**Estimated expenses**

Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include Bond, Money Market, and FX costs (where applicable).

**The Fund can invest portions of its assets into underlying foreign investments (incl. investments into Africa). This would mainly be achieved by investing into the sub-funds of the Prudential Global Funds ICAV and the Prudential Africa Equity Fund. These funds will charge an additional asset management fee which is included in the Fund's NAV and the Fund's total expense ratio.**

**As at 30 September 2020 (updated quarterly)**

### Returns Since Inception**

<table>
<thead>
<tr>
<th>A Class</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>30.8%</td>
</tr>
<tr>
<td>Low</td>
<td>-13.7%</td>
</tr>
<tr>
<td>Return</td>
<td>31 Mar 2020</td>
</tr>
</tbody>
</table>

### Risk Measures

<table>
<thead>
<tr>
<th>A Class</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly volatility (annualised)</td>
<td>6.8% 1.6%</td>
</tr>
<tr>
<td>Maximum drawdown over any period</td>
<td>-15.9% -0.7%</td>
</tr>
<tr>
<td>% of positive rolling 12 months</td>
<td>89.6% 100.0%</td>
</tr>
<tr>
<td>Information ratio</td>
<td>-0.7 n/a</td>
</tr>
<tr>
<td>Sortino ratio</td>
<td>-0.7 n/a</td>
</tr>
<tr>
<td>Sharpe ratio</td>
<td>-0.6 n/a</td>
</tr>
</tbody>
</table>

### Top 10 Holdings*

1. Prudential Worldwide Real Return Fund 12.2%
2. Prudential Corporate Bond Fund 7.0%
3. Prudential Worldwide Strategic Real Return Fund 6.3%
4. Republic of SA ILB 3.45% 071233 (R202) 5.2%
5. Republic of SA ILB 2.00% 310125 (R2025) 4.0%
6. Republic of SA Bond 8.75% 310144 (R2044) 3.1%
7. Standard Bank NCD 4.175% 171220 3.0%
8. Naspers Ltd 3.0%
9. Prudential Global Balanced Fund 2.3%
10. FirstRand Bank ILB 2.66% 310328 2.1%

* As at 30 September 2020 (updated quarterly)

### Investment Options

<table>
<thead>
<tr>
<th>A Class</th>
<th>T Class</th>
<th>I Class</th>
<th>X Class</th>
<th>B Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lump sum investment</td>
<td>R10 000</td>
<td>R10 000</td>
<td>R10 000</td>
<td>R10 000</td>
</tr>
<tr>
<td>Minimum monthly debit order</td>
<td>R500 pm</td>
<td>R500 pm</td>
<td>R500 pm</td>
<td>R500 pm</td>
</tr>
</tbody>
</table>

**INITIAL FEES (excl. VAT)**

<table>
<thead>
<tr>
<th>A Class</th>
<th>T Class</th>
<th>I Class</th>
<th>X Class</th>
<th>B Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial adviser fee (if applicable)</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**ANNUAL MANAGEMENT FEES (excl. VAT)**

<table>
<thead>
<tr>
<th>A Class</th>
<th>T Class</th>
<th>I Class</th>
<th>X Class</th>
<th>B Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudential</td>
<td>0.80%</td>
<td>1.25%</td>
<td>1.00%</td>
<td>0.60%</td>
</tr>
<tr>
<td>Financial adviser service fee (if applicable)</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**FUND OBJECTIVE:**

The primary objective is to outperform CPI by 5% before fees (which is 3.4% after fees for the A class) over a rolling 3-year period. The secondary objective is to reduce the risk of capital loss over any rolling 12-month period.

**INVESTOR PROFILE:**

Individuals looking for a low- to medium-risk multi-asset fund. Individuals and retirees who want to protect their investment from the detrimental effects of inflation over time. The recommended investment horizon is 3 years or longer.

**INVESTMENT MANDATE:**

The Fund invests in a diversified mix of local and foreign equity, bonds, listed property and cash. The Fund may also invest in derivatives and other collective investment schemes. Asset allocation is actively and tactically managed to achieve the Fund’s objectives. The intended maximum limits are Equity 40%, Listed Property 25%, Foreign 30%, and Africa (excl. SA) 5%. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

**FUND MANAGERS:**

David Knee, Johny Lambirdis, Michael Moyle and Sandile Malinga

**ASSIA CATEGORY:**

South African - Multi-Asset - Low Equity

**OBJECTIVE (BEFORE FEES):**

CPI+5% p.a. over a rolling 3-year period

**INCEPTION DATE:**

1 June 2001

**FUND SIZE:**

R20 587 497 440

**AWARDS:**

Raging Bull: 2013
Morningstar: 2015

![Graph showing performance over time](image-url)
An electronic copy of this document is available at www.prudential.co.za

PRUDENTIAL INFLATION PLUS FUND
30 NOVEMBER 2020

FUND COMMENTARY
Global equity markets were broadly positive in November as investors welcomed news of a prospective Covid-19 vaccine. Other factors contributing to investor sentiment included Joe Biden’s US presidential election victory and the increased likelihood of a post-Brexit deal between the UK and the EU. Investors also awaited news regarding the recovery of China’s top chipmaker, SMIC, and national offshore oil and gas producer, CNODC, to the US sanctions blacklist. In the UK, the economy expanded 15.5% q/q in Q3. Sentiment was further supported by hopes of a post-Brexit trade deal, easing coronaviruses restrictions, and positive Covid-19 vaccine results. In the Eurozone, there remain positive signs of economic recovery, with the region’s economy increasing by 12.6% q/q in Q3. Meanwhile, China and Japan joined several Asia Pacific countries in signing a historical free trade agreement, the Regional Comprehensive Economic Partnership, which is pegged to be one of the biggest free trade deals in history.

In South Africa, the SARB left the repo rate unchanged in its November meeting, stating that further easing was unlikely in the near term. The economy is expected to shrink by 8% in 2020, before rebounding by 3.5% in 2021 and 2.4% in 2022. Meanwhile, investors welcomed the news that the government had gazetted 50 strategic integrated projects, valued at R340bn. The projects focus on different targets including water and sanitation, energy and human settlements. In less positive news, Moody’s and Fitch both downgraded SA’s sovereign credit rating further into “junk” territory. In November, the FTSE/JSE All Share Index returned 10.5%, the FTSE/JSE All Bond Index delivered 3.3%, inflation-linked bonds (the Composite ILB Index) 2.0%, and cash as measured by the SIFi Composite Index returned 0.3%. Looking at global market returns (all in US$), the MSCI All Country World Index delivered 12.4%, the Bloomberg Barclays Global Aggregate Bond Index returned 1.8%, while the EPRAANEIT Global Property REIT Index posted 13.1%. The rand strengthened 5.8% against US dollar, 2.6% against the pound sterling and 3.3% versus the euro.

Contributing to most absolute performance for the month was the fund’s exposure to SA equities (excluding property), SA bonds (excluding inflation-linked bonds) and SA listed property.

GLOSSARY
12-month yield
A measure of the Fund’s income distributions as a percentage of the Fund’s net asset value (NAV). This is calculated by summing the income distributions over a rolling 12-month period, then dividing by the sum of the NAV at the end of the period and at the beginning of the period, less any capital gains distributed to investors in the Fund. This is calculated over a 3-year period.

Annualised performance
This illustrates how an initial investment of R100 or N$100 (for example) placed into the Fund would change over time, taking into account any capital gains, income distributions and reinvestment of income distributions.

Cumulative performance graph
This shows the Fund’s returns over time, including all capital gains distributions and income distributions, compared against the MSCI All Country World Index. NAV at the beginning of the period and any capital gains distributed over the same period.

Income distribution
The dividend income and/or interest income that is generated by the underlying Fund investments and that is periodically declared and distributed to investors in the Fund after all annual service fees are paid.

Information ratio
Measures the Fund’s active return (Fund return in excess of the benchmark) divided by the amount of risk that the manager takes relative to the benchmark. The higher the information ratio, the better the active return of the Fund, given the amount of risk taken and the more the consistent the manager is. This is calculated over a 3-year period.

Intended maximum limits
This indicates the Fund’s intended maximum exposure to an asset class. These limits may be reviewed subject to the Fund’s Supplemental Deed and/or Regulation 28 for those Funds managed in accordance with Regulation 28 of the Pension Funds Act.

Maximum drawdown
The largest drop in the Fund’s cumulative total return from peak to trough over any period.

Monthly volatility (annualised)
Also known as standard deviation. This measures the amount of variation or difference in the monthly returns on an investment. The larger the annualised monthly volatility, the more the monthly returns are likely to vary from the average monthly return (i.e. the more volatile the investment).

Percentage of positive rolling 12 months
The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.

Regulation 28
The South African retirement fund industry is governed by the Pension Funds Act, No 24 of 1956. Regulation 28 of the Pension Funds Act prescribes the maximum limits in asset classes that an approved retirement fund may invest in.

Sharpe ratio
The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. The Sharpe ratio is the ratio of the fund’s return to its volatility. The higher the Sharpe ratio the better the Fund’s historical risk-adjusted performance has been. This is calculated by taking the difference between the Fund’s annualised return and the risk-free (cash) rate, divided by the standard deviation of the Fund’s returns.

Sortino ratio
This is calculated by taking the difference between the Fund’s annualised return and the risk-free (cash) rate, divided by the downside deviation of the Fund’s returns. The Sortino ratio is a measure of a fund’s downside risk.

Total Expense Ratio (TER)
This reflects the annualised cost of ownership of a unit in the Fund and includes all investment management fees, administrative fees, switching fees, management fees, and other expenses charged to the Fund. The higher the Total Expense Ratio (TER), the higher the cost to an investor. The TER is calculated over a 3-year period.

Unit class
Prudential’s Funds are offered in different unit classes to allow different types of investors (individuals and institutions) to invest in the same Fund. Different investment minimums and fees apply to different unit classes.

TER
An indication of the maximum fees charged by a fund, expressed as a percentage of assets under management.

TER
Total Expense Ratios (TER) are calculated as a percentage of the Fund’s assets under management (AUM) net of all expenses. The TER includes management fees, switching fees, and all other operating costs of the fund. The TER is calculated on a rolling basis over a 3-year period.

12-MONTH YIELD

<table>
<thead>
<tr>
<th>Income Distribution</th>
<th>Total Distribution</th>
<th>12-Month Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A Class) 30 June 2020</td>
<td>6.42 cpu</td>
<td>3.05%</td>
</tr>
<tr>
<td>(A Class) 31 December 2019</td>
<td>5.67 cpu</td>
<td>2.73%</td>
</tr>
<tr>
<td>(B Class) 30 June 2020</td>
<td>7.24 cpu</td>
<td>3.83%</td>
</tr>
<tr>
<td>(B Class) 31 December 2019</td>
<td>7.05 cpu</td>
<td>3.47%</td>
</tr>
<tr>
<td>(T Class) 30 June 2020</td>
<td>6.83 cpu</td>
<td>3.58%</td>
</tr>
<tr>
<td>(T Class) 31 December 2019</td>
<td>6.59 cpu</td>
<td>3.24%</td>
</tr>
</tbody>
</table>

If the income earned in the form of dividends and interest exceeds the total expenses, the Fund will make a distribution. (cpu = cents per unit)