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MI-PLAN

Asset Management
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MI-PLAN IP ENHANCED INCOME FUND

June 2021

FUND INFORMATION

		JSE Code	Annual management fee (excl. VAT)	Total expense ratio (%)*	NAV	Units in Issue
Inception date	26 March 2012					
Sector	South African - Multi Asset - Income					
Risk profile	Conservative					
Minimum investment	Lump sum: R10 000; Monthly: R1 000	Class A1: LISP/Clean	MIPEI	0.75%	0.91	1,059
Asset composition	Fixed Interest, Cash, Equity and Listed Property	Class B1: Institutional	MPEB1	0.50%	0.61	1,058
Regulation 28	Compliant with Regulation 28	Class B2: Admin Only	MEIB2	0.15%	0.22	1,060
Benchmark	Short-term Fixed Interest Composite Index (STeFI)	Class B7: Restricted	MPIP7	0.35%	0.43	1,060
Fund Size	R 5,207,630,112	Class C: Allinshare Restricted AIMS	MPIPIC	0.95%	1.1	1,058
Income declaration	Quarterly (Mar / Jun / Sep / Dec)					24,660

From 01 Apr 2018 to 31 Mar 2021 0.91% of the value of the MI-PLAN IP ENHANCED INCOME FUND Class A1 was incurred as expenses relating to the administration of the financial product. 0.01% of the value of the financial product was incurred as costs relating to the buying and selling of the assets underlying the financial product. Therefore 0.92% (Total Investment Charge) of the value of the financial product was incurred as costs relating to the investment of the financial product.

* A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

Distributions (Class A1):	CPU
Sep 2020	17.86
Dec 2020	16.32
Mar 2021	17.89
Jun 2021	18.02

The fund's benchmark changed from STeFI Composite x 1.10 to STeFI Composite with effect from 1 February 2021, in keeping with international best practice. STeFI Composite x 1.10 remains the fund's target. The effects on the fund's performance of the ABIL Retention Fund held between 2014 and 2016 are included in the reported performance, as those effects have now dissipated to the point of being negligible.

OBJECTIVE

The objective of the portfolio is to provide a return in excess of Money Market portfolios, for investors seeking to earn a reasonable level of income with low risk of capital loss.

INVESTOR PROFILE

The fund should suit investors:

- Aiming for higher returns than are available through cash or bank deposits over a 12-36 month period.
- Seeking actively managed exposure to the full spectrum of the fixed interest and high yielding universe of assets.
- Not wanting to personally choose between money market, bond, income, or preference dividend funds but rather believing in the ability of a good asset manager to do this job.

The fund does not suit investors whose time horizon is less than 12 months and who are uncomfortable with price fluctuations over this shorter term.

APPLICATION

This fund enjoys a flexible mandate, and the manager will scour opportunities within money market instruments, vanilla bonds, inflation-linked bonds and equities, including listed property. Where good value exists in suitable foreign assets, moderate use may be made of these. The basic premise is that higher returns than money market funds are available, but because the assets that generate these also incur higher risks, they will be used judiciously and cautiously.

FUND MANAGEMENT



In 2020 it seemed that the English-speaking world learnt a new word, "unprecedented". This surprised us firstly because it is not a particularly obscure word and secondly because it was very widely misapplied in financial markets. Neither the equity nor the bond market's behaviour in 2020 was remotely unprecedented. We suppose that fund managers with weak or negative alpha were eager adopters of the word, hoping to deflect responsibility to an exogenous source.

In June 2021, a somewhat more obscure word was bandied about: "contumacy" [stubborn refusal to obey or comply with authority, especially a court order or summons]. At the time of writing (5th July) a legalese was added: "rescission" [the revocation, cancellation, or repeal of a law, order, or agreement].

Another surprise in June was amusing, but there is a more serious look-through to investments. This surprise was delivered by Cristiano Ronaldo, the most prolific international goal scorer. In a post-match interview, he conspicuously removed a sponsor's refreshment, replaced it with a bottle of water and uttered one word in English: "water". That five-second display erased four billion dollars from the market capitalisation of Coca Cola.

Rowan Williams-Short

MSC. FIFM, CFA, CIPM

Portfolio Manager

Vunani Fund Managers

An important soft skill for a fund manager is academic honesty regarding the skill versus luck debate. Too often, good luck gets warped into skill by selective amnesia while bad luck is bemoaned as just that and declared totally out of the hands of the fund manager. Poor ethics apart, this asymmetrical treatment of luck is a pity, because acknowledging good luck for what it is and stripping it out of claimed alpha seems to us to be a critical ingredient of learning.

That said, spare a thought for the buyer of Coca Cola shares in the minutes or hours before Ronaldo's act of defiance. No fair value model of equities, be it a DDM, DCF, PE-relative or any variation, has a parameter for a celebrity sportsman disdaining a product!

Your fund's yield to maturity has settled at around 7.25%, which is a little meagre compared to recent years, but is a substantial enhancement over its benchmark's yield, overnight rates, and all NCD rates between 3 and 12 months.

An analysis of factors affecting the adherence to the policy objective is contained in the fund manager commentary together with performance as reported. A detailed listing of changes from the previous quarter is available on request from info@miplan.co.za or clientservices@ipmc.co.za

Collective Investment Schemes are generally medium to long term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the manager. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Manager retains full legal responsibility for the Fund, regardless of Co-Naming arrangements. Transaction cutoff time is 14h30 daily. Each portfolio may be closed for new investments. Valuation time is 15h00 (17h00 at quarter end) and 20h00 for certain funds with significant investments in CIS. Prices are published daily and available in newspapers countrywide, as well as on request from the Manager. IP Management Company (RF) Pty Ltd is the authorised Manager of the Scheme— contact 021 673 1340 or clientservices@ipmc.co.za. Standard Bank is the trustee / custodian— contact compliance-ip@standardbank.co.za. Additional information including application forms, the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from clientservices@ipmc.co.za. IP Management Company is a member of ASISA. A statement of changes in the composition of the portfolio during the reporting period is available on request. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The fund is invested in portfolios of collective investment schemes that levy their own charges, and which could result in a higher fee structure for the fund.

