

# PRUDENTIAL ENHANCED INCOME FUND

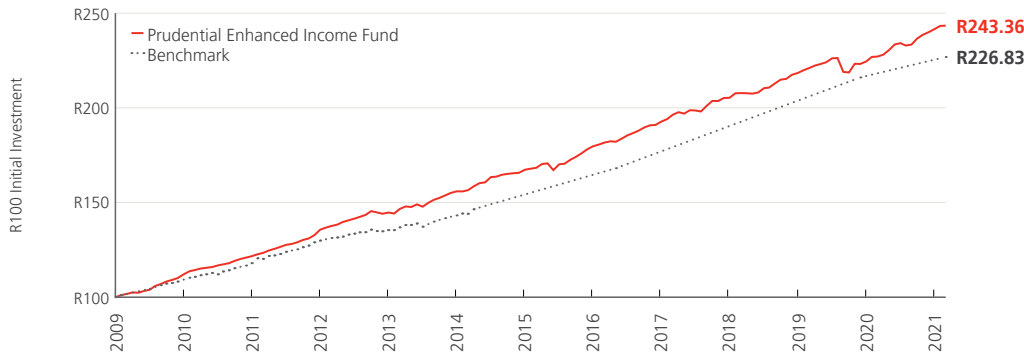
## 30 SEPTEMBER 2021



### FACT SHEET/MINIMUM DISCLOSURE DOCUMENT

### MULTI-ASSET

#### SINCE INCEPTION CUMULATIVE PERFORMANCE, DISTRIBUTIONS REINVESTED (A CLASS)



ANNUALISED PERFORMANCE	A CLASS	BENCHMARK	T CLASS	X CLASS	D CLASS
1 year	7.2%	3.8%	7.4%	7.1%	7.5%
3 years	5.4%	5.8%	5.7%	5.5%	5.8%
5 years	6.0%	6.4%	6.4%	6.2%	6.5%
7 years	6.5%	6.7%	n/a	6.7%	7.0%
10 years	7.0%	6.6%	n/a	7.2%	7.6%
Since inception	7.6%	7.0%	6.6%	7.3%	7.6%

\* Inception dates: X Class: 1 April 2011, D Class: 1 July 2011, T Class: 2 January 2015

1-YEAR INCOME RETURN	A CLASS	T CLASS	X CLASS	D CLASS
Fund yield (net of fees)	4.7%	4.9%	4.7%	5.0%

RETURNS SINCE INCEPTION**	A CLASS	DATE
Highest annualised return	12.9%	30 Nov 2010
Lowest annualised return	1.8%	30 Apr 2020

\*\* 12-month rolling performance figure

RISK MEASURES	A CLASS	BENCHMARK
Monthly volatility (annualised)	2.3%	1.2%
Maximum drawdown over any period	-3.4%	-1.2%
% of positive rolling 12 months	100.0%	100.0%
Information ratio	-0.1	n/a
Sortino ratio	-0.1	4.6
Sharpe ratio	-0.1	0.4

ASSET ALLOCATION	
SA Bonds (ex. Inflation-linked Bonds)	37.8%
SA Cash	33.1%
SA Inflation-linked Bonds	13.8%
Foreign Bonds	11.4%
SA Listed Property	3.8%

#### TOP 10 HOLDINGS\*

1. Republic of SA Bond 10.50% 211226 (R186)	30.6%
2. Republic of SA ILB 2.00% 310125 (I2025)	10.8%
3. Prudential High Interest Fund	10.4%
4. RSA Sovereign USD Bond 4.875% 140426	5.3%
5. Republic of SA Bond 8.875% 280235 (R2035)	4.5%
6. iShares Interest Rate Hedged High Yield Bond ETF	3.7%
7. Republic of SA Bond 8.00% 310130 (R2030)	3.4%
8. Airports Company SA ILB 3.64% 300428	3.0%
9. Northern Platinum FRN J3+3.75% 251123	2.4%
10. iShares iBovxx \$ High Yield Corporate Bond ETF	2.3%

\*As at 30 September 2021 (updated quarterly)

INVESTMENT OPTIONS	A CLASS	T CLASS	I CLASS	X CLASS	D CLASS
Minimum lump sum investment	R10 000	R10 000	R10 000	R10 000	R20 million
Minimum monthly debit order	R500 p/m	R500 p/m	R500 p/m	R500 p/m	n/a

INITIAL FEES (excl. VAT)	A CLASS	T CLASS	I CLASS	X CLASS	D CLASS
Prudential	0.00%	0.00%	0.00%	0.00%	0.00%
Financial adviser (if applicable)*	3.00% (max)	3.00% (max)	3.00% (max)	3.00% (max)	0.00%

\* Initial Adviser Fees are negotiated between the Investor and Financial Adviser. Should you agree to an Initial Adviser Fee, it will be deducted before the investment is made.

ANNUAL MANAGEMENT FEES (excl. VAT)	A CLASS	T CLASS	I CLASS	X CLASS	D CLASS
Prudential**	0.75%	0.60%	1.00%	0.80%	0.50%
Financial adviser service fee*** (if applicable)	n/a	n/a	0.30%	0.30%	n/a

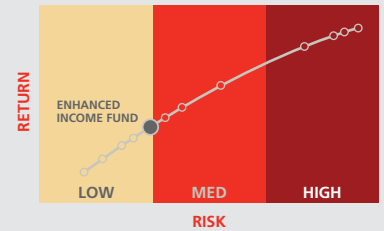
\*\* Additional underlying foreign fund fees are dependent on the fund and are included in the TER

\*\*\* The Financial Adviser Service Fee, if applicable, is included in Prudential's annual management fee above. An Ongoing Adviser Fee, over and above the Financial Adviser Service Fee, may be negotiated between the Investor and Financial Adviser. Should you agree to an Ongoing Adviser Fee, it will be paid via the regular repurchase of units.

EXPENSES (incl. VAT)	A CLASS	T CLASS	I CLASS	X CLASS	D CLASS
Total Expense Ratio (TER)	1.04%	0.75%	1.19%	0.98%	0.64%
Transaction Costs (TC)	0.09%	0.09%	0.09%	0.09%	0.09%
Total Investment Charges (TIC)	1.13%	0.84%	1.28%	1.07%	0.73%

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).

#### RISK/RETURN PROFILE:



#### FUND OBJECTIVE:

To maximise total returns in excess of the benchmark over a rolling 36-month period, while seeking to protect capital and reduce volatility through active asset management.

#### INVESTOR PROFILE:

Individuals requiring an actively managed income solution that provides a high income return together with moderate capital growth. The recommended investment horizon is 1 to 3 years.

#### INVESTMENT MANDATE:

The Fund invests in a flexible mix of high-yielding securities. The intended maximum limits are Equity 10%, Listed Property 25%, Foreign 20%, and Africa (excl. SA) 5%. No duration constraints apply. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

#### FUND MANAGERS:

David Knee and Roshen Harry

#### ASISA CATEGORY:

South African - Multi-Asset - Income

#### BENCHMARK:

STeFI Composite Index measured over a rolling 36-month period

#### INCEPTION DATE:

1 July 2009

#### FUND SIZE:

R848 563 150

#### Becoming M&G

We will soon be changing our name to M&G Investments, as we align our brand with our global shareholder, M&G plc group. Our ownership and identity changes will have no impact on the way our unit trust funds are managed. Our consistent investment process and philosophy remain the same.

#### LEARN MORE

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INCOME DISTRIBUTIONS	TOTAL DISTRIBUTIONS	12-MONTH YIELD
(A Class) 30 September 2021	1.93 cpu	4.52%
(A Class) 30 June 2021	1.22 cpu	4.95%
(A Class) 31 March 2021	1.35 cpu	5.64%
(A Class) 31 December 2020	1.50 cpu	6.15%
(D Class) 30 September 2021	2.02 cpu	4.81%
(D Class) 30 June 2021	1.30 cpu	5.23%
(D Class) 31 March 2021	1.43 cpu	5.92%
(D Class) 31 December 2020	1.58 cpu	6.47%
(T Class) 30 September 2021	1.98 cpu	4.69%
(T Class) 30 June 2021	1.27 cpu	5.11%
(T Class) 31 March 2021	1.40 cpu	5.80%
(T Class) 31 December 2020	1.55 cpu	6.36%

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)

#### FUND COMMENTARY

Global equity markets were broadly negative in September over concerns that central banks were preparing to scale back stimulus measures. Contributing to the risk-off sentiment were events in China, where Chinese property group Evergrande faced a liquidity crisis that threatened to spill over into the broader economy. In the US, sentiment dampened after the Fed signalled that a rise in interest rates may follow more quickly than expected, and that a moderation in the pace of asset purchases may be warranted, as the economy continues to make progress towards employment and inflation goals. US GDP growth for Q2 2021 was revised higher to 6.7% (q/q, annualised). In the UK, Prime Minister Boris Johnson deployed army drivers and the government's reserve tanker fleet to help ease petrol shortages. Petrol stations ran dry as the region grappled with low supplies following a shortage of truck drivers and a temporary spike in consumer demand. Meanwhile, the Bank of England signalled that the case for modest tightening had strengthened as inflation could persist above 4% well into 2022. UK GDP expanded 5.5% q/q in Q2 2021, above initial estimates of a 4.8% increase. Elsewhere, the European Central Bank kept interest rates at record-low levels but said it would start tapering the pace of net asset purchases for the rest of the year due to improved economic conditions. The central bank reiterated, however, that it would adjust its purchases according to market conditions. Eurozone GDP was revised higher to 2.2% q/q in Q2 2021. In China, concerns over the impact of power curbs, further regulatory crackdowns, and the liquidity crisis facing Evergrande all weighed on investor sentiment.

In South Africa, the SARB kept the repo rate unchanged in September, citing that the overall risks to the medium-term growth outlook remained balanced, while the risks to the short-term inflation outlook were assessed to the upside. GDP for Q2 2021 grew by 1.2% q/q. The SARB raised its GDP growth projection for 2021 to 5.3% (from 4.2%), while lowering its growth forecasts for 2022 to 1.7% (from 2.3%) and 1.8% in 2023 (from 2.4%). Meanwhile, retail sales declined by 11.2% m/m in July, largely on the back of a decline in retail activity following the civil unrest that broke out across parts of the country. In September, the FTSE/JSE All Share Index returned -3.1%, the FTSE/JSE All Bond Index delivered -2.1%, inflation-linked bonds (the Composite ILB Index) posted 0.3%, and cash as measured by the STeFi Composite Index returned 0.3%. Looking at global market returns (in US\$), the MSCI All Country World Index delivered -4.1%, the Bloomberg Global Aggregate Bond Index returned -1.8%, while the EPRA/NAREIT Global Property REIT Index posted -5.7%. The rand weakened 4.0% against the US dollar, 1.9% against the pound sterling and 2.1% against the euro.

Contributing the most to absolute performance for the month was the fund's exposure to foreign bonds, SA cash and SA inflation-linked bonds.

#### GLOSSARY

<b>Monthly volatility (annualised)</b>	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).
<b>Regulation 28</b>	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.
<b>Sortino ratio</b>	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 i.e. the "bad" volatility. A high Sortino ratio indicates a low risk of large losses occurring in the Fund. This is calculated over a 3-year period.
<b>Maximum drawdown</b>	The largest drop in the Fund's cumulative total return from peak to trough over any period.
<b>Sharpe ratio</b>	The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. 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. This is calculated over a 3-year period.
<b>Total Expense Ratio (TER)</b>	This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated for the year to the end of the most recent completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.
<b>12-month yield</b>	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 any capital gains distributed over the same period.
<b>Cumulative performance graph</b>	This illustrates how an initial investment of R100 or N\$100 (for example) placed into the Fund would change over time, taking ongoing fees into account, with all distributions reinvested.
<b>1-year income return</b>	The portion of the return of the Fund that is attributed to income generated over the last 12 months, assuming the investor reinvests all distributions and incurs no transaction fees or taxes.
<b>Annualised performance</b>	The average amount of money (total return) earned by an investment each year over a given time period. For periods longer than one year, total returns are expressed as compounded average returns on a yearly basis.
<b>Percentage of positive rolling 12 months</b>	The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.
<b>Intended maximum limits</b>	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.
<b>Information ratio</b>	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 higher the active return of the Fund, given the amount of risk taken and the more consistent the manager. This is calculated over a 3-year period.
<b>Unit class</b>	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. A Class: for individuals only. B & D Class: retirement funds and other large institutional investors only. X Class: the special fee class that was made available to investors that were invested in the Dividend Income Feeder Fund. T Class: for investors in tax-free unit trusts. F Class: for Discretionary Fund Managers.
<b>Income distribution</b>	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.

An electronic copy of this document is available at [www.prudential.co.za](http://www.prudential.co.za)

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#### DISCLAIMER

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