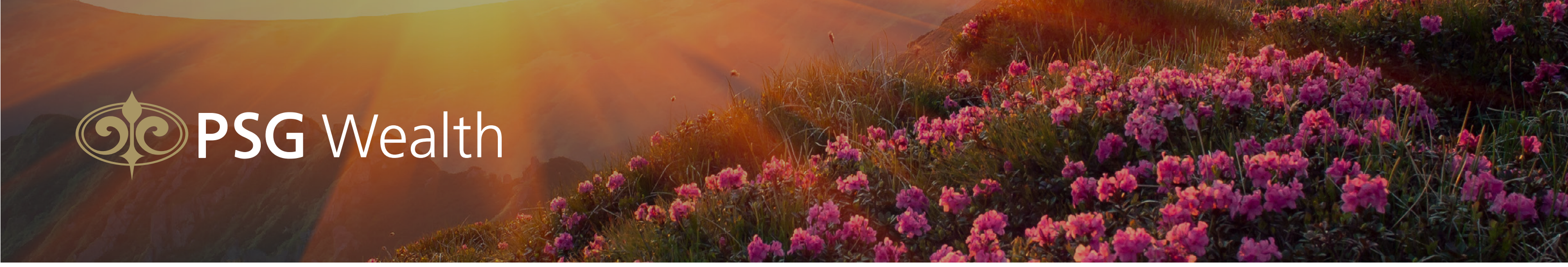

MANAGED VOLATILITY EQUITY PORTFOLIO

SEPTEMBER 2019

Key information

Benchmark
- Custom benchmark (net of fees)

Fees
- 0.75% per annum (excl. VAT)

Minimum portfolio size
- R1 million

Top 10 holdings*

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Anglo American PLC
Anheuser-Busch InBev SA/NV
BHP Group PLC
Bid Corp Ltd
British American Tobacco PLC
Cie Financière Richemont SA
Growthpoint Properties Ltd
Mondi PLC
Remgro Ltd
Super Group Ltd/South Africa

*Sorted alphabetically

About the portfolio manager

Adriaan Pask, Chief Investment Officer
- 14 years of investment experience
- 12 years with PSG Wealth (Pty) Ltd
- BCom (Financial Analysis)
- BCom (Hons) (Financial Management)
- MCom (Business Management)
- PhD (Economic and Management sciences)

About the lead analyst

Franco Pretorius, Head of Equity Research
- 20 years of investment experience
- BCom (Economics)
- BCom (Hons) (Investment Management)

Overview

The PSG Wealth House View SA Managed Volatility Equity Portfolio ended September with a return of 1.05%, outperforming the PSG Wealth Custom Volatility Index (net of fees), which was up 0.53% for the month. Eleven of the 20 portfolio shares had returns that were ahead of the benchmark during the month. Since inception, the PSG Wealth House View SA Managed Volatility Equity Portfolio had an annualised negative return of 6.15%, outperforming the PSG Wealth Custom Volatility Index (net), which had an annualised negative return of 7.03%.

Philosophy

We apply a disciplined, bottom-up, value-biased investment philosophy in our stock selection. The central concept underlying value investing is a margin of safety. This means that the share price should be trading at a discount to the intrinsic value of its underlying business. In our view, a company that has limited downside, contrasted with growth potential, qualifies as an attractive investment.

Accordingly, we prefer companies that currently seem undervalued in terms of fundamental analysis, while remaining cognisant of the momentum factors that drive shorter-term share price performance. In addition, we look for companies with a strong confidence rating, which means it does not have large or unmanageable debt positions. We ensure that the portfolio is diversified across multiple sectors.

Thus, investments are not only chosen on their potential value but also their quality. As such investments are screened for their profitability, the quality of their reported earnings, dividend policies as well as their financial structure. There is no guarantee that all the chosen companies will outperform; a few will more than likely underperform. However, the portfolio displays below-average risk and is fundamentally undervalued. As a group, their future investment returns should, therefore, be satisfactory.

Investment objective

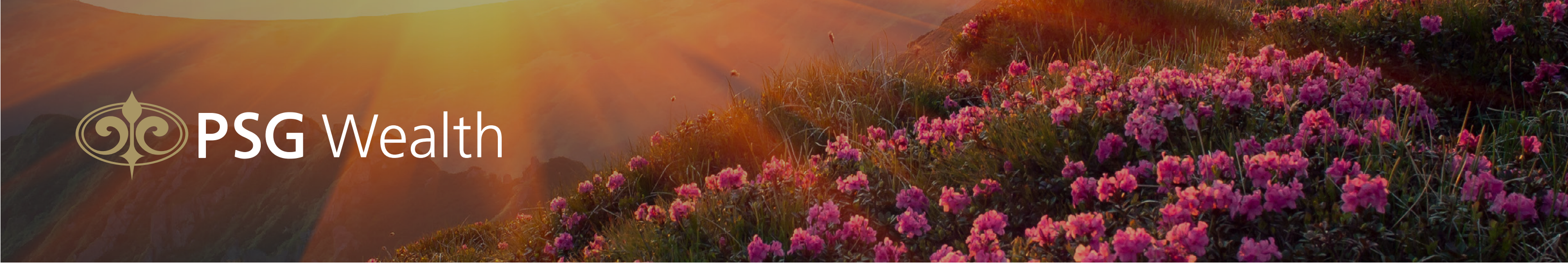
The investment is tailored for investors who require a smoother path to long-term returns through a reduction in downside risk while maintaining full exposure to the equity risk premium in the long run. This should be achieved through the portfolio's inclination towards lower volatility investments. The benefits of this strategy should be most pronounced during periods of heightened volatility.

Market commentary

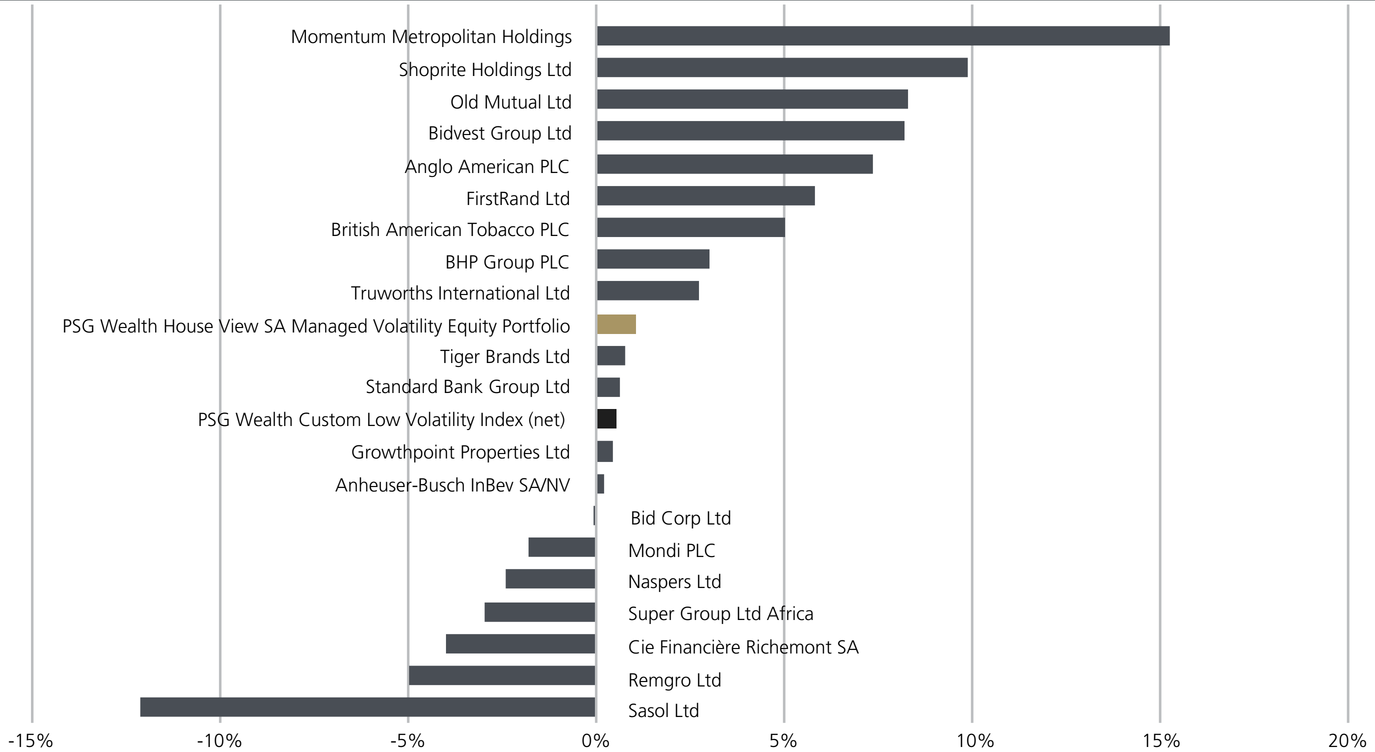
During September, the MSCI Emerging Market Index Net TR (USD) ended up 1.91%, underperforming the MSCI World Index Net TR (USD), which posted a return of 2.13%. The ALSI TR (USD) underperformed the MSCI Emerging Market Index, showing a return of 0.36% for September. The one-month return for ALSI TR (ZAR) was up 0.19%.

Locally, equities were the best performing asset class during September, locking a return of 1.91%. Cash returned 0.59%, bonds 0.53% and property 0.30% for the month.

On a sectoral basis, industrials showed the best performance. This was largely driven by WBHO and Trencor share price rallies, which were on the back of favourable results and trading statements released during September. The communication services sector had the worst performance for the month, most significantly influenced through ground lost by MultiChoice Group and Telkom.



Performance attribution



Significant contributors and detractors

Momentum Metropolitan Holdings: Momentum was the top performer for September, ending 15.25% higher.

Shoprite Holdings Ltd: Shoprite ended the month up 9.89%.

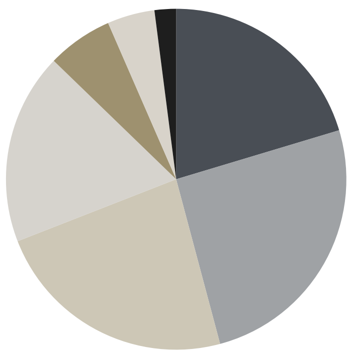
Old Mutual Ltd: Old Mutual ended the September 8.29% higher.

Sasol Ltd: Sasol was the worst performing stock and ended the month down 12.12%.

Remgro Ltd: Remgro lost 4.96% in September.

Cie Financière Richemont SA: Richemont ended the month 4.00% lower.

Sector allocation



Consumer Discretionary	20.4
Consumer Staples	25.5
Financials	23.2
Materials	18.2
Real Estate	6.2
Industrials	4.5
Healthcare	0
Telecommunication Services	0
Energy	0
Information Technology	0
Utilities	0
Cash	2.0
Total	100

- Underweight exposures to the financials and healthcare sectors detracted from the portfolio alpha.
- In September, an overweight exposure to the consumer staples sector, paired with an underweight position in the communication services sector, aided the generation of portfolio alpha the most.

PSG Wealth

Risk and Return Attribution Analysis

Performance since common inception

Time period: 27/07/2016 to 30/09/2019 Currency: South African rand Source data: total, daily return

	Return	Std dev	Excess return	Sharpe ratio	Worst quarter	Max drawdown	Up capture ratio	Down capture ratio
PSG Wealth House View SA Managed Volatility Equity Portfolio	-6.15	0.66	0.89	-0.08	-7.48	-27.23	81.40	81.91
PSG Wealth Custom Low Volatility Index (net)	-7.03	0.69	0	-0.08	-5.33	-24.33	100	100

One-month performance

Time period: 31/08/2019 to 30/09/2019 Currency: South African rand Source data: total, daily return

	Return	Std dev	Excess return	Sharpe ratio	Max drawdown
PSG Wealth House View SA Managed Volatility Equity Portfolio	1.05	0.88	0.52	-0.03	-5.00
PSG Wealth Custom Low Volatility Index (net)	0.53	1.04	0	0	-5.60

Notes on our reporting technique/method

1. Initial investments are always made within the specified target. Market movements may, from time-to-time results in active weights that are in excess of the target. Material deviations will be addressed through rebalancing within a 12-month period.
2. Initial allocations are always made within the specified target. Market movements may, from time-to-time results in active weights that are in excess of the target. Material deviations will be addressed through rebalancing within a 12-month period.
3. The proportion of stocks held in the portfolio that have an investment grade rating according to Bloomberg's default risk rating. Cash is added to this total.
4. Calculated as the weighted average beta of all the stocks in the portfolio. Cash is assumed to have beta of zero.
5. Reflects the impact on the relative performance of the portfolio if the stock falls by 25%, assuming all other stocks are flat. Calculated as the active weight, multiplied by -25% for the largest active position.
6. Reflects the impact on the relative performance of the portfolio if the sector falls by 25%, assuming all other sectors are flat. Calculated as the active weight multiplied by -25% for the largest active position.
7. The percentage may occasionally rise above the specified target due to market movements, interest and dividend payments. Material deviations will be addressed through rebalancing within a 12-month period.
8. Total sales expressed as a percentage of the portfolio's market value at the end of the reporting period.

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