



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: R2.5bn

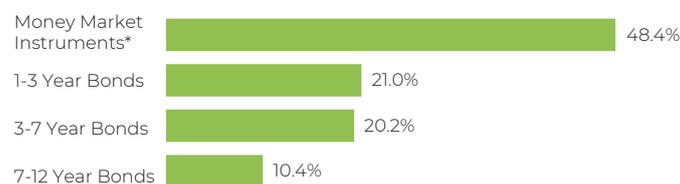
DISTRIBUTIONS: (Quarterly)*

Date	Interest	Yield	Total %
31/03/2019	2.24c	7.88%	1.78%
31/12/2018	2.28c	7.43%	1.81%
30/09/2018	2.34c	7.40%	1.86%
30/06/2018	2.32c	7.41%	1.85%

* Class R fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



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

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)	8.0%	8.7%	7.6%	7.2%	7.5%	11.3%
Fund (Class B1) ²	8.1%	8.9%	7.8%	-	-	-
Benchmark*	6.8%	7.9%	7.4%	6.9%	7.0%	11.3%

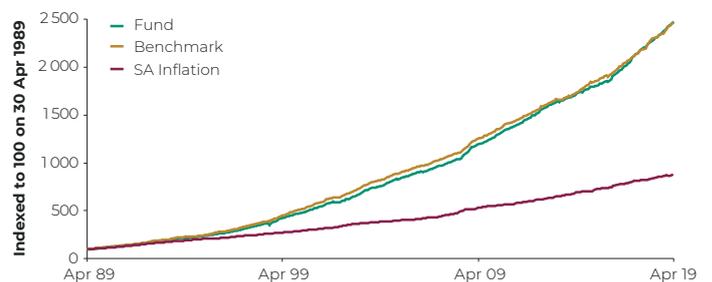
¹ Performance since inception of the fund.

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)	27.8%	11.3%	3.5%

Performance Since Inception



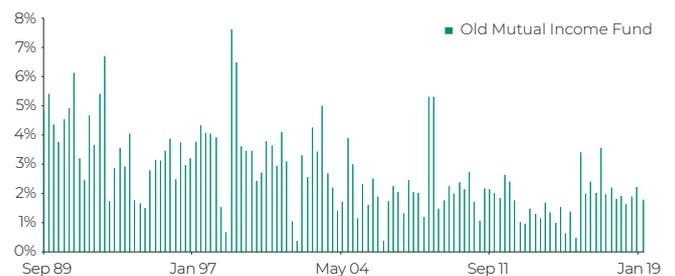
Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-5.0%
Months to Recover	2
% Positive Months	95.6%
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 31/03/2019

HOLDING	% OF FUND
R186 10.5% 21/12/2026	8.4%
R212 2.75% 31/01/2022	2.2%
SBS55 FRN 12/06/2022	1.7%
IDCG03 8.34% 22/10/2020	1.5%
LBK23 05/09/2022	1.5%
GRT08 FRN 24/06/2019	1.4%
COJ05 12.205% 05/06/2023	1.4%
FRJ23 FRN 31/07/2023	1.4%
LBK11 9.62% 28/11/2019	1.3%
FRJ22 FRN 07/03/2022	1.2%



FUND MANAGER INFORMATION



WIKUS FURSTENBERG |
PORTFOLIO MANAGER

- MCom (Economics)
- 23 years of investment experience

the form of Eskom) have come home to roost and this required more than the usual liquidity provision. Addressing solvency is an entirely different matter – requiring more than simply kicking the can down the road via more liquidity bail-outs.

On the monetary policy front, we maintain our view that, following the repo rate increase in November 2018, the South African Reserve Bank will remain hostage to the opposing forces of a lacklustre economic growth outlook and limited upside risks to inflation in light of the strong disinflationary environment. For now, this suggests a stable policy path combined with a central bank that will keep warning of their response to the threat of higher inflation outcomes. The underlying domestic disinflationary trend and the risks to the global growth outlook should not be ignored. On balance, the risk to the stable repo rate outlook is still skewed to the upside, but our base case remains for a stable repo rate.

The recent bull rally, combined with renewed concerns about the fiscal state, convinced us to reduce risk into bouts of market strength. In doing that, we endeavour to strike a balance between avoiding capital loss (in the case of a market sell-off) and losing out on the accrual offered by a steeply sloped yield curve. We have also considered the fact that nominal bonds are currently trading at an attractive real yield of around 4%. So, while our broad interest rate investment strategy remains defensive, the modified duration variance of -0.60 is still some way off the maximum allowed position of -1.0. Real yields have retraced sufficiently to entice us to close some of our underweight positions.

The fund outperformed the benchmark on a net of fee basis for the 12-month period to the end of March 2019. The overall defensive modified duration position and accrual from higher-yielding, low modified duration variable rate bonds were the main positive contributors to performance over the past 12 months, when both nominal and inflation-linked bonds underperformed cash in a significant way.

The fund is still conservatively positioned. In terms of interest rate risk, this is demonstrated by its total modified duration position, currently at just more than half of the maximum allowed mandate limit of 2.0. This is due to the fact that the fund has a 43% exposure to variable rate bonds at an average modified duration of 0.06, while the holding of fixed rate instruments with a term to maturity shorter than 13 months is also relatively high, at 34%. The single biggest trade during the first quarter of this year was an increase in the holding of 12-month bank fixed rate deposits offered at levels varying between 8.0% and 8.3%.

Looking forward, we will continue to look for investment opportunities in low duration variable rate notes and 12-month bank fixed deposits in order to enhance the fund's average yield, but with negligible interest rate risk. Although the inflation outlook remains benign, inflation-linked bond yields have continued to drift upwards, thereby increasing their relative attractiveness to cash, in particular. We are of the view that the local bond market is getting ahead of itself and this offers an opportunity to reduce the current R186 (maturity 2026) holding.

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

FUND COMMENTARY AS AT 31/03/2019

Our main concern with regard to the SA bond market remains the strong link between lacklustre economic growth and the lack of fiscal consolidation – or more specifically, Government's rising debt burden as a consequence of the lack of fiscal consolidation. This debt burden continues to threaten the country's sovereign risk profile and places pressure on domestic funding costs. In addition, the risk of a failed economic recovery has certainly not dissipated. Even when accounting for the rebound in GDP growth of 2.6% and 1.4% in the third and fourth quarters of 2018, respectively, the underlying economy remains structurally weak, with growth for the 2018 calendar year an uninspiring 0.8%. A weak economy calls into question the quality of tax revenue collections and the health of the tax base, which, in turn, keep the risk of a budget deficit overrun at elevated levels. The financial burden of poorly managed state-owned enterprises on state finances has reached a point where the delivery of a credible National Budget was near impossible in the absence of substantial remedial action. The proverbial chickens (mainly in

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. Old Mutual Income Fund A3 may pay 0.50% (excl. VAT) of its annual service fee of 1.25% (excl. VAT) as an ongoing adviser fee.

TAX REFERENCE NUMBER: 9430/004/60/7

ISIN CODES:	Class R	ZAE000020822
	Class B1	ZAE000174132

Total Expenses (Incl. Annual Service Fee)	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%	-	-
Total Investment Charge	0.89%	0.72%	0.88%	0.71%

* 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.omut.co.za Email 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.omut.co.za 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 30 April 2019. 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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