



OLD MUTUAL MODERATE BALANCED FUND

APRIL 2019

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to achieve long-term inflation-beating growth from an actively managed investment portfolio with a moderate balanced nature. The equity exposure will be commensurate with the exposure typically displayed by multi-asset medium equity portfolios.

WHO IS THIS FUND FOR?

This fund is suited to investors wanting moderate long-term growth with less volatility in the short term than typical multi-asset high equity funds. The fund is suitable as a stand-alone retirement investment.

INVESTMENT MANDATE

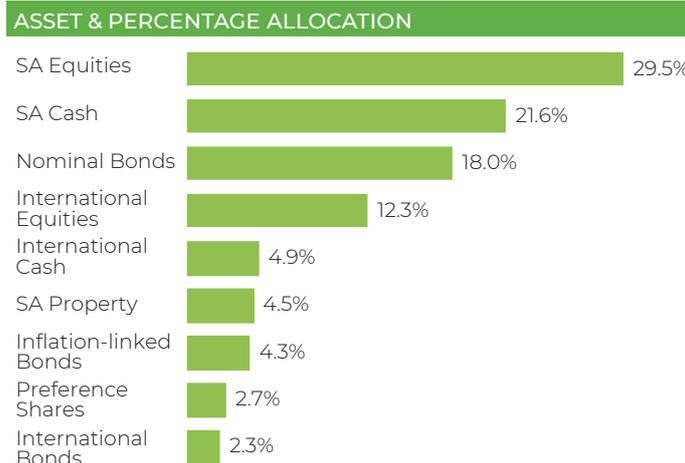
The fund is exposed to all sectors of the market (shares, bonds and property) with a maximum of 60% exposure to equities and may gain exposure to foreign assets up to a maximum of 30% of its portfolio (with an additional 10% for African ex-SA investments). Derivatives may be used for efficient portfolio 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 + 3% to 4% p.a. (net of fees)			
Performance is targeted over the recommended minimum investment term and is not guaranteed.				
ASISA CATEGORY:	South African – Multi-Asset – Medium Equity			
FUND MANAGER(S):	John Orford & Alida Jordaan (Old Mutual Investment Group – MacroSolutions)			
LAUNCH DATE:	02/02/2015			
SIZE OF FUND:	R636m			
DISTRIBUTIONS: (Half-yearly)*				
Date	Dividend	Interest	Total	Total %
31/12/2018	0.94c	3.09c	4.03c	1.88%
30/06/2018	0.86c	2.75c	3.61c	1.64%
* Class A fund distributions				

FUND COMPOSITION



FUND PERFORMANCE AS AT 30/04/2019

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	4.9%	6.4%	-	-	-	5.6%
Fund (Class B1) ²	5.3%	6.8%	-	-	-	6.0%
Benchmark*	4.5%	4.8%	4.9%	5.2%	5.2%	5.3%

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

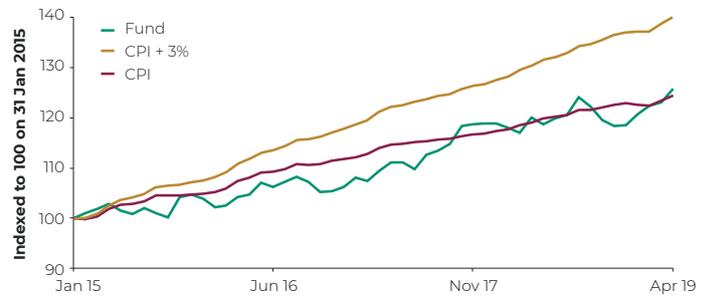
¹ Performance since inception of the fund.

² 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)	12.7%	5.4%	-0.2%

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-4.6%
Months to Recover	6
% Positive Months	64.7%
Annual Standard Deviation	4.9%

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

PRINCIPAL HOLDINGS AS AT 31/03/2019

HOLDING	% OF FUND
R186 10.5% 21/12/2026	5.2%
R2035 8.875% 28/02/2035	4.0%
R2032 8.25 31/03/2032	3.6%
R2030 8.00% 31/01/2030	3.0%
Naspers Ltd	2.8%
R212 2.75% 31/01/2022	2.0%
Sasol Ltd	1.9%
British American Tobacco	1.5%
Glencore Plc	1.3%
Nedbank Group Ltd	1.3%

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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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

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.

Over the past year, the fund returned 5.2%, which was ahead of inflation but below the fund's real return target. It is well ahead of its peers over the past three years. During the quarter, the fund's positions in global and local equities and local government bonds benefited its performance. Rand-hedge shares led the JSE higher, with the fund benefiting from its exposure to Quilter, British American Tobacco, Naspers, Bidcorp and Richemont, all of which performed well. Locally oriented companies generally fared worse during the quarter, with the fund's positions in Pepkor, KAP Holdings, Omnia and Super Group detracting from performance. Exceptions to this trend were Capitec among the larger companies, and Raubex and MPact among smaller companies, which performed well, and this benefited the fund's performance.

The fund took advantage of the strength in global markets during the first quarter to reduce our exposure to global equities, specifically the US equity market.

On the back of strong economic performance, US companies have enjoyed booming profits and its equity market has outperformed the global equity market. However, looking forward, we expect the US economy to slow, which will be negative for corporate profitability. Given elevated valuations compared with the rest of the world, we expect US equities to underperform global equities over the next few years.

In contrast to the US, the South African economy has endured a sustained period of weak performance. This is reflected in the rand depreciating by 22% against the US dollar over the last year, high local bond yields and very weak operating performance by many local companies. However, we feel a lot of the bad news is in the price of local assets. Ten-year government bonds, for example, yield about 9%, which is well above our expectation for inflation of 5% a year over the medium term. Looking forward, we expect domestic conditions will gradually improve. Consequently, we see opportunities in local assets, particularly local fixed income, but also selectively in local equities. As such, our portfolio is overweight to local assets compared with global assets. Within our local equity holdings we used share price weakness during the quarter to add to companies like KAP Holdings, Omnia and Super Group. We believe these companies will enjoy improving conditions and that, at current price levels, they are undervalued. By the same token, we trimmed Capitec and Quilter at expensive levels. We are cautious on the outlook for local property and have reduced our exposure to the sector over the past year. What we do own in the sector offers attractive forward yields.

We cannot predict the short-term movement in asset prices, but believe the portfolio is a well-balanced mix of growth assets (about half of the portfolio), high-yield local fixed income assets (just over 44% of the portfolio) and offshore fixed income assets (about 6% of the portfolio), which don't offer much in the way of yield, but do provide currency diversification.

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

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

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.

EXIT FEE:

Old Mutual Unit Trusts will charge an exit fee of 2.30% if exiting within 2 weeks of entry and reserves the right to charge this fee if exiting within 6 months of entry. The exit fee will not apply to investments in the fund via the Old Mutual Unit Trusts Tax-Free Investment.

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: 1501/123/18/4

ISIN CODES:	Class A	ZAE000194973
	Class B1	ZAE000194981

Total Expenses (Incl. Annual Service Fee) (31/12/2018)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.73%	1.33%	1.65%	1.25%
Transaction Cost (TC)	0.19%	0.19%	0.13%	0.13%
Total Investment Charge	1.92%	1.52%	1.78%	1.38%

* 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. The TER and TC cannot be determined accurately for the funds that are less than one year old. Calculations are based on actual data where possible and best estimates where actual data is not available.

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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.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.
- 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 30 April 2019. 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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