

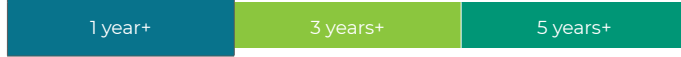


## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to offer a high level of income, together with relative capital stability. It aims to pay out a high regular income without putting the investor's money at undue risk. It aims to achieve higher than money market returns by taking on marginally more risk.

### WHO IS THIS FUND FOR?

This fund is suited to investors seeking capital stability. It can be used as a secure parking bay in times of stock market instability as well as a means of phasing money into an equity (share) fund over a period of time.

### INVESTMENT MANDATE

The fund invests in local interest-bearing investments including fixed and floating rate bonds and money market instruments. The average duration of the fund will always be less than two years, which contributes to its relative capital stability. 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.

**COMPOSITE BENCHMARK:** 80% STeFI Composite Index & 20% All Bond Index

**ASISA CATEGORY:** South African – Interest Bearing – Short Term

**RISK OBJECTIVE:** No negative quarters.

**FUND MANAGER(S):** Wikus Furstenberg  
(Futuregrowth Asset Management)

**LAUNCH DATE:** 22/04/1989

**SIZE OF FUND:** R3.3bn

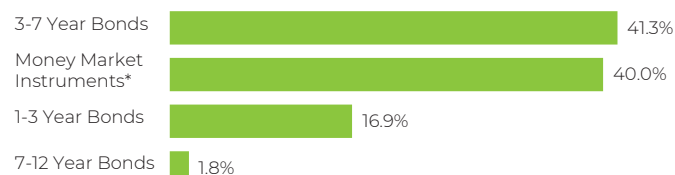
### DISTRIBUTIONS: (Quarterly)\*

Date	Interest	Yield	Total %
31/12/2019	2.32c	7.66%	1.83%
2019/09/30	2.32c	7.70%	1.83%
30/06/2019	2.29c	7.59%	1.81%
2019/03/31	2.24c	7.88%	1.78%

\* Class R fund distributions

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION



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

## FUND PERFORMANCE AS AT 29/02/2020

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class R)	8.3%	8.6%	8.0%	7.3%	7.6%	11.2%
Fund (Class B1) <sup>2</sup>	8.5%	8.7%	8.2%	7.4%	-	-
Benchmark	7.6%	7.7%	7.3%	6.9%	7.0%	11.2%

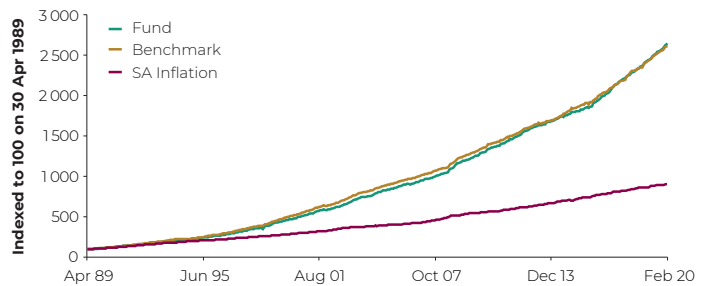
<sup>1</sup> Performance since inception of the fund.

<sup>2</sup> Inception: 31 January 2013. Class B1 fund is only available through investment platforms such as Old Mutual Wealth.

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)	27.8%	11.3%	3.5%

### Performance Since Inception



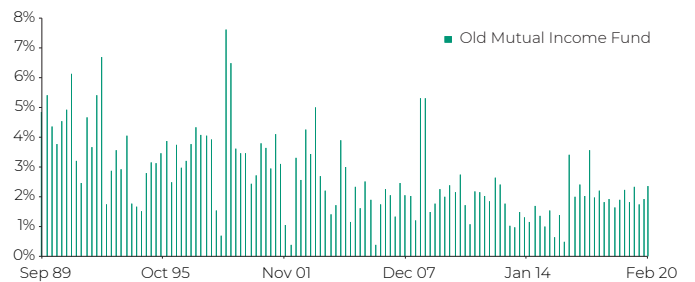
Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-5.0%
Months to Recover	2
% Positive Months	95.7%
Annual Standard Deviation	2.5%

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

### Rolling Quarter-end Returns



## PRINCIPAL HOLDINGS AS AT 31/12/2019

HOLDING	% OF FUND
R186 10.5% 21/12/2026	18.3%
NEDJBL96 FRN 12/01/2021	2.1%
TH13A8 9.63% 21/08/2020	2.1%
Eskom Holdings Ltd ES26 02/04/2026	2.0%
IDC 8.34% 22/10/2020	1.9%
Development Bank of SA	1.3%
SBS55 FRN 12/06/2022	1.3%
LBK23 05/09/2022	1.3%
TH16A2 FRN 21/08/2024	1.1%
HWF11 FRN 15/07/2022	1.1%



## FUND MANAGER INFORMATION



### WIKUS FURSTENBERG | PORTFOLIO MANAGER

- MCom (Economics)
- 23 years of investment experience

## FUND COMMENTARY AS AT 31/12/2019

The delivery of the 2019 Medium-Term Budget Policy Statement (MTBPS) in October spooked financial markets. Against a much weaker macroeconomic backdrop than anticipated earlier this year, tax revenue collections kept underperforming, while an earlier call for mandatory expenditure cuts was abandoned. Moreover, underperforming state-owned enterprises (SOEs) once again took a bigger slice of the budget cake than earmarked earlier this year. With nowhere to hide, Government is once again forced to turn to financial markets with a higher borrowing requirement. The significant worsening of the fiscal outlook left Moody's rating agency with no choice but to change the sovereign rating outlook from stable to negative.

As would be expected, both nominal and inflation-linked bond yields spiked in response to the worse

than expected 2019 MTBPS. With the short end of the yield curve anchored by a benign inflation outlook as well as a reasonable expectation of a stable repo rate path, it was up to the back end of the yield curve to adjust higher. This led to bearish yield curve steepening. In terms of the 10-year point, the yield of the R2030 initially increased sharply from 9.00% at the end of September to 9.27%, but eventually managed to claw back losses to close the quarter only marginally higher at 9.02%.

A strong finish for nominal bonds helped the JSE All Bond Index (ALBI) to render a return of 1.7% for the fourth quarter, slightly ahead of the cash return of 1.6%. For calendar 2019, the importance of base accrual, was highlighted by the fact that the ALBI delivered great performance, especially considering the headwinds described above – a classical example of "bad news is already reflected in the price of nominal bonds". For the year, the ALBI returned an inflation-beating 10.3% while cash rendered a return of 6.6%.

The fund outperformed the benchmark by 0.1% on a net-of-fee basis for the 12-month period ending February 2020. The overall defensive

interest rate position and interest accrual from higher yielding, low modified duration variable rate bonds were the main positive contributors. The fund also benefited from the R186 (maturity 2026) bond holding.

In light of our cautious investment stance, the fund is conservatively positioned. In terms of interest rate risk, this is demonstrated by the fund's total modified duration position, currently at just more than half of the maximum allowed mandate limit of 2.0. The 40% variable rate bond holding forms the core of this strategy. This well-diversified holding of carefully selected non-government instruments was marked to market at an average weighted modified duration of 0.17 and a weighted average yield to maturity of 8.7% at the end of December. The fund also held 19% of the R186 (maturity 2026). The selection is based on the fact that this government bond pays an annual coupon rate of 10.5% while it is anticipated to benefit from its position on the yield curve in terms of roll-down. It is also less sensitive to any negative fiscal developments compared to longer-dated fixed rate bonds.

Source: Old Mutual Investment Group 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.

## ONGOING

	Class R	Class B1*
Annual service fees (excl. VAT**)	0.75%	0.60%

\* 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: 9430/004/60/7

ISIN CODES:	Class R	ZAE000020822
	Class B1	ZAE000174132

Total Expenses (Incl. Annual Service Fee) (31/12/2019)	36 Months		12 Months	
	Class R	Class B1*	Class R	Class B1*
Total Expense Ratio (TER) Incl. VAT	0.88%	0.71%	0.88%	0.71%
Transaction Cost (TC)	0.01%	0.01%	0.01%	0.01%
Total Investment Charge	0.89%	0.72%	0.89%	0.72%

\* 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)

**FUTUREGROWTH**

/ ASSET MANAGEMENT

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.
- Income funds derive their income primarily from interest-bearing instruments as defined. The yield is a current yield and is calculated daily.
- 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 29 February 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

Futuregrowth Asset Management (Pty) Ltd is a Licensed Financial Services Provider.

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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