FINANCIALLY TALKING

SEPTEMBER 2016

CONTENT

OLDMUTUAL

LIVING IN **INTERESTING TIMES**

KERRIN **LAND** | CHIEF EXECUTIVE OFFICER, OLD MUTUAL WEALTH

WE LIVE IN INTERESTING TIMES

As we look around the globe, 2016 is turning out to be a very "interesting" year. Who would have thought a year ago that we'd have a change in Finance Minister, Brexit, and the US Federal Reserve (the Fed) seriously considering negative interest rates! At Old Mutual Unit Trusts, we see all this change and turmoil as an opportunity for us to use the advantages of our scale and depth of skill to make sure our business continues to deliver good outcomes to our clients, and I'm excited by this challenge.

BREXIT'S IMPACT

The United Kingdom's vote to leave the European Union caused wild swings on financial markets around the world, but if you are investing for the long term, you probably don't have a reason to change your investments. Markets typically overreact to unexpected events, such as the outcome of the referendum in Britain, and they are likely to remain volatile while the outcome and its implications are digested. In a well-diversified fund, our expert investment managers will be making the requisite tactical calls to ensure they chart a safe course through the turmoil, delivering the returns you need over the longer term.

RAND RESURGENCE?

Globally, there is a reignited search for yield, as it has become clear that interest rates in the developed market will probably remain lower for longer. This means that higher-yielding emerging markets are back in vogue. The rand can also benefit from commodity prices firming up since the start of the year. Gold is above US$1 300 per ounce, platinum above US$1 000, while coal and iron ore are recovering some lost ground with prices up more than 40% this year. These four commodities represent the bulk of our export earnings, while the price of our main import, oil, has weakened since June. This has seen a significant improvement in our trade balance in the second quarter.

However, the question remains whether we'll benefit from these global trends, or if local issues will put a dampener on improvements.

LOCAL GOVERNMENT ELECTIONS POSITIVE FOR SOUTH AFRICA, BUT SUBSEQUENT EVENTS CREATE NOISE

The outcome of the 2016 Local Government Election (LGE) is positive from an investor's point of view, for a number of reasons. Firstly, the election was free and peaceful, outside of a few isolated incidents, and generally well managed by the Independent Electoral Commission (IEC).

Voters have clearly shown themselves prepared to hold politicians accountable, especially in the metro areas. This strengthens South Africa's democratic credentials and bodes well for longer-term governance. In addition, all parties involved accepted the outcome of the polls.

Local governments do not influence macroeconomic policy, so there should be no expectation of major policy changes. However, it is notable that the two biggest parties (with 80% of the vote between them) both favour fairly conservative economic policies, while the parties with a radical economic agenda failed to make material inroads. Therefore, the risk of an overall shift to populist or left-wing policies seems limited. This is a further positive for investors.

This has been offset by continued uncertainty surrounding the investigation of Finance Minister Gordhan and further questions around state capture and activities in state-owned enterprises.

DIVERSIFIED, RATIONAL INVESTING REMAINS KEY

With the global environment changing so much over the past 12 months, some of last year's investment strategies are struggling this year. This underscores the importance of appropriate diversification, since trends can change quickly and it is impossible to consistently time such turning points in the markets. It also highlights why you need to stick to a solid long-term financial plan (preferably crafted in conjunction with your financial planner), instead of letting your reaction to market movements dictate your investment decisions.

OLD MUTUAL INVESTORS' FUND CELEBRATES 50 YEARS

The Old Mutual Investors' Fund reaches a major milestone with its 50th anniversary this year. As the longest-running unit trust fund in the country, it is a popular choice for investors who require broad exposure to the South African stock market. The fund invests in blue-chip shares that have been well researched by the team at Old Mutual Equities.

Since inception, the Old Mutual Investors' Fund has delivered long-term performance of 8.4% a year after inflation (i.e. inflation plus 8.4%). This means that if you had invested R100 into this fund at inception, your investment would have been worth R294 302 at 30 June 2016. This highlights the power of investing for the long term and confirms our commitment to enabling positive futures for our clients.

THREE WINS AT THE RAGING BULL AWARDS

The Old Mutual Global Equity Fund and Old Mutual International Growth Fund of Funds both won in their respective categories at the 20th annual Raging Bull Awards held in Cape Town in January 2016.

The Old Mutual Global Equity Fund went home with two wins. For the fourth year in a row, the fund was awarded Top Performance by a Domestic Collective Investment Scheme for the three-year period ended 31 December 2015 for Best (SA-Domiciled) Global Equity General Fund.

It was also recognised with a certificate for the Best Performance on the basis of Risk-adjusted Returns by a Domestic Collective Investment Scheme for the five-year period ended 31 December 2015 in the category (SA-Domiciled) Global Equity General.

The Old Mutual International Growth Fund of Funds received a certificate for Top Performance by a Domestic Collective Investment Scheme for the three-year period ended 31 December 2015 in the category (SA-Domiciled) Global Multi-Asset Flexible.

These awards showcase the excellence of our offshore offering in both the global equity and the global multi-asset space, offering clients diversified exposure to quality assets across the globe. Both funds are perfect for those wanting to build their own solutions or add additional offshore exposure to their portfolios.

THANK YOU

As we enter the final stretch of the year, I would like to thank you for your continued support and the confidence that you have placed in us. We are committed to ensuring that our strong, skilled investment teams, robust business processes and risk-aware approach to managing your money will provide you with peace of mind as we navigate these challenging times.

POLICYMAKERS UP EFFORTS TO RESUSCITATE GLOBAL ECONOMY AND SOME GOOD LOCAL DATA LIFTS SA

RIAN **LE ROUX |** CHIEF ECONOMIST AND
TINYIKO **NGWENYA |** ECONOMIST OF OLD MUTUAL INVESTMENT GROUP

Post-Brexit effects are still being felt within the UK economy as investors shift their focus to exit negotiations with the European Union (EU). The sharp devaluation of the British pound and recent data releases such as the UK Purchasing Managers' Index (PMI) and various confidence barometers all signal that the country may soon enter a recession. This has prompted the Bank of England (BOE) to indicate a willingness to provide additional monetary stimulus. There is also mounting speculation of fiscal stimulus being added to the mix.

JAPAN'S NEW PLANS TO RESUSCITATE GROWTH

The UK has not been alone in considering fiscal stimulus, as Japan recently announced a large government package aimed at financing infrastructure projects and providing low-income earners with cash handouts. Before the announcement, the Bank of Japan apparently toyed with the idea of "helicopter money" – providing the government with non-interest bearing and non-repayable cash for direct fiscal stimulation. In a largely stagnant economy, the surge in the Japanese yen and depressed inflation expectations are putting pressure on the authorities to consider increasingly unorthodox expansionary policies.

The concept of "helicopter money" may sound ludicrous, but it does point to a world still facing deflationary pressures and central banks' concern that monetary stimulus may have reached the limits of its potential to fuel growth and inflation. The consequence is growing pressure for fiscal policy stimulus measures to be introduced by governments around the world.

US RATE HIKES ON THE CARDS

In contrast to authorities elsewhere in the world, the US Federal Reserve (US Fed) appeared a little more upbeat than expected in their statement following their July meeting – on the back of better jobs data in June. Although consumer-related indicators remain strong in the US, durable goods orders have been relatively weak for several months now and business investment has contracted for a few quarters in succession. While individual US Fed members continue to suggest that two interest rate hikes are still possible over the remainder of the year, market commentators are generally of the opinion that they will only hike rates once later this year, most probably in November or December.

EMERGING MARKETS A FAVOURED DESTINATION

The rising possibility of another round of global policy easing, combined with expectations that the US Fed will only raise rates later this year, has been positive for emerging markets. Notwithstanding the renewed drop in the oil price, the overall commodity basket has remained broadly stable. This, coupled with growing expectations that global interest rates will remain low for even longer, has increased the attractiveness of higher-yielding emerging market assets. As a result, emerging market currencies have recently stabilised, with some actually firming quite notably, including the rand. With the effects of Brexit likely to be felt more in developed markets, the growth differential between emerging and developed markets is set to widen this year and into next, improving the relative prospects of emerging markets.

This has naturally prompted a search for yield that has seen vast inflows into emerging market debt, a trade that is gaining so much traction that it has even been termed "the great migration".

All the above developments continue to underscore simmering worries about global economic growth. With inflation still pretty benign almost everywhere, the focus over the remainder of the year will likely remain on further efforts by global policymakers to inject more life into the sputtering global economy.

GLOBAL OUTLOOK

Amid growing uncertainties, the policy outlook is once again of major importance and fiscal stimulus will very likely be a discussion point for the remainder of 2016 and into 2017, as the global economy struggles to find levers for growth. Central banks will, however, continue to be the principal lever of support, particularly in developed markets, where policy settings will remain expansionary for longer.

IN SUMMARY

- PMI signals a UK recession.
- Japan initiates new stimulus package.
- Is fiscal stimulus the way forward?
- A global migration to emerging markets.

On the local front, the past month was a relatively good one for South Africa. Importantly, we benefited from the global investor flight into higher-yielding emerging market bonds – on account of a growing perception that global central banks will keep interest rates lower for even longer, after the Brexit vote. As a result, the rand firmed further to end July at about R13.80 to the US dollar, substantially firmer than the almost R17/US$ the currency reached around the middle of January. The strong performance of the rand was in contrast to predictions from some circles that the currency would weaken into the run-up to the local elections (on account of political risks associated with the event). The elections were not only logistically very successful, but all parties accepted the outcome and there was no serious violence during or immediately after the elections.

DEFICIT NARROWS, GROWTH REBOUNDS AND INFLATION SLOWS

July saw some bits of good economic news. First, the monthly foreign trade balance, which unexpectedly recorded a large surplus of R18 billion in May, saw another sizeable surplus of R13 billion in June. The implication is that the overall balance on the current account, which is also taking into account SA's large income account deficit with the rest of the world, will shrink materially in the second quarter of 2016. We estimate that the current account deficit could narrow to about 2.5% of GDP in the second quarter, or about half the 5.1% of GDP recorded in the first quarter. Prospects of a much narrower overall foreign trade shortfall also lent support to the rand.

More good news, albeit tentative, is that it appears that the economy bounced back quite sharply in the second quarter, from the more than 1% annualised contraction in the first quarter. Better output numbers in mining and especially manufacturing, as well as strong foreign tourism growth, tentatively point to an annualised growth rebound of about 2% in the second quarter. This implies that the economy likely escaped a technical recession in the second quarter, although the second half of the year is unlikely to see a repeat of the good second-quarter growth.

A third piece of good news was on the inflation front. While inflation rose moderately from 6.1% in May to 6.3% in June, forward-looking inflation indicators have improved notably. Importantly, the oil price has weakened sharply recently (leading to a large petrol price cut early in August), the rand is much firmer and grain prices have declined sharply over the past few months. The latest numbers suggest that instead of still being ahead of us, the cyclical peak in inflation may in fact already be behind us, at 7.0% in February this year.

Lastly, the stronger rand, together with the improved inflation outlook, resulted in the South African Reserve Bank (SARB) leaving interest rates unchanged at its July meeting. Indeed, developments over the past month strengthened our conviction, held since early June, that the SARB will not raise rates again in this cycle, even though inflation is likely to stay outside the 3% - 6% target range for most of the rest of the year. However, while we do not expect the SARB to raise rates again in the cycle, we also do not see it cutting rates anytime soon either. The SARB is unlikely to consider lowering rates before inflation is not decisively back in the inflation target range and, at this stage, forward-looking inflation indicators must still look promising for the SARB to start considering interest rate relief.

GROWTH-FRIENDLY REFORMS CONSPICUOUSLY ABSENT

Although South Africa has undoubtedly seen a rather rare stream of good news over the past month, we remain saddled with considerable structural challenges, key of which is a very weak growth dynamic. Moreover, an important lesson from Brexit is that the now increased downside risks to the world economy mean that SA cannot rely on a global growth spurt to pull us out of our own slow growth rut. Broad growth- and confidence-enhancing macroeconomic reforms remain key, but are so far an absent ingredient to a brighter local economic outlook over the medium to longer term.

LOCAL OUTLOOK

The bottom line of all these factors is that prospects for 2016 and 2017 unfortunately still look pretty bleak.

The past month saw a rare stream of relatively good economic news in SA. While this was welcome, and also supported the rand, the focus will now return to whether or not Government will implement confidence-enhancing growth-friendly economic reforms in the months to come.

IN SUMMARY

- SA benefits from flight into emerging market bonds.
- Economy may escape technical recession.
- Is the inflation peak already behind us?

GLOBAL QUEST FOR YIELD IS **WHITEWASHING SA'S ECONOMIC WOES**

WIKUS **FURSTENBERG** | PORTFOLIO MANAGER AT FUTUREGROWTH

The global stampede into emerging market bonds continued in July. If anything, the Brexit fallout merely served to boost market expectations that the unprecedently loose monetary policy, especially in developed economies, will be left unchanged for longer than previously expected. Even expectations of policy normalisation in the US are being pushed out. With a number of G7 government bond yield curves sinking deeper into negative territory, and little prospects of them rising soon, the global search for higher-yielding investments (read riskier), which include credit markets and emerging market debt, had to follow.

As a direct result of this, non-resident net purchases of rand-denominated government bonds continued to rise sharply and are now at levels reminiscent of the large inflows of 2012 (at that point, sparked by an earlier global reach for yield and also technical factors such as the inclusion of South Africa into the Citi Group Global Bond Index). These flows more than offset net equity sales by foreign investors and were clearly one of the main drivers of the recent strong appreciation in the rand.

WEAK GROWTH SUGGESTS INTEREST RATE PEAK

In addition to higher foreign demand for local currency bonds, interest rate bulls received support from the majority of local data releases. Of particular interest to market participants was the external monthly trade data, which points to a significant recovery of the current account in the second quarter of this year. As was widely expected, the South African Reserve Bank (SARB) left the repo rate unchanged at the July policy meeting. The fact that the SARB adjusted its own GDP growth and inflation estimates lower, boosted mounting expectations that the interest rate cycle had peaked and that the possibility of rate cuts next year should at least be considered.

Against this backdrop, bond yields continued their march back to levels last seen prior to the Nenegate debacle in December 2015. The yield of the benchmark R186 (maturity 2026) closed the month almost 20 basis points lower at 8.625%. As a result, the JSE All Bond Index rendered a strong return of 2.2% for the month, well above that of the official inflation-linked index (0.1%) and cash (0.6%).

GLOBAL RISK APPETITE WILL REMAIN VOLATILE

The global growth recovery remains fragile and patchy, which sets the scene for a modest future inflation profile as well as significant monetary policy divergence. It also implies a steady and shallow tightening cycle for the few economies that are in a position to normalise monetary policy, especially the US. This should cap global bond yields. On the negative side, the continued uncertainty about the global, and particularly the Chinese, growth outlook remains a risk – especially for emerging market commodity producers with a weak external position in both absolute and relative terms, like South Africa. We also expect global risk appetite to remain volatile and do not regard market rallies boosted by expectations of more policy easing, especially from monetary authorities, as a sustainable driver.

REACH FOR YIELD CONCEALS SA RISKS

Locally, recent rand appreciation will ease fears about the near-term inflation outlook, although we still expect a bout of upward pressure on inflation over the next few months. We have to concede that it has become increasingly difficult for the SARB to maintain a firm tightening bias, especially considering persistently weak growth. Although the Minister of Finance is clearly determined to rectify the damage to fiscal policy credibility and, by implication, to avoid a sovereign credit downgrade to non-investment status, the jury is still out on actual delivery. For instance, we still await much-needed changes at the troubled state-owned enterprises. Therefore, the risk of a credit rating downgrade over the next 12 months still hovers. In the short term, local political uncertainty remains a nagging risk. This is particularly worrying considering how much risk has been priced out of the market in recent weeks, mostly as a result of the global reach for yield, which tends to whitewash the economic sins of emerging markets like South Africa.

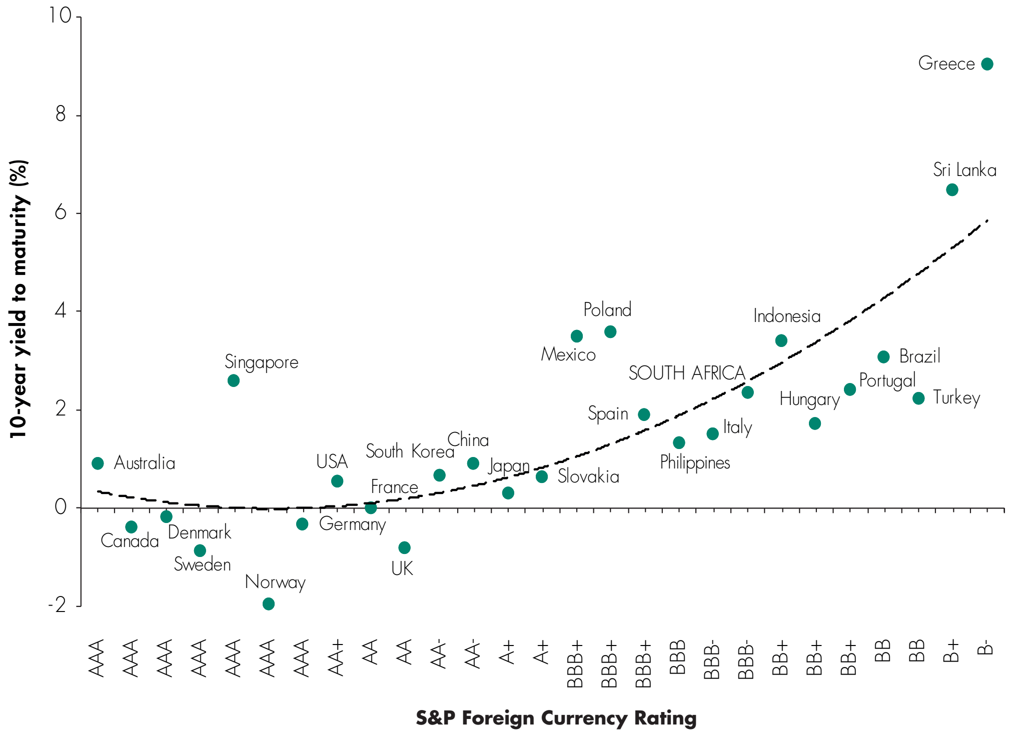
Considering the above, we will continue to approach the market with caution. The emphasis remains on capital preservation. For this reason we have a large holding of variable rate bonds and longer-dated money market instruments that are offered at reasonable yields, but with significantly lower market risk. We also believe that inflation-linked bonds may still benefit from the expected rise in inflation from current levels during the second half of this year. Apart from lower than expected inflation, the biggest risk to our cautious stance is sustained foreign inflows into the bond market.

IN SUMMARY

- Foreigners pile into emerging market bonds.
- Growing belief that SA rates have peaked.
- Rand gains ease inflation fears.
- Our approach remains cautious.

INFLATION-ADJUSTED 10-YEAR GOVERNMENT BOND YIELDS (LOCAL CURRENCY)

South African bond yields in real terms are less attractive on a relative basis following the strong bull rally.



Sources: Bloomberg, Futuregrowth

SA EQUITIES RESILIENT **DESPITE TOUGH ENVIRONMENT**

PETER **BROOKE** | HEAD OF MACROSOLUTIONS

The global environment suggests a continued period of low growth, low inflation, low interest rates and a low return world. We have previously referred to this as a state of "purgatory" or no man's land and we think this is driving a quest for yield. In this environment, growth assets are the only opportunity to deliver decent real returns, despite the higher level of risk.

A recent shift is that emerging markets are offering upside – based on stronger currencies, cyclical rebounds from very depressed levels and reasonable valuations. With extremely low global yields, the value on offer in emerging markets is looking attractive.

Locally, the main shift in emphasis is that we are getting closer to the peak in inflation, and hence a peak in interest rates. Over the longer term (out into 2017/18), we expect to see a cut in rates.

ASSET CLASS COMMENTARY

SOUTH AFRICA

SA equity

Local equities have remained resilient in the face of a very tough macroeconomic environment, due to the abilities of SA's excellent company management teams to deliver earnings growth. Looking forward, we expect stronger average rand exchange rates to act as a headwind for our rand hedge companies. However, we also see some improvement in the outlook for local companies going into 2017. The environment remains undoubtedly tough, hence a fairly subdued real return outlook of 4.5% a year over the next five years.

SA property

This sector remains in a difficult operating environment, especially in offices, but the top-down environment is more favourable. Very low global yields mean the defensive yields on offer in SA listed property are attractive. We think there is selective value and expect a real return of 5% a year going forward.

SA bonds

In line with all emerging market bonds, SA bonds are offering a good real yield compared with developed market bonds. With inflation peaking in the second half of 2016, and the resultant peak in interest rates, these yields are attractive.

SA cash

Cash in SA is still offering good returns, but we think interest rates have peaked. This means it will be harder to lock in these good returns on a longer-term basis. While premature, interest rate cuts may be put on the table late next year.

INTERNATIONAL

Global equity

Global equity offers a higher yield than global cash and bonds, but earnings growth is needed to produce decent real returns. There are tentative signs of a cyclical improvement, but the high level of political uncertainty will create continued volatility. Global equity remains our preferred diversifier from SA-specific risks.

Global bonds

The uncertainty triggered by Brexit has caused global bond yields to lurch lower – to the extent that many of them are negative on a nominal basis. We have cut our longer-term real return outlook to -2% a year over the next five years, coupled with a high level of capital risk.

Global cash

Our theme of purgatory suggests continued easy monetary policy and lower cash yields – and hence no return on cash, with the US Federal Reserve (Fed) being the most important wild card. An aggressive Fed is one of the biggest risks to markets and to the rand.

We update our medium-term (five-year) asset class outlook twice yearly, or if conditions change significantly. This outlook influences both our strategic and tactical investment decisions. Please be aware that there are risks in simply implementing these views into a portfolio without carefully considering the dynamic nature of the environment and how change impacts each asset class. As we continuously examine this environment, we have been very successful in converting our asset allocation outlook into performance for our investors.

IN SUMMARY

- Low-growth world drives quest for yield.
- Emerging markets are offering upside.
- Global equity shields SA-specific risks.
- SA earnings at mercy of embattled economy.

FIVE-YEAR ASSET CLASS OUTLOOK (JULY 2016)

	REAL RETURN (P.A.)	VIEW	
SA		+	**Rand has weakened considerably**
Equity	4.5%	**Neutral–**	Key risk is earnings delivery as economy battles
Property	5.0%	+	Defensive yield in a yield-scarce world
Bonds	3.0%	**Neutral+**	Inflation peaking this year
Cash	1.0%	–	Local rates have peaked
International		–	**Emerging markets look relatively more attractive**
Equity	5.0%	+	Tentative signs of a cyclical improvement
Bonds	-2.0%	–	Record low yields = low returns
Cash	-1.0%	–	Cash is trash

Note: These are long-term, real returns expected over the next five years, as at 15 July 2016. The international return expectations are quoted in US dollar terms; any REAL rand depreciation will add to domestic investor returns. **Source:** Old Mutual Investment Group

THE SYMBOLS

Neutral: Real returns will be at or around the long-term historic average over the next five years; the weight in each of our portfolios is roughly equivalent to that of their benchmark, where applicable.

Neutral +: Real returns will likely be at or around the long-term historic average over the next five years. However, as there may be some opportunities available for us to capture some alpha, the weight in each of our portfolios may be slightly overweight to that of their benchmark, where applicable.

+ (positive): Real returns will be above the long-term historic average over the next five years; our portfolios are overweight compared to their benchmarks, where applicable.

Neutral –: Real returns will likely be at or around the long-term historic average over the next five years. However, due to prevailing negative conditions, it is likely that our portfolios may be slightly underweight compared to their benchmarks, where applicable.

– (negative): Real returns will be below the long-term historic average over the next five years; our portfolios are underweight compared to their benchmarks, where applicable.

STAY INFORMED, SEND US YOUR UPDATED DETAILS

BELINDA **DUFF** | CLIENT STAKEHOLDER MANAGER, OLD MUTUAL UNIT TRUSTS

Have you recently moved or changed your phone number? Please keep us informed of all changes to your personal details, to ensure that you receive statements and communications timeously.

HOW TO DO THIS?

If you receive your statement electronically, select the "Your Details"tab on our website (www.omut.co.za) to update your contact details and income tax number. If you are registered to transact securely, you can update your contact details, your income tax reference number and banking details.

Alternatively, the "Client Details Update Form" can be downloaded, completed and scanned or faxed, along with your supporting documents, to +27 21 509 7100.

You can also update all your details by emailing us at unittrusts@oldmutual.com, or you can call our Client Services Centre on 0860 234 234 (+27 21 503 1770).

If you prefer face-to-face interactions, you are welcome to visit your nearest Old Mutual branch.

UPDATED APPLICATION FORMS

Recent regulatory reporting changes have led to amendments to our investment application form requirements. These changes are automatically catered for when using our online investment capability.

However, should you prefer to invest and transact using our standard application forms in printed or electronic PDF format, please always use (and fully complete) **the latest forms** from our website (www.omut.co.za) or contact your financial adviser for assistance.

ARE YOU REGISTERED FOR TAX IN A FOREIGN COUNTRY?

The Foreign Account Tax Compliance Act (FATCA) is American legislation requiring Foreign Financial Institutions to assist in locating and reporting on the holdings and earnings of US account holders. The South African government has signed an intergovernmental agreement with the US Internal Revenue Service (IRS), agreeing to exchange information provided by financial institutions in South Africa. This means financial services companies need to provide SARS with an annual report on all financial accounts held directly or indirectly by US persons, which SARS will forward to the IRS.

If you are registered for tax purposes in another country, we require details thereof and your personal tax number.

VERIFYING YOUR DETAILS

In line with regulatory requirements, we may only process investment instructions once we have:

1. verified your identity – please send us clear, scanned proof of ID or passport and recent proof (less than three months old) of your residential address; and
2. received disclosure on the source of income for the investment.

EAC – MEASURE ANNUAL COST OF YOUR INVESTMENT

The Effective Annual Cost (EAC) measure has been introduced by the Association for Savings and Investment in South Africa (ASISA) to provide a standard disclosure of the charges you will most likely incur when investing in and holding a specific financial product.

From 1 October 2016, you will receive confirmation of your EAC in writing, once your investment has been processed. You can also visit **www.omut.co.za** to access our *EAC Illustrator* in order to calculate the EAC of any new or additional investments you are considering.

ONLINE ACCESS

Old Mutual Unit Trusts offer you easy access to your investment information at any time.

Our **secure online site** allows you to manage your unit trust investments and view informative graphs reflecting your portfolio performance or asset allocation. You can also access, download or email your tax certificates and statements at any time or buy, sell and switch units. If you have not yet done so, be sure to register at **www.omut.co.za**.

Our exciting **secure mobile site** offers a wide range of value-added services on your smartphone. You can view your full portfolio of unit trust investments, as well as access your statements, tax certificates, personal details, bank account details for debit order instructions, and communication history – all on your smartphone. For access to your investment information on your smartphone, log on to the Old Mutual Unit Trusts home page at www.omut.co.za and select the secure mobile login.

STATUTORY INFORMATION

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 adviser before buying or selling unit trusts. You may however, buy and sell without the help of a financial adviser. If you do use a financial adviser, we remind you that they are entitled to certain negotiable adviser fees or commissions.
- The fees and costs that we charge for managing your investment are accessible on the relevant fund's minimum disclosure document (MDD) or table of fees and charges both available on our public website or from our service centre.
- 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.
- Our cut-off time for client instructions (e.g. buying and selling) is at 15:00 each working day for all funds, except the Money Market Funds, which are at 13:00. These are also the times we value our funds to determine the daily ruling price, except for our Index tracking and Core fund range which is valued at 24h00. (At month end we value our Old Mutual Multi Managers Fund of Funds range at 17:00). Daily prices are available on our public website (www.omut.co.za) and in the media.
- Funds may borrow to pay 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 in issue. Old Mutual Unit Trusts has the right to close a portfolio to new investors in order to manage it more efficiently in accordance with its mandate.
- Unit Trust Managers (RF) (Pty) Ltd (OMUT) is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. The fund fees and costs that we charge for managing your investment is accessible on the relevant fund's minimum disclosure document (MDD) or Table of fees and charges, both available on our public website, or from our contact centre. Old Mutual is a member of the Association of Savings & Investment South Africa (ASISA).

Money Market Funds:
A Money Market Fund is not a bank deposit account. Its unit price aims to be constant but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13:00) but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the fund. The published yield is calculated using the average of the fund's previous seven days' net income (and assumes all income was reinvested). This figure is then annualised, which is the weighted average compound growth rate.

Income Funds:
Income funds derive their income primarily from interest-bearing instruments as defined. The published yield is a current yield and is calculated daily. The value of underlying assets of Income funds are marked to market on a daily basis.

Fund of Funds:
A fund of funds is a portfolio that invests in other funds in order to meet the investment objective of the fund of funds. Fund of funds can invest in local, foreign or offshore funds which levy their own charges, and may result in a higher fee structure.

Feeder Funds:
A feeder fund is a portfolio that invests all of its capital in a single underlying fund. This underlying fund can be a local, foreign or offshore fund and levy its own charges which may result in a higher fee structure.

Third-Party Named Funds (co-branded):
Old Mutual Unit Trust Managers (RF) (Pty) Ltd is the manager of Adviceworx and Old Mutual Multi-Managers suites of co-branded funds and retains full legal accountability.

Funds holding foreign assets:
Some funds hold assets in foreign countries and therefore may have risks, in these countries, regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement and the availability of information, etc. Please contact us for risks specific to each country.