

# OLD MUTUAL INTEREST PLUS FUND

## FUND INFORMATION

### RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High
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### RECOMMENDED MINIMUM INVESTMENT TERM

1 year+	3 years+	5 years+
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### FUND OBJECTIVE

The fund aims to deliver returns in excess of those offered by money market funds and similar levels of liquidity, without significantly increasing risk.

### WHO IS THIS FUND FOR?

This fund suits risk-averse investors with a short-term investment horizon and who want yields in excess of those on money market investments, but also require high liquidity from their investment and cannot tolerate the higher risk associated with income funds.

### INVESTMENT MANDATE

The fund is a specialist yield-enhanced money market portfolio that offers diversification, high liquidity and very low volatility by investing in money market and short-term debt instruments.

Compared to money market unit trusts, it will have a marginally higher risk exposure in order to provide yield enhancement. However, low volatility is a key criterion for this product. The maximum average duration of this fund is 365 days. Derivatives may be used for efficient portfolio management purposes.

### REGULATION 28 COMPLIANCE

The fund does not comply with the asset allocation sublimits set out in Regulation 28 of the Pension Funds Act, and therefore the fund is not Regulation 28 compliant.

<b>BENCHMARK:</b>	Alexander Forbes Short Term Fixed Interest Index (STeFI)
<b>PERFORMANCE TARGET:</b>	STeFI + 0.75% over rolling one-year periods Performance is targeted over the recommended minimum investment term and is not guaranteed.
<b>RISK OBJECTIVE:</b>	No capital loss over any monthly period.
<b>ASISA CATEGORY:</b>	South African – Interest Bearing – Short Term
<b>FUND MANAGER(S):</b>	Michael van Rensburg (Futuregrowth Asset Management)
<b>LAUNCH DATE:</b>	03/10/2011
<b>SIZE OF FUND:</b>	R2.1bn

### DISTRIBUTIONS: (Monthly)

Date	Interest	Yield
30/09/2018	1.21c	6.96%
31/08/2018	1.24c	6.99%
31/07/2018	1.25c	6.94%
30/06/2018	1.23c	7.06%
31/05/2018	1.28c	7.13%
30/04/2018	1.28c	7.14%
31/03/2018	1.26c	7.28%
28/02/2018	1.13c	7.38%
31/01/2018	1.27c	7.25%
31/12/2017	1.26c	7.40%
30/11/2017	1.22c	7.10%
31/10/2017	1.28c	7.59%

\* Class A fund distributions

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION

Money Market Instruments*	61.1%
12+ Months	26.9%
6-12 Months	9.3%
0-6 Months	2.7%

\* Money market instruments include cash, NCDs and treasury bills.

## FUND PERFORMANCE as at 30/09/2018

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class A)	7.7%	7.9%	7.1%	6.6%	-	6.6%
Fund (Class B1) <sup>2</sup>	7.8%	8.1%	7.3%	-	-	-
Benchmark	7.3%	7.3%	6.8%	6.4%	6.8%	6.4%

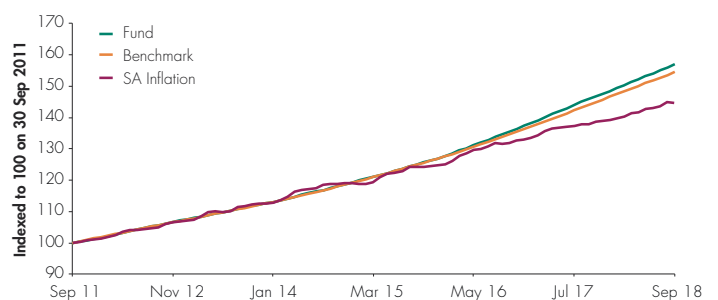
<sup>1</sup> Performance since inception of the fund.

<sup>2</sup> Inception: 31 October 2012. Class B1 Fund is only available through investment platforms such as Old Mutual Wealth.

Performance measurements over periods shorter than the recommended investment term may not be appropriate. Past performance is no indication of future performance. Fund returns are net of fees and measured against the benchmark.

Rolling 12-Month Return	Highest	Average	Lowest
Fund (Since Inception)	8.4%	6.7%	5.0%

### Performance Since Inception



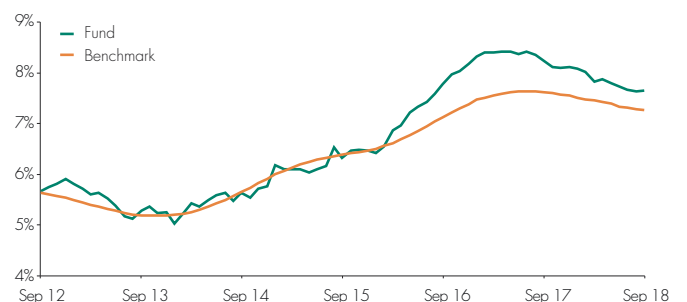
Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	0.0%
Months to Recover	N/A
% Positive Months	100.0%
Annual Standard Deviation	0.4%

Risk statistics are calculated based on monthly performance data from inception of the fund.

### 1-Year Annualised Rolling Returns (Fund vs Benchmark)



## PRINCIPAL HOLDINGS

HOLDING	% OF FUND
STDJB137 FRN 09/05/2019	4.6%
FO YCOM 7.808% 15/11/2018	3.1%
NBSRN36D 29/10/2018	2.3%
FSRJB199 FRN 14/05/2019	2.3%
Standard NCD 7.925% 24/10/2018	2.2%
Standard NCD 7.95% 21/05/2019	1.9%
Standard Bank of SA Ltd 7.80%	1.9%
ABSA NCD 8.1% 14/06/2019	1.9%
ABSA NCD 8.5% 18/09/2019	1.9%
Telkom FRN 04/03/2021	1.6%

Funds are also available via Old Mutual Wealth and MAX Investments.  
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 Email unittrusts@oldmutual.com

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OLDMUTUAL

# OLD MUTUAL INTEREST PLUS FUND

## FUND MANAGER INFORMATION



**MICHAEL VAN RENSBURG**  
PORTFOLIO MANAGER

- BCom

## FUND COMMENTARY as at 30/09/2018

Events outside South Africa dominated much of the headlines and market movements last quarter. In particular, the devaluing of the Turkish lira in July had a contagion effect on emerging market currencies, including the South African rand. This weakening in the local currency brought with it a widening in money market rates, with the 12-month negotiable certificate of deposit (NCD) rate increasing by roughly 20 basis points (bps) over the quarter. Despite the depreciation in the rand, however, consumer price inflation figures did surprise on the downside in both the June and August prints. The subdued inflation numbers offered some relief to the domestic economy and provided some support for the SA Reserve Bank to keep the repo rate unchanged at the July and September Monetary Policy Committee meetings. Elsewhere, the Federal Open Market Committee in the US continued with their rate normalisation programme and hiked the fed funds target rate by 25bps in September.

As mentioned, much of the weakness in domestic rates occurred towards the beginning of the quarter and followed the Turkish currency crisis. During this period, the fund maintained a moderate holding in fixed rate assets, which were mainly held to match the benchmark. However, with the widening in NCD rates, and a further steepening in the forward rate agreement (FRA) curve, we were of the view that the market was too aggressive in pricing in the potential for three rate hikes over the next year and, as such, began to increase our 12-month fixed rate exposure relative to the benchmark during the second half of last quarter. Supporting our decision was the widening of the spread between the three- and 12-month JIBAR rates, which, towards the end of August, stood at a high of around 140bps.

At present, we maintain our view of rates remaining unchanged for the rest of the year and, given the

steepening in the NCD curve over the quarter, we opportunistically bought 12-month fixed rate assets at spreads that we believe offered value. That said, we have also been buyers of floating rate assets with longer than 12-month maturities. These assets were purchased at attractive spreads and helped in managing the interest rate risk in the fund. In addition, we have also been active participants at the weekly Treasury Bill auction, as they are currently still trading at a premium to bank NCDs, especially at the front end of the yield curve. Beyond 12 months, we remain aggressive buyers of variable rate credit assets.

Source: Old Mutual Investment Group as at 30/09/2018

## OTHER INVESTMENT CONSIDERATIONS

### MINIMUM INVESTMENTS:

- Monthly: R1 000
- Lump sum: R10 000
- Ad hoc: R1 000

### INITIAL CHARGES (Incl. VAT)\*:

There is no initial administration charge for investment transactions of R1 000 and above. Initial adviser fee will be between 0% and 0.69%.

\* Please note: Initial charges do not apply to the Class B funds.

### ONGOING

	Class A	Class B1*
Annual service fees (excl. VAT)	0.55%	0.40%

\* Please note: The Class B1 Fund is only available through investment platforms such as Old Mutual Wealth. The fee is accrued daily and paid to the management company on a monthly basis. 0.10% (excl. VAT) of this fee may be paid as an adviser fee for investments of more than R1 million. Other charges incurred by the fund, and deducted from its portfolio, are included in the TER. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

TAX REFERENCE NUMBER: 9284/966/17/4

ISIN CODES:	Class A	ZAE000160347
	Class B1	ZAE000171070

Total Expenses (Incl. Annual Service Fee)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	0.65%	0.48%	0.65%	0.48%
Transaction Cost (TC)	-	-	-	-
Total Investment Charge	0.65%	0.48%	0.65%	0.48%

\* Please note: The Class B1 Fund is only available through investment platforms such as Old Mutual Wealth.

TER is a historic measure of the impact the deduction of management and operating costs has on a fund's value. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER, which includes the annual service fee, may not necessarily be an accurate indication of future TERs. Transaction Cost (TC) is a necessary cost in administering the fund and impacts fund 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 fund, the investment decisions of the investment manager and the TER.

Funds are also available via Old Mutual Wealth and MAX Investments.

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We aim to treat our clients fairly by giving you the information you need in as simple a way as possible, to enable you to make informed decisions about your investments.

- We believe in the value of sound advice and so recommend that you consult a financial planner before buying or selling unit trusts. You may, however, buy and sell without the help of a financial planner. If you do use a planner, we remind you that they are entitled to certain negotiable planner fees or commissions.
- You should ideally see unit trusts as a medium- to long-term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, we cannot guarantee the investment capital or return of your investment. How a fund has performed in the past does not necessarily indicate how it will perform in the future.
- The fund fees and costs that we charge for managing your investment are disclosed in this Minimum Disclosure Document (MDD) and in the table of fees and charges, both of which are available on our public website or from our contact centre.
- Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained, free of charge, from Old Mutual Unit Trust Managers (RF) (Pty) Ltd, from our public website at [www.omut.co.za](http://www.omut.co.za) or our contact centre on 0860 234 234.
- Our cut-off time for client instructions (e.g. buying and selling) is at 15:00 each working day for all our funds, except the Money Market Funds, the price of which is set at 13:00. These are also the times we value our funds to determine the daily ruling price (other than at month-end when we value the Old Mutual Index Funds and Old Mutual Multi-Managers Fund of Funds range at 17:00 close). Daily prices are available on the public website and in the media.
- Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in scrip lending. The daily ruling price is based on the current market value of the fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue.
- The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured. Performances are in ZAR and as at 30 September 2018. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

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Old Mutual Unit Trust Managers (RF) (Pty) Ltd, registration number 1965 008 47107, is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA). Old Mutual Unit Trust Managers has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

Trustee: Standard Bank, PO Box 54, Cape Town 8000. Tel: +27 21 401 2002, Fax: +27 21 401 3887.

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