



FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to provide an income that grows in line with inflation, while sustaining the level of capital over time and minimising any losses over a 12-month period. The portfolio manager actively manages asset allocation to take advantage of changing market conditions.

WHO IS THIS FUND FOR?

This fund is suited to investors who can accept a lower initial income in return for the expectation of inflation-matching growth in income over the recommended investment term, while maintaining the value of their capital. It is suitable as a low-risk investment in retirement.

INVESTMENT MANDATE

The fund invests in the full spectrum of fixed interest investments. The fund may invest up to 25% of its portfolio in selected listed property shares and up to 10% in equities. The fund may gain exposure to foreign assets up to a maximum of 30% of its portfolio (with an additional 10% for African ex-SA investments). Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund complies with retirement fund legislation. It is therefore suitable as a stand-alone fund in retirement products where Regulation 28 compliance is specifically required.

BENCHMARK:	CPI
PERFORMANCE TARGET:	CPI + 1% to 2% p.a. (net of fees)
Performance is targeted over the recommended minimum investment term and is not guaranteed.	
RISK OBJECTIVE:	The fund aims to protect capital over 12 months.
ASISA CATEGORY:	South African – Multi-Asset – Low Equity
FUND MANAGER(S):	John Orford (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	01/04/2006
SIZE OF FUND:	R5.5bn

DISTRIBUTIONS: (Quarterly)*

Date	Dividend	Interest	Total	Total %
31/12/2019	0.05c	4.31c	4.35c	1.54%
30/09/2019	0.37c	3.98c	4.35c	1.54%
30/06/2019	0.21c	4.47c	4.68c	1.64%
31/03/2019	0.18c	3.92c	4.10c	1.45%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
SA Cash	45.7%
SA Bonds	25.9%
Inflation-linked Bonds	12.4%
International Bonds	4.6%
SA Equities	4.2%
SA Property	3.4%
Preference Shares	3.3%
International Cash	0.5%

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 PERFORMANCE AS AT 29/02/2020

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	4.9%	6.5%	6.1%	6.8%	8.2%	8.3%
Fund (Class B) ²	5.4%	7.0%	6.5%	7.2%	8.7%	8.6%
Benchmark	4.5%	4.3%	5.1%	5.1%	5.1%	5.8%

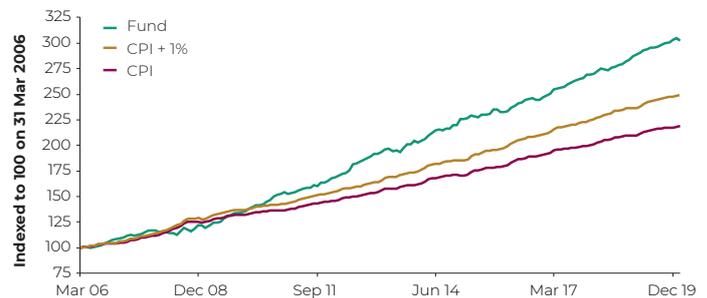
¹ Performance since inception of the fund.

² 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)	15.4%	8.5%	-0.7%

Performance Since Inception

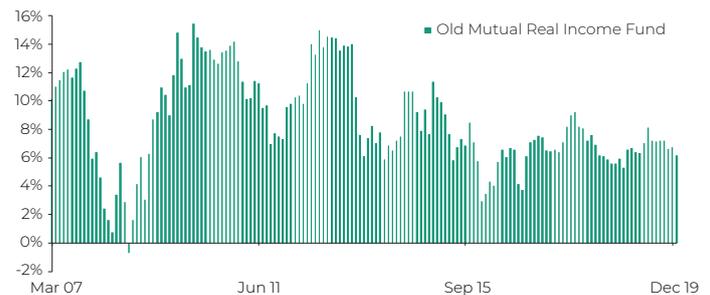


Past performance is no indication of future performance.

Risk Statistics (Since Inception)	
Maximum Drawdown	-3.6%
Months to Recover	3
% Positive Months	80.2%
Annual Standard Deviation	3.1%

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

Risk Objective: Capital protection over 12 months



PRINCIPAL HOLDINGS AS AT 31/12/2019

HOLDING	% OF FUND
R186 10.5% 21/12/2026	16.0%
I2025 LLB 2.00% 31/01/2025	7.6%
IDCG03 8.34% 22/10/2020	2.4%
Eskom Holdings Ltd ES26 02/04/2026	2.0%
Development Bank of SA	2.0%
R197 5.5% 07/12/2023	1.6%
ZAMBEZI PLATINUM RF LTD	1.4%
NEDJBL96 FRN 12/01/2021	1.4%
TH13A8 9.63% 21/08/2020	1.4%
Brait SE 2.750% 18/09/2020	1.1%



FUND MANAGER INFORMATION



JOHN ORFORD | PORTFOLIO MANAGER

- BA Economic History (Hons), Postgraduate Dip (Quantitative Development Economics), MSc (Development Economics), MBA
- 15 years of investment experience

FUND COMMENTARY AS AT 31/12/2019

The final quarter of 2019 was positive for risk assets, resulting in good returns for the full year. Despite slower economic activity globally and the increased intensity of the trade war between the US and China, global equities marched steadily higher. The US Federal Reserve stepped in to arrest the slowdown, cutting rates by 0.75%, and progress on a trade resolution towards the end of the year helped lift global equities nearly 24% in rand terms in 2019 with the US equity market leading the way. From a sector perspective, IT was the stand-out performer, while energy was the laggard.

Local equities caught the move higher in global equities in the fourth quarter, ending almost 7% higher for the calendar year. This was driven primarily by a strong performance from the

platinum and gold sectors as precious metals moved higher. Despite the rand ending the year stronger, other rand hedge counters contributed positively with double-digit returns, while many SA-facing names were under pressure. In addition to weak economic conditions, instances of stock-specific issues arose in the form of excessive debt levels and ESG matters. The local property sector also suffered, returning a paltry 1.9% in 2019. Despite the weak economy, persistent Eskom problems and growing downgrade risks, local bonds returned over 10% in 2019.

The Old Mutual Real Income Fund aims to deliver an income that grows over time while protecting capital. The fund targets a return of CPI plus 1-2% after fees. In 2019, the fund delivered a return of 6.8%, well ahead of inflation of 3.6% for the year. Over the last three years, the fund has delivered a return of 7.1% per annum, which was 2.6% ahead of annualised inflation over that period.

The fund's allocation to local fixed income assets was the primary driver of returns with local government bonds delivering a good return despite concerns that South Africa could suffer further downgrades to its credit rating. While nominal bonds delivered good returns for the year inflation-linked bonds have performed poorly. However, with real yields of over 3.5% we are happy to hold around 10% of the portfolio in the asset class. Not only does this lock in an attractive real yield, but it also provides the portfolio with a hedge against any potential increase in inflation over the medium term.

During 2019, the fund's allocation to growth assets delivered disappointing returns. Local property counters continued to de-rate. While this has been a drag on the fund's performance we think many of the local property companies offer compelling dividend yields, which largely price in the very poor operating conditions. Over time, we expect them to deliver good real returns. While many property shares performed poorly the fund did benefit from its holdings of Dipula Income Fund (DIA) A-shares and Fortress REIT (FFA) A-shares, which delivered returns of 17% and 14% respectively. While we have sold out of our holding in FFA we continue to hold DIA which, despite the good return during 2019, still offers a dividend yield of over 10%. Unfortunately, the fund's holding in equities performed poorly over the year, with exposure to some domestically oriented shares detracting from the fund's performance. While the shorter-term performance from the fund's growth assets has been disappointing they fulfil an important role in the fund's strategy of delivering real returns over the medium term.

Looking forward, the fund remains focused on locking in a diverse portfolio of attractive domestic yields. The bulk of this is through domestic bonds and high-quality credit. The fund's average yield is currently about 8% versus our expectation of inflation in the region of about 5%. Foreign exposure remains low and serves primarily as a hedge against domestic growth assets, as global assets, especially global bonds, are unattractively priced offering limited reward for considerable risk.

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 3.45%. 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 A	Class B1*
Annual service fees (excl. VAT)	1.20%	0.80%

* 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. These include the fees and costs relating to underlying global asset class exposures, which range between 0.20% and 0.50% as the fee for equity exposures is typically higher than the fee for fixed income or money market exposures. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

TAX REFERENCE NUMBER: 9004/554/17/7

ISIN CODES:	Class A	ZAE000076493
	Class B1	ZAE000076501

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	1.40%	0.94%	1.40%	0.94%
Transaction Cost (TC)	0.05%	0.05%	0.05%	0.05%
Total Investment Charge	1.45%	0.99%	1.45%	0.99%

* 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.

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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.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.
- 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).

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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