

# PRUDENTIAL PORTFOLIO MANAGERS UNIT TRUSTS LIMITED

## ANNUAL REPORT

### Dear Investor,

Although the past year has yet again been relatively tough for South African investors, at least financial markets generally delivered better returns than 2018. Notably, global equities delivered their strongest annual returns in a decade, and global government bonds also produced respectable results despite already-high prices, with yields sinking further into negative territory.

Meanwhile, South African bonds and cash also recorded strong performances – it was primarily local equities and listed property where returns were subdued compared to their long-term history. SA was one of the only equity markets globally to de-rate despite posting positive earnings surprises consistently during the

year. This is especially true if one looks at the performance of the Capped SWIX Index, which we use to construct most of our clients' SA equity portfolios due to the more appropriate risk exposure it offers. Market sentiment remained weighed down by the weak growth outlook, stressed government finances, Eskom and the possibility of further credit rating downgrades.

It was certainly a year where the benefits of diversification added value to investor portfolios – particularly offshore equity and domestic bond exposure. However, it was only a mere 10 years ago that global equities recovered from delivering over a decade of poor returns (1998-2009). This again demonstrates the importance of diversification, having a long-term view

and being patient, as well as not trying to time the market.

The table below offers a snapshot of investment returns in rand from the various asset classes during 2019, and over the longer term. Although the 3-5-year performance of local growth assets like equity and listed property has been disappointing, the annualised 10-year equity and property returns to 31 December 2019 have still outperformed inflation respectably.

### Prudential fund performance

It proved to be a more challenging 12 months than usual in terms of our fund performance. Although absolute investment returns from our funds did improve from 2018, our relative fund performances were disappointing when compared to their benchmarks following on a very strong set of relative returns in 2018.

Although it is certainly uncomfortable, underperformance is something that we accept as inevitable from time-to-time: alpha is never delivered in a straight-line fashion, and we expect to have occasional periods of underperformance. This is particularly relevant for 2019, as in 2018 we delivered the best equity alpha in our history. Nevertheless, we

have full confidence in our investment philosophy and process and our track record provides the evidence that it is successful at achieving medium- to long-term outperformance. After all, it has delivered exceptional value to our clients over our 25-year history. This is why we remain confident that our funds will continue to deliver on their investment objectives over the medium- to longer term.

Our South African equity holdings proved to be the largest detractors from our relative fund performance for the year, particularly our overweight positions in Sappi and Sasol and underweight positions in precious metals producers. By contrast, select overweight holdings in large international rand-hedge shares such as British American Tobacco, Anglo American, Richemont and Naspers added value to client portfolios.

Equally, our asset allocation decisions contributed to performance across our multi-asset Balanced and Inflation Plus Funds. Globally, the funds benefitted from our overweight positioning in global equities and underweight in global fixed income, while locally we continued to hold a meaningful exposure to domestic equities, especially as its valuation became

Asset Class	Total Return* (Rand)			
	1-year (%p.a)	3-year (%p.a)	5-year (%p.a)	10-year (%p.a)
SA equity – FTSE/JSE Capped SWIX All Share (Rand)*	6.80	3.50	3.10	8.40
SA listed property – FTSE/JSE SAPY (Rand)	1.90	(3.70)	1.20	10.80
SA bonds – BEASSA All Bond Index	10.30	9.40	7.70	8.90
SA inflation-linked bonds – JSE CIL Index	2.60	1.90	3.10	6.80
SA cash - STeFI Composite Index (Rand)	7.30	7.40	7.20	6.50
Global equity – MSCI All Country World Index	23.20	13.30	12.60	16.00
Global bonds – Bloomberg Barclays Global Aggregate Bond Index	4.00	5.00	6.30	9.20
Global property – FTSE EPRA/NAREIT Global Property REIT Index	19.70	8.10	9.50	16.40

\*SWIX split with Capped SWIX until 30 Jun 2011, capped SWIX thereafter; Capped SWIX history prior to November 2017 is calculated by the JSE (made available at the launch date in Nov 2017).

Source: IRESS

cheaper over the year. Our listed property stock selection in our multi-asset funds also added nearly 4% to returns above the All Property Index.

This year's strong global environment was also reflected in the performance of our Prudential Global Funds range, into which the offshore portions of our South African client portfolios are invested. I'm pleased to report that the Prudential

The annualised returns (net of fees/%p.a.) of our primary SA unit trusts to the end of 2019 are listed below:

Prudential Funds	1-year return	3-year return	5-year return	10-year return
Equity Fund (equity general)	6.60	4.50	4.40	10.70
Benchmark	8.00	3.50	2.90	8.50
Dividend Maximiser Fund (equity general)	10.00	5.30	4.70	10.40
Benchmark	8.00	3.50	2.90	8.50
SA Equity Fund (ex-Core Value) (equity general)	3.90	3.90	5.10*	11.00*
Benchmark	6.80	4.10	4.00	9.80
Enhanced SA Property Tracker Fund (real estate general)	0.30	(5.00)	0.80	10.50
Benchmark	1.90	(3.70)	1.20	10.80
Balanced Fund (multi asset - high equity)	8.80	5.50	5.80	10.40
Benchmark	9.50	5.10	4.80	8.40
Inflation Plus Fund (multi asset - low equity)	6.40	3.70	4.60	9.10
Benchmark	7.00	7.90	8.30	8.50
Enhanced Income Fund (multi-asset income)	7.70	6.80	6.90	8.10
Benchmark	7.30	7.40	7.20	7.30
Income Fund (short term interest bearing)	8.70	8.60	N/A	N/A
Benchmark	7.30	7.40		
Global Equity Feeder Fund (equity general)	18.90	9.70	10.20	13.10
Benchmark	23.20	13.30	12.60	16.00
Global Balanced Feeder Fund (multi-asset - high equity)	15.90	N/A	N/A	N/A
Benchmark	16.80	N/A	N/A	N/A
Global Inflation Plus Feeder Fund (multi-asset - lower equity)	11.70	6.50	7.00	8.70
Benchmark	(1.10)	2.30	4.90	7.20
Global Bond Feeder Fund (interest bearing - variable term)	5.90	4.50	5.50	9.50
Benchmark	4.00	5.00	6.30	9.20

\*Core Value Fund reflects zero-fee B Class returns for 5 and 10 years, being the only class available. All other funds are A class returns (shown after all fees and charges).

Source: Morningstar

Global Inflation Plus Feeder Fund won a Raging Bull Certificate for its risk-adjusted performance over five years to 31 December 2019 as the "Best (SA-domiciled) global multi-asset low equity fund". At the same time, the Prudential Global Bond Feeder Fund finished the year ranked first in its (albeit small) ASISA category over periods out to 15 years, with the exception of two-years.

For our local funds, the Prudential Balanced Fund's performance placed it in the top quartile of its ASISA category over all of the four- to 10-year annual periods, and the Prudential Equity Fund was ranked in the top 25% of its category over the seven- to 10-year periods. Finally, the relatively new Prudential Income Fund has gotten off to a strong performance history, having reached its third full year with its one- and two-year annual performance ranked in the top quartile of its peer funds.

### Looking to 2020

For the year ahead, it's true that growth expectations for South Africa remain subdued and investor sentiment pessimistic about progress on government finances, Eskom and the country's credit quality. Equity markets are always looking ahead, pricing in the future on the basis of earnings and growth forecasts, and this pessimism is reflected in current asset valuations. In the short term, equity performance is volatile and driven by re-ratings and revised forecasts, but in the long term, share prices inevitably follow earnings. Over the past few years, SA company earnings have continued to grow steadily (despite our sluggish economy), even as share prices have lagged and valuations have cheapened. Eventually share prices will have to follow earnings and respond to valuations signals, by rising to catch up.

Going into 2020, most local asset class valuations appear very attractive,

particularly SA equities, which are pricing in very pessimistic outcomes – as poor as those during the Global Financial Crisis (GFC). At such a low point, history has shown that even modest indications of progress by the government, or small upside surprises in economic data, can trigger rapid share price gains that deliver reasonably good returns for investors. History has also shown that those investors avoiding equities but hoping to be able to jump into the market to catch this rally will miss out. For this reason we have been cautioning clients not to be short of domestic equity in their portfolios for some time now.

As long-term valuation-based investors, we have been using this opportunity to add attractive holdings in quality companies to our client portfolios. This should bode well for future returns over the medium term. We promise to remain patient, keep a long-term outlook and follow our consistent investment process to deliver competitive, inflation-beating returns for all our clients.



**PIETER HUGO**

**MD: Prudential Portfolio Managers Unit Trusts Limited**

# OUR FINANCIAL INFORMATION

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Prudential Dividend Maximiser Fund	Prudential Equity Fund	Prudential Balanced Fund	Prudential Inflation Plus Fund	Prudential High Yield Bond Fund	Prudential Enhanced Income Fund	Prudential Money Market Fund	Prudential Core Value Fund
Securities at market value	3 998 336 220	3 137 762 669	21 150 094 386	27 334 243 101	312 325 087	1 793 752 105	1 316 378 307	19 290 167 170
Other assets	59 628 597	50 445 500	1 160 144 846	857 219 566	18 284 844	171 175 342	82 709 722	166 070 383
<b>Total</b>	<b>4 057 964 817</b>	<b>3 188 208 169</b>	<b>22 310 239 232</b>	<b>28 191 462 667</b>	<b>330 609 931</b>	<b>1 964 927 447</b>	<b>1 399 088 029</b>	<b>19 456 237 553</b>
Total unitholder funds	4 004 538 240	3 133 116 399	21 893 291 343	27 657 045 782	323 679 633	1 923 224 195	1 389 949 705	19 052 971 542
Total liabilities	53 426 577	55 091 770	416 947 889	534 416 885	6 930 298	41 703 252	9 138 324	403 266 011
<b>Total</b>	<b>4 057 964 817</b>	<b>3 188 208 169</b>	<b>22 310 239 232</b>	<b>28 191 462 667</b>	<b>330 609 931</b>	<b>1 964 927 447</b>	<b>1 399 088 029</b>	<b>19 456 237 553</b>
Net Income/(loss)	77 864 811	77 002 448	790 912 158	1 028 340 979	33 475 896	148 647 139	104 057 814	803 174 874
Distributions	78 730 196	77 002 409	790 911 940	1 028 340 593	33 475 896	148 646 840	104 057 801	803 174 817
Undistributed (deficit)/income at year end*	(865 385)	39	218	386	0	299	13	57
<b>Net income/(loss) after distributions**</b>	<b>2 900 437</b>	<b>3</b>	<b>941</b>	<b>613</b>	<b>142</b>	<b>580</b>	<b>0</b>	<b>1</b>
Difference (income attributable to unitholders opening balance)	(3 765 822)	36	(723)	(227)	(142)	(281)	13	56

\*Undistributed deficit largely due to performance fees on classes resulting in negative income or fund of funds that invest in accumulation funds.

\*\*Net income as per statement of comprehensive income after adjusting for net fair value gains & losses and transaction costs

# OUR FINANCIAL INFORMATION

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 *(continued)*

Prudential Enhanced SA Property Tracker Fund	Prudential Global Bond Feeder Fund	Prudential Global Inflation Plus Feeder Fund	Prudential Global Equity Feeder Fund	Prudential High Interest Fund	Prudential Income Fund	Prudential Global Balanced Feeder Fund	Prudential 5% Target Income Fund***	Prudential 2.5% Target Income Fund***	Prudential 7% Target Income Fund***
2 241 890 758	487 226 470	116 823 872	306 905 977	7 900 447 927	1 329 131 593	10 238 386	197 420 609	98 149 767	376 695 596
49 060 110	32 618 209	1 065 920	3 453 276	2 146 683 538	104 547 588	117 338	26 014 333	1 638 586	95 573 562
<b>2 290 950 868</b>	<b>519 844 679</b>	<b>117 889 792</b>	<b>310 359 253</b>	<b>10 047 131 465</b>	<b>1 433 679 181</b>	<b>10 355 724</b>	<b>223 434 942</b>	<b>99 788 353</b>	<b>472 269 158</b>
2 211 916 120	519 692 327	117 831 042	310 194 156	9 206 392 236	1 422 223 971	10 355 655	220 378 810	98 969 365	462 529 791
79 034 748	152 352	58 750	165 097	840 739 229	11 455 210	69	3 056 132	818 988	9 739 367
<b>2 290 950 868</b>	<b>519 844 679</b>	<b>117 889 792</b>	<b>310 359 253</b>	<b>10 047 131 465</b>	<b>1 433 679 181</b>	<b>10 355 724</b>	<b>223 434 942</b>	<b>99 788 353</b>	<b>472 269 158</b>
204 516 711	(2 924 966)	(1 856 833)	(12 623 665)	728 778 596	110 951 720	(190 756)	6 861 871	2 022 470	23 526 404
<b>204 516 612</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>728 743 406</b>	<b>110 951 720</b>	<b>0</b>	<b>6 861 855</b>	<b>2 022 462</b>	<b>23 526 370</b>
99	(2 924 966)	(1 856 833)	(12 623 665)	35 190	0	(190 756)	16	8	34
<b>170</b>	<b>(607 506)</b>	<b>(284 108)</b>	<b>2 559 674</b>	<b>(28 702)</b>	<b>(4)</b>	<b>(137 918)</b>	<b>16</b>	<b>8</b>	<b>34</b>
(71)	(2 317 460)	(1 572 725)	(15 183 339)	63 892	4	(52 838)			

\*Undistributed deficit largely due to performance fees on classes resulting in negative income or fund of funds that invest in accumulation funds.

\*\*Net income as per statement of comprehensive income after adjusting for net fair value gains & losses and transaction costs

\*\*\* These funds launched in April 2019.

# PRUDENTIAL ANNUAL MANAGEMENT FEE

There are no initial charges levied by Prudential Portfolio Managers Unit Trusts Limited. Initial fees may be agreed between the investor and the financial adviser.

Prudential annual management fee (Excl. VAT)	Retail Units: (A Class)	Retail Units: (I Class)	Retail Units: (T Class)	Retail Units: (X Class)	Institutional: (B, D or F Class)
Prudential Equity Fund *	1,00%	1,25%			0,65%
Prudential Dividend Maximiser Fund *	1,00%	1,25%	1,25%		0,65%
Prudential Balanced Fund and Prudential Inflation Plus Fund	1,00%	1,25%	0,80%	1,00%	0,60%
Prudential High Yield Bond Fund (B)	0,75%	0,75%			0,50%
Prudential Income Fund (B)	0,50%				0,40%
Prudential Global Bond Feeder Fund, Prudential Global Balanced Feeder Fund, Prudential Global Equity Feeder Fund, and Prudential Global Inflation Plus Feeder Fund (B)	0,50%				0,20%
Prudential Money Market Fund	0,35%			0,25%	0,25%
Prudential Enhanced SA Property Tracker Fund	0,65%	0,65%	0,60%		0,55%
Prudential Enhanced Income Fund (D)	0,75%	1,00%	0,60%	0,80%	0,50%
Prudential High Interest Fund (D)	0,55%	0,55%		0,45%	0,35%
Prudential 5% Target Income Fund	1,00%				0,70%
Prudential 7% Target Income Fund	0,85%				0,55%
Prudential 2.5% Target Income Fund	1,15%				0,85%
Prudential Core Value Fund (F)					1,00%

\*Performance fee for the Prudential Equity and Prudential Dividend Maximiser Funds (except T class): The performance fee comprises 20% (excluding VAT) of any outperformance (after all fund fees and expenses) of the benchmark, measured over rolling three-year periods. The performance fee is capped at 1.25% (excluding VAT) per year. A performance discount of 0.25% per year on the base annual management fee of the A, B and D classes of the funds is applied should net performance fall below benchmark over a rolling five-year period. This discount is applied for as long as that fund class's rolling five-year performance is less than its benchmark.



Consistency is the only currency that matters.™

# DISTRIBUTIONS

Fund	Declaration date	RETAIL (A CLASS)	RETAIL (T CLASS)	INSTITUTIONAL (B CLASS)	INSTITUTIONAL (D CLASS)
		Cents per unit	Cents per unit	Cents per unit	Cents per unit
Prudential Dividend Maximiser Fund	31-Dec-19	14,23	17,09	16,67	
	30-Jun-19	8,14	10,36	10,61	
Prudential Equity Fund	31-Dec-19	16,35		19,31	
	30-Jun-19	8,25		11,13	
Prudential Balanced Fund	31-Dec-19	9,65	11,21	12,01	
	30-Jun-19	8,82	10,47	11,24	
Prudential Inflation Plus Fund	31-Dec-19	5,67	6,59	7,05	
	30-Jun-19	5,10	6,07	6,50	
Prudential High Yield Bond Fund	31-Dec-19	2,51		2,61	
	30-Sep-19	2,59		2,68	
	30-Jun-19	2,72		2,76	
	31-Mar-19	2,59		2,68	
Prudential Enhanced Income Fund	31-Dec-19	2,20	2,30		2,34
	30-Sep-19	2,03	2,18		2,22
	30-Jun-19	2,13	2,27		2,30
	31-Mar-19	2,00	2,13		2,16
Prudential Enhanced SA Property Tracker Fund	31-Dec-19	6,81	6,84		6,87
	30-Sep-19	1,21	1,24		1,28
	30-Jun-19	5,77	5,80		5,83
	31-Mar-19	2,06	2,09		2,12
Prudential Money Market Fund	31-Dec-19	0,59			
	30-Nov-19	0,57			
	31-Oct-19	0,59			
	30-Sep-19	0,59			
	31-Aug-19	0,61			
	31-Jul-19	0,62			
	30-Jun-19	0,60			
	31-May-19	0,62			
	30-Apr-19	0,60			
	31-Mar-19	0,62			
	28-Feb-19	0,56			
31-Jan-19	0,61				

**Note:** Only the funds that have distributed for 2019 have been included in the distribution tables.

## DISTRIBUTIONS *(continued)*

Fund	Declaration date	RETAIL (A CLASS)	RETAIL (T CLASS)	INSTITUTIONAL (B CLASS)	INSTITUTIONAL (D CLASS)
		Cents per unit	Cents per unit	Cents per unit	Cents per unit
Prudential High Interest Fund	31-Dec-19	0,64			0,66
	30-Nov-19	0,61			0,60
	31-Oct-19	0,62			0,64
	30-Sep-19	0,64			0,66
	31-Aug-19	0,59			0,61
	31-Jul-19	0,68			0,71
	30-Jun-19	0,57			0,59
	31-May-19	0,63			0,65
	30-Apr-19	0,63			0,66
	31-Mar-19	0,58			0,60
	28-Feb-19	0,53			0,54
	31-Jan-19	0,64			0,67
	Prudential Income Fund	31-Dec-19	0,70		
30-Nov-19		0,65			0,66
31-Oct-19		0,69			0,69
30-Sep-19		0,68			0,69
31-Aug-19		0,66			0,67
31-Jul-19		0,73			0,74
30-Jun-19		0,62			0,63
31-May-19		0,68			0,70
30-Apr-19		0,70			0,72
31-Mar-19		0,64			0,65
28-Feb-19		0,61			0,62
31-Jan-19		0,68			0,69
Prudential 2.5% Target Income Fund		31-Dec-19	0,66		0,76
	30-Sep-19	0,62		0,71	
	30-Jun-19	0,35		1,40	
Prudential 5% Target Income Fund	31-Dec-19	1,27		1,36	
	30-Sep-19	1,03		1,10	
	30-Jun-19	0,75		1,19	
Prudential 7% Target Income Fund	31-Dec-19	1,97		2,07	
	30-Sep-19	1,67		1,74	
	30-Jun-19	1,32		2,02	

**Note:** Only the funds that have distributed for 2019 have been included in the distribution tables.

## RETAIL (A CLASS) UNITS

### ANNUALISED PERFORMANCE (%) AS AT 31 DECEMBER 2019

Fund	1 year	2 years	3 years	4 years	5 years	Since inception	Fund inception date
Prudential 2.5% Target Income Fund						(2,29)	2 April 2019
Prudential 5% Target Income Fund						2,06	2 April 2019
Prudential 7% Target Income Fund						2,98	2 April 2019
Prudential Balanced Fund	8,77	2,56	5,55	5,14	5,79	13,16	2 August 1999
Prudential Dividend Maximiser Fund	10,02	0,69	5,28	4,29	4,74	16,07	2 August 1999
Prudential Enhanced SA Property Tracker Fund	0,29	(13,49)	(5,03)	(1,40)	0,80	11,74	2 December 2005
Prudential Enhanced Income Fund	7,68	6,18	6,84	7,61	6,88	8,05	1 July 2009
Prudential Equity Fund	6,59	(0,95)	4,53	4,46	4,40	15,89	2 August 1999
Prudential Global Balanced Feeder Fund	15,89					6,78	28 June 2018
Prudential Global Bond Feeder Fund	5,95	8,49	4,50	0,98	5,51	8,27	27 October 2000
Prudential Global Equity Feeder Fund	18,95	9,61	9,75	6,19	10,20	7,11	18 February 2000
Prudential Global Inflation Plus Feeder Fund	11,66	9,15	6,47	2,40	7,01	7,70	1 March 2004
Prudential High Interest Fund	7,69	7,70	7,90	8,03	7,62	6,77	08 December 2010
Prudential High Yield Bond Fund	9,69	8,28	8,72	10,35	7,09	10,01	27 October 2000
Prudential Income Fund	8,68	8,74	8,61			8,61	6 December 2016
Prudential Inflation Plus Fund	6,35	0,52	3,68	3,66	4,64	11,44	1 June 2001
Prudential Money Market Fund	7,43	7,42	7,49	7,43	7,17	7,74	9 April 2002

## RETAIL (X CLASS) UNITS

### ANNUALISED PERFORMANCE (%) AS AT 31 DECEMBER 2019

Fund	1 year	2 years	3 years	4 years	5 years	Since Inception	Class inception date
Prudential Balanced Fund	9,06	2,84	6,91	5,41	6,06	8,79	2 January 2013
Prudential Enhanced Income Fund	7,87	6,41	7,07	7,85	7,11	7,78	1 April 2011
Prudential High Interest Fund	7,75	7,79	8,00	8,15	7,74	6,91	1 April 2011
Prudential Inflation Plus Fund	6,63	0,80	3,97	3,94	4,93	9,22	1 July 2011
Prudential Money Market Fund	7,55	7,55	7,61	7,55	7,30	6,51	1 April 2011
Prudential Income Fund	8,77	8,94	8,95			8,95	06 December 2016



## RETAIL (T CLASS) UNITS

### ANNUALISED PERFORMANCE (%) AS AT 31 DECEMBER 2019

Fund	1 year	2 years	3 years	4 years	5 years	Since Inception	Class inception date
Prudential Balanced Fund	9,31	3,08	6,08	5,68		5,64	2 January 2015
Prudential Dividend Maximiser Fund	10,47	1,16	5,69	4,69		4,24	2 January 2015
Prudential Enhanced SA Property Tracker Fund	0,35	(13,43)	(4,97)	(1,34)		(1,79)	1 April 2015
Prudential Enhanced Income Fund	8,11	6,63	7,30	8,08		7,18	2 January 2015
Prudential Inflation Plus Fund	6,88	1,03	4,20	4,19		4,60	2 January 2015

Source: Morningstar performance figures for the Funds are based on NAV price.

## INSTITUTIONAL (B OR D CLASS) UNITS

### ANNUALISED PERFORMANCE (%) AS AT 31 DECEMBER 2019

Fund	1 year	2 years	3 years	4 years	5 years	Since inception	Class inception date
Prudential 2.5% Target Income Fund B						0,12	2 April 2019
Prudential 5% Target Income Fund B						2,90	2 April 2019
Prudential 7% Target Income Fund B						4,32	2 April 2019
Prudential Balanced Fund B	9,56	3,32	6,33	5,92	6,57	13,79	1 July 2002
Prudential Enhanced SA Property Tracker Fund D	0,41	(13,39)	(4,92)	(1,28)	0,91	9,36	3 April 2006
Prudential Enhanced Income Fund D	8,24	6,76	7,43	8,21	7,47	8,13	1 July 2009
Prudential Equity Fund B	7,06	(0,51)	5,00	4,91	4,84	10,30	2 Jan 2007
Prudential Global Balanced Feeder Fund B	15,93					6,81	28 June 2018
Prudential Global Bond Feeder Fund B	6,32					10,38	2 July 2018
Prudential Global Equity Feeder Fund B	19,35					9,73	2 July 2018
Prudential Global Inflation Plus Feeder Fund B	12,03	9,50	6,80	2,71	7,33	8,69	1 July 2013
Prudential High Interest Fund D	7,88	7,92	8,12	8,25	7,84	7,10	8 Dec 2010
Prudential High Yield Bond Fund B	9,87	8,53	8,99	10,64	7,38	9,05	1 April 2003
Prudential Income Fund D	8,83	8,86	8,73			8,70	6 Dec 2016
Prudential Inflation Plus Fund B	7,13	1,26	4,44	4,43	5,42	11,68	1 July 2002
Prudential Dividend Maximiser Fund B	10,47	1,09	5,69	4,70	5,16	10,20	2 Jan 2007
Prudential Core Value Fund F	3,90	(2,60)	3,95			3,49	1 July 2016

Source: Morningstar performance figures for the Funds are based on NAV price.

## REPORT OF THE TRUSTEE FOR THE PRUDENTIAL PORTFOLIO MANAGERS UNIT TRUST SCHEME

We, the Standard Bank of South Africa Limited, in our capacity as Trustee of the Prudential Portfolio Managers Unit Trust Scheme ("the Scheme") have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the financial year ended 31 December 2019.

In support of our report we have adopted certain processes and procedures that allow us to form a reasonable conclusion on whether the Manager has administered the Scheme in accordance with the Act and the Scheme Deed.

As Trustees of the Scheme we are also obliged to in terms of Section 70(3) of the Act to satisfy ourselves that every statement of comprehensive income, statement of financial position or other return prepared by the Manager of the Scheme as required by Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme.

The Manager is responsible for maintaining the accounting records and preparing the annual financial statements of the Scheme in conformity with International Financial Reporting Standards. This responsibility also includes appointing an external auditor to the Scheme to ensure that the financial statements are properly drawn up so as to fairly represent the financial position of every portfolio of its collective investment scheme are in accordance with International Financial Reporting Standards and in the manner required by the Act.

Our enquiry into the administration of the Scheme by the Manager does not cover a review of the annual financial statements and hence we do not provide an opinion thereon.

Based on our records, internal processes and procedures we report that nothing has come to our attention that causes us to believe that the accompanying financial statements do not fairly represent the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the Manager.

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

We conclude our report by stating that we reasonably believe that the Manager has administered the Scheme in accordance with:

- (i) (i) the limitations imposed on the investment and borrowing powers of the manager by this Act;
- (ii) and the provisions of this Act and the deed;



**MELINDA MOSTERT**  
Standard Bank of South Africa Limited

23 March 2020



**REGGIE MOODLEY**  
Standard Bank of South Africa Limited

## PRUDENTIAL PORTFOLIO MANAGERS UNIT TRUSTS LIMITED COLLECTIVE INVESTMENT SCHEMES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

This summarised report is extracted from the audited information, but is not itself audited. The annual financial statements were audited by Ernst & Young, who expressed an unmodified opinion thereon 23 March 2020. The audited annual financial statements and the auditor's report thereon are available for inspection at the Schemes' registered office.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying annual financial statements.

## DISCLAIMER

Collective Investment Schemes (unit trusts) are generally medium- to long-term investments. The value of participatory interest (units) may go down as well as up. Past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total book value of all assets in the portfolio divided by the number of units in issue. Fluctuations or movements in exchange rates may also be the cause of the value of underlying international investments going up or down. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Commissions and incentives may be paid and if so, would be included in the overall costs. Different classes of units apply to the Prudential Collective Investment Scheme Funds and are subject to different fees and charges. A detailed schedule of fees and charges and maximum commissions is available on request from the company. Forward pricing is used. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates.

The Prudential Money Market fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this may have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the Fund, it can have the effect of a capital loss. Such losses will be borne by the Prudential Money Market fund and its investors and in order to maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses.

A fund of funds unit trust may invest in other unit trusts, all of which levy their own charges that could result in a higher fee structure for these portfolios.

A feeder fund is a unit trust fund that, apart from assets in liquid form, consists solely of units in a single portfolio of a collective investment scheme.

Fund assets are managed by Prudential Investment Managers (SA) Pty Ltd which is a licensed discretionary service provider (FSP#615).

### Prudential Portfolio Managers Unit Trusts Limited

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