

IP Diversified Income Fund of Funds

(B2 Class) Minimum Disclosure Document

May 2022



Fund Objectives, Investment Process & Policy

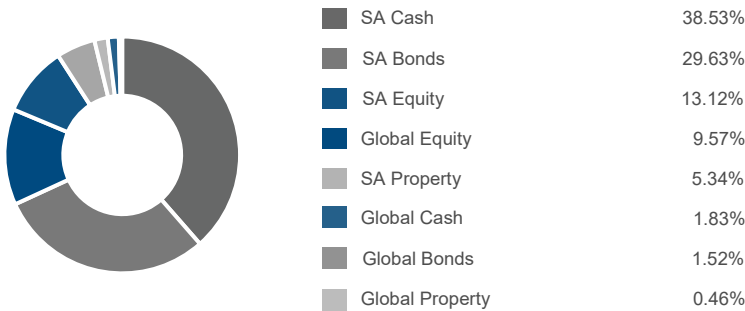
The IP Diversified Income Fund of Funds is an income generating South Africa based Fund of Funds. The investment objective of the Fund is to achieve a high level of sustainable income and stability of capital invested. It will invest in a broad range of participatory interests and other forms of participation in collective investment schemes (CISs) or similar schemes. The Fund aims to provide investors with a high level of income and low risk capital growth to outperform CPI + 2% p.a. over a rolling 2-year period. The Fund is diversified between asset classes with a high allocation to assets that generate income. It is managed according to the Prudential Regulation 28 guidelines of the Pension Fund Act. This Fund is suitable for conservative investors with the priority to safeguard assets in a tax efficient manner, whilst satisfying a need for income. The Fund has a predetermined risk budget per asset class to allow the manager to vary exposure between asset classes, whilst respecting the Fund's strategic asset allocation benchmarks. The managers consider tactical asset allocations between asset classes and sectors after a team process has determined a risk score by considering the global and local leading economic indicators, asset class valuations, fundamental research, independent liquidity analysis and technical analysis.

Investor Profile

Low Risk Low to Moderate Risk Moderate Risk Moderate to High Risk High Risk



Asset Allocation



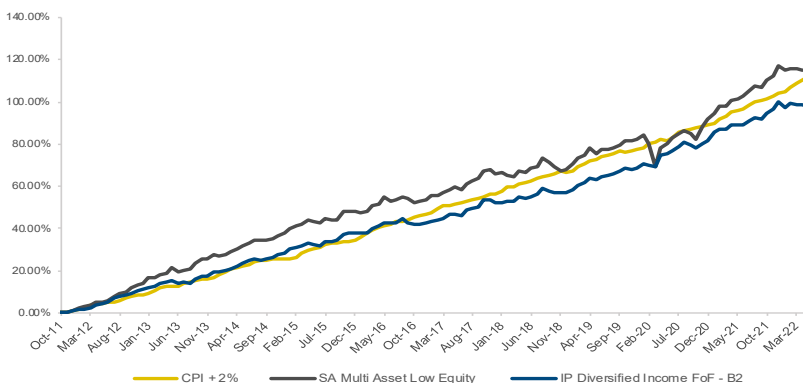
Top Portfolio Holdings

MitonOptimal IP Interest Plus Fund	42.11%
IP Active Beta Fund A	26.14%
Northstar MET Income Fund (D)	7.67%
MitonOptimal International Managed Flexible Fund	5.99%
Marriott Core Income Fund	5.67%
Visio BCI Unconstrained Fixed Int C	3.90%
Marriott Property Income Fund C	3.49%
FNBNFBND	2.82%
Excelsia Eq27four Fd A4	1.14%

Top Securities

South Africa, Republic Of (Government)	13.15%
Investec Bank Ltd	10.22%
Standard Bank Of South Africa Ltd	9.11%
Nedbank Ltd	8.41%
Absa Bank Ltd	5.72%
Rmb Holdings Ltd	5.44%
Firststrand Bank Ltd	3.43%
Bank Of New York Mellon	2.04%
UBS Abspa 110624 Etn	1.38%
Redefine Properties Limited	1.04%

Fund Performance



Source: IRESS

Fund Information

Fund managers



Roeloff Horne
Director & Head of SA
Portfolio Management

Latest price

B2 161.66 cents

Fund size

R 292 m

Number of units

B2 179 617 098.07

ASISA category

SA Multi Asset - Low Equity

Regulation 28 compliant

Yes

Benchmark

CPI + 2%

Inception

B2 03 October 2011

Min lump sum investment

R10,000

Min monthly investment

B R1,000

Dates of income declarations

31 Mar / 30 Jun / 30 Sept / 31 Dec

Date of income payment

15th day of the following month or next business day if the 15th does not fall on a business day

Portfolio Fees

Max initial manager fee	0.00%
Max initial adviser fee	2.00% (excl. VAT)
Annual management fee	B2 0.75% (excl. VAT)

Total Expense Ratio (TER)¹, Transaction Costs (TC) and Total Investment Cost (TIC) (01 Apr 2019 to 31 Mar 2022)

	B2
TER*	1.58%
TC	0.11%
TIC (incl. VAT)	1.69%

*Includes the annual management fee of 1.00% for class A and 0.75 for class B2 (excl. VAT).

Annualised² Performance (B Class)

Highest % (31 July 2007)	12.38%
Lowest % (30 November 2018)	1.75%

Fund References

	B2
ISIN	ZAE000159166
Bloomberg	MITDIB2: SJ
JSE	SEDB2

Annualised Returns ²	YTD	1-Year	3-Year	5-Year	Since inception 03-10-2011
IP Diversified Income FoF	-1.13%	4.73%	6.68%	6.15%	6.67%
Sector	-1.05%	6.62%	6.99%	6.17%	7.50%
Benchmark	3.58%	8.19%	6.97%	7.24%	7.34%
Cumulative Returns	YTD	1-Year	3-Year	5-Year	Since inception 03-10-2011
IP Diversified Income FoF	-1.13%	4.73%	21.40%	34.79%	98.08%
Sector	-1.05%	6.62%	22.46%	34.88%	115.04%
Benchmark	3.58%	8.19%	22.41%	39.57%	111.62%

Fund returns shown are based on NAV-NAV unit pricings calculated from IRESS for a lump-sum investment with income distribution reinvested (after fees and cost).

Quarterly Market Commentary (as at 31 March 2022)

Looking at SA Equities the JSE SWIX All Share had a decent Q1 2022 returning 5.69%. This was mostly accomplished by some stellar performance from Financials (20.28%), Resources (19.02%) and Basic Materials (18.36%). The biggest detractor of performance over the last 3 months has been the Technology sector, ending 34.71% in the red. This was mainly due to the impact of Chinese regulation and fines on Tencent, the major asset within the Naspers stall. This caused Naspers to drop by 32%, and Prosus by 38% since the start of the year. It's still uncertain to what extent the Chinese government will keep on influencing the landscape within which Tencent operates, so the risks remain elevated at this stage. The Resources sector had a great run this quarter continuing from last year, and we think there is some upside left. With the war in Ukraine not looking to subside in the near future, the demand for SA Commodities should continue for a while still. The South African Reserve Bank also seems to have a better grip on inflationary pressures relative to our foreign counterparts which is boding well for Financials and Basic Materials. Given the various influences (positive and negative) on our local equity market, we remain neutral to marginally overweight on SA Equity exposure within our funds. We do think, as discussed above, that there are certain sectors with more opportunities and potential than others and we remain overweight in those sectors.

The SA Property sector had a troublesome start to the year, as the risk-off trades started pouring in, but recovered slightly to end the quarter 1.27% down. Given the sector's deep correlation with economic growth, we don't foresee significant upside from a price perspective. The sector does, however, look attractive from a dividend yield perspective yielding more than 7% on average. When focusing on certain sectors like warehousing, personal storage and convenience retail while staying away from large retail and office space, the yield and growth prospects seem considerably better. We are therefore overweight these sectors within our funds with a neutral allocation to SA Listed Property as a whole.

SA Fixed Interest is the asset class that we are most bullish on. The JSE All Bond Index returned just short of 2% over the last quarter and we feel that there is more upside potential in the months to come. We have seen foreign investors getting into our equity market during the last month, but not so much into our bond market yet. Real yields on our medium to long term government bonds look very attractive and we expect rating agencies to have a more stable outlook on our debt going forward. There is some risk in longer duration bonds with the SARB looking to hike rates back to pre-COVID levels, but we feel that most of that risk is already priced in. Our economy is also looking to benefit from the commodity demand for quite a while and will probably keep our net trade surplus going strong for the foreseeable future. All these factors play into our overweight allocation on SA Bonds with us looking to implement a barbell strategy in our funds. We are still uncomfortable with SA Corporate Bond exposure and wary of the risks involved.

Cash is generally a risk mitigator or "place holder" with our funds and models and our current allocation is no exception. With a strong Rand, trade surplus and net inflows from foreign investors, we feel comfortable with SA Cash exposure where we find a lack of opportunities in other asset classes. This has placed us in good stead the last quarter where a general underweight in foreign exposure and overweight in SA Cash paid off handsomely. We are keeping to a marginally overweight exposure on SA Cash, given the ZAR strength and pressure on risk assets resulting in an underweight allocation in some funds.

Since late last year we have been reducing exposure to Global Equities in favour of local risk assets. We have been skeptical on valuations and fundamentals for a while now, especially on US equities. The three broad categories that we focus on all underperformed in the last three months, mostly because of the risk-off market created by the war in Ukraine and fears of a global recession looming. Emerging Markets bore the brunt of this ending the quarter down 14%. This was dominated by Russian assets, however, with the positive contributions from South Africa and Brazil unable to negate the outlier negative effect. We are seeing some opportunities in the Emerging Market sector, although we are still skeptical on Russian assets. After a meaningful pullback in prices from the S&P500 (-12.75%) and the Developed Markets excluding the US (-13.42%), we are seeing some opportunities. Again, the volatility created by the war, inflationary pressures and recession scares are to blame for most of the underperformance. Within the S&P500, the pullback also seemed fitting given the bloated valuations reached by the end of 2021. We still feel that the valuations of most of the S&P500 counters looks a bit high, but we are generally more at ease with the current situation. Our underweight allocation to global equity during this quarter added considerably to the performance of our funds. We are still skeptical on some areas going into quarter two, but generally feel more comfortable with a neutral allocation versus three months ago.

With global interest rates still very low relative to history and inflation on the rise, we have been skeptical on Global Fixed Interest for quite a while. Over the last three months Global Bonds (Bloomberg Global Aggregate Index) have returned -14.08% in Rand terms. This is in part because of the Rand's strength, but mostly because of fears of run-away inflation and a global recession. With central banks across the globe being more hawkish in nature, there might still be more pain to be felt. As with our Global Equity allocation, an underweight stance had a positive effect on our funds on aggregate. Our stance is more positive going forward, but still marginally underweight.

As with local cash exposure, the Global Cash allocation is used as either a risk mitigator or as a place holder for future deployment into risk opportunities. Over the last three months, we found more opportunities in other asset classes and consequently were underweight Global Cash. With real rates globally at all time lows and the USD (and other Developed Market currencies) looking overvalued, the underweight allocation was appropriate. The underweight allocation contributed positively to the overall performance of our funds.

Global Property was also one of the asset classes that was heavily affected by the risk-off trades as well as the volatility due to the war in Ukraine. Although not as overvalued as most equity counters, the dividend returns are still attractive relative to Global Bonds. The Global Property sector (S&P Global REIT Index) that ended the quarter 11.75% down, outperforming the global equity indexes, but still had a negative affect on the models because of our neutral allocation. With risks and rewards for the sector seemingly in equilibrium, we remain neutral on the sector, but overweight REIT sectors focused on warehousing, storage, data centers and infrastructure

Actions over the past quarter

We reduced effective SA Equity and Global Equity exposure by reducing exposure to the IP Active Beta fund during the quarter. We also sold the Satrix Property Index Fund to reduce SA Property exposure after the 2021 recovery rally. We have parked the proceeds in cash temporarily.

Fund Distributions (cents per unit)

	B2
31 Dec 2021	1.11
31 Mar 2021	0.52
30 Jun 2021	1.15
30 Sep 2021	0.70
31 Mar 2022	0.85

FAIS Conflict of Interest Disclosure

With multi-asset portfolios the investment manager, MitonOptimal South Africa (Pty) Ltd employs an investment strategy where specific collective investment schemes across a range of asset classes are selected and grouped together. This enable the management of the units in those portfolios in a cost and tax efficient manner. The investment manager re-invests 100% of all rebates received from the underlying managers. No other FSP receives a distribution fee from the investment manager. If another intermediary FSP is used, it is their responsibility to disclose any additional fees to you as the investor. The following fees are paid out of the portfolio's service charge and range as follows (excl VAT): IP Management Company (RF) (Pty) Ltd: Up to 0.15% p.a.; MitonOptimal South Africa: between 0.55% and 0.60%; Lisp Fee: 0.25%; Total Service Fee: 1.00% p.a. Excluding VAT.

Foreign Disclosure

The portfolio may include foreign investments and the following additional risks may apply: liquidity constraints when selling foreign investments and risk of non-settlement of trades; macroeconomic and political risks associated with the country in which the investment is made; risk of loss on foreign exchange transactions and investment valuation due to fluctuating exchange rates; risk of foreign tax being applicable; potential limitations on availability of market information which could affect the valuation and liquidity of an investment. All of these risks could affect the valuation of an investment in the fund.

Contact Information

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¹Please note: The Total Expense Ratio (TER) of the value of the financial product was incurred as expenses relating to the administration of the financial product. The Transaction Costs (TC) relate to the buying and selling of assets underlying the financial product. Total Investment Charge (TIC) is the value of the financial product 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 TERs. 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 factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The EAC is a standard industry measure which has been introduced to allow you to compare the charges you incur and their impact on the investment returns over specific periods. Please visit <http://www.ipmc.co.za/effective-annual-cost> to access the EAC calculator. You can request an EAC calculation from clientservices@ipmc.co.za or call us on 021 673-1340. ²The average return on an investment each year over a given time period. 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 Fund is invested in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the Fund of Funds. The Manager retains full legal responsibility for the Fund, regardless of Co-Naming arrangements. Each portfolio may be closed for new investments. Transaction cut-off time is 14:30 daily. Valuation time is 20h00 for Fund of Funds. Prices are published and calculated daily, they are 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. MitonOptimal South Africa (Pty) Limited is the Fund Manager and is regulated by the Financial Sector Conduct Authority, FSP 28160. We advise that you consult a Qualified Independent Financial Advisor to ensure that the Fund is appropriate in terms of the investor's risk tolerance and appetite. Collective Investment Schemes prices are calculate on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. Graphs and performance figures are sourced from IRESS for lump sum investments including income distribution, at NAV to NAV basis and do not take any initial fees into account. Income is reinvested on the ex-dividend date. Performance shown is for the portfolio. Individual investor performance may differ due to initial fees, actual investment date, re-investment date and withholding taxes. MitonOptimal South Africa (Pty) Limited is authorised to act as a Fund Manager in terms of FAIS. Fund of Funds invest in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.