



## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to outperform inflation and provide a modest level of income while aiming not to lose money over any 18-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 want their investment to grow in real terms and deliver a moderate level of income, with controlled risk of capital loss in the short term. It is typically suited to investors close to, or in retirement.

### INVESTMENT MANDATE

The fund invests in cash, bonds, property and shares. The fund may invest up to 40% of its portfolio in equities. The fund may also 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.

<b>BENCHMARK:</b>	CPI
<b>PERFORMANCE TARGET:</b>	CPI + 2% to 3% p.a. (net of fees)
	Performance is targeted over the recommended minimum investment term and is not guaranteed.
<b>RISK OBJECTIVE:</b>	This fund aims to avoid losses over rolling 18-month periods.
<b>ASISA CATEGORY:</b>	South African – Multi-Asset – Low Equity
<b>FUND MANAGER(S):</b>	John Orford & Alida Jordaan (Old Mutual Investment Group – MacroSolutions)
<b>LAUNCH DATE:</b>	01/07/2007
<b>SIZE OF FUND:</b>	R6.2bn

### DISTRIBUTIONS: (Half-yearly)\*

Date	Dividend	Interest	Total	Total %
31/12/2019	1.06c	5.62c	6.67c	2.12%
30/06/2019	0.99c	5.69c	6.68c	2.12%

\* Class A fund distributions

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION

SA Bonds	20.9%
SA Equities	19.3%
SA Cash	19.0%
International Cash	13.3%
Inflation-linked Bonds	12.3%
International Equities	6.1%
SA Property	3.3%
Preference Shares	3.2%
International Bonds	2.6%

## 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 A)	1.8%	5.2%	4.9%	6.5%	7.8%	7.4%
Fund (Class B1) <sup>2</sup>	2.2%	5.6%	5.3%	6.9%	8.2%	7.9%
Benchmark*	4.5%	4.3%	5.1%	5.1%	5.1%	5.7%

\* The CPI figures are lagged by one month as the number was calculated before this month's inflation rate was released.

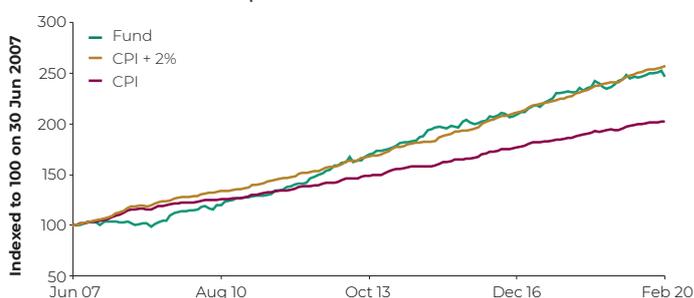
<sup>1</sup> Performance since inception of the fund.

<sup>2</sup> 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)	18.6%	7.9%	-5.3%

### Performance Since Inception



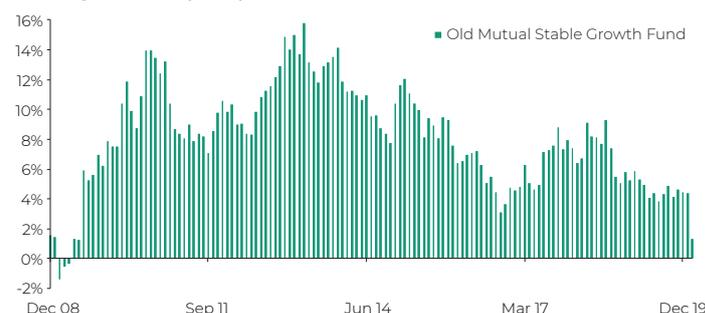
Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-5.4%
Months to Recover	4
% Positive Months	73.0%
Annual Standard Deviation	4.3%

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

### Risk Objective: Capital protection over 18 months



## PRINCIPAL HOLDINGS AS AT 31/12/2019

HOLDING	% OF FUND
I2025 LLB 2.00% 31/01/2025	6.8%
R2032 8.25% 31/03/2032	4.8%
R186 10.5% 21/12/2026	4.1%
R2035 8.875% 28/02/2035	3.2%
R2030 8.00% 31/01/2030	2.8%
Zambezi Platinum RF Ltd	1.5%
R2040 9.00% 31/01/2040	1.5%
British American Tobacco	1.4%
Naspers Ltd	1.3%
ABSA Group Ltd	1.2%



## 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



### ALIDA JORDAAN |

PORTFOLIO MANAGER

- BMus (Hons) (cum laude), MBA (cum laude), CFA
- 24 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 fund delivered a return of 6.3% in 2019. After adjusting for inflation of 3.6% this is a real return of 2.8%, which is in line with the fund's real return target of 2-3%. Overall though, returns for the year were disappointing. The main detractors to performance were the underperformance of our local equity holdings and the underweight allocation to global equities, which had a stellar year.

On the positive side, the fund's allocation to local government bonds contributed positively to the fund's return. Local bonds delivered a return of 10.3% with the attractive yield on government bonds more than offsetting concerns about potential further downgrades to South Africa's sovereign

credit rating. Within local equities the broader market had a better year in 2019 than 2018, but this return was narrowly driven by the very strong performance of platinum and gold shares and the performance of Naspers, now represented by the three separate listings of Naspers, Prosus and MultiChoice. The fund benefited from exposure to the platinum shares but was underweight to Naspers and had no exposure to gold shares, which detracted from performance. In addition, a number of the fund's holdings of medium-sized businesses such as Omnia, Kap Industrial, Nampak and MPact detracted from the fund's performance. An exception of a local name in the portfolio that performed very well, was Raubex.

Looking forward, we expect these underperforming local companies to perform better given attractive valuations, some improvement in the domestic economy and in some cases company-specific actions to address balance sheet risks and profitability. At the broader asset allocation level, we continue to be cautiously positioned on global equity. Global and especially US equities, have performed very strongly and are vulnerable to any further slowing in the global economy. US equity market valuations in particular are stretched and would be vulnerable to any correction in profit margins. By contrast, we see many local assets as very attractively valued offering long-term investors good real return prospects. Consequently, the fund is overweight to domestic assets via local government bonds and local equities, which in our view offer good expected real returns.

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)	1.30%	0.95%

\* 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: 9153/631/17/2

ISIN CODES:	Class A	ZAE000097770
	Class B1	ZAE000097788

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	1.58%	1.18%	1.55%	1.15%
Transaction Cost (TC)	0.05%	0.05%	0.04%	0.04%
Total Investment Charge	1.63%	1.23%	1.59%	1.19%

\* 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.
- 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.

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Issued: March 2020