

THE WEALTH PERSPECTIVE

FOURTH QUARTER 2016





Invest wisely and benefit from the peace of mind that your money is hard at work, even when you aren't.

Contents

Introduction - Marilize Lansdell	2
A word from our CIO - Adriaan Pask	3
Industry views - Lizé Visser	7
Investing and trading - Grant Meintjes	10
Estate matters - Willie Fourie	11
Quarterly insight - David Chard	12



INTRODUCTION



Marilize Lansdell

CEO
PSG Wealth

In this edition, our Chief Investment Officer, Adriaan Pask, provides us with an overview of recent macroeconomic events and explains some steps to follow to help you navigate ongoing uncertainty. Lizé Visser, Executive Director Sales and Client-centricity, writes about the value of managing your own investment behaviour as volatile market conditions continue to provide challenges. Grant Meintjes, Head of Securities, shares his insights about how you can hold direct shares in retirement products. Willie Fourie, Head of Estate and Trust Services, reminds us to review our estate plans given the recent legislative changes to how trusts are taxed. Lastly, David Chard, Head of Life and Invest, provides some insight into how improvements to the PSG Wealth platform and processes have benefited both you and the financial advisers we serve.

Taking charge of 2017

Welcome to the latest edition of *The Wealth Perspective*. As 2016 concludes and we head into a new year, I am sure many of us share a sense of relief at the thought of watching this eventful year conclude. The best way to ensure you start the year off on a positive footing is to take charge of your own plans – personal, investment, business or otherwise. We have therefore decided to put **retirement annuities** and **tax free investment plans** under the spotlight in the run-up to the end of the tax year.

2016 in review

Despite tough market conditions, we have continued to grow our assets under administration (AUA), as measured by both the number of contracts on our platform and our ASISA (The Association for Savings and Investment in South Africa) flows. This is encouraging, especially in a quarter during which most platforms have seen reduced flows due to tough market conditions. With total AUA of more than R36 billion, there can be little doubt that PSG Wealth is a force to be reckoned with in the industry. Thank you for your trust in us – it is the primary source of this growth.

Rapid growth brings its own challenges though, and we have put a lot of focus this year on ensuring we can continue to deliver a positive investment experience for you. We firmly believe that focusing on the learnings we can take from a year like this can help us to improve our service offering in future. Read more about this in [David Chard's article](#).

Our focus on improving our current environment, as well as your investment experience, will continue next year.

Start planning now for tax season

We are concluding this year and starting 2017 with a focus on helping our clients save through our range of tax-efficient products. Saving part of your bonus (if you are lucky enough to receive one in December) is always a smart strategy. But the overall benefits can be enhanced if you also select tax-efficient investment products.

Please take the retirement annuity season cut-off dates into account when doing your planning, and please don't leave things to the last minute. Missing the cut-off dates means that instructions will only be processed for inclusion in the 2017/2018 tax year and could lead to frustration and disappointment.

What are the cut-off dates?

Please ensure we receive instructions before our cut-off times of 08h30 for money market and life funds, and 10h30 for other unit trusts.

Date	Item
22 February 2017	Direct debit instructions (collections)
24 February 2017	Complete application and additional contribution forms received Funds must reflect in our bank account on 24 February; this means that electronic fund transfers must be made 48 hours before

Here's to further improvements ahead

Thank you for your support during 2016. It was a tough year, but we look forward to applying the learnings from this year to improve your investment outcomes in 2017.



A WORD FROM OUR CIO



Adriaan Pask

CIO
PSG Wealth

Reacting to the string of macroeconomic events

Political changes and economic uncertainty have rocked local and global markets over the past year. The most important lesson that we can all learn from this is not to panic. In this article, we explain the global and local dynamics that have affected markets and are likely to continue to influence markets in future. We conclude with a useful five-step plan to help you navigate the short-term volatility that we anticipate will continue.

Global markets are interdependent

'What we have seen in financial markets should bring home to us all that the central organising principle of this 21st century is interdependence. For the century just past, interdependence may have been one option among many. For the century that is to come, there is no longer an alternative.' This quote from the former Prime Minister of Australia, Kevin Rudd, illustrates the interdependence of the world and political events on capital markets.

Domestically, investor sentiment continues to be influenced by political uncertainty

The state capture report (titled 'State of Capture') produced by the previous Public Protector, Thuli Madonsela, has led to renewed calls to impeach President Jacob Zuma. This is not unique to South Africa – developments in the US presidential race also caused market jitters. However, these soon dissipated as investors started to accept Republican Donald Trump as President-elect.

Numerous socio-economic and political events caused local volatility

The events that had our capital markets on edge the past year included increased domestic sovereign risks, changing international politics, impeded interest rate normalisation, credit ratings, Brexit, Deutsche Bank and the SABMiller takeover. The uncertainty that these events create in the minds of investors has been fuelling volatility and could still affect markets in the months to come. However, volatility created by negative sentiment usually creates other investment opportunities.

S&P Global Ratings decided to keep our sovereign credit rating a notch above junk status

Earlier this year, S&P Global Ratings (S&P) warned that further political instability in South Africa would be a risk to South Africa's sovereign credit rating. However, some political events were positive for South Africa's economy and credit rating, particularly in the past month. The withdrawal of charges against Finance Minister Pravin Gordhan, a good medium-term budget and the release of the public protector's report on state capture boosted faith in our democratic institutions. It also highlighted our government's commitment to fiscal consolidation. This could mean greater confidence, greater investment, and a more vibrant economic outlook.

In their review released on 2 December, S&P lowered our domestic currency rating from BBB+ to BBB-. However, our main concern has always been our foreign currency rating or our ability to repay our foreign debt. As such, S&P decided to keep our foreign currency rating at BBB- with a negative outlook. According to S&P, their 'negative outlook reflects the potential adverse consequences of persistently low GDP growth on the public balance sheet, in the next one to two years'.

We expected our sovereign credit rating to remain at BBB- with a negative outlook

As such, we don't expect any extreme market volatility. Bond yields should stay relatively stable, while the rand could strengthen marginally as further uncertainties wane. We could see the currency strengthening to below three standard deviations from the purchasing power parity (PPP) mean in the near term. On a further positive note, we envisage equity returns to continue to outperform inflation and cash in the long term.



A WORD FROM OUR CIO

PSG Wealth outlook for 2 December S&P rating decision

	Bear	Base	Bull
	S&P downgrades us to junk status	S&P keeps our rating of BBB- and outlook at negative	S&P changes our outlook from negative to stable
Probability of the outcome occurring	40%	50%	10%
Immediate	<ul style="list-style-type: none"> Domestic markets sell off Bond yields shoot up Rand depreciates to beyond four or more standard deviations from the purchasing power parity (PPP) mean 	<ul style="list-style-type: none"> No extreme market volatility Bond yields relatively stable Rand strengthens marginally as uncertainty subsides 	<ul style="list-style-type: none"> Market sentiment improves Equity and bond markets rally Credit default swap (CDS) spreads decline Rand strengthens to below three standard deviations from the PPP mean
Near	<ul style="list-style-type: none"> Rand recovers some initial losses to below four standard deviations from the PPP mean Mixed results in equity markets that cause stockpickers with active management strategies to outperform 	<ul style="list-style-type: none"> Rand strengthens to below three standard deviations from the PPP mean Equity returns outperform inflation and cash as an asset class, fundamentals overpower sentiment over the long term 	<ul style="list-style-type: none"> Rand continues to strengthen as cost of capital is reduced due to lower sovereign risk and uncertainty Equity returns surprise to the upside as sentiment continues to improve
Long term	<ul style="list-style-type: none"> Rand strengthens to below three standard deviations from the PPP mean as inflation differential fundamentals overpower sentiment over the long term Equity returns outperform inflation and cash as an asset class, fundamentals overpower sentiment over the long term 	<ul style="list-style-type: none"> Equity returns continue to outperform inflation and cash 	<ul style="list-style-type: none"> Equity returns continue to outperform inflation and cash

Source: PSG Wealth research team

Globally, profound political shifts are taking place

Brexit shocked the world. Then Donald Trump was elected US President-elect after a narrowly contested presidential race with Hillary Clinton. Trump's election is without precedent, which makes it difficult to predict which of his proposed policy changes will be implemented. However, the US remains a robust and well-diversified economy that has survived numerous trials in the past. We believe monetary policy action will overshadow political debate and reform in the near to long term. As always, we will keep a close eye on any policy changes, especially around corporate taxation. If corporate taxes are cut, it may bode well for after-tax earnings and ultimately US equity returns.

The US Federal Reserve (Fed) is widely expected to raise rates

In her congressional testimony before the Joint Economic Committee in November, Fed Chair, Janet Yellen, said the

election of Trump as US president did nothing to change the Fed's plans for a rate increase 'relatively soon'. She pledged to serve out her term until 2018 despite claims to the contrary from Trump during his campaign. On that topic, Yellen cautioned against any effort to 'turn back the clock' on the Dodd-Frank financial regulations approved following the 2007 to 2009 financial crisis. She cautioned that doing so would increase the likelihood of another crisis. Yellen said the Fed would change its outlook if this was necessary as the new administration rolls out plans for tax cuts and additional government spending. She also suggested the new government keep in mind that the US is near full employment and inflation may be rising. For the time being, Yellen said that incoming economic data justified a rate hike 'relatively soon' and, in the absence of any dramatic changes, a gradual pace of hikes after that.



A WORD FROM OUR CIO

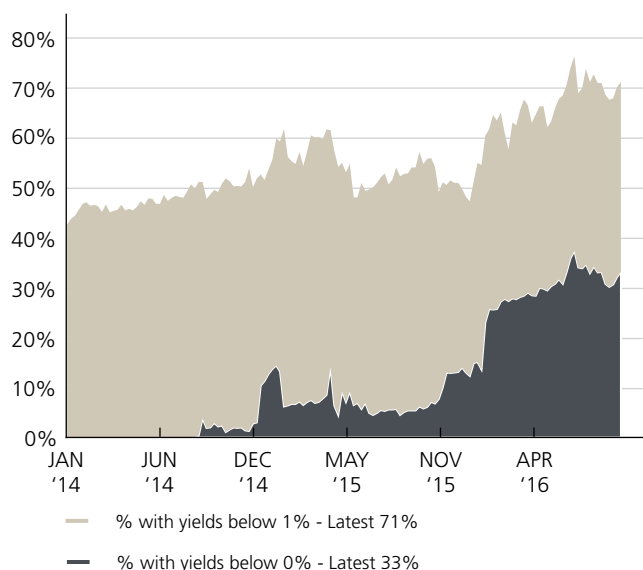
We don't expect the Fed to raise rates this year

While the Fed's decision will as always be data dependent, they also need to be aware of the impact of their decisions – especially during times of increased sovereign risk or perceived negative sentiment. We previously said we expect year-on-year numbers of the US labour force to improve in the last quarter of the year. While unemployment has stayed below the target level of 6%, corporate earnings are still very low. The data will need to convince the Fed that employment levels are sustainable, and that a hike will not put undue pressure on consumers. With corporate earnings still on the low side, companies are unlikely to hire all the staff they need to get the economy growing. This is especially true if rates are increased in the immediate future. If the Fed hikes rates now, and corporate earnings are not high enough to sustain the labour force, the Fed will need to be certain that something else, for instance tax cuts, will pick up the slack. Taking these various factors into account we don't expect the Fed to raise rates this year. It will take some time before sustainable data numbers convince the Fed to become less dovish.

Monetary policy will, however, remain centre-stage, providing direction to capital markets

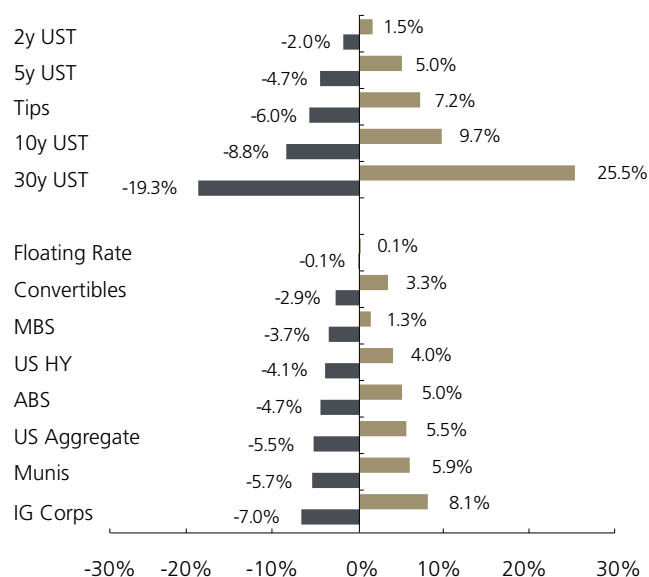
This is the case because yields must start normalising. Currently there is about \$13 trillion worth of (mostly government) bonds – roughly a third of all in issue – offering negative returns. The rest of this asset class's yields are at record low levels. The risk/reward dynamic across much of the market is, however, slanted towards the risk side of the equation. The first graph to the right indicates that about 71% of government bonds currently offer yields of below 1%. The second graph shows the impact of a 1% rise/fall in interest rates on the returns from various parts of the bond market.

Government bonds with low or negative yields



Source: J.P. Morgan

Price impact of a 1% rise/fall in interest rates



Source: J.P. Morgan



A WORD FROM OUR CIO

We expect lower domestic inflation going forward

We expect that the year-on-year inflation numbers will be lower in January/February 2017, as generally anticipated. While commodity prices and the strength of the rand could affect these numbers, we think the base effect has been greatly underestimated. The latest data shows that the inflation rate in South Africa rose 6.4% year-on-year in October, following a 6.1% increase in September. This was above market expectations of a 6.3% gain. It was the highest figure since February as the cost of food and non-alcoholic beverages increased at a faster pace. In February, inflation stood at 7%. Lower expected inflation for the first quarter of 2017 could prove to be a useful tailwind for markets.

Global events will continue to cause uncertainty in markets

We expect piecemeal progress to be made in the UK as policymakers continue to struggle with the practicalities around exiting the European Union (EU). The weak British pound has reflected this uncertainty. During the last year, the pound lost about 21% of its value against the US dollar, with the biggest drop in decades just after the Brexit vote. However, in the wake of Trump's victory in the US election, the pound rose against the dollar to hit a fresh month-high of \$1.26. Sterling has also surged to a seven-week high against the euro, gaining 0.63% the morning of 11 November to €1.16. The procrastinated policy implementation in the UK and slow progress towards an exit from the EU will likely put off other EU exits (from countries such as France, the Netherlands, Austria, Finland and Hungary) in the medium term.

The British pound against the US dollar (January 2015 - October 2016)



Source: Trading Economics

How should investors react to these events?

The main rule is not to panic. PSG Wealth is aware of the risks prevalent in local and global markets. For this reason, we have always advocated diversification and our solutions offer a good balance between rand-hedge and interest-rate sensitive investments. Politics aside, data has shown an improved outlook for emerging markets and the South African economy. Before the political drama earlier this year, equity valuations had also become a little less demanding.

A five-step plan to help you navigate short-term uncertainty

While we are comfortable with our cautious positions, once the dust has settled some opportunities could well present themselves. As such the appropriate five-step plan to follow is:

1. trust professional fund managers
2. see negative sentiment as an opportunity for active fund managers
3. diversify
4. be realistic
5. always keep your eyes on the long term

For further information about our investment philosophy, [please click here](#).



INDUSTRY VIEWS



Lizé Visser

Executive Director Sales and
Client-centricity
PSG Wealth

Managing your reaction to market changes can improve your outcome

Ongoing market volatility naturally makes one feel nervous. It puts the spotlight on how you react to short-term changes in markets – should you be making changes to your portfolio? It is hard to remain calm and stay on track to achieve long-term goals and avoid being derailed by short-term noise and market movements. A sound long-term investment strategy can help ensure success, especially if you are saving for retirement. It has been proven that we should avoid acting out of fear when the latest headlines are unnerving.

Risk vs. return and the importance of time

Riskier investments like shares play a crucial role in generating long-term returns. But as the perceived risk of investing in shares increases, many investors are tempted to change their portfolio composition to 'lower-risk' funds to reduce the impact of this perceived risk on their savings. In the long term, a lower exposure to equities to serve a perception of 'increased safety' comes at the price of lower returns.

Act in haste, repent at leisure

To illustrate this, we will focus on two PSG funds. The first and most important step is to understand their objectives and benchmarks as summarised in the table below.

Please refer to the [Minimum Disclosure Documents](#), available on our website, for full details on the funds.

How do the PSG Stable and Balanced Funds compare?

	PSG Stable Fund	PSG Balanced Fund
Extract from the investment objective and investment policy	<ul style="list-style-type: none">The fund will seek to generate a performance return of CPI+3% over a rolling three-year period, while aiming to achieve capital appreciation with low volatility and a low correlation to equity markets through all market cycles.The portfolio may be invested in equity securities to a maximum of 40% of the portfolio.The portfolio will comply with regulations controlling retirement funds.	<ul style="list-style-type: none">The primary objective of the fund is long-term growth of capital and a reasonable level of income for investors.The fund can have up to 75% in equities, up to 25% in listed property and up to 25% in foreign markets.The portfolio will comply with regulations controlling retirement funds.
Benchmark	Inflation +3% over a rolling 3-year period	Inflation +5%

Source: PSG Wealth

These funds continue to adhere to their mandates

When you make long-term investment decisions, the most important thing is to have peace of mind that the funds you choose are appropriate for your needs and investment horizon. We are very aware of this and so we do all that we can to provide this. It is clear from the different equity exposures, benchmarks and therefore investment horizons, that the funds meet very clearly defined needs and timeframes. We are pleased to confirm that the funds continue to do what they have committed to and have outperformed their benchmarks and ASISA (Association for Savings and Investment in South Africa) industry sector averages.

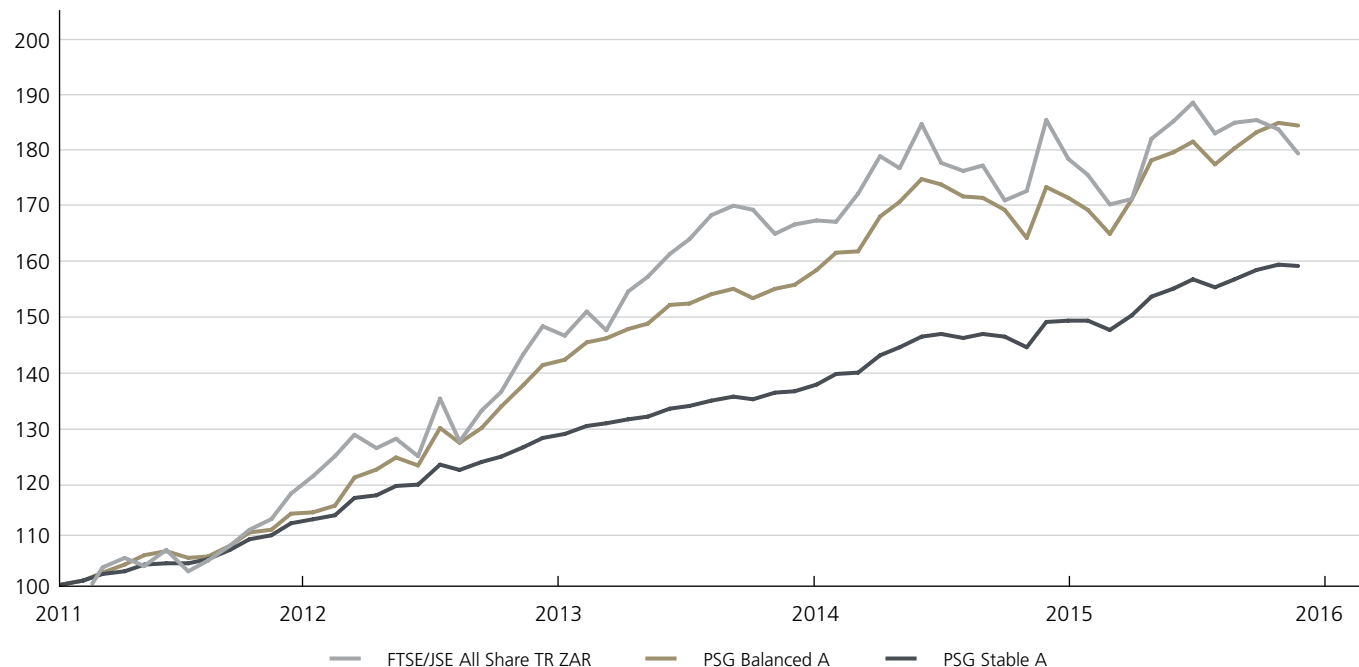
As shown in the graphs on the next page:

1. The top graph shows that the PSG Balanced Fund performance over the short term was not much better than the PSG Stable Fund, however, over a longer investment horizon it outperforms the PSG Stable Fund (with lower equity exposure). Notably, it also outperforms the FTSE/JSE All Share Index, which is not its intended benchmark.
2. If we look at risk measures, drawdowns (as a representation of volatility) show the largest peak-to-trough decline in performance over a period. As can be seen from the bottom graph, the PSG Balanced Fund (with more exposure to equities) experiences a worse drawdown than the PSG Stable Fund (with lower exposure to equities).
3. Both points indicate that the funds continue to deliver on their mandates when it comes to both risk and reward.



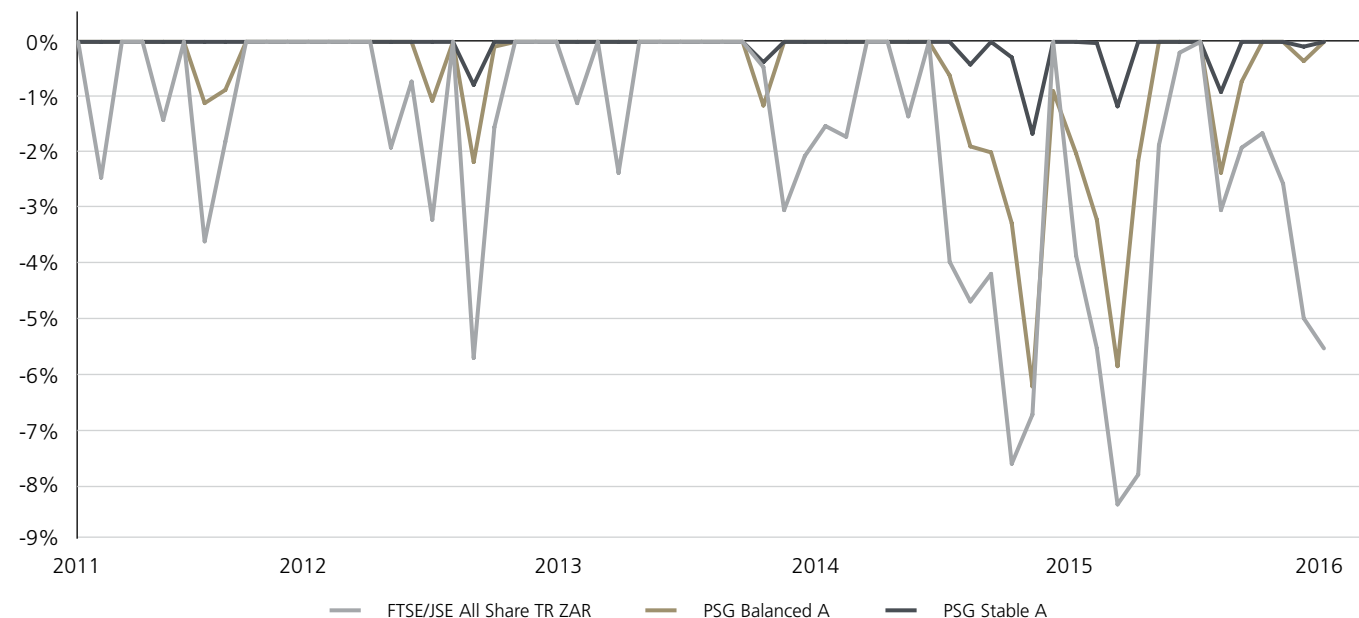
INDUSTRY VIEWS

The long-term performance of the PSG Balanced and PSG Stable Funds



Source: Morningstar Inc

The maximum peak-to-trough decline for each fund (maximum drawdown)



Source: Morningstar Inc



INDUSTRY VIEWS

Appropriate equity exposure is vital to achieving long-term goals

This information highlights the danger of switching out of a higher equity exposure fund in response to short-term volatility. You may, over time, miss out on the potential returns from the equity exposure. Retirement products like retirement annuities are typically long-term investment products, and the choice of investments to suit this horizon is clear from the objectives above. Given the longevity risk that most clients face, even once they retire, and their ongoing need for capital growth, it is prudent to maintain some equity exposure. Many clients' retirement extends to 20 or 30 years. So, rather than viewing retirement as an end-goal in your investment strategy, it is prudent to plan for longer periods.

How we aim to support you in this challenging role of staying the course

While the science behind long-term investment has been proven time and again, we acknowledge that it can be difficult to maintain a disciplined approach. We hope that by equipping you with clear examples like the ones above, we reassure you about the importance of a long-term focus. The reality is that our funds continue to do what they promise. We are committed to providing you with all the information you need to address any concerns.

We have a robust approach to risk management

Another factor that can provide peace of mind, is the robust risk control process that is inherent in the investment management process at PSG Asset Management. From the investment philosophy, to the investment process that informs how decisions are made, the team continually seeks to enhance all risk management processes.

Please contact us if you require additional information

If there are other tools and evidence we can provide to aid you with your decisions, please don't hesitate to get in touch with one of our investment consultants on 0860 000 368 or at wealth@psg.co.za. We are here to help and provide you with all that you need to make wise long-term decisions about your retirement savings and other investments.



INVESTING AND TRADING

The benefits of direct share investments in a retirement portfolio



Grant Meintjes

Head of PSG Securities
PSG Wealth

The PSG Wealth Private Share Portfolio offers you the best of both worlds – the investment opportunity of owning shares combined with the tax benefits of retirement investments. This product is suitable if you wish to be more involved in the choice of shares you hold in your retirement investments. However, it is important to remember that regulatory restrictions for retirement products still apply.

Benefit from owning shares in a retirement wrapper

Did you know that you can hold individual shares directly (as opposed to exclusively via unit trusts or life funds) as part of your retirement investments? The PSG Wealth Private Share Portfolio (PSP) offers you the opportunity to do this, allowing you to enjoy the benefits of a direct share investment while still enjoying the tax advantages of a retirement wrapper (the PSG Wealth Retirement Annuity and PSG Wealth Preservation Funds). The PSG Wealth PSP is also available within the PSG Wealth Equity Linked Living Annuity.

You can take control of your retirement portfolio

Taking control of your retirement portfolio by investing directly in shares offers several benefits:

- **The opportunity to be more involved in your choice of shares**
You can talk to your portfolio manager and exchange ideas about portfolio construction.
- **The potential for enhanced long-term returns**
Shares tend to outperform other asset classes in the long term. A focused portfolio tailored to your preferences can offer the possibility of better returns.
- **Tax efficiency**
Tax exemptions apply to retirement products, regardless of whether you hold shares or unit trusts as your underlying investment. This means you do not pay tax on interest, dividends or capital gains while invested. Investors in a retirement annuity can also claim a portion of their contributions back from tax.
- **Transparent daily pricing**
The PSG Wealth PSP is priced daily, reported on quarterly, and you can view your portfolio at any time via myPSG.
- **Safe custody**
PSG Wealth exercises great care to ensure your direct share investments are secure. All trades and custody services take place via PSG Securities Ltd – a member of the JSE.

Regulation 28 investment restrictions still apply

Your PSG Wealth Retirement Annuity and PSG Wealth Preservation Fund portfolios must still comply with Regulation 28 of the Pension Funds Act. This means that certain restrictions on the overall composition of your portfolio will apply. A maximum amount of 75% of the total contract value may be allocated to the PSG Wealth PSP. Overall, your portfolio can hold a maximum equity exposure of 75% and a maximum exposure of 25% to offshore assets.

Regulation 28 is not applicable to living annuities. However, if you invest in a PSG Wealth PSP within the PSG Wealth Equity Linked Living Annuity, a minimum amount of 2.5 times your annual annuity income must be invested in other assets such as unit trusts, multi-managed funds and money market instruments to meet income obligations. The remainder may be invested in the PSG Wealth PSP.

Both local and international shares may be included in the PSG Wealth PSP

Although you may not invest in derivative instruments, you can include both local and international shares in your PSG Wealth PSP. You can also hold cash in your portfolio. Share selection takes your risk appetite and preferences into account, within the limits of Regulation 28.

This investment helps you play a more active role in your investments

The PSG Wealth PSP may be suitable if you wish to play a more active role in selecting the underlying equity instruments that make up your retirement portfolio, and would like to liaise with a portfolio manager directly. This product is only available to clients who have appointed an adviser to manage their retirement product. Since retirement planning requires holistic financial advice, you should consult a financial adviser to ensure your investment is well positioned to deliver on your needs. [Click here](#) to find an adviser to assist you with investing in a PSG Wealth PSP.



ESTATE MATTERS



Willie Fourie

Head of Estate and Trust Services
PSG Wealth

New legislation may affect your estate planning

The Davis Tax Committee has finalised their report, which contains several proposals for National Treasury to consider. In addition to this, parliament recently passed the Taxation Laws Amendment Bill. The proposed changes in the report and the new legislation may affect your estate plan and any trusts that you may have in place. We urge you to actively review these changes to ensure they don't have a negative effect on you.

The role of trusts in estate planning

One of the main benefits of a trust is that the ownership of the assets of the trust is separate from the use and enjoyment of those assets. Estate owners can separate themselves from assets that would otherwise attract estate duty. This makes trusts particularly useful to achieve specific estate planning goals and is the main reason trusts are so popular.

The new legislation changes the taxation of interest-free loans to trusts

Parliament has passed the much-awaited Taxation Laws Amendment Bill after the Davis Tax Committee's investigation into income tax reform. Section 7C of the legislation deals with the taxation of interest-free loans to trusts, which may be far-reaching in its impact on you if you have a trust. Why is this the case?

Some trusts have been set up primarily as tax planning tools

Trusts are usually funded through:

- a bequest to the trust by means of your will,
- a donation to the trust, and/or
- the sale of assets to the trust (the seller is credited with an amount equal to the price of the asset in the financial statements of the trust, which reflects as a loan account).

Until now, this has meant that the trust becomes the owner of these assets without having to pay for the assets. As the estate owner is no longer the owner of the asset, the future growth of the value of the asset is not taken into consideration for estate duty on the deceased estate.

This has created some negative perceptions around trusts and taxation. Despite ongoing legislative changes that have resulted in several anti-avoidance provisions in the Income Tax Act, SARS continues to view trusts through a negative lens from a tax point of view. The changes have, to a significant extent, negated the effectiveness of a trust as an income tax planning tool.

The most material change that the legislation introduces is that the interest charged on the interest-free loan (currently 8%) will be deemed to be a donation by the lender. This will be subject to 20% donations tax. However, the annual donations tax exemption of R100 000 may be deducted.

Not all trusts will be affected

Certain exemptions have been provided for and the following trusts will not be affected by the legislation:

- public benefit organisations
- a fully vested trust
- a special trust as defined in the Income Tax Act
- where the loan to the trust is used to purchase a primary residence for the lender
- the loan is a Shari'ah compliant transaction

It is advisable to review your overall plans before you react to new legislation

As always, getting specialist legal and tax advice is paramount, especially given the potentially troubled waters ahead for trusts. Revisit the original thinking behind your trusts and estate plan. It may appear that the automatic answer to the proposed legislation is to get rid of any trust loan account. But doing so could have further tax consequences for the trust. If trustees dispose of assets to repay the loan account, this could trigger the requirement to pay capital gains tax.

It is also difficult to settle loan accounts properly, as in many cases neither the trustees nor the beneficiaries know what the value of the loan accounts are, as the financial statements are not always up to date.

In addition, consider the reason the trust was originally set up, such as to protect the rights of minor children or beneficiaries who are unable to manage their own affairs independently. Be careful of the risk of making uninformed decisions that may have more detrimental consequences than the proposed legislation.

We suggest that you review your overall plans to ensure that your estate plan is aligned to the new legislation before this is introduced in March next year.



QUARTERLY INSIGHT



David Chard

Head of Life and Invest
PSG Wealth

Ensuring a positive client experience while we grow

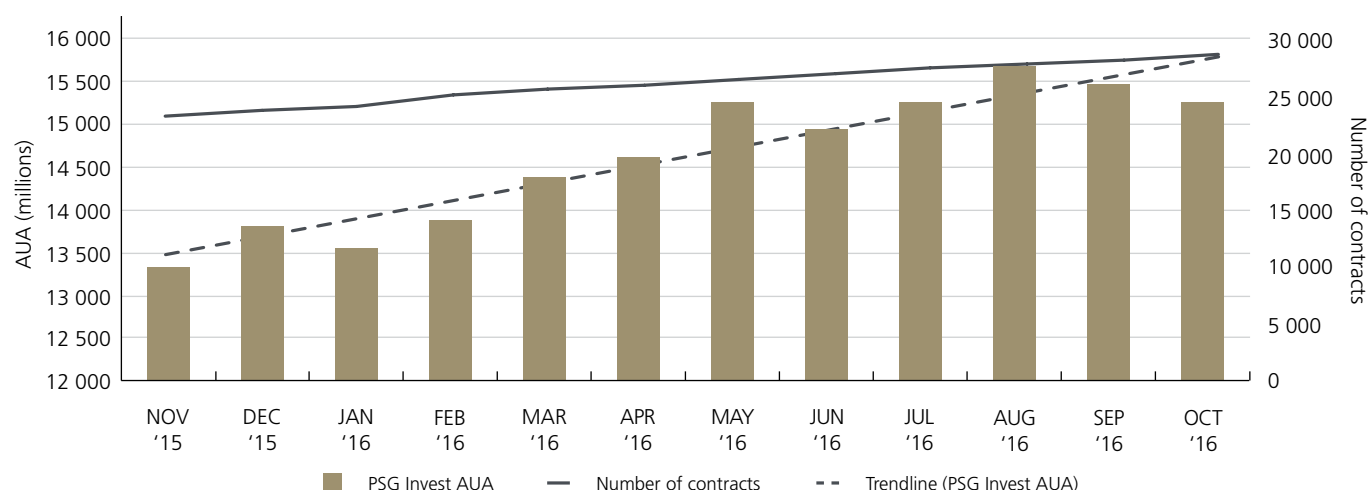
Our business continues to show considerable growth thanks to the trust you place in us. This brings new challenges. We must accommodate strong growth from an operational point of view without compromising your overall experience. We have therefore been hard at work – streamlining operational procedures and improving our processes to enable us to serve you better – even as volumes continue to grow.

Strong growth in assets under administration and number of contracts

The trust you have placed in us is reflected in the growth in the value of assets under administration, as well as the number of

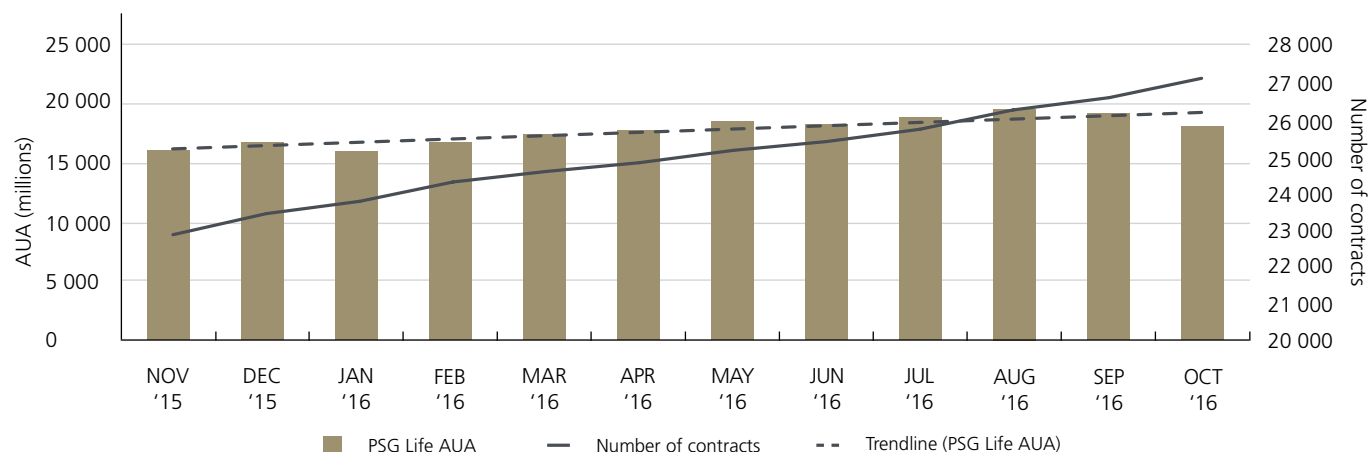
contracts we administer. As shown in the two graphs below, the number of contracts has grown considerably over the last 12 months.

PSG Invest: Contracts and assets under administration (November 2015 - October 2016)

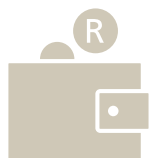


Source: PSG Wealth

PSG Life: Contracts and assets under administration (November 2015 - October 2016)



Source: PSG Wealth



QUARTERLY INSIGHT

We aim to improve your investment experience while we grow

Growth can potentially bring new challenges. But we have aimed to turn this into an opportunity to enhance efficiencies in our business.

Some of the challenges that growth brings are easy to identify and include recruitment, training, handling greater volumes and complexity, and the need for system upgrades, to name just a few. We have focused on consolidating these growth gains through greater operational effectiveness and efficiencies. These efforts have produced many operational benefits, including:

- improved turnaround times
- better handling of any complaints
- the ability to resolve more queries as soon as we receive these (on the first interaction)

From this focus, we have drastically improved the turnaround times for many of our processes.

Case study: Tax Free Investment Plans process improvements

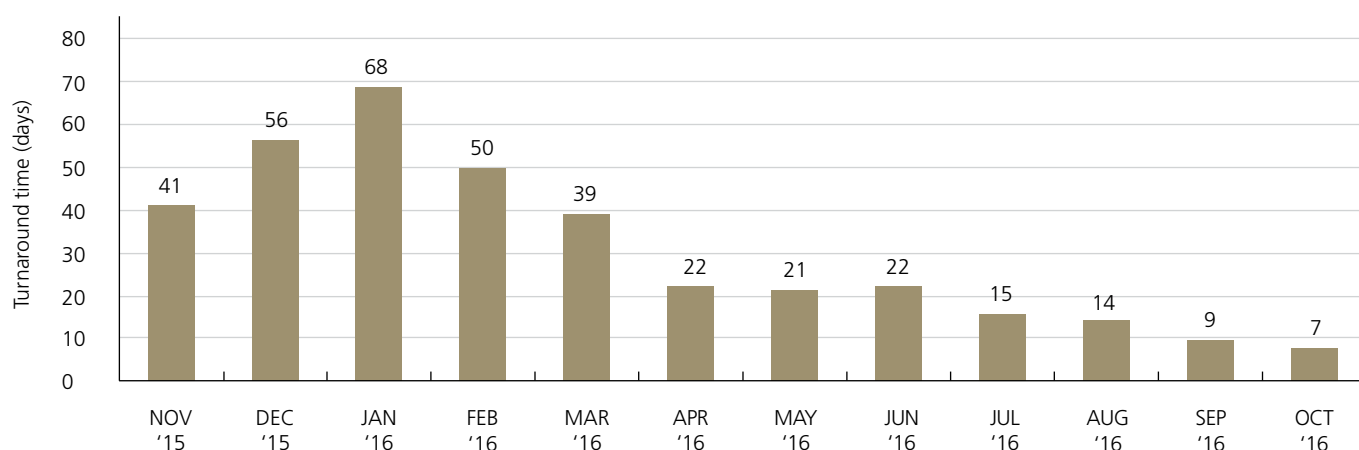
An example that demonstrates these improvements is the processing of new Tax Free Investment Plans (TFIPs), as shown in the graph. This success can be attributed to improved monitoring of process performance, which has enabled us to follow up on any outstanding requirements and finalise transactions more proactively.

Enhancing operational efficiency to better manage spikes in demand

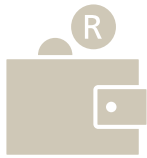
We have also been able to progressively work our way through some backlogs, including ensuring that all our welcome pack confirmations are sent out on time.

Operational improvements are important for several reasons. One of the clear benefits is that they help us to design our business in such a way that we can absorb spikes in demand and volume when these occur. This is particularly important as we get closer to the end of the tax year, when our platform experiences an escalation in the volume of applications for retirement annuities (RAs) and TFIPs.

Turnaround times for processing Tax Free Investment Plans (November 2015 - October 2016)



Source: PSG Wealth



QUARTERLY INSIGHT

The seasonality of some products and services places considerable strain on any operation. Knowing that we have put some key improvements in place, gives us confidence that we can manage a spike in demand going into one of the busiest periods on our calendar.

We are prepared to offer you efficient service as tax season approaches

As tax year-end and RA season approach, you can therefore be assured that we have already put a number of measures in place to ensure we deliver on your expectations. If you want to maximise your tax benefits by contributing to an RA or TFIP, you can also help by sending all your documentation through to our client service consultants at clientservice@psg.co.za ahead of the end-of-February crunch period. Please refer to [Marilize's article](#) for further information on our cut-off times and dates. Our continued process improvements will help ensure that we offer you a positive service experience as we grow into 2017.

[Click here](#) to log in and top up your investment.

[Click here](#) to apply for an RA or TFIP.

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