MONTHLY INVESTMENT INSIGHTS

JULY 2016

PSG Wealth

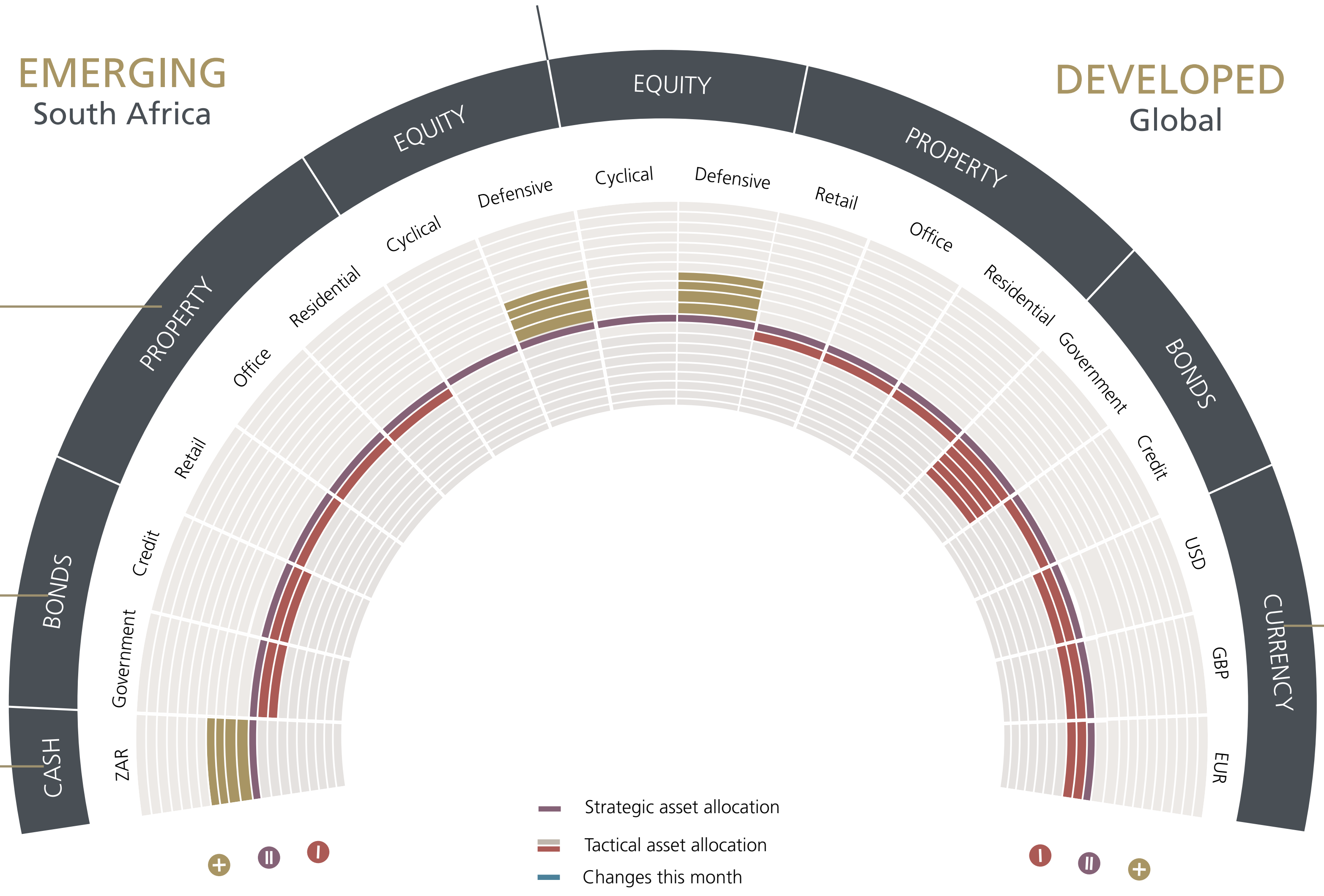
Contents

Tactical asset allocation preferences

Challenging economic conditions persist, but a lot of the negative sentiment have already been priced into the valuations of property. Given the poor sentiment, we may view this as an attractive entry point into selected securities.

Remains slightly underweight given the cyclical downward pressure on yields.

Our view on this asset has improved as the interest rate cycle has turned. A slower pace of hikes is now expected. Cash should form part of diversified portfolio.



The rand is still undervalued against major currencies, and we believe the rand will continue to appreciate against the dollar, pound and euro.

Overweight: Tactical recommendation to hold more of the asset class than specified in the strategic asset allocation

Neutral: Tactical recommendation to hold the asset class in line with its weight in the strategic asset allocation

Underweight: Tactical recommendation to hold less of the asset class than specified in the strategic asset allocation

Bottom line

- Until recently the gross real yield on most short-dated money market assets were near zero. On an after-cost-after-tax basis, there was very little to be excited about in this asset class. We do however expect this to change over the coming months, as rate hikes ensue at an increased pace. Cash should form part of a diversified portfolio and even in an increasing interest rate cycle should not be used in isolation.
- Despite a surge in yields of the All Bond Index, the index aggregate yield still implies that the asset class remains generally overvalued. With the implied premium being roughly 25.3%.
- Our assessment shows that domestic equity is now roughly 34% overvalued relative to its historic yield. There certainly remains some expensive pockets in the market, and investors should expect continued volatility at current levels.
- With regards to domestic listed property our assessment of fair value shows that domestic listed property is now roughly 21% overvalued relative to its historic yield. In addition, we remain of the view that the interest rate cycle will impact domestic economic strength, affordability and sentiment presenting headwinds for capital growth in the property sector. We therefore expect property yields to normalise on the back of capital value pressure.
- As always however, there are some exceptions. Selected property shares are experiencing growing yields, which may present some opportunities. Although broadbased property exposure is ill-advised at this stage we do believe there are some shares that can make a contribution to a diversified portfolio.
- Global equity, although trading at a slight premium (13.9%), remains the most attractive asset class to our mind. The underlying valuations remain more reasonable and there are many quality firms to choose from. The biggest near term risk for South African investors is the rand. That being said, there are many effective ways in which professional money managers can manage this risk effectively.

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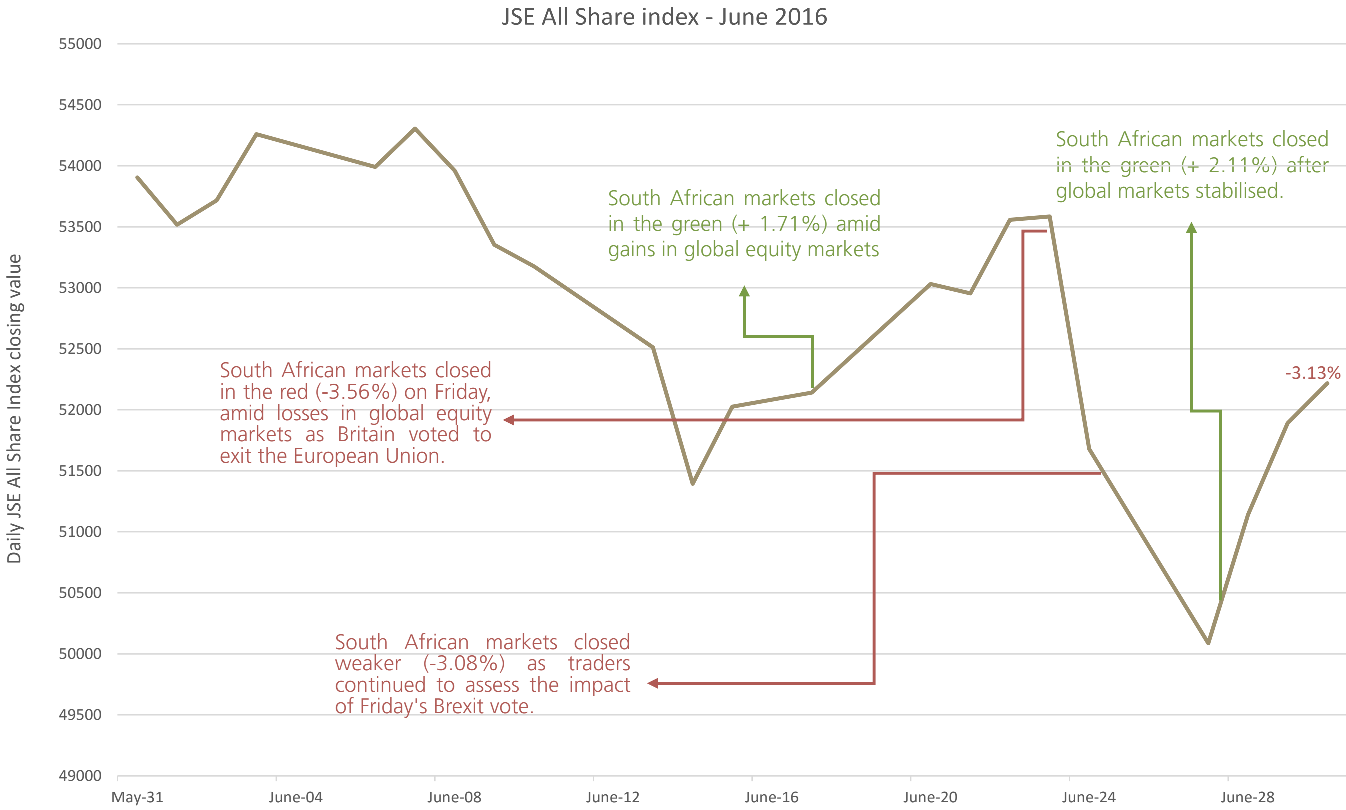
Market commentary

Prior to Brexit, global markets continued their bull trend with the Fed poised to increase interest rates in 2016. In the aftermath, markets adjusted fiercely as investors rushed for safe-haven assets while gold spiked. The probability of a Fed interest rate hike was pushed out further and the associated uncertainty resulted in renewed volatility in equity markets. The total return for the JSE All Share Index fell 6.5% over the two trading days with the financials and real estate sectors suffering the most.



Source: Bloomberg

Domestic key moves

- The growth in retail sales in South Africa was the highest since 2014. It increased 4.5% YoY in May, following an upwardly revised 1.6% growth in the previous month and above market expectations of a 1.6% gain. It was the biggest gain since January 2014, mostly driven by higher sales of textiles, clothing, footwear and leather.
- South Africa posted a trade surplus of R18.7 billion in May, from a downwardly revised deficit of R0.12 billion in the previous month. Exports rose 14%, as sales in precious metals and stones surged. Imports fell by 6.6% due to lower purchases of animal and vegetable products.
- South Africa's inflation rate recorded a five-month low. Consumer prices rose by 6.1% YoY in May, easing from a 6.2% rise in April and below market expectations of 6.4% increase. It was the lowest reading since December 2015, as food cost rose at a slower pace and petrol prices fell less.
- The South African economy contracted for the first time since 2009. The GDP shrank by 0.20% YoY in the first quarter of 2016, following a downwardly revised 0.5% growth in the previous period. It is the first contraction since the fourth quarter of 2009, due to a slump in the mining, quarrying and manufacturing sectors.

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Global key moves

The UK government's planned sale of its stake in RBS could be delayed "at least a couple of years" as a result of Brexit, CEO Ross McEwan told LBC Radio. The government still owns 73% of the bank after a taxpayer bailout eight years ago. Meanwhile HSBC and Barclays say they will keep their headquarters in the UK despite the outcome of the Brexit vote. The Financial Times reports that HSBC chairman Doug Flint told attendees at an event that moving the company's headquarters wasn't subject to a review. Likewise, Barclays CEO Jes Staley told the BBC that Barclays would stay "anchored in Great Britain."

US

- Bond yields made record lows at the end of June. Heavy buying pushed longer-dated US yields down to record lows. The 10-year yield touched 1.378% and the 30-year yield hit 2.204% as money rushed into government debt amid further speculation of more easing by the world's biggest central banks. Additionally, Japan's 10-year yield sank to a record low of -28 basis points and the UK's 10-year yield fell to its own all-time low of 78.1 basis points.

US 30-YEAR BOND YIELD

Source: Trading Economics

- After passing the Dodd-Frank stress tests, Wall Street banks announced their stock-buyback plans. Among the notables, JPMorgan will buy back $10.6 billion worth of stock, while Citi and Bank of America will repurchase $8.6 billion and $5 billion worth of shares. Goldman Sachs will also buy back shares, but it did not release an amount.

- Fed policymakers in the US decided to wait for additional labour market data and the impact of the referendum in the United Kingdom on global financial markets before rising the rates, minutes from FOMC meeting held on 14 and 15 June showed. The Fed left the target range for its federal fund rate unchanged at 0.25% to 0.5% for the fourth time during its June meeting. Yet, future rate assessment suggests policymakers still expect two interest-rate hikes this year.

UK

- Britons (51.9%) voted to leave the European Union on 23 June causing global markets to tumble in the wake of this news. The pound dropped to its lowest level against the dollar in 30 years and Prime Minister David Cameron stepped down. Markets were still volatile a few days after the referendum, but started to gain momentum about a week later. The UK parliament still needs to rubberstamp the vote to finalise the UK’s decision to leave the EU, which, according to experts, could take about two years.

- The BOE's Financial Policy Committee cut its countercyclical capital buffer for UK banks to zero from 0.50%, according to the latest Financial Stability Report. The committee says the buffer will remain in place for at least the next year as the UK economy deals with "uncertainty" following the vote for a British exit from the European Union.

EU

- European Central Bank head, Mario Draghi says Brexit could reduce the GDP of the Eurozone. Speaking in front of EU leaders a few days after the referendum in the UK, Draghi said the British exit from the EU could shave 0.3% to 0.5% off Eurozone growth over the next three years. According to Reuters, Draghi said the slowdown in growth was likely to come from a softening in the British economy and a slump in UK trade. Additionally, Draghi reportedly told leaders that lower stock prices could lead to a higher cost of capital, which could weigh on growth.

- European PMI data was disappointing. Manufacturing and services data in Europe suffered as a result of the uncertainty over the Brexit vote. Data for June, which was collected before the UK decided to leave the European Union, showed that Britain's industry suffered its worst quarter in more than three years, printing 52.3.

- The Eurozone CPI flash estimate climbed to 0.1% YoY in June from -0.1% in May, according to Eurostat data. Services saw the biggest gain (1.1%), followed by food, alcohol, and tobacco (0.9%), and non-energy industrial goods (0.4%).

China

- China's manufacturing sector is contracting. China's Caixin manufacturing PMI fell to 48.6 in June, down from 49.2 in May. The decline pushed China's manufacturing sector further into contraction and made for the weakest reading since January. Additionally, China's manufacturing PMI slipped to 50.0 from 50.1, suggesting the sector is neither expanding nor contracting.

- The Chinese yuan tumbled to a six year low against the dollar. This happened after the People's Bank of China weakened the currency's reference rate per dollar by 0.9% to 6.6375, the steepest devaluation since August. China weakened the yuan after the Brexit vote.

CHINESE YUAN MOVEMENTS SINCE JULY 2015

Source: Trading Economics

- Pfizer is investing in China. The pharmaceutical giant is planning a $350 million biotech center in China. Reuters says the facility will be built in Hangzhou and will mark the presence of Pfizer's first biotech center in Asia. Completion is scheduled for 2018.

Japan

- Japan's deflation is intensifying. Consumer prices in Japan fell 0.4% in May, a bit faster than the 0.3% decline experienced in April. The May reading was the third straight monthly decline, and it marked the biggest single-day drop since May 2013.
- Japan posted its first trade deficit in four months. Japan recorded a 40.72 JPY billion deficit in May 2016, compared to a 215.35 JPY billion gap a year earlier. It was the first deficit since January. Exports dropped by 11.3%, while markets expected a 10.4% decline. Imports decreased by 13.8% matching market consensus. In April, the country posted an 823.47 JPY billion trade surplus, the largest since March 2010.
- The Japanese economy expanded by 0.5% in the first quarter of 2016, compared to an initial estimate of 0.4% growth. Private consumption grew faster than expected while business spending fell much lower than anticipated. Government spending and exports were in line with expectations.

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PSG Wealth Fund of Funds Solutions

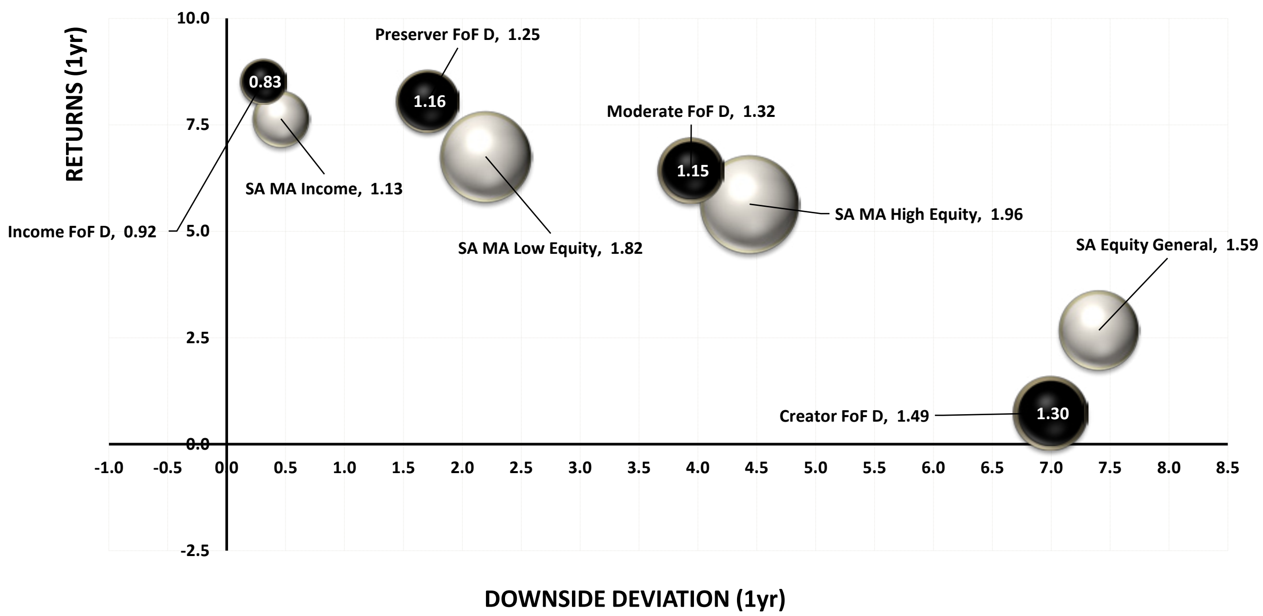
Local funds

Performance table

PSG Wealth Solutions - Local						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Enhanced Interest D	3.81%	7.38%	6.82%	6.50%	6.27%	N/A
PSG Wealth Income FoF D	5.15%	8.52%	8.10%	7.86%	7.74%	8.07%
PSG Wealth Preserver FoF D	3.21%	8.07%	8.61%	10.47%	11.46%	11.72%
PSG Wealth Moderate FoF D	3.45%	6.44%	7.90%	12.27%	14.10%	13.94%
PSG Wealth Creator FoF D	4.35%	0.73%	3.65%	12.58%	14.35%	13.39%

Source: PSG Wealth Investment division data as on 30 June 2016

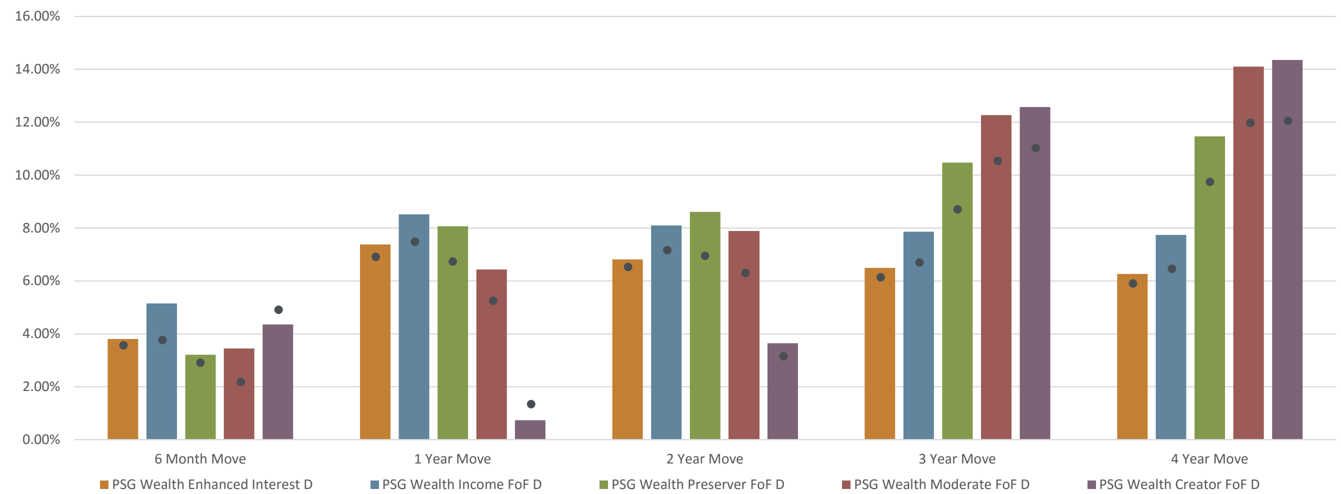
Local Funds, TERs, Illustrative fees vs peer group



Source: PSG Wealth Investment division

PSG Wealth Fund of Funds Solutions

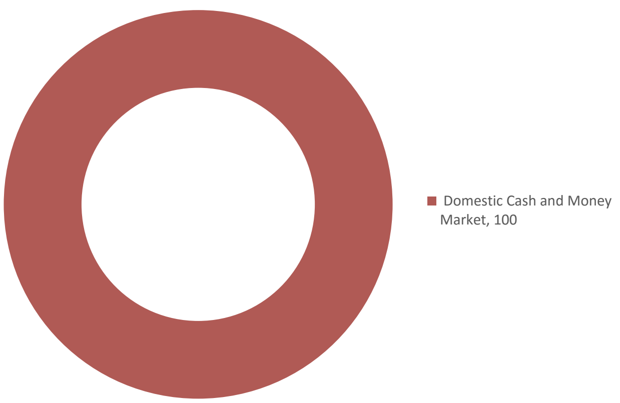
Domestic funds performance



Source: PSG Wealth investment division data as on 30 June 2016. *Dots represent the relevant benchmark

PSG Wealth Enhanced Interest Fund

- The PSG Wealth Enhanced Interest fund delivered a return of 0.62% for June 2016, compared to the 0.61% of its benchmark, the South Africa IB Money Market Sector Average.
- The fund again outperformed the benchmark over all measurement periods over four years and less.

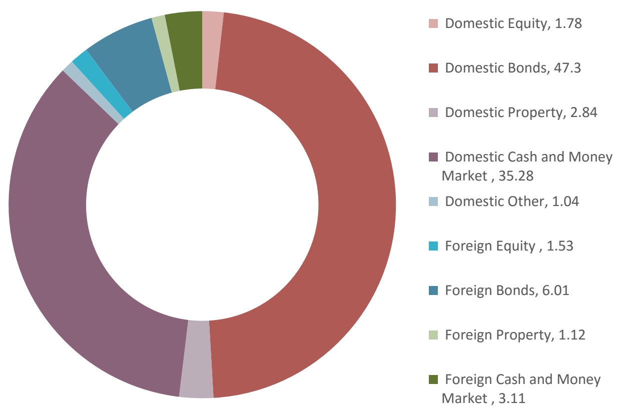


Source: PSG Wealth investment division

Risk & Expectations: We are confident the fund will continue to benefit from rising interest rates, and will continue to deliver exceptional short-term returns in order to offset the negative effects of higher inflation on cash.

PSG Wealth Income Fund

- The PSG Wealth Income FoF delivered a return of 0.83% for June 2016, compared to the 0.63% of its benchmark, the Stefi 12 Months NCD.
- It also outperformed the benchmark as well as the South African MA Income Sector Average over all measurement periods over five years and less.



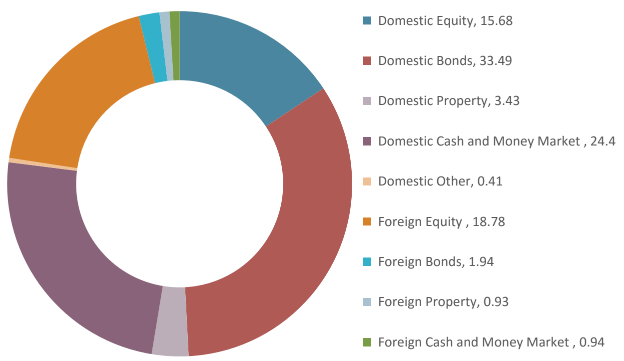
Source: PSG Wealth investment division

Risk & Expectations: Higher inflation and rising interest rates may be a drag on performance over the short term, but we are confident that the inflation cycle is near to its top. We believe the underlying portfolio managers will be able to lock in the higher yields on short-term instruments in order to deliver attractive returns until well after the interest rate cycle has peaked.

PSG Wealth Fund of Funds Solutions

PSG Wealth Preserver Fund

- The PSG Wealth Preserver FoF delivered a return of -1.5% for June 2016 compared to the -1.3% of the South African MA Low Equity Sector Average.
- It outperformed the sector average over all other measurement periods from six months up to five years.

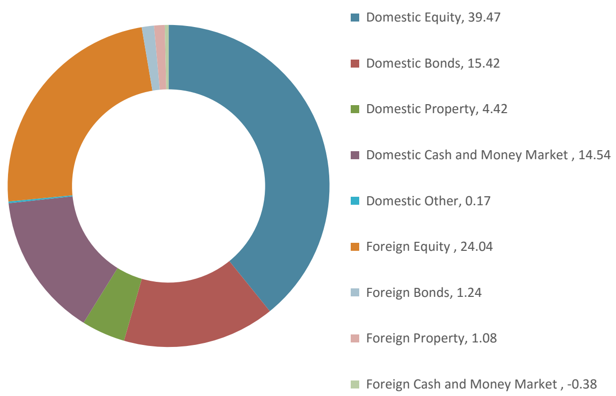


Source: PSG Wealth Investment division

Risk & Expectations: Higher inflation increases the performance hurdle of the fund, but rising interest rates, due to higher inflation, could be a drag on performance. The PSG Wealth Preserver FoF may hold up to a total of 40% in domestic equities and offshore equities, and may deliver negative short-term performances in sharp equity corrections or equity bear markets. However, we are confident that the fund will continue to outperform its benchmark over the preferred investment period of three years and longer, and that it will protect the capital of clients during negative markets.

PSG Wealth Moderate Fund

- The PSG Wealth Moderate FoF delivered a return of -2.8% for June 2016 compared to the -2.5% of its benchmark, the South African MA High Equity Sector Average.
- It outperformed the sector average over all measurement periods from six months up to five years.



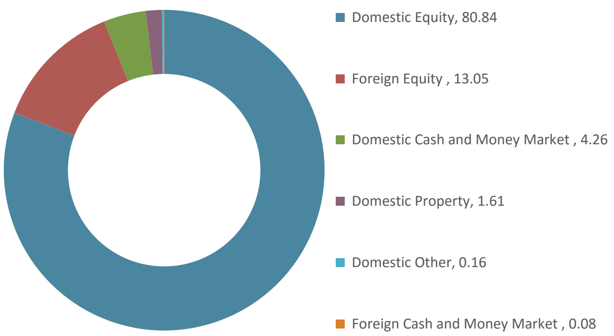
Source: PSG Wealth Investment division

Risk & Expectations: The PSG Wealth Moderate FoF may hold up to 75% in domestic- and offshore equities, which could lead to short-term negative performances in sharp equity corrections or equity bear markets. We are, however, confident that the fund will always deliver positive returns over the preferred investment period of five years and longer. We are of the opinion that it will continue to deliver above-average long-term returns with below average risk over all market cycles.

PSG Wealth Fund of Funds Solutions

PSG Wealth Creator Fund

- The PSG Wealth Creator FoF delivered a return of -2.7% for June 2016, compared to the -2.2% of its benchmark, the South African EQ General Sector Average.
- It outperformed the sector average over all measurement periods over two years and longer. Coronation Equity and Prudential Equity were the underlying managers that underperformed over all investment periods of one year and less.



Source: PSG Wealth Investment division

Risk & Expectations: Although the outlook for equities has deteriorated due to higher valuations and weaker earnings growth, we are confident that the relative performance of the underlying managers in the fund will continue to improve in the near future. The managers are all active managers that have demonstrated the ability to add alpha through careful stock selection, particularly during turbulent equity markets.

The PSG Creator FoF will always maintain an equity exposure of close to 100% in domestic equities and offshore equities, and may deliver negative short-term performances in sharp equity corrections or equity bear markets. We are, however, also confident that the fund will always deliver positive returns over the preferred investment period of five years and longer, and that it will continue to deliver above-average long-term returns with below average risk over all market cycles.

PSG Wealth Fund of Funds (FoF) Solutions

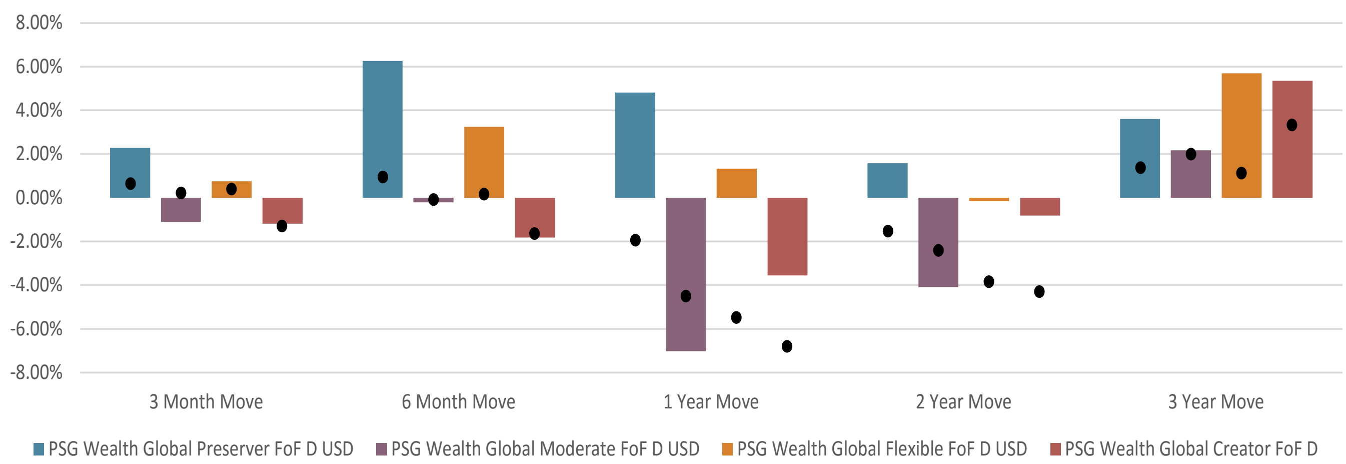
Offshore funds

Performance table

PSG Wealth Solutions - Offshore (Reported in USD)						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Global Preserver FoF D USD	6.26%	4.81%	1.58%	3.61%	4.21%	3.28%
PSG Wealth Global Moderate FoF D USD	-0.21%	-7.02%	-4.10%	2.17%	4.50%	N/A
PSG Wealth Global Flexible FoF D USD	3.24%	1.34%	-0.16%	5.69%	8.25%	4.98%
PSG Wealth Global Creator FoF D	-1.82%	-3.56%	-0.82%	5.35%	N/A	N/A
PSG Wealth Solutions - Offshore (Reported in GBP)						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Global Preserver FoF D GBP	13.96%	17.57%	9.66%	7.95%	8.22%	6.80%
PSG Wealth Global Flexible FoF D GBP	10.85%	14.22%	11.04%	9.39%	11.38%	8.21%

Source: PSG Wealth Investment division as on 30 June 2016.

Offshore funds performance



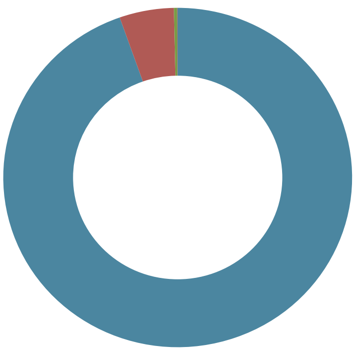
Source: PSG Wealth Investment division as on 30 June 2016. *Dots represent the relevant benchmark

Disclaimer: All performance is reported in USD unless specified otherwise.

PSG Wealth Fund of Funds Solutions

PSG Wealth Global Creator Feeder Fund (FF) (ZAR)

- The PSG Wealth Global Creator FF D delivered a return of -9.82%% for June in rand terms, slightly underperforming the global sector average which returned -9.41%. The rand strengthened by 6.2% against the US dollar over June, thus reducing global portfolio returns reported in ZAR.

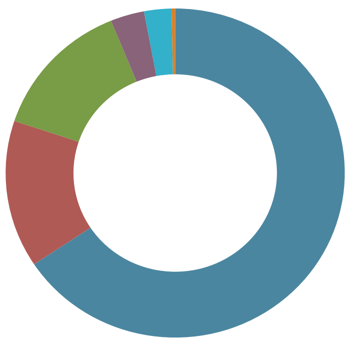


Source: PSG Wealth Investment division

Risk & expectation: We expect the rand to strengthen in the short term, which could result in depressed ZAR returns for our global funds. However, over longer periods (seven years +) we expect the currency effect will be relatively flat. Given the relative valuation of global equities we still believe the fund offers good opportunities.

PSG Wealth Global Moderate FF (ZAR)

- The PSG Wealth Global Moderate FF D delivered a return of -9.43% in rand terms for June, underperforming the global flexible allocation sector which returned -7.28%.



Source: PSG Wealth Investment division

Risk & expectation: We expect the rand to strengthen in the short term, which could result in depressed ZAR returns for our global funds. However, over longer periods (seven years +) we expect the currency effect will be relatively flat. Given the relative valuation of global equities we still believe the fund offers good opportunities.

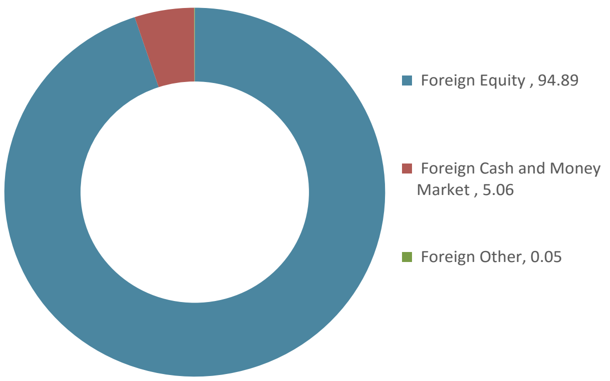
PSG Wealth Fund of Funds Solutions

PSG Wealth Global Creator FoF (USD)

- The PSG Wealth Global Creator FoF returned -2.47%% for June, slightly underperforming the benchmark GIFS Global sector average which delivered -2.28%.
- The best performing fund for the month was the Investec Global Franchise fund which delivered 0.51%. The fund's focus on quality global large caps continued to outperform during the recent market volatility. The worst performing fund was the Goldman Sachs Global Equity Partners fund which delivered -3.93%.
- Developed markets underperformed emerging markets during June, the MSCI Emerging Market Index delivering 4% against -1.12% by the MSCI World Index. European markets had a relatively tough month after the UK voted yes to exit the EU. The Euro Stoxx 50 index returned -6.38% for the month, while the UKs FTSE 100 index delivered -3.82%.

Risk: Given the overweight to developed markets in our portfolio (97%) and the general defensive positioning by most of our underlying managers, we expect to underperform global markets when sentiment is very positive and risky assets, such as emerging-market equities, perform strongly.

Expectation: We are confident that our underlying managers will adjust the positioning of their portfolios (including exposure to emerging markets) as they find opportunities that offer good returns relative to the risk taken. We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets, thus we are comfortable with the overall defensive positioning of our fund.



Source: PSG Wealth Investment divison

Disclaimer: All performance is reported in USD unless specified otherwise.

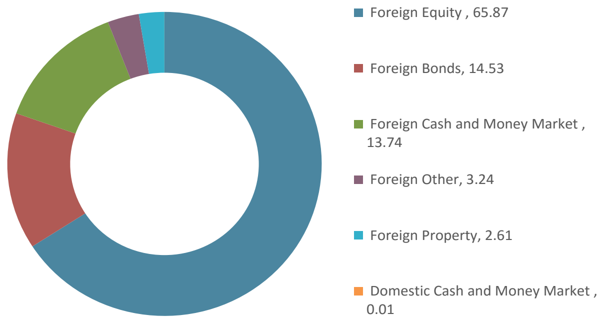
PSG Wealth Fund of Funds Solutions

PSG Wealth Global Moderate Fund of Fund (USD)

- The PSG Wealth Global Moderate FoF returned -1.96 % for June, underperforming the benchmark sector average, which delivered -0.42%.
- The best performing fund was the Investec GSF Global Strategic Managed fund which returned -0.19%, while the worst performing fund, the PSG Global Flexible fund, delivered -3.28%.

Risk: Potential risk in the Global Moderate is the relatively high allocation to global cash (13.7%) which could be a drag on short-term performance in periods of positive market sentiment when equity markets perform well.

Expectation: We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets. The cash position provides a buffer against market downturns. Our underlying managers are also able to deploy this cash when they find more attractive opportunities in the market.



Source: PSG Wealth Investment division

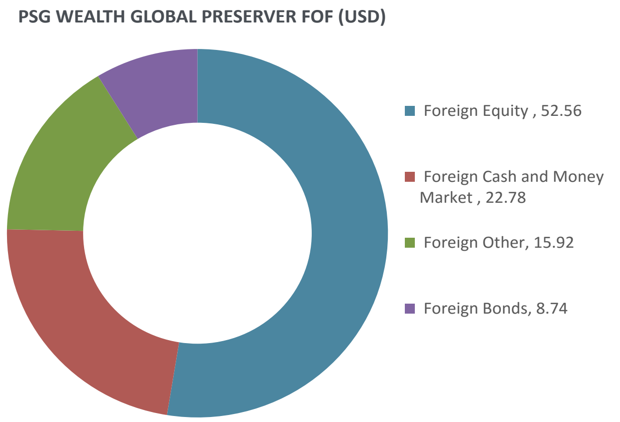
PSG Wealth Fund of Funds Solutions

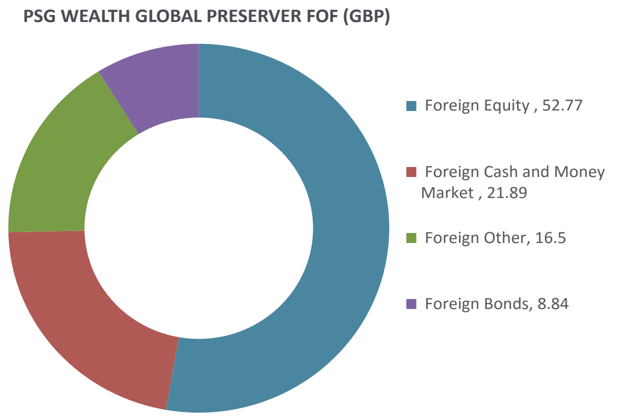
Expanded global fund offering

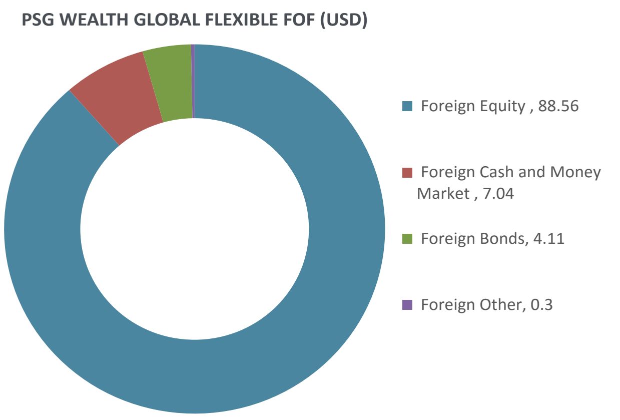
PSG Wealth launches four additional offshore solutions

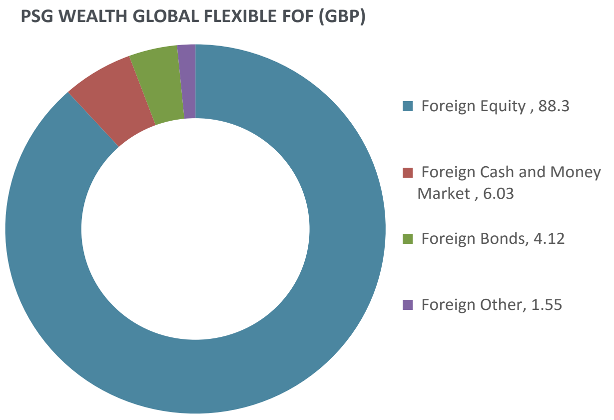
Our new solutions	
PSG Wealth Global Flexible FoF (USD)	PSG Wealth Global Preserver FoF (USD)
PSG Wealth Global Flexible FoF (GBP)	PSG Wealth Global Preserver FoF (GBP)

The new Global Preserver and Global Flexible mandates will complement our existing Global Moderate and Global Creator mandates. This enables us to offer multi-managed offshore solutions across the risk spectrum, to cater to varying investor needs. Both US dollar and pound sterling classes are available for these new solutions. We will also be launching rand-denominated feeder funds to accommodate local investors who do not want to take hard currency offshore (further detail will follow in due course). The performance of the new offshore funds will be discussed in the next edition of the Monthly Insights. For more information on our new solutions, please click here.









Source: PSG Wealth Investment division

PSG Wealth Equity Portfolios

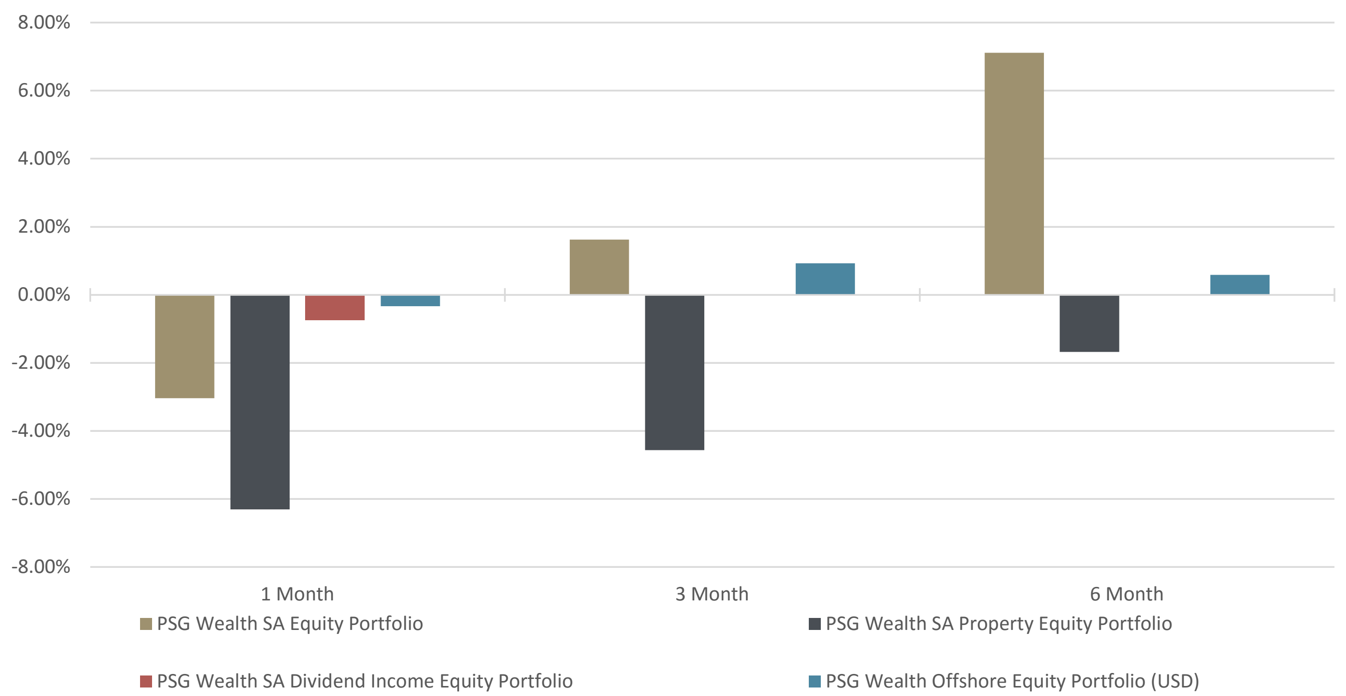
Performance table

PSG Wealth Equity portfolios				
Fund	1 Month	3 Month	6 Month	Since Inception
PSG Wealth SA Equity Portfolio	-3.04%	1.62%	7.11%	8.74%
PSG Wealth SA Property Equity Portfolio	-6.30%	-4.57%	-1.68%	-5.51%
PSG Wealth SA Dividend Income Equity Portfolio	-0.74%	N/A	N/A	-6.90%
PSG Wealth Offshore Equity Portfolio (USD)	-0.33%	0.93%	0.58%	4.91%

Source: PSG Wealth Investment division as on 30 June 2016.

- Portfolio performance is reported net of management fees of 1.71% pa (local) and 2.28% pa (offshore)
- PSG Wealth SA and Offshore Equity Portfolio Inception date: 30 August 2015
- PSG Wealth SA Property Equity Portfolio Inception date: 1 December 2015
- PSG Wealth SA Dividend Income Equity Portfolio Inception date: 29 April 2016
- PSG Wealth Funds are exclusively available through registered PSG planners and/or advisors

Equity portfolios performance



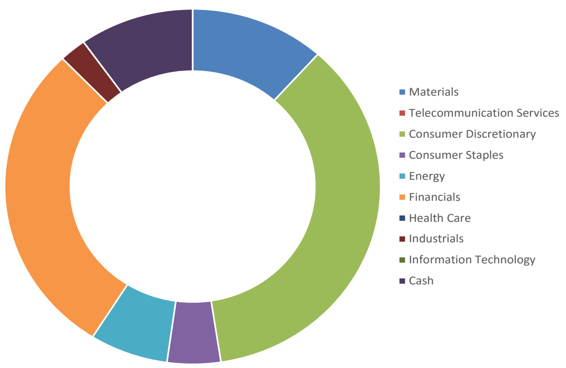
Source: PSG Wealth Investment division as on 30 June 2016.

PSG Wealth Equity Portfolios

PSG Wealth SA Equity Portfolio

- June was challenging for both local and global equity markets as markets reacted strongly following Britain's exit from the EU. Exchange rates changes were again the dominant driver of equity returns with the pound and dollar depreciating against the rand by 13.8% and 6.3% respectively.
- The PSG Wealth SA Equity portfolio was not immune to these events given its exposure to equities with significant UK exposure.
- The PSG Wealth SA Equity Portfolio shed 3.04%, underperforming the FTSE/JSE Capped All Share Index TR (net of fees) which fell by 2.85% over the same period.

Asset Allocation



Source: PSG Wealth Investment division

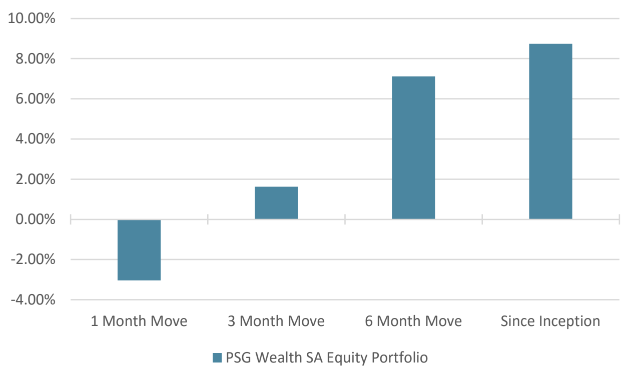
Expectations:

- A prolonged period of political and economic uncertainty will most likely influence corporate confidence in the EU, impacting prospects of investments exposed to the EU.
- Exchange rate movements will remain a dominant driver of equity market returns.
- Given the diversification of the portfolio and the quality of its chosen investments we believe its performance should not be fundamentally dependent on exchange rate movements.
- Valuation differentials between sectors are not obvious at this stage, but we maintain a slight preference for the banking sector.
- Investment markets are expected to remain volatile given the difficulty to forecast macro variables.
- Our portfolio is weighted towards domestic value investments and offshore growth stocks.
- Our focus will remain on the underlying fundamentals of the individual companies rather than on broad macro issues.

Risk:

- Changes in the perception of sovereign risk (positive and/or negative) and its flow through to exchange rates and interest rates can have an impact on portfolio values.
- Unsustainable central bank support to developed economies creates an artificial demand for high-yielding emerging market securities. Should foreign capital inflows from these markets come to an abrupt end, it will have an adverse impact on market valuations.
- The portfolio is likely to underperform should international monetary easing prove sustainable. An environment of sustained monetary easing should support 'bond-proxy stocks' to which the portfolio is under exposed to due to specific valuation concerns. This could lead to portfolio underperformance.
- Overestimating growth and operational improvements in highly rated international counters.

Performance since inception



Source: PSG Wealth Investment division data as on 30 June 2016. *Inception date: 30 August 2015.

PSG Wealth Equity Portfolios

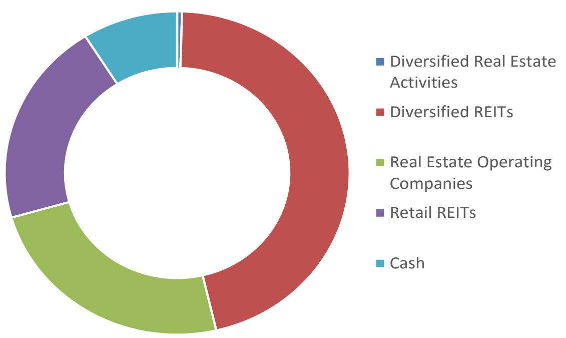
PSG Wealth SA Property Equity Portfolio

- The PSG Wealth SA Property Portfolio fell by 5.51%, underperforming the FTSE/JSE SA Listed Property Capped Index TR (net of fees) which declined by 3.97%.
- Returns were significantly influenced by new flows into the portfolio and the calculated returns are not a sensical reflection of the actual monthly performance.
- Nine of the 15 stocks in the portfolio (60%) recorded positive returns while 71% of the individual investments outperformed the benchmark.

Risk:

- Weaker than expected growth eroding dividends underpinning current valuations.
- Changes in sovereign risk (positive and negative) and its flow through to exchange rates and interest rates can have a significant impact on valuations.
- Unsustainable central bank support to developed economies create artificial demand for high yielding emerging market securities. Should foreign capital inflows from these markets come to an abrupt end it will have an adverse impact on market valuations.
- Value destructive acquisitions.
- Liquidity constraints resulting in the inability to sell underperforming assets quickly.

Asset Allocation



Source: PSG Wealth Investment division

Expectations:

- New local developments leading to higher supply just as demand starts fading.
- Weak and slowing economic growth resulting in higher vacancy profiles and rental reversions.

Performance since inception

Source: PSG Wealth Investment division data as on 30 June 2016. *Inception date: 1 December 2015.

PSG Wealth Equity Portfolios

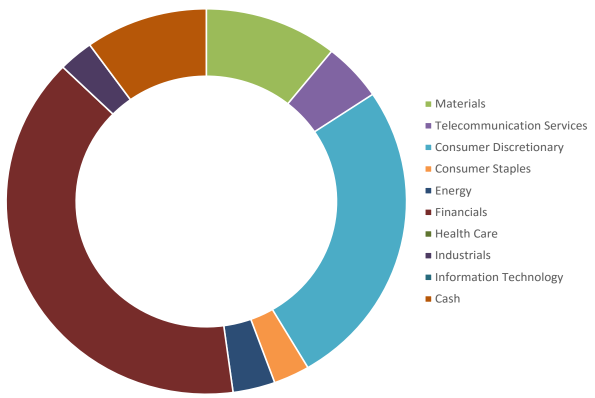
PSG Wealth SA Dividend Income Equity Portfolio

- June was challenging for both local and global equity markets that reacted strongly following Britain's exit from the European Union (EU).
- Exchange rates changes were again the dominant driver of equity returns with the pound and dollar depreciating against the rand by 13.8% and 6.3% respectively.
- The PSG Wealth SA Dividend Income Equity Portfolio was not immune to these events and fell by 0.74% in June. This was below the benchmark, the JSE Dividend Plus TR (net of fees), which improved by 0.64%.

Risk:

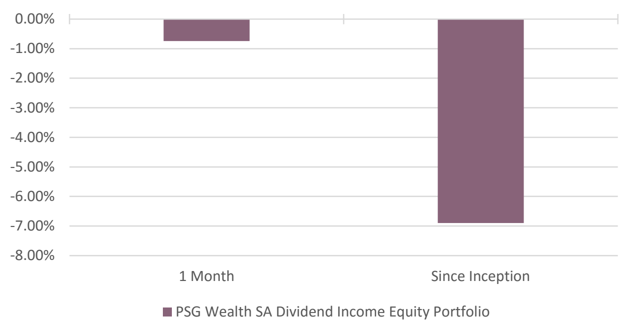
- Changes in the perception of sovereign risk (positive and negative) and its flow through to exchange rates and interest rates can have an impact on portfolio values.
- Unsustainable central bank support to developed economies creates artificial demand for high yielding emerging market securities. It will have an adverse impact on market valuations should foreign capital inflows from these markets come to an abrupt end.
- The portfolio is likely to underperform should international monetary easing prove sustainable. An environment of sustained monetary easing should support 'bond-proxy stocks' to which the portfolio is under exposed to due to valuation concerns.

Asset Allocation



Source: PSG Wealth Investment division

Performance since inception



Source: PSG Wealth Investment division data as on 30 June 2016. *Inception date: 29 April 2016

Expectations:

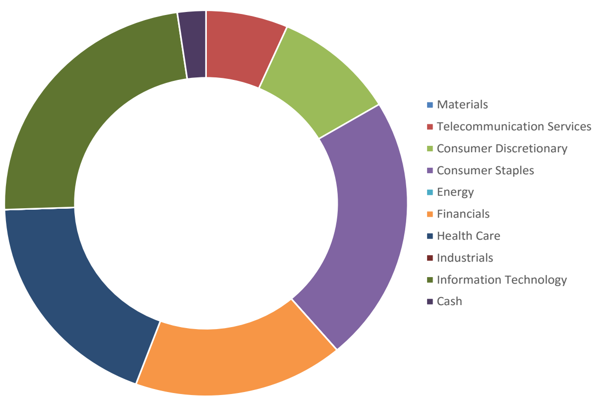
- Investment markets are expected to remain volatile given the difficultly to forecast macro variables.
- A shift from highly valued high-quality defensive stocks towards more reasonable priced consumer cyclicals and financial stocks.

PSG Wealth Equity Portfolios

PSG Wealth Offshore Equity Portfolio

- The PSG Wealth Offshore Equity Portfolio underperformed the benchmark with a negative return of 0.33% for June, compared to the positive return of 0.47% for the Dow Jones Global Titans 50 TR (net of fees) in USD terms.
- In rand terms the portfolio declined by 6.7% given the appreciation of the rand relative to the USD.
- Seven of the 15 stocks (47%) had positive returns which were ahead of the benchmark's performance.

Asset Allocation



Source: PSG Wealth Investment division

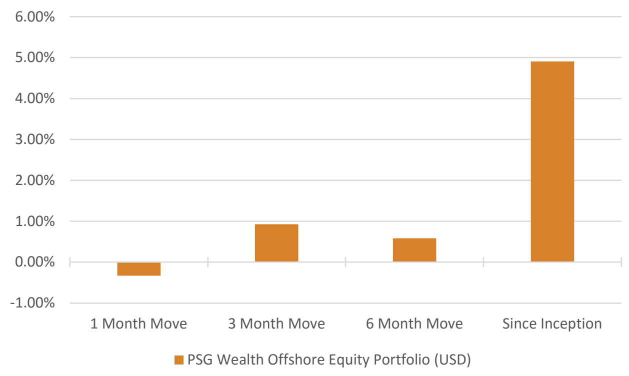
Expectations:

- Investment markets are expected to remain volatile given the high amount of uncertainty in forecasting macro variables.
- Given the diversification of the portfolio and the quality of its chosen investments, we believe that the impact of macro variables should be reduced.
- Our focus will remain on the underlying fundamentals of the individual companies rather than on broad macro issues.

Risk:

- Sustained international monetary easing creates demand for quality, stable, high yielding equities. This provides a valuation underpin to investments in the portfolio. The portfolio is likely to underperform should this diminish.

Performance since inception



Source: PSG Wealth Investment division data as on 30 June 2016. *Inception date: 30 August 2015

Other publications

Daily

Published on a daily basis

Weekly

13 July	11 May	1 March
6 July	4 May	23 Feb
29 June	26 April	11 Dec
22 June	20 April	20 Nov
15 June	12 April	16 Nov
8 June	5 April	
1 June	23 March	
25 May	16 March	
18 May	9 March	

Monthly

June 2016	Aug 2015
May 2016	July 2015
April 2016	June 2015
March 2016	May 2015
Feb 2016	
Dec 2015	
Nov 2015	
Oct 2015	
Sept 2015	

Quarterly

Autumn 2016
Summer 2015
Spring 2015

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