OLD MUTUAL BALANCED FUND

APRIL 2019

FUND INFORMATION

RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High

RECOMMENDED MINIMUM INVESTMENT TERM

1 year+	3 years+	5 years+

FUND OBJECTIVE

This fund aims to achieve long-term inflation-beating growth. The fund has a growth asset bias and will invest more heavily in shares. The portfolio manager actively allocates to other asset classes to take advantage of changing market conditions and to manage the fund's volatility.

WHO IS THIS FUND FOR?

This fund is suitable for investors wanting moderate to high long-term growth, with less volatility in the short term than pure equity. It is suitable as a stand-alone retirement investment.

INVESTMENT MANDATE

The fund is exposed to all sectors of the market (shares, bonds and property) and 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 + 4% to 5% p.a. (net of fees)

Performance is targeted over the recommended minimum investment term and is not guaranteed.

ASISA CATEGORY:	South African – Multi-Asset – High Equity
FUND MANAGER(S):	Graham Tucker & Warren van der Westhuizen (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	01/03/1994
SIZE OF FUND:	R18.4bn

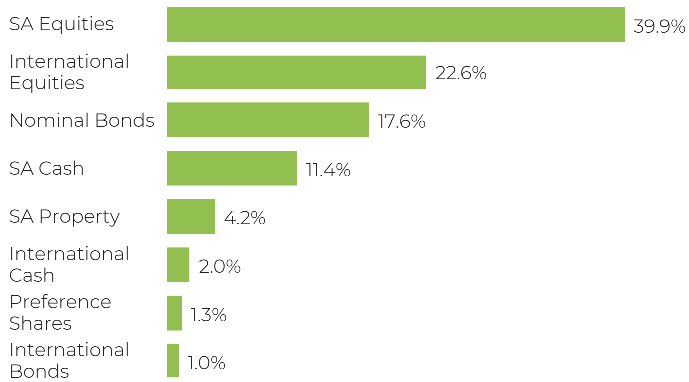
DISTRIBUTIONS: (Half-yearly)*

Date	Dividend	Interest	Total	Total %
31/12/2018	7.64c	13.17c	20.81c	1.36%
30/06/2018	7.04c	11.61c	18.65c	1.17%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



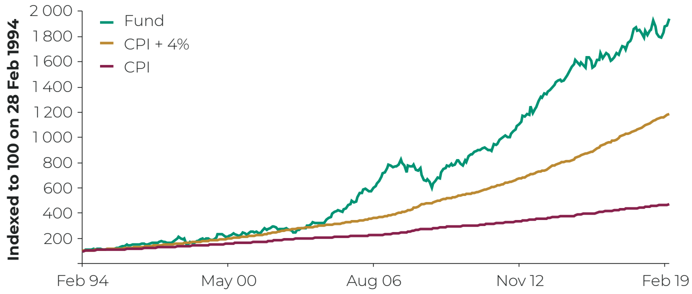
FUND PERFORMANCE AS AT 30/04/2019

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception[1]
Fund (Class R)	5.2%	6.4%	6.8%	9.7%	11.6%	12.5%
Fund (Class A)[2]	4.8%	6.1%	6.4%	9.0%	10.8%	-
Fund (Class B1)[3]	5.2%	6.5%	6.8%	-	-	-
Benchmark*	4.5%	4.8%	4.9%	5.2%	5.2%	6.3%

* The CPI figures are lagged by one month as the number was calculated before this month's inflation rate was released.
[1] Performance since inception of the fund.
[2] Inception: 30 June 2007.
[3] Inception: 31 October 2012. 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)	45.5%	13.0%	-23.2%

Performance Since Inception

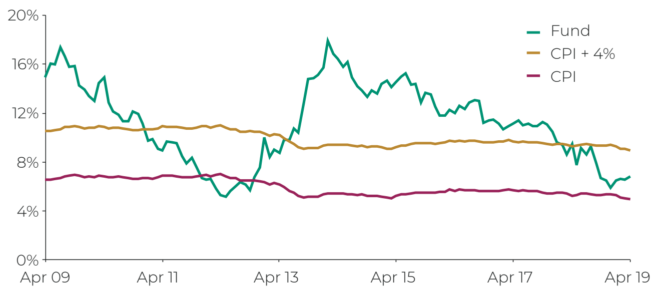


Past performance is no indication of future performance.

Risk Statistics (Since Inception)	
Maximum Drawdown	-29.1%
Months to Recover	17
% Positive Months	65.2%
Annual Standard Deviation	12.3%

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

5-Year Annualised Rolling Returns (Fund vs Benchmark/Performance Target)



PRINCIPAL HOLDINGS AS AT 31/03/2019

HOLDING	% OF FUND
R2032 8.25% 31/03/2032	5.4%
Naspers Ltd	4.1%
R186 10.5% 21/12/2026	4.0%
Sasol Ltd	3.0%
R2035 8.875% 28/02/2035	3.0%
British American Tobacco	2.7%
ABSA Group Ltd	2.4%
Nedbank Group Ltd	2.1%
Glencore Plc	1.8%
MTN Group Ltd	1.7%

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

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

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OLD MUTUAL BALANCED FUND

APRIL 2019

FUND MANAGER INFORMATION

GRAHAM TUCKER |
PORTFOLIO MANAGER

- BSc Actuarial Science (Hons), CFA
- 18 years of investment experience

WARREN VAN DER WESTHUIZEN |
PORTFOLIO MANAGER

- BCom (Hons), CFA
- 18 years of investment experience

FUND COMMENTARY AS AT 31/03/2019

Investors were, by and large, relieved to bid farewell to 2018. Hopes for a 2019 reversal of fortunes grew and the first quarter didn't disappoint. A more cautious US Federal Reserve (signalling that interest rates are on hold), continued accommodative monetary policy in Europe and Chinese stimulus all contributed to the recovery in risk assets over the quarter. It would also appear that the US and China are making progress on trade talks, while the British parliament indicated that a no-deal Brexit was not a preferred route. Global equities rose over 12% in US dollars over the quarter, largely reversing the losses incurred in the last quarter of 2018. While emerging markets benefited from the more positive global developments, the equity markets underperformed their developed market counterparts.

Locally, given the constraints facing South Africa, the Budget delivered by Minister Mboweni was sound. Eskom is the elephant in the room. The fragility of our electricity supply and the return of load shedding reinforced the need to urgently tackle the electricity dilemma. It was pleasing to note that Government proposed a solution of splitting Eskom into three companies – we now need to see the follow-through in the coming months. All eyes were on the ratings agencies of late, particularly Moody's, which granted South Africa another reprieve at the end of March. In terms of market performance, the local equity market recovered somewhat (up 4% on the FTSE/JSE Capped SWIX), but this was driven by the performance of the resources and the global names – local sectors were mostly lower over the quarter. Better global sentiment, well-contained inflation and a firm fiscal stance led to local bonds delivering good returns over this period. Attention now turns to the elections in May, following which investors will expect greater clarity on the pace and extent of the local recovery.

The fund has benefited from the improvement in risk assets over the quarter, with returns over the past one, three and five years ahead of inflation. The low returns achieved across asset classes over these longer periods mean that the fund's returns remain below its performance objective. In these challenging times, we are pleased that the fund has delivered competitive performance and experienced lower volatility than many of its peers.

During the quarter, we lightened exposure to global equity markets into the recovery. While recent news flow has contributed to the rally in risk assets, we are particularly concerned that the US equity market is somewhat extended, having outperformed on the back of strong growth in economic and earnings data. However, we expect this growth to moderate from here on, given the stage of the cycle and, as such, we are looking for opportunities to allocate capital elsewhere.

The fund positioning is tilted towards an improvement in the local environment. In our view, South Africa is on the recovery path, but this will largely remain a gradual process of improvement as the country tackles the structural damage of recent years. The first step of this process is to stabilise our fiscal position, which we believe is underway. As this story develops, we expect confidence to start building, which will enable the unlocking of the country risk premium embedded in our bond market (i.e. bond yields should fall). As such, we are comfortable holding local government debt. We would also expect the currency to benefit and have been buying the rand.

Despite this theme, the local environment will remain challenging for companies for the foreseeable future. Hence, we have selectively purchased local names in recent quarters where we believe there is a sufficient valuation underpin. We have also used opportunities created by the market to start allocating capital to Aspen. Aspen has been under significant pressure of late, given debt concerns. We believe that it is in the process of addressing this issue and has moved from expensive to cheap on a valuation basis. Capitec, on the other hand, looks expensive and is arguably priced for perfection. It has benefited from strong growth for many years now. While the company still has good growth potential, we have started to reduce our position, given the extent of the valuations.

Recent years have tested investor patience. History teaches us that we have been here before and survived. Looking at our investment universe, we are seeing more opportunities to allocate to, rather than allocate away from risk assets.

Source: Old Mutual Investment Group as at 31/03/2019

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.

TAX REFERENCE NUMBER: 9440/007/60/8

ISIN CODES:		
	Class A	ZAE000097424
	Class B1	ZAE000171096
	Class R	ZAE000020780

ONGOING

	Class A	Class B1*	Class R
Annual service fees (excl. VAT)	1.30%	0.95%	1.00%

* 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. Old Mutual Balanced Fund A3 may pay 0.50% (excl. VAT) of its annual service fee as an ongoing adviser fee. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

	36 Months			12 Months		
Total Expenses (Incl. Annual Service Fee) (31/12/2018)	Class A	Class B1*	Class R	Class A	Class B1*	Class R
Total Expense Ratio (TER) Incl. VAT	1.64%	1.25%	1.30%	1.65%	1.25%	1.30%
Transaction Cost (TC)	0.11%	0.11%	0.11%	0.09%	0.09%	0.09%
Total Investment Charge	1.75%	1.36%	1.41%	1.74%	1.34%	1.39%

* 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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