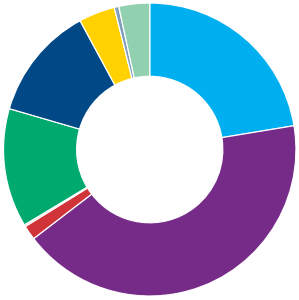
Top 5 equities

Discovery Ltd
Prudential plc
Anheuser-Busch InBev SA/NV
JSE Ltd
AECI Ltd

Top 5 issuer exposures

Republic of South Africa
FirstRand Ltd
Absa Group Ltd
Eskom Holdings SOC Ltd
Standard Bank Group Ltd

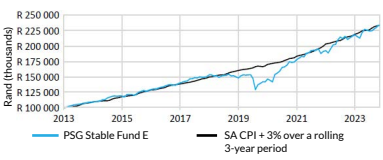
Asset allocation



Domestic equity*	22.4%
Domestic bonds	42.2%
Domestic property	1.6%
Domestic commodity	0.2%
Domestic cash, Treasury bills and NCDs	13.1%
Offshore equity**	12.6%
Offshore bonds	4.0%
Offshore commodity	0.5%
Offshore cash	3.4%
Total	**100%**

*Includes -0.7% effective derivative exposure
**Includes -1.4% effective derivative exposure

Performance



PSG Diversified Income Fund

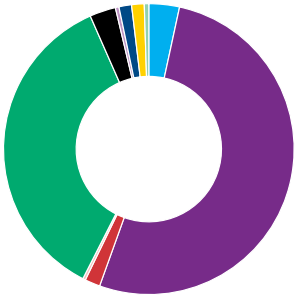
Top 5 equities

Discovery Ltd preference shares
Grindrod Ltd preference shares
Standard Bank Group preference shares
Network Healthcare preference shares
Discovery Ltd

Top 5 issuer exposures

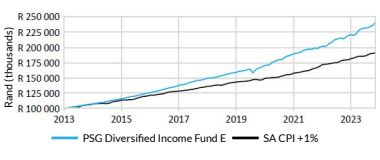
Republic of South Africa
Standard Bank Group Ltd
FirstRand Ltd
Absa Group Ltd
Eskom Holdings SOC Ltd

Asset allocation



Domestic equity	3.4%
Domestic bonds	52.1%
Domestic property	1.7%
Domestic commodity	0.3%
Domestic cash, Treasury bills and NCDs	35.9%
Domestic preference shares	2.9%
Domestic promissory note	0.4%
Offshore equity	1.4%
Offshore bonds	1.4%
Offshore cash	0.5%
Total	**100%**

Performance



PSG Income Fund

Top 10 issuer exposures

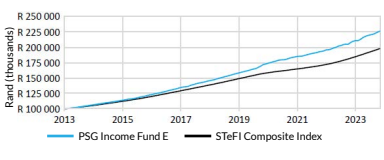
Republic of South Africa
FirstRand Ltd
Standard Bank Group Ltd
Absa Group Ltd
Nedbank Group Ltd
PSG Money Market Fund
Sanlam Life Insurance Ltd
Investec Ltd
Eskom Holdings SOC Ltd
Old Mutual plc

Asset allocation



Domestic bonds	44.4%
Domestic promissory note	1.0%
Domestic cash, Treasury bills and NCDs	54.6%
Total	**100%**

Performance

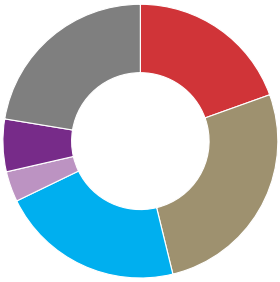


PSG Money Market Fund

Top 5 issuer exposures

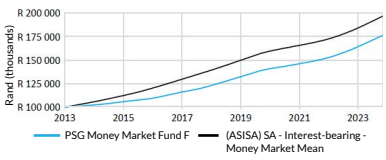
Republic of South Africa
Standard Bank Group Ltd
Nedbank Group Ltd
Absa Group Ltd
FirstRand Ltd

Asset allocation



Call	19.5%
Linked NCD/ Floating rate notes	26.7%
NCDs	21.6%
Promissory note	3.6%
Step rate notes	6.2%
Treasury bills	22.4%
Total	**100%**

Performance

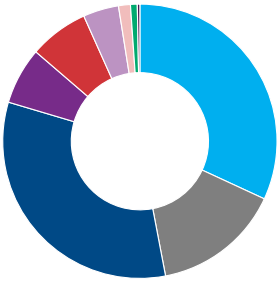


PSG Global Equity Sub-Fund

Top 10 equities

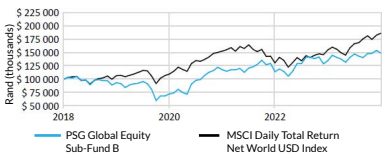
Prudential plc
Glencore plc
Asahi Group Holdings Ltd
Shell plc
Anheuser-Busch Inbev SA/NV
AngloGold Ashanti Ltd
Wheaton Precious Metals Corp
Babcock International Group plc
Hiscox Ltd
Discovery Ltd

Regional allocation



US	31.9%
Europe	15.1%
UK	32.6%
Japan	6.7%
Africa	7.0%
Hong Kong	4.2%
Brazil	1.4%
Cash	0.8%
Other	0.3%
Total	**100%**

Performance

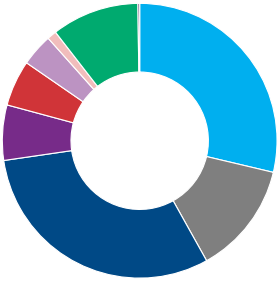


PSG Global Flexible Sub-Fund

Top 10 equities

Shell plc
Anheuser-Busch Inbev SA/NV
Glencore plc
Asahi Group Holdings Ltd
Prudential plc
Wheaton Precious Metals Corp
Babcock International Group plc
AngloGold Ashanti Ltd
Hiscox Ltd
CNX Resources Corp

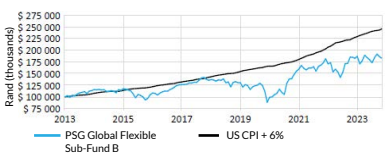
Regional allocation



US*	28.7%
Europe	13.2%
UK	30.8%
Japan	6.5%
Africa	5.4%
Hong Kong	3.8%
Brazil	1.1%
Cash and bonds	10.3%
Other	0.2%
Total	**100%**

*Includes -2.1% effective derivative exposure

Performance



Percentage annualised performance to 30 June 2024 (net of fees)

Local funds	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Equity Fund A*	13.11	17.01	12.14	7.64	15.05**	31/12/1997
Composite of 80% FTSE/JSE Capped SWIX All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index	11.67	11.91	11.13	8.46	13.00	
PSG Flexible Fund A†	11.56	15.66	11.74	8.93	13.74††	02/11/1998
SA Inflation + 6%	11.21	12.02	11.04	11.02	11.57	
PSG Balanced Fund E	11.33	14.67	12.44	9.18	9.80	03/09/2013
SA Inflation + 5%	10.21	11.02	10.04	10.03	10.13	
PSG Stable Fund E	9.80	10.52	9.03	7.97	8.16	03/09/2013
SA Inflation + 3% over a rolling 3-year period	8.20	9.01	8.04	8.02	8.13	
PSG Diversified Income Fund E	10.15	8.73	8.66	8.40	8.38	03/09/2013
SA Inflation + 1%	6.20	7.01	6.04	6.02	6.12	
PSG Income Fund E	8.93	7.25	7.66	7.92	7.82	03/09/2013
STeFI Composite Index	8.50	6.47	6.05	6.57	6.48	
PSG Money Market Fund F	8.74	6.66	6.15	5.62	5.35	02/09/2013
(ASISA) South African - Interest-bearing - Money Market Mean	7.50	5.88	5.72	6.45	6.42	
PSG Global Equity Feeder Fund E ^	7.67	16.57	15.04	10.86	11.87	03/09/2013
MSCI Daily Total Return Net World USD Index (in ZAR)	16.18	15.99	17.71	15.22	16.16	
PSG Global Flexible Feeder Fund B^^	5.80	14.40	14.23	10.76	12.64	11/04/2013
US Inflation + 6% (in ZAR)	5.62	20.79	16.02	14.86	15.96	

International funds	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Global Equity Sub-Fund B	10.59	8.04	9.72		6.86	02/07/2018
MSCI Daily Total Return Net World USD Index	20.19	6.86	11.78		10.92	
PSG Global Flexible Sub-Fund B	8.67	6.13	8.85	5.22	6.30	22/04/2013
US Inflation + 6%	9.27	11.28	10.17	8.82	8.77	

* The A class performance shows performance over a longer term of the PSG Equity Fund and the A class is closed to new investments. Class E (clean class) is available for investment via a platform. Click here for the Minimum Disclosure Document showing full details and performance of this class.

** Fund manager inception date 01/03/2002

† The A class performance shows performance over a longer term of the PSG Flexible Fund and the A class is closed to new investments. Class E (clean class) is available for investment via a platform. Click here for the Minimum Disclosure Document showing full details and performance of this class.

†† Current benchmark inception date 01/11/2004

^ The PSG Global Equity Feeder Fund feeds into the PSG Global Equity Sub-Fund.

^^ The PSG Global Flexible Feeder Fund feeds into the PSG Global Flexible Sub-Fund.

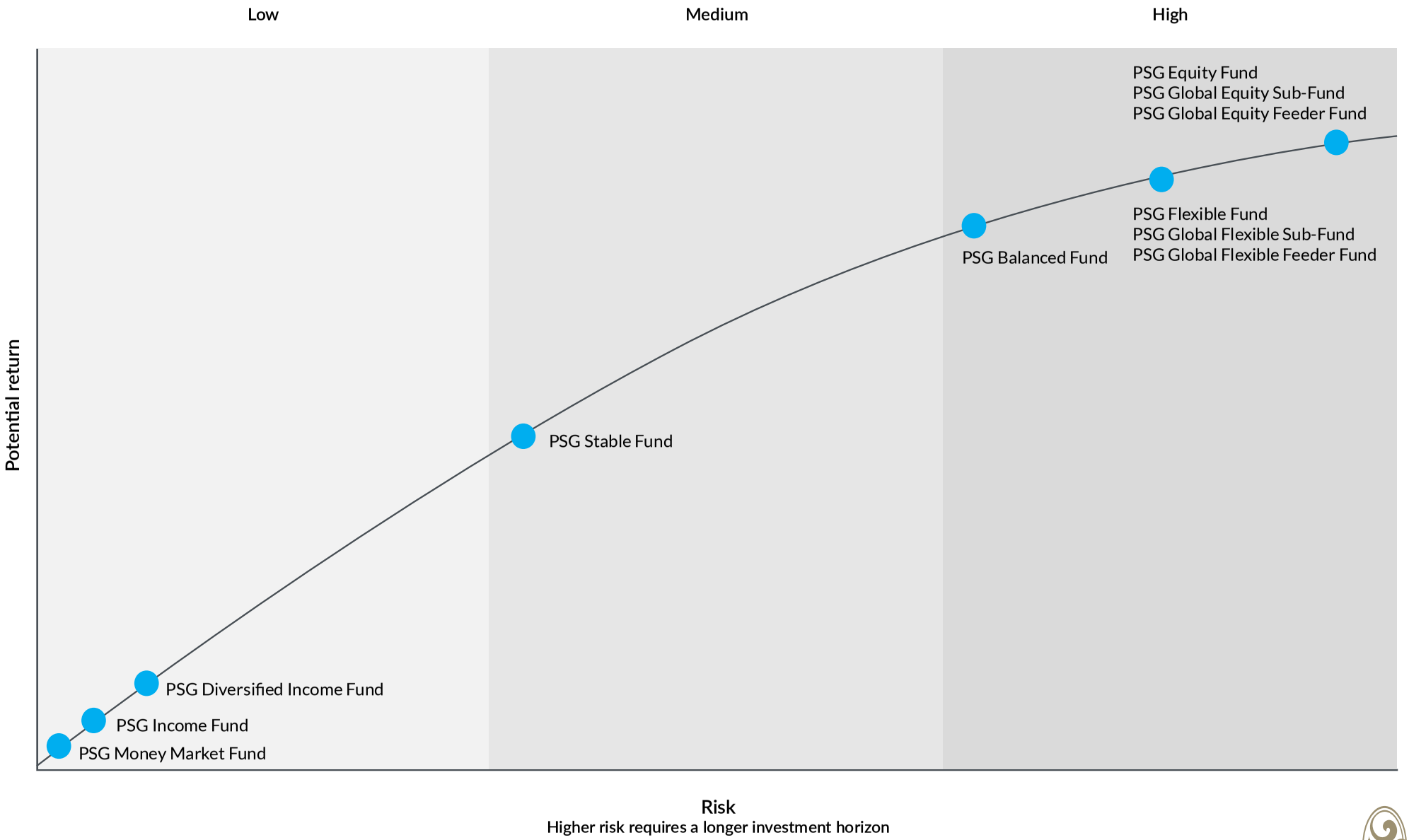
Source: 2024 Morningstar Inc. All rights reserved as at end of June 2024.

Annualised performances show longer-term performance rescaled over a 12-month period.

Annualised performance is the average return per year over the period.

Past performance is not necessarily a guide to future performance.

Risk/reward profile



Local unit trust summary

	South African portfolios								Rand-denominated offshore	
	PSG Equity Fund	PSG SA Equity Fund	PSG Flexible Fund	PSG Balanced Fund	PSG Stable Fund	PSG Diversified Income Fund	PSG Income Fund	PSG Money Market Fund	PSG Global Equity Feeder Fund	PSG Global Flexible Feeder Fund
Fund category (ASISA classification)	South African - Equity - General	South African - Equity - General	South African - Multi-asset - Flexible	South African - Multi-asset - High Equity	South African - Multi-asset - Low Equity	South African - Multi-asset - Income	South African - Interest-bearing - Short-term	South African - Interest-bearing - Money Market	Global - Equity - General	Global - Multi-asset - Flexible
Investment objective	Aims to offer investors long-term capital growth without assuming a greater risk, and earn a higher rate of return than that of the South African equity market as presented by the composite of 80% FTSE/JSE Capped SWIX All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index (including income).	Aims to provide long-term capital growth (highest returns above inflation) and outperform the FTSE/JSE Capped SWIX All Share Net Total Return Index by investing mainly in South African shares. The investment policy provides for investment in domestic listed securities and assets in liquid form, including shares, participatory interests in listed property shares, loan stock and derivative instruments.	Aims to achieve superior medium- to long-term capital growth by investing in selected sectors of the equity, gilt and money markets, both locally and abroad. The fund has a flexible asset allocation mandate and equity exposure will vary based on opportunity.	Aims to achieve long-term capital growth and a reasonable level of income for investors. The investment policy provides for the active management of the portfolio assets that include equities, bonds, property and cash, both domestically and in foreign markets.	Aims to achieve capital appreciation and to generate a performance return of CPI + 3% over a rolling three-year period, with low volatility and low correlation to equity markets through all market cycles.	Aims to preserve capital while maximising income returns for investors. The portfolio comprises a mix of high-yielding securities, property, bonds, preference shares and assets in liquid form (both local and foreign).	Aims to maximise income while achieving as much long-term capital appreciation as interest rate cycles allow.	Aims to provide capital security, a steady income and easy access to your money.	Aims to achieve capital growth over the long term, with the generation of income not being the main objective of the portfolio. It is a rand-denominated equity feeder fund with an investment policy providing for investment solely in the PSG Global Equity Sub-Fund.	Aims to achieve superior medium- to long-term capital growth through exposure to selected sectors of the global equity, bond and money markets. It is a rand-denominated feeder fund with an investment policy providing for investment solely in the PSG Global Flexible Sub-Fund.
Benchmark	Composite of 80% FTSE/JSE Capped SWIX All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index	FTSE/JSE Capped SWIX All Share Net Total Return Index	SA CPI + 6%	SA CPI + 5%	SA CPI + 3% over a rolling 3-year period	SA CPI + 1%	STeFI Composite Index	(ASISA) South African - Interest-bearing - Money Market Mean	MSCI Daily Total Return Net World USD Index (in ZAR)	US CPI + 6% (in ZAR)
Risk rating	High	High	Moderate - High	Moderate - High	Moderate	Low - Moderate	Low - Moderate	Low	High	Moderate - High
Time horizon	7 years and longer	7 years and longer	5 years and longer	5 years and longer	3 years and longer	2 years and longer	1 year and longer	Minimum of 1 day	7 years and longer	5 years and longer
The fund is suitable for investors who:	• want an equity-focused portfolio that should produce high real returns above inflation and capital appreciation over the long term • are comfortable with significant stock market fluctuations • are willing to accept potential capital loss • have a long-term investment horizon of seven years and longer	• want exposure to local shares • are comfortable with stock market (equity market) fluctuations • have a long-term investment horizon of seven years and longer	• want exposure to the equity market, but with managed risk levels • aim to build wealth • are willing to accept potential capital loss • have a medium- to long-term investment horizon of five years and longer	• aim to build wealth with a balanced portfolio that diversifies the risk over the various asset classes • are comfortable with market fluctuation risk • are willing to accept potential capital loss • would prefer the fund manager to make the asset allocation decisions • have an investment horizon of five years and longer	• have a moderate risk appetite but require capital growth in real terms • have a medium-term investment horizon of three years and longer • are comfortable with fluctuations in markets	• have a low risk appetite • want to earn an income, but need to try and beat inflation • have a short- to medium-term investment horizon of two years and longer	• have a low risk appetite • require an income • have an investment horizon of one year and longer	• seek capital stability, interest income and easy access to their money through a low-risk investment • need an interim investment vehicle or 'parking bay' for surplus money • have a short-term investment horizon	• want exposure to global equities without personally expatriating rands • are comfortable with international equity market and currency fluctuations • have a long-term investment horizon of seven years and longer	• want exposure to global equities without personally expatriating rands • are comfortable with international equity market and currency fluctuations • have a long-term investment horizon of five years and longer
Net equity exposure	80% - 100%	80% - 100%	0% - 100%	0% - 75%	0% - 40%	0% - 10%	0%	0%	80% - 100%	0% - 100%
Income distribution	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Quarterly	Quarterly	Monthly	Annually	Annually
Minimum investment	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	R25 000 lump sum	As per the platform minimum	As per the platform minimum
Fees (excl. VAT)	Annual management fee: Class A: 1.50% Class E: 0.75% + 20.00% performance fee on outperformance of the benchmark	Annual management fee: Class D: 0.85% Class F: 1.1%	Annual management fee: Class A: 1.00% + 7.00% performance fee on outperformance of the high-water mark Class E: 0.75% + 7.00% performance fee on outperformance of the high-water mark	Annual management fee: Class A: 1.50% Class E: 1.00%	Annual management fee: Class A: 1.50% Class E: 1.00%	Annual management fee: Class A: 1.00% Class E: 0.45%	Annual management fee: Class A: 0.65% Class E: 0.40%	Annual management fee: Class A: 0.50% Class F: 0.25%	Annual management fee: Class A: 0.75% Class E: 0.25%	Annual management fee: Class A: 0.75% Class B: 0.25%
Compliance with Prudential Investment Guidelines (Regulation 28)	No	No	No	Yes	Yes	Yes	No	Yes	No	No

For full disclosure on all risks, costs and fees, as well as performance fee FAQs, refer to the fund fact sheets on our website: https://www.psg.co.za/asset-management/about-us. The A classes have been closed to new investors.

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Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the fund, including income accruals less permissible deductions, divided by the number of units in issue. **Redemptions:** The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required. **Fees:** A schedule of fees, charges and maximum commissions is available on request from PSG Collective Investments (RF) Limited. Commission and incentives may be paid and, if so, are included in the overall costs. **Performance:** All performance data is for a lump sum, net of fees, includes income and assumes reinvestment of income on a NAV-to-NAV basis. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. Different classes of participatory interest can apply to these portfolios and are subject to different fees, charges and possibly dividend withholding tax and will thus have differing performances. Annualised performance shows longer-term performance rescaled over a 12-month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Investment performance data is for illustrative purposes only. Income distributions are net of any applicable taxes. Actual performance figures are available on request. **Yield:** Where a portfolio derives its income from interest-bearing instruments, the yield is calculated daily based on the historical yield of such instruments. **Source of performance:** Figures quoted are from Morningstar Inc. **Cut-off times:** The cut-off time for processing investment transactions is 14h30 daily, with the exception of the PSG Money Market Fund, with a cut-off time of 11h00. Different cut-off times may be prescribed by investment platforms. The portfolio is valued at 15h00 daily. **Additional information:** Additional information is available free of charge on the website and may include publications, brochures, application forms and annual reports. **Company details:** PSG Collective Investments (RF) Limited is registered as a CIS Manager with the Financial Sector Conduct Authority (FSCA), and is a member of the Association for Savings and Investment South Africa (ASISA) through its holding company PSG Financial Services Limited. The management of the portfolios is delegated to PSG Asset Management (Pty) Limited, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, FSP no. 29524. PSG Asset Management (Pty) Limited and PSG Collective Investments (RF) Limited are subsidiaries of PSG Financial Services Limited. **Money Market:** The PSG Money Market Fund maintains a constant price and is targeted at a constant value. The quoted yield is calculated by annualising the average 7-day yield. A money market portfolio is not a bank deposit account. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. **Fund of funds:** A fund of funds portfolio only invests in portfolios of CIS, which levy their own charges, which could result in a higher fee structure for fund of funds portfolios. **Feeder funds:** A feeder fund is a portfolio that, apart from assets in liquid form, invests in a single portfolio of a CIS, which levies its own charges, and which could result in a higher fee structure for that feeder fund.

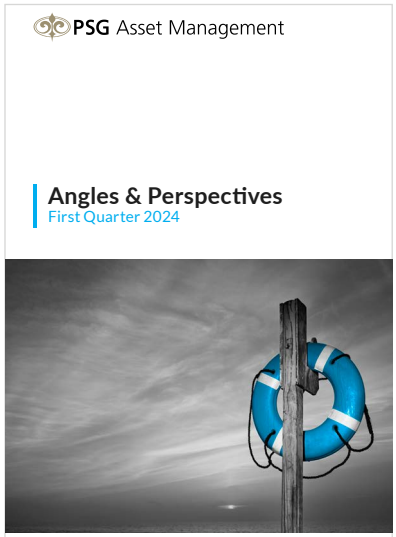
Trustee: The Standard Bank of South Africa Limited, The Towers, 2 Heerengracht Street, Cnr Hertzog Boulevard, Cape Town 8001. Tel: +27 (21) 401 2443. Email: Compliance-PSG@standardbank.co.za. **Conflict of Interest disclosure:** The funds may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the Fund Manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the fund for the benefit of the investor. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Limited retains any portion of such discount for their own accounts. The Fund Manager may use the brokerage services of a related party, PSG Securities Limited. Details of the Raging Bull Awards can be obtained from PSG Collective Investments (RF) Limited.

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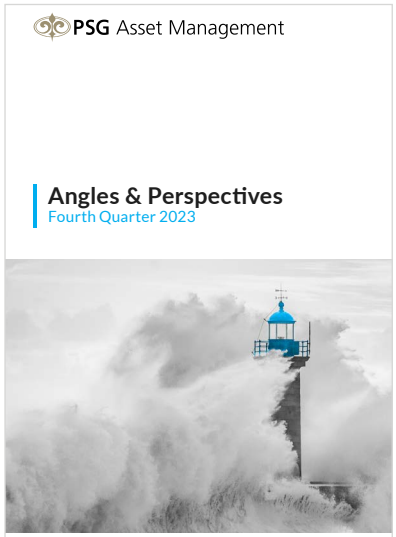
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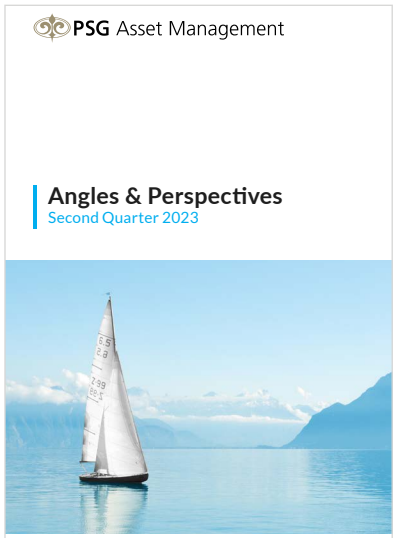
First quarter 2024



Fourth quarter 2023



Third quarter 2023



Second quarter 2023



First quarter 2023



Fourth quarter 2022