



FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to deliver long-term equity-like returns, but at lower levels of volatility than equity. The fund will predominantly invest in shares, but the portfolio manager can invest in less risky asset classes when they offer better value.

WHO IS THIS FUND FOR?

This fund is suited to investors who want high long-term capital growth, but also want some protection against short-term fluctuations of the equity market. The fund is suitable for long-term savings outside a retirement fund.

INVESTMENT MANDATE

There are no restrictions on the asset holdings of this fund, except that a maximum of 30% of its portfolio (with an additional 10% for African ex-SA investments) may be invested offshore. The fund invests in money markets, bonds, property and shares. Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund aims to achieve long-term inflation-beating growth, and therefore may hold a higher allocation to equities than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

BENCHMARK:	CPI
PERFORMANCE TARGET:	CPI + 5% to 7% p.a. (net of fees)
Performance is targeted over the recommended minimum investment term and is not guaranteed.	
RISK OBJECTIVE:	Lower volatility than the equity market.
ASISA CATEGORY:	South African – Multi-Asset – Flexible
FUND MANAGER(S):	Peter Brooke & Arthur Karas (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	20/08/1996
SIZE OF FUND:	R4.9bn

DISTRIBUTIONS: (Half-yearly)*

Date	Dividend	Interest	Total	Total %
30/06/2020	16.55c	10.24c	26.79c	1.78%
31/12/2019	9.41c	10.05c	19.46c	1.16%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION

SA Equities	47.6%
International Equities	30.3%
SA Bonds	11.3%
SA Property	3.9%
International Cash	2.2%
Preference Shares	1.7%
SA Cash	1.3%
International Bonds	1.1%
Africa Property	0.6%

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 31/07/2020

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class R)	-1.8%	1.5%	2.7%	6.7%	8.9%	11.9%
Fund (Class A) ²	-2.1%	1.1%	2.4%	6.2%	8.3%	-
Fund (Class B) ³	-1.7%	1.5%	2.8%	6.6%	-	-
Benchmark*	2.2%	3.7%	4.5%	4.8%	5.0%	6.0%

* 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 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)	54.0%	13.0%	-26.9%

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-35.6%
Months to Recover	17
% Positive Months	60.6%
Annual Standard Deviation	15.2%

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 30/06/2020

HOLDING	% OF FUND
British American Tobacco	5.1%
Prosus NV	3.8%
Naspers Ltd	3.5%
R2035 8.875% 28/02/2035	3.5%
R186 10.5% 21/12/2026	2.7%
Northam Platinum Ltd	2.6%
BHP Group Plc	2.6%
R2032 8.25% 31/03/2032	2.4%
Impala Platinum Holdings Ltd	2.0%
R2030 8.00% 31/01/2030	1.9%



FUND MANAGER INFORMATION



PETER BROOKE |
PORTFOLIO MANAGER

- Head of MacroSolutions
- BBusSc Finance (Hons)
- 24 years of investment experience



ARTHUR KARAS |
PORTFOLIO MANAGER

- BCom, CFA
- 28 years of investment experience

1970s. As a result, the Capped Shareholder Weighted Index (Capped SWIX), the most common equity benchmark, roared up 21.6% in the quarter. However, due to the massive fall in the first quarter, year-to-date returns are still down 10.7%. Interestingly, this is pretty much in line with the 12-month decline highlighting that all the damage took place in that first quarter. Local bonds also recovered their losses in the first quarter. However, flat YTD is a poor outcome in a global context, due to our downgrade to junk status.

We are very pleased that markets have recovered, for a number of reasons. Obviously, this helps mitigate the Q1 blow to our clients' wealth – and ours as we are invested alongside them. In addition, we bought equity across our range of solutions during the crash and afterwards. This was based on our better than expected long-term returns, and we did not expect to receive these returns in a quarter. However, some of the shares we purchased did phenomenally well, which highlights the benefit of active asset allocation. Finally, this rebound reaffirms our advice to investors to stick to their investment plan and not to panic in a crash. Typically, the best returns are found after the worst returns.

On a relative basis, we enjoyed a good second quarter, helped by the addition of equity at low prices. However, the recovery was not strong enough to offset a poor first quarter. We had built some holdings in South African mid-sized industrials on the basis of cheap valuations and decent operating models. Examples would be Pepkor Holdings, the best clothing retailer in the mass market, and Super Group, which has a great growth pipeline. These companies suffered in Q1 and have not rebounded as quickly as the market, reflecting the negative impact of South Africa's recession on their profits. We remain excited to own these shares and, with a little time, they will deliver superior returns going forward.

The Old Mutual Flexible Fund has lagged its peers and performance objective by a meaningful margin over the past 12 months. There are several reasons for this outcome. As a growth focused fund the Old Mutual Flexible Fund is overweight in growth assets at most points in the cycle. Over the last 12 months, domestic growth assets have lagged cash by a wide margin. Equity selection within the portfolio has also been a negative contributor. With

valuation differentials between growth and value shares at long-time extremes, we have steadily added to cheap and neglected domestic industrials. The outbreak of Covid was particularly tough on these companies, impacting the fund negatively. Cash, bonds and global investments contributed positively to performance.

The second quarter of 2020 has seen a big improvement, as the Old Mutual Flexible Fund performed well ahead of the median of its peers and performance benchmark. The recovery was driven in large part by a strong recovery in the fund's equity portfolio. Mining shares had an exceptional quarter as investors looked forward to a global recovery and supply issues helped keep commodity prices up. Some of the fund's smaller capitalisation shares have also started to recover, reversing some of the negative performance seen since the beginning of the year. Examples would be Kap and Super Group, industrial stalwarts with strong positioning within their sectors. During the past quarter, they rebounded by 60% and 40% respectively. And that leaves both companies still trading at less than half of book value. These are valuation levels not seen since the Global Financial Crisis. We believe that the sharp rebound in their share prices is reflective of the underlying value that these counters represent.

We took advantage of the weakness in the first quarter to add to Prosus, when its discount to its underlying portfolio had widened to excessive levels. Central banks across the world have responded to the Covid crisis with massive fiscal stimulus. We expect this to lead to a cyclical upturn in the months ahead and have added to diversified mining counters. Harmony was another addition as the current environment is also promising for gold shares. These purchases have all outperformed the market since acquisition.

The past 12 months have been disappointing but the strong rebound in the second quarter has confirmed that the Old Mutual Flexible Fund is now well positioned for the months ahead. We believe that the portfolio is appropriately diversified with an attractive portfolio of cheaply priced defensive investments and cyclical stocks geared to a global economic recovery.

Source: Old Mutual Investment Group as at 30/06/2020

FUND COMMENTARY AS AT 30/06/2020

In an extraordinary reversal of the previous quarter, global markets have rebounded from one of the fastest crashes of all time, with one of the fastest recoveries of all time. So while equities are still down a little bit year to date (YTD) there are a number of big winners. These are typically growth and technology orientated names, exemplified by the NASDAQ, which is up 12% in 2020. This rally has been delivered against the backdrop of the worst macroeconomic slowdown in living memory and more than 0.5m people dying from Covid-19. The reason markets have gone up is because policymakers have gone all in. On the fiscal side, the average budget deficit is forecast at 14% of GDP, while on the monetary policy side there have been more than 149 rate cuts this year.

South Africa has been no exception, with our Supplementary Budget released in June forecasting a deficit of 15.7%. The South African Reserve Bank (SARB) has slashed rates by 275 basis points (bps) this year, taking the repo rate down to 3.75%, the lowest level since the

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: 9301/002/60/7

ISIN CODES: **Class A** ZAE000097440
Class B1 ZAE000171104

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 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.

Total Expenses (Incl. Annual Service Fee) (31/03/2020)	36 Months			12 Months		
	Class A	Class B1*	Class R	Class A	Class B1*	Class R
Total Expense Ratio (TER) Incl. VAT	1.64%	1.24%	1.29%	1.64%	1.24%	1.29%
Transaction Cost (TC)	0.13%	0.13%	0.13%	0.12%	0.12%	0.12%
Total Investment Charge	1.77%	1.37%	1.42%	1.76%	1.36%	1.41%

* Please note: The Class B1 fund is 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 Email 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 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 31 July 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.

Issued: August 2020