



OLD MUTUAL MAXIMUM RETURN FUND OF FUNDS

FEBRUARY 2019

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to generate the maximum possible investment return over a long-term investment horizon.

WHO IS THIS FUND FOR?

The fund is suitable for investors requiring long-term growth and who appreciate the nature of this worldwide flexible fund of funds, and who are able to accept the return volatility likely to be associated with its objective of maximising returns.

INVESTMENT MANDATE

The fund of funds invests primarily in a selection of Old Mutual Group collective investment scheme portfolios offering exposure to South African and international assets. While the primary focus is on shares, nothing prevents the fund manager from gaining exposure to bonds, listed property, cash or other asset classes in order to maximise long-term growth. There is no minimum or maximum that the fund must hold in South African or international assets. Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund aims to offer exposure to a specific asset class. It holds a higher allocation to both international assets and equities than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

BENCHMARK*: 60% FTSE/JSE Capped Shareholder Weighted Index, 35% MSCI All Country World Index, 5% STeFI Composite Index

* Please note: The benchmark changed to this composite index effective 1 July 2017.

ASISA CATEGORY: Worldwide – Multi-Asset – Flexible

FUND MANAGER(S): Peter Brooke & Arthur Karas
(Old Mutual Investment Group – MacroSolutions)

LAUNCH DATE: 01/07/2013

SIZE OF FUND: R824m

DISTRIBUTIONS: (Annually)*

Date	Dividend	Interest	Total	Total %
31/12/2018	0.65c	0.93c	1.58c	0.51%
31/01/2018	0.81c	1.81c	2.62c	0.81%

* Class A fund distributions

FUND PERFORMANCE as at 28/02/2019

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	2.7%	4.6%	7.2%	-	-	9.4%
Fund (Class B) ²	3.1%	5.0%	7.5%	-	-	9.8%
Benchmark*	3.0%	7.2%	8.8%	13.5%	15.6%	11.5%

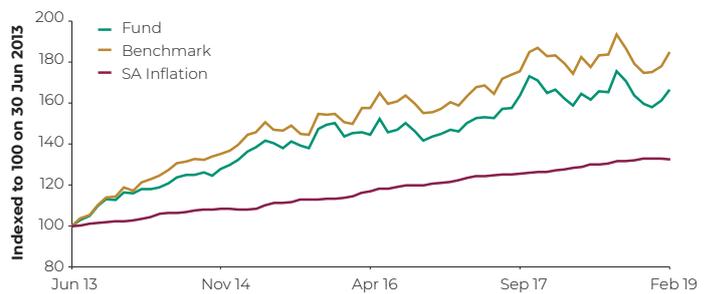
¹ Performance since inception of the fund.

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)	23.6%	8.6%	-6.7%

Performance Since Inception



Past performance is no indication of future performance.

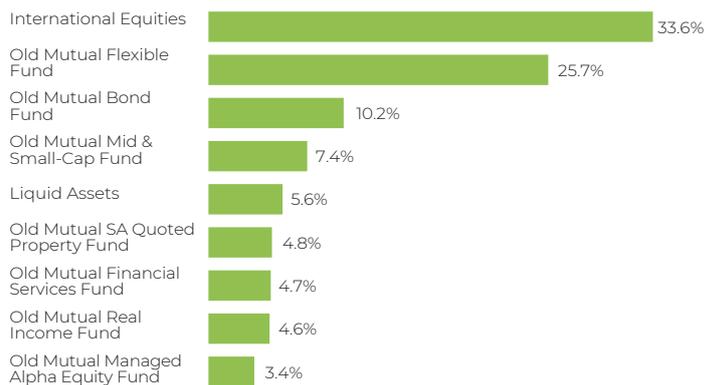
Risk Statistics (Since Inception)

Maximum Drawdown	-10.1%
Months to Recover	N/A
% Positive Months	61.8%
Annual Standard Deviation	8.6%

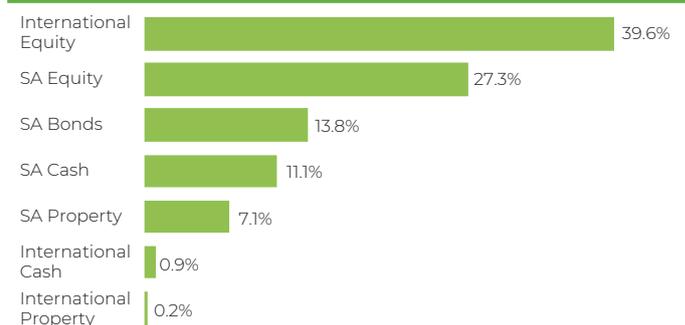
Risk statistics are calculated based on monthly performance data from inception of the fund.

FUND COMPOSITION

UNDERLYING FUNDS



ASSET CLASS EXPOSURES



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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FEBRUARY 2019

FUND MANAGER INFORMATION



PETER BROOKE |
PORTFOLIO MANAGER

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



ARTHUR KARAS |
PORTFOLIO MANAGER

- BCom, CFA
- 27 years of investment experience

Drug Administration (FDA) versus British American Tobacco, the unravelling of the Steinhoff debacle and MTN's Nigeria woes for this outcome. While each of these likely weighed on investor sentiment, the underlying issue as we see it was the withdrawal of global liquidity, primarily through the US Federal Reserve (the Fed) unwinding quantitative easing and raising short-term interest rates. The reason for the Fed taking this action is understandable – the US economy was growing rapidly, unemployment was falling to very low levels and they needed to manage the risk of their economy overheating, which, if left unchecked, would likely lead to a hard landing in the years ahead. With the benefit of hindsight, investors were ill-prepared for the change in liquidity conditions. In addition, the valuation underpin for many assets has disappeared in recent years – it's easier for expensive assets to fall when conditions become less favourable.

Locally, the initial bout of Ramaphoria fizzled out fairly early in the year as it dawned on the market that South Africa's recovery was perhaps a bit further out than expected. While Cyril Ramaphosa was able to move swiftly early in the year, it is near impossible to undo the damage of the past decade in a few short months. This realisation, combined with global concerns, tighter liquidity and stock-specific news, saw increased volatility in local assets. Many of the local equity market heavyweights fell sharply in the year. For instance, Naspers was down 16%, Richemont was 14% lower and British American Tobacco fell 40%. Property, a much-loved asset class in recent years, experienced poor performance, even after adjusting for the Resilient fall-out. It wasn't all bad news though. Following the pullback caused by the Viceroy report, Pepkor and Capitec were

amongst the better performers. Local bonds held up well despite uncertainty around land reform and, more recently, Eskom.

The Old Mutual Maximum Return Fund of Funds has the highest return target in our range of asset allocation funds and, as such, can have a very high exposure to equity. It has a strategic benchmark of 95% in equity, which is a rule of thumb for the average exposure in growth assets. Therefore, weak equity markets will result in negative returns in the short term. However, as this is a multi-asset class fund, it can protect investors by switching some of its equity into cash. We did this during 2018, mainly through selling global equity, which had performed well. We brought this money back to South Africa and bought small capitalisation shares, which had already performed badly. We also bought South African bonds, which offer a high real yield. The net result of these trades was that we were underweight growth assets (equity) by 15% at the end of the year.

This active asset allocation is a key tool to help us deliver better long-term returns and certainly helped protect the fund from the worst of the fall. With the benefit of hindsight, we should have done more selling. However, our job is to look forward and the news is getting better. We have recently increased our expected long-term, real returns. The upgrade has been driven by cheaper valuations. This bodes well for future returns. Over 2019 you can expect us to start using the fund's interest-bearing assets to buy back into equity markets, to take advantage of the sell-off. This will create the potential for much better returns going forward.

Source: Old Mutual Investment Group as at 31/12/2018

FUND COMMENTARY as at 31/12/2018

Investors experienced very low volatility in the years leading up to 2018, but market action in 2018 has shaken them out of that comfort zone. The year started off well enough, with global equities up nearly 5% in US dollars in January 2018, but there was little to celebrate from that point on as wave after wave battered risk assets. Global equities ended the year 9% down in US dollars, while local equities were 11% lower in rand terms and the rand weakened 16% against the US dollar.

Many would fault rising trade tensions, Chinese growth slowing, country-specific crises (such as what we observed in Turkey and Argentina) and stock-specific problems (such as the US Food and

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: 9543/989/16/5

ISIN CODES:	Class A	ZAE000178703
	Class B1	ZAE000178711

Total Expenses (Incl. Annual Service Fee)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.94%	1.54%	1.89%	1.49%
Transaction Cost (TC)	0.10%	0.10%	0.11%	0.11%
Total Investment Charge	2.04%	1.64%	2.00%	1.60%

* 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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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.
- A fund of funds is a portfolio that invests in other funds which levy their own charges, which could result in a higher fee structure for the fund of funds.
- 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 28 February 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.

Trustee: Standard Bank, PO Box 54, Cape Town 8000. Tel: +27 21 401 2002, Fax: +27 21 401 3887.

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