



WHAT SPARKED MTN'S SHARE PRICE CRASH?

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During the week of 27 August, the Central Bank of Nigeria (CBN) wrote to MTN stating that they want dividends totalling \$10bn to be paid back. These dividends were allegedly illegally repatriated from MTN Nigeria to MTN Head Office over 10 years since 2007. The CBN alleges that the banks which facilitated the repatriation did so illegally. At this time, the market is not sure of the merit of this claim.

Following this news, MTN shares fell rapidly on Thursday 30 August, crashing 19.4% to R86.50. By 15:00 on 31 August, MTN share had appreciated by just over 3%.

What is the exposure within our unit trust funds managed by Old Mutual?

The following unit trust funds did have exposure to MTN as outlined in the tables below*.

Fund Name	% exposure
Old Mutual Investment Group funds as at 29 August 2018	
Old Mutual RAFI40 Index Fund	5.4%
Old Mutual Capped SWIX Index Fund	3.6%
Old Mutual Managed Alpha Equity Fund	3.3%
Old Mutual Top 40 Index Fund	2.9%
Old Mutual Balanced Fund	2.2%
Old Mutual Dynamic Floor Fund	2.1%
Old Mutual Core Balanced Fund	2.1%
Old Mutual Flexible Fund	2.1%
Old Mutual Stable Growth Fund	2.0%
Old Mutual Moderate Balanced Fund	1.5%
Old Mutual Core Moderate Fund	1.4%
Old Mutual Capital Builder Fund	1.3%
Old Mutual Investors' Fund	1.0%
Old Mutual Industrial Fund	1.0%
Old Mutual Real Income Fund	0.7%
Old Mutual Core Conservative Fund	0.2%
Old Mutual Multi-Managers funds as at 31 July 2018	
Old Mutual Multi-Managers Aggressive Balanced Fund of Funds	2.1%
Old Mutual Multi-Managers Maximum Return Fund of Funds	1.9%
Old Mutual Multi-Managers Balanced Fund of Funds	1.8%
Old Mutual Multi-Managers Defensive Fund of Funds	1.2%
Old Mutual Multi-Managers Cautious Fund of Funds	0.7%
SIS Inflation Plus 7-9 Fund of Funds	2.1%
SIS Inflation Plus 5-7 Fund of Funds	2.1%
SIS Inflation Plus 3-5 Fund of Funds	1.8%
SIS Inflation Plus 1-3 Fund of Funds	1.0%

*funds that did not have MTN exposure have been excluded from the list above.

How will this impact my client's portfolio?

Old Mutual is focused on achieving long-term investment growth and for the actively managed funds, the risk-adjusted valuation of an asset remains the single most important consideration when investing our clients' savings. The impact of one company's fall in share price should be limited because the assets are diversified across share, sector and asset classes within each portfolio.

What is Old Mutual's view on MTN going forward?

Our investment professionals will continue researching and keeping close to this case so as to gain clarity and insight into the claims made by the CBN.

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