



# OLD MUTUAL GLOBAL CURRENCY FEEDER FUND

DECEMBER 2019

## FUND INFORMATION

### RISK PROFILE



The risk profile does not take the impact of exchange rate fluctuations into account.

### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to maximise total return to investors through full exposure to a basket of major foreign currencies by investing in a foreign collective investment scheme focusing on global currencies. Any income earned will be of an incidental nature.

### WHO IS THIS FUND FOR?

This fund is aimed at investors who want rand-denominated exposure to a basket of major foreign currencies, while avoiding equity risk. The investor can tolerate exchange rate volatility.

### INVESTMENT MANDATE

Apart from assets in liquid form, the feeder fund holds participatory interests in only one collective investment scheme, the Old Mutual Global Currency Fund, a sub-fund of the Russell Investments Company Plc. This underlying sub-fund will primarily invest in short-term securities with an outstanding term of 12 months or less including commercial paper, banker's acceptances, certificates of deposit and government securities.

### REGULATION 28 COMPLIANCE

The fund aims to offer exposure to a specific asset class. It therefore holds a higher allocation to international assets than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

<b>BENCHMARK:</b>	A composite of the currency weights of the IMF's Special Drawing Rights Basket (SDR) and the capital returns and yields on three-month instruments across the US, Europe, the UK and Japan.
<b>ASISA CATEGORY:</b>	Global – Interest Bearing – Short Term
<b>FUND MANAGER(S):</b>	Old Mutual Investment Group The sub-fund is managed by Russel Investments Company Plc.
<b>LAUNCH DATE:</b>	01/03/2010* * The investment policy and name of the fund changed on 23/02/2013 (previously the Old Mutual US Dollar Feeder Fund).

**SIZE OF FUND:** R455m

### DISTRIBUTIONS: (Annually)

Date	Dividend	Interest	Total	Total %
31/12/2019	0.00c	0.00c	0.00c	0.00%
31/12/2018	0.00c	0.00c	0.00c	0.00%

## FUND COMPOSITION



## FUND PERFORMANCE as at 31/12/2019

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class A)	-1.8%	3.5%	4.4%	-	-	7.3%
Fund (Class B) <sup>2</sup>	-1.7%	3.7%	4.2%	-	-	-
Benchmark	-1.9%	2.6%	3.3%	6.0%	-	5.3%

<sup>1</sup> Performance since inception of the fund.  
<sup>2</sup> Inception: 31 January 2013. 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)	35.0%	7.7%	-18.9%

### Performance Since Inception



Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

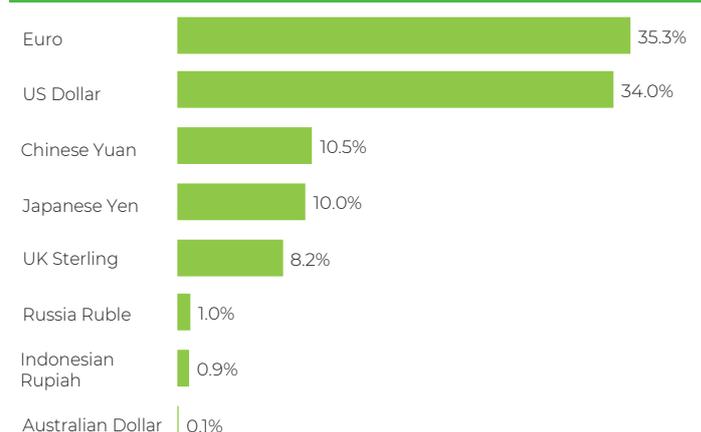
Maximum Drawdown	-19.8%
Months to Recover	N/A
% Positive Months	50.6%
Annual Standard Deviation	14.5%

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

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



### CURRENCY SPLIT as at 31/12/2019



THIS IS THE MINIMUM DISCLOSURE DOCUMENT AS REQUIRED BY BOARD NOTICE 92

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

Helpline 0860 234 234 Fax +27 21 509 7100 Internet www.oldmutualinvest.com Email unittrusts@oldmutual.com



## FUND COMMENTARY

Risk sentiment was buoyed in Q4 on signs of a stabilisation in global growth, expectations that a US/China trade deal was increasingly likely and signals of fiscal stimulus in a number of markets. At the start of the quarter, the US Federal Reserve (the Fed) was sufficiently concerned about the global growth and inflation backdrop to cut the fed funds rate for the third time in 2019 to a target range of 1.5-1.75%. What caught the eye of investors was Chairman Powell's view that the Fed would need to see a "significant" move higher in inflation before it would consider raising rates in the future. As with the European Central Bank and Bank of Japan, it is clear that the major central banks are now signalling lower-for-even-longer policy rates as they try to reflate their respective economies. The US dollar weakened during the quarter, on a trade weighted basis declining to its lowest levels since June.

Among developed market currencies, we increased our overweight position in EUR versus USD. We also added an overweight to JPY versus USD in December. In terms of emerging market

currencies, we booked profits on our exposure to the Brazilian real, and maintained our Indonesian rupiah position versus USD. We also added an exposure to the Russian ruble versus USD in December, which brought the overall underweight position in USD to 8%. Given the US dollar's weakness during the quarter, all of these underweight positions added value to the portfolio.

Following the volatile, downbeat market environment which characterised the last quarter of 2018, the view sharply reversed in January when US Fed Chairman Powell signalled a policy pivot that the Fed's pattern of interest rate increases was no longer on autopilot but now more data dependent, and the Fed subsequently cut rates three times during 2019 in response to concerns about slowing growth. Given the relative strength of the US economy early in the period versus the other developed markets, the dollar performed relatively well versus most G10 currencies, although the Fed's H2 rate cuts, and the sense that the period of US relative outperformance was waning, led to a falling USD during Q4. For the full year, the

US dollar was a median performer outperforming most European currencies including the euro, but underperforming CAD and GBP.

At the beginning of the period we held a short JPY/long USD position, which was closed in January. We also opened a long JPY/short USD position in December. After closing a modest preference for EUR versus USD in April, we reopened the position again in June, and increased the size of the position during Q4. For the year overall, the euro positioning was an important source of added value. We held a basket of several emerging market currencies (periodically consisting of BRL, IDR & RUB) during the year. While the IDR and RUB positions added value, the BRL was a modest detractor. We maintained a neutral position in CNY via a hedged position in CNH, and this position had a negative impact over the period.

Source: Allianz Global Investors as at 31/12/2019

## OTHER INVESTMENT CONSIDERATIONS

### MINIMUM INVESTMENTS:

• Monthly: R500 • Lump sum: R10 000 • Ad hoc: R500

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

There is no initial administration charge for investment transactions of R500 and above. Initial adviser fee will be between 0% and 0.69%. Investment transactions below the R500 fund minimum incur a 2.30% administration charge.

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

### EXIT FEE:

Old Mutual Unit Trusts will charge an exit fee of 2.30% if exiting within 2 weeks of entry and reserves the right to charge this fee if exiting within 6 months of entry. The exit fee will not apply to investments in the fund via the Old Mutual Unit Trusts Tax-Free Investment.

## ONGOING

	Class A	Class B1*
Annual service fees (excl. VAT**)	0.53%	0.38%

\* 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. 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: 9245/117/18/0

ISIN CODES:	Class A	ZAE000140380
	Class B1	ZAE000184289

Total Expenses (Incl. Annual Service Fee) (31/12/2019)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.01%	0.84%	0.90%	0.74%
Transaction Cost (TC)	0.02%	0.02%	0.02%	0.02%
Total Investment Charge	1.03%	0.86%	0.92%	0.76%

\* 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.

Helpline 0860 234 234 Fax +27 21 509 7100 Internet [www.oldmutualinvest.com](http://www.oldmutualinvest.com) Email [unittrusts@oldmutual.com](mailto:unittrusts@oldmutual.com)

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.oldmutualinvest.com](http://www.oldmutualinvest.com) 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.
- This fund holds assets in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information.
- A feeder fund is a portfolio that invests in a single fund which levies its own charges. This could result in a higher fee structure for the feeder fund.
- 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 31 December 2019. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

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.

Issued: January 2020