



FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to provide an income that grows in line with inflation, while sustaining the level of capital over time and minimising any losses over a 12-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 can accept a lower initial income in return for the expectation of inflation-matching growth in income over the recommended investment term, while maintaining the value of their capital. It is suitable as a low-risk investment in retirement.

INVESTMENT MANDATE

The fund invests in the full spectrum of fixed interest investments. The fund may invest up to 25% of its portfolio in selected listed property shares and up to 10% in equities. The fund 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 + 1% to 2% p.a. (net of fees)
Performance is targeted over the recommended minimum investment term and is not guaranteed.	
RISK OBJECTIVE:	The fund aims to protect capital over 12 months.
ASISA CATEGORY:	South African – Multi-Asset – Low Equity
FUND MANAGER(S):	John Orford & Zain Wilson (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	01/04/2006
SIZE OF FUND:	R5.4bn

DISTRIBUTIONS: (Quarterly)*

Date	Dividend	Interest	Total	Total %
31/03/2019	0.18c	3.92c	4.10c	1.45%
31/12/2018	0.19c	4.30c	4.49c	1.59%
30/09/2018	0.43c	4.30c	4.73c	1.68%
30/06/2018	0.26c	4.24c	4.50c	1.60%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
SA Cash	56.9%
Nominal Bonds	17.0%
Inflation-linked Bonds	8.2%
SA Property	6.0%
International Bonds	5.6%
Preference Shares	3.3%
SA Equities	3.0%

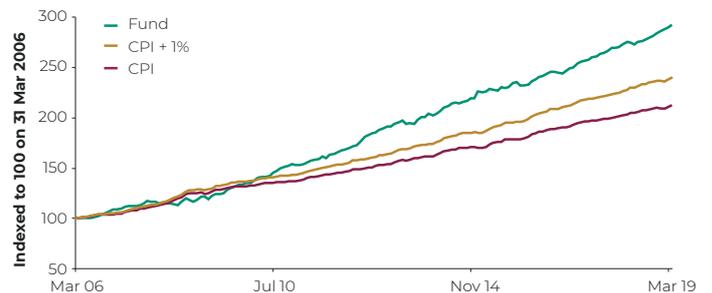
FUND PERFORMANCE AS AT 30/04/2019

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	6.3%	7.1%	6.9%	7.9%	8.9%	8.6%
Fund (Class B) ²	6.8%	7.6%	7.4%	8.4%	9.4%	8.9%
Benchmark*	4.5%	4.8%	4.9%	5.2%	5.2%	5.9%

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)	15.4%	8.7%	-0.7%

Performance Since Inception

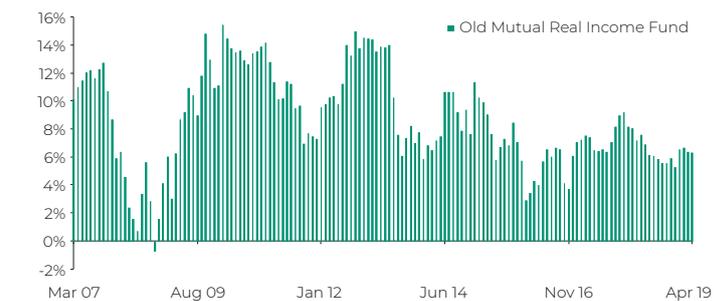


Past performance is no indication of future performance.

Risk Statistics (Since Inception)	
Maximum Drawdown	-3.6%
Months to Recover	3
% Positive Months	79.6%
Annual Standard Deviation	3.2%

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

Risk Objective: Capital protection over 12 months



PRINCIPAL HOLDINGS AS AT 31/03/2019

HOLDING	% OF FUND
R186 10.5% 21/12/2026	5.8%
R212 2.75% 31/01/2022	5.1%
IDCG03 8.34% 22/10/2020	2.6%
Development Bank of SA	2.0%
R197 5.5% 07/12/2023	1.7%
AHF3A3 FRN 18/04/2019	1.7%
British American Tobacco	1.2%
SBS25 8.87% 24/05/2019	1.1%
DVF19 FRN 31/05/2019	1.1%
Zambezi Platinum RF Ltd	1.1%



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



ZAIN WILSON |

PORTFOLIO MANAGER

- BBusSc Economics, CFA
- 5 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.

Fund returns exceeded domestic cash and property for the quarter, but lagged bonds, as the latter benefited from a global environment supportive for interest rates. Over the past year, the fund returned 6.4%, ahead of inflation and in line with the fund's target CPI + 1-2% net of fees.

While performance beat most core domestic asset class returns over the year, including property's -5.7% (SA Listed Property Index) and nominal bonds' 3.4% (JSE All Bond Index), it was unfortunately behind cash's 7.2%.

Our long-term history of domestic asset classes, since 1925, tells us that this occurs, on average, once a decade – with weak growth and a lack of inflation pressures characterising our domestic environment. However, the past 12 months have also seen political

change and evidence of improved governance. With domestic yields, adjusted for inflation, already high in a global context, we expect these changes to help stabilise rates and underpin the rand – but this will take time to translate into better growth, and with it growth asset performance.

As such, the fund's strategy remains one of locking in a diversified portfolio of domestic yield. Current offshore exposure in the fund is below average. The core of the fund remains invested in high quality fixed income assets, with a fund duration of one year. The latter is in line with our benchmark. Given our view of stable interest rates over the horizon, changes in the duration will be dictated by price, and in response to the markets' over-/under-enthusiasm against our expected path in yields. As we stand today, we think the local bond market is getting ahead of itself and further strength offers an opportunity to reduce the current R186 (maturity 2026) holding.

Growth asset exposure in the fund is lower than we would expect to hold through time. As domestic inflation remains benign and profits scare, the fund's holdings are focused on assets offering a competitive yield where we have good earnings visibility. With property prices declining in 2018, the asset class now offers yields higher than domestic bonds for the first time in a decade. However, differentiation is warranted. We have reduced our exposure to the retail sector, where we expect excess supply to drive below-inflation distribution increases, while maintaining our holdings in A-shares.

While we expect asset prices to fluctuate over the short term, we believe the fund is well positioned to deliver to our clients' objective. The average yield of the fund is 8.3%, comfortably above our inflation expectations of 5%. Growth asset exposure within the fund is low enough to maintain the capital preservation mandate of the fund, while providing diversification to the portfolio.

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.

ONGOING

	Class A	Class B1*
Annual service fees (excl. VAT)	1.20%	0.80%

* 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: 9004/554/17/7

ISIN CODES:	Class A	ZAE000076493
	Class B1	ZAE000076501

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	1.41%	0.95%	1.40%	0.94%
Transaction Cost (TC)	0.05%	0.05%	0.03%	0.03%
Total Investment Charge	1.46%	1.00%	1.43%	0.97%

* 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.

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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.
- 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).

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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