Financially Talking

September 2011

ELECTRONIC EDITION

Overcoming the inflation challenge

INSIDE:

- Taming the inflation giant
- One size does not fit all
- Take a new look at equities
- Pay yourself first

OLD MUTUAL

Taming the inflation GIANT

Pieter Hugo
Managing Director of Old Mutual Unit Trusts

In my job I have the benefit of seeing what many investors do and I strive to understand what drives their decisions. Two of the biggest challenges they face are making sure:

- their investments produce inflation-beating returns (otherwise they literally move backwards and would've been better off spending the money); and
- they have enough exposure to growth assets in order to provide them with a calculated chance of achieving their investment goals.

Most often an investor's biggest obstacle to achieving both of these objectives is their own aversion to exposing their hard-earned money to the risk of losing any of it over any given period, typically the shorter term.

But it is worthwhile to bear in mind that any form of significant or worthwhile growth requires a bit of a stretch. Whether you are studying for a degree or training for a marathon, you need to step out of your comfort zone and push your limits in order to achieve your goal.

The same goes for investing: to get solid, inflation-beating returns in your portfolio over the long term, you need to take on more volatility risk than you may feel comfortable with. This is because the medium-term picture is likely to be very different to that of the past decade.

Retirement investing has changed

Traditionally, investors, such as retirees and those nearing retirement, would reduce equity in their portfolios and increase exposure to investments that offer protection from market volatility and, once retired, they would draw an income from these investments.

Today people generally retire earlier and live longer. The net effect of this is that the time they spend in retirement, living off their investments, is much longer; while the time spent building those investments is shorter due to the reduced time spent earning an income.

So we are faced with a paradox in that it is now risky to be risk averse. Clearly the same recipe used by investors in the past may not deliver the same success as it did in the past, and one needs to consider alternative solutions; these would include investments with a higher exposure to growth assets like equities (shares), which also offer the benefit of some inherent inflation protection.

In addition, we need to consider the possibility that the risk of inflation eroding the real (after-inflation) value of these investments is equal to, or may even outweigh, the risk of negative performance in the equity (share) markets – especially if we account for increased longevity.

The general consensus among investment experts is that we are now in a low-return world. It is therefore important to understand that we are going to get less performance across asset classes than we have been accustomed to in the past. This challenge is exacerbated by the prospect of low interest rates coupled with rising inflation. This combination is putting a squeeze on the real returns investors can expect.

Is your portfolio positioned correctly?

Savvy investors should be aware of the nuances of inflation. While government, unions and asset managers all use the official consumer price inflation (CPI) figure as a handy point of reference, the reality for individuals is that there is no such thing as one inflation figure, because we consume different things in different amounts according to our life stage and economic status. Thus each individual has a different, personal inflation "basket". On page 3 Johann Els, an economist with Old Mutual Investment Group SA (OMIGSA), takes an in-depth look at inflation, with a particular focus on its reality for retirees. In short, despite the fact that most retirees bank on retiring debt free, many forget to plan for the fact that they are faced with a higher inflation rate – which means that they need a higher growth rate in order to sustain their income level.

As you can see, the convergence of low interest rates and high inflation does not bode well for investors who have money saved in bank accounts, or are overexposed to money market and fixed income investments. Not only is the level of interest income they are earning low, but the purchasing power of both their income and capital will be eroded by inflation.

While there is no denying the important role that our money market and fixed income investments play in providing volatility protection, liquidity and income payouts, we should give some serious thought to the implications that inflation and interest rates have on our investment portfolios, and our retirement savings in particular.

If you consider the facts above, it must be clear that if you are heavily invested in the money markets, you should consider alternatives. I'm not suggesting that you move from a low-risk investment into a pure equity fund, but there are many unit trusts that offer combinations of volatility protection, regular income and growth, or simply manage

risk better by investing across all asset classes (money market, bonds, property and equity) with targeted outcomes for clients. This means that you will be exposed to more opportunity while being protected from the risk associated with being exposed to only one asset class.

Another important weapon in our investment arsenal is dividend-yielding equity. Dividends play a dual role by helping us overcome the erosive effect of inflation and boosting income – and the best part of this is that dividend income is tax free in the hands of investors. Feroz Basa of Value Equity Investments discusses this in more detail in his article 'Take a new look at equities' on page 5.

Funds to consider

Our range of asset allocation unit trusts offers the risk benefits of diversification as well as exposure to dividend-yielding equities. Managed by the experienced team at Macro Strategy Investments, these are 'solution' funds; this means that they are designed to achieve specific return targets, and some have built-in protection to meet specific risk requirements. In addition, most of them are managed in line with Regulation 28 of the Pension Funds Act, making them ideal to include in a retirement portfolio.

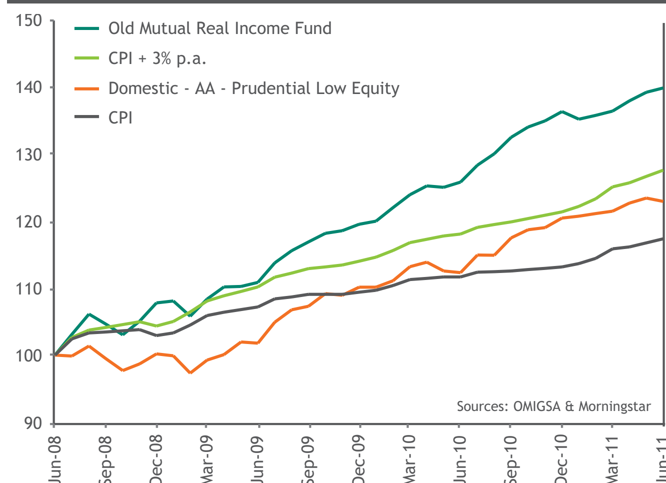
Old Mutual Real Income Fund, aimed at cautious investors, targets inflation + 3% p.a.. It has become very popular over the past year and now is over R1.5 billion in size, proving that it meets the real needs of many investors who are awake to the twin challenges of the need for protection *and growth* previously outlined.

A best-of-all-worlds investment, it offers capital growth and dividend income – through a maximum 35% exposure to equity and property – while income and volatility protection are achieved through expertly selected exposure to fixed-income assets.

Not only does this fund do a good job of delivering on its mandate but, on a relative basis, it has been a regular top-quartile performer in the Domestic-Asset Allocation-Prudential Low Equity category, at lower volatility than its peers.

- Two years: ranks 8/58 funds, returning 12.4% p.a. vs the category average of 10.0% p.a. and CPI of 4.7%
- Three years: ranks 2/51 funds, returning 11.9% p.a. vs the category average of 7.6% p.a. and CPI of 5.5%
- Five years: ranks 3/31 funds, returning 9.6% p.a. vs the category average of 8.4% p.a. and CPI of 6.9%.

Old Mutual Real Income Fund, CPI + 3%, CPI and Domestic-Asset Allocation-Prudential Low Equity category, three years to 30 June 2011



For investors who require a more moderate level of income and seek to grow their capital slightly more aggressively, the Old Mutual Stable Growth Fund is a fund to consider, with a target of CPI + 4% p.a., while aiming to avoid losses over rolling 18-month periods.

A choice for investors who do not need an income from their investment and want moderate to high growth over the long term could be the Old Mutual Balanced Fund which targets CPI + 6%.

Please talk to your adviser or broker, and ask them which of Old Mutual's unit trusts will help you to meet your personal investment goals. Alternatively, visit www.omut.co.za and plan different investment scenarios with our newly revamped online tools to see how much you should be saving.

But remember, whether you choose from our Classic Investment Collection, a smart selection of funds designed to meet the lifelong needs of most investors, or from our full range of over 40 unit trusts, Old Mutual Unit Trusts has an appropriate solution to help you meet your needs.

Thank you for choosing to invest with us.

Inflation: one size does not fit all

Johann Els
Senior Economist

When it comes to planning for retirement, the length of time to retirement is often an investor's main focus. But, in reality, there are four factors that determine how comfortable your retirement will be: retirement capital, retirement income, capital growth and inflation. Your ability to use any one of these depends on your age and personal circumstances.

If you are young and have a longer time horizon, you can start investing more to accumulate more capital; if you *can* do this, I recommend that you do. However, those of us who are close to or already in retirement, most likely cannot change the value of our retirement capital, nor the monthly income we will require, which needs to increase annually in line with inflation.

What few people realise is the significant role that inflation (increasing prices) plays in the retirement equation. And although we have little or no influence over the *level* of inflation, we can plan to invest in appropriate solutions that can help us beat inflation over time. It is easy to *say* 'beat inflation', but harder to achieve in reality. This is because the official inflation figure is based on averages, and is therefore unlikely to reflect your personal experience of price increases.

So first you need to know what your own inflation rate is before you can reasonably know how and where to invest your money.

Inflation 101

According to Stats SA, inflation is the process of the continuous and considerable rise in prices *in general*. Put simply, it is the increase in the cost of living measured over a specified period of time and expressed as a percentage. This rise in prices erodes the purchasing power of your income over time, and you are not able to buy the same amount of goods or services with the same amount of money as you could in the past. And, because inflation continues year on year (y/y), you need to make sure your investments also outpace inflation on a continuous basis.

In South Africa, we measure the rate of inflation using international best practice via the consumer price index (CPI). This index is used to measure increases in the average price of a 'fixed shopping basket' of consumer goods and services over time, where each item carries a particular weight when it comes to determining the final figure. This basket is developed to be representative of the average South African household. The South African Reserve Bank (SARB) has identified an inflation band of between 3% - 6% as an acceptable yearly increase in the cost of living.

So, what's in our 'fixed shopping basket'?

The goods and services we find in the 'All Items' basket fall into the 12 categories listed in the table alongside and include: health (medicines, doctors, hospitals and medical aid contribution costs); housing; food and non-alcoholic beverages; utilities; transport; alcoholic beverages and tobacco; education; and communication. These items are weighted according to what the Stats SA survey finds as the average national weighting which represents how the average consumer spends his money.

Inflation: one figure… but we are not all the same

As mentioned, the compilation and calculation of the CPI is governed by averages and, while this may be handy for the authorities to help them govern macroeconomic factors, it is not necessarily a reflection of everyday reality for you and me. This is because none of us is average, and the price increase in your personal basket and mine may differ substantially, because we consume different things in different amounts.

This pattern may be quite pronounced for specific subsets of the population, and is well documented. For example, if you are a pensioner, you will be harder hit by medical costs and food inflation than the average weighting suggests, so any increase in the inflation rate for those specific items is likely to affect you more than it would a younger person.

Consider that as at 30 June 2011, the official inflation figure was 5%, and then have a look at figure 1. It depicts the current weighting per item in the 'All Items' basket, and also indicates their yearly price increases, i.e. what the cost was in June 2011 relative to the costs in June 2010.

FIGURE 1

	Weight (%)	y/y (%) change
All items	**100.0**	**5.0**
Education	**2.2**	**8.6**
Food	**14.3**	**7.3**
Housing and utilities	**22.6**	**6.8**
Actual rentals for housing	3.5	5.9
Water and other services	3.3	**9.3**
Electricity and other fuels	1.9	**19.0**
Alcoholic beverages and tobacco	**5.6**	**5.7**
Non-alcoholic beverages	**1.4**	**5.6**
Health	**1.5**	**5.4**
Transport	**18.8**	**5.2**
Vehicles	11.3	-0.9
Petrol	3.9	**21.4**
Miscellaneous goods & services	**13.6**	**4.2**
Clothing and footwear	**4.1**	**1.9**
Clothing	2.9	2.2
Footwear	1.2	1.0
Household contents and equipment	**5.9**	**1.5**
Restaurants & hotels	**2.8**	**1.1**
Communication	**3.2**	**-1.2**

Source: Stats SA

If you are in the market for a new car you are lucky, but just about everything else has gone up. The figures in red indicate substantial price increases, and the greater proportion of your monthly budget that is spent on these items, the higher your inflation figure is likely to be.

How this hits your pocket

As an individual, you will be able to identify areas where *your* personal basket will have a different weighting to that of the national average.

If you are still employed, did your after-tax annual increase from your employer compensate you for the actual price increases you have experienced? Or, if you are retired and increased your annual drawdown in line with the official inflation figure, do you have the same amount of cash in your pocket as last year? It is likely you either have had to cut some corners, or perhaps you are just managing to pay your bills. Figure 2 shows the yearly increase in inflation experienced by different demographic profiles to June 2011.

FIGURE 2

Consumer profile	Inflation rate June 2010	Inflation rate June 2011
National inflation figure	4.2%	5.0%
Poor & unemployed (more than half of expenditure: basics such as food, health and utilities)	2.7%	6.5%
Retired couple (half of expenditure: food, health & utilities; then insurance)	4.6%	5.7%
Blue collar worker (big basic expenditure + education + transport costs)	2.9%	6.2%
Average Joe (middle class 2.4 kids)	3.0%	5.9%
Wealthy home owner (luxury goods included in basket diminishes weight of more impactful items, therefore also lessens the gap apparent in the others.)	4.6%	4.7%

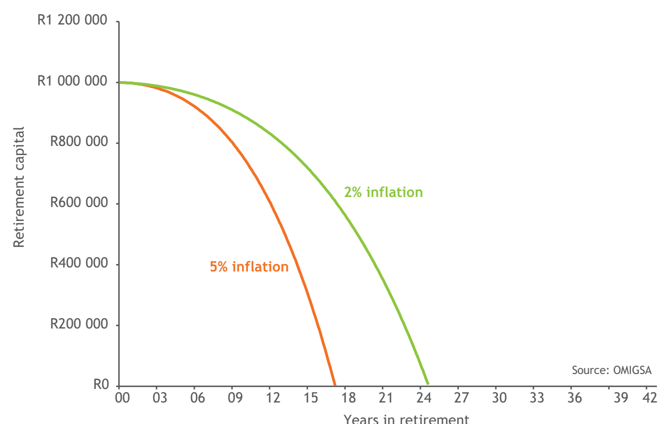
Source: OMIGSA/Stats SA

As you can see, the yearly differences are not negligible and need to be planned for. If you can, find some extra money to invest in an inflation-beating investment to help you keep the inflation monster at bay.

In retirement, if your capital is not growing faster than inflation and you continue to draw the same level of income, and prices keep rising as they do, the purchasing power of your income is diminished. Figure 3 clearly shows that inflation is a real threat. At retirement this investor wants to draw a monthly salary of R5 883 off a R1 million capital base that will grow at a rate of 7% annually, but is subject to two different inflation figures. Obviously the duration of your capital affects the sustainability of your retirement income.

The picture is then quite clear: the level of inflation dramatically impacts your ability to draw an income. As Pieter Hugo points out in his article on page 1, the argument is strong: you need to invest in assets that have the potential to give you a higher return over time… this is true in both the retirement planning phase (accumulation), as well as during retirement (decumulation due to income withdrawals).

FIGURE 3



Your power lies in the third link in the chain…

Growth. You have no way of beating inflation unless you invest with the sole aim of generating *high real investment returns in your portfolio* over your entire working life, and beyond.

Given that your retirement capital, your income needs and your inflation experience are what they are, and are unlikely to change (unless you are young enough to save more, or have huge expenditure on luxury items which you can cut), the shining light at the end of the tunnel is that you can make a difference where it matters – your level of exposure to growth assets.

Investing to inflation-proof your portfolio

So, when you select unit trusts to include in your portfolio, a key deciding factor should be by how much they aim to outpace your **personal** inflation figure, and not just the national average. This usually means that you need to be willing to take on additional risk through equity exposure. This need not be outrageous risk; by simply taking on a moderate amount of property and/or equity exposure in different amounts, you really can boost your growth, while still managing your protection and income requirements.

Pieter refers to some attractive options in his article, and I hope that I have convinced you to at least consider inflation-proofing your portfolio for the future.

Take a new look at equities

Feroz Basa
Joint Boutique Head of Value Equity Investments

Do you ever wonder why investment experts are always urging long-term investors to include equities in their portfolios, when equity markets are so volatile these days and seem to be very risky? Statistics tell us that most investors are in fact avoiding equities – they prefer to put their savings into money market and low-equity funds after having been scared away by the big market moves we've seen in the last couple of years.

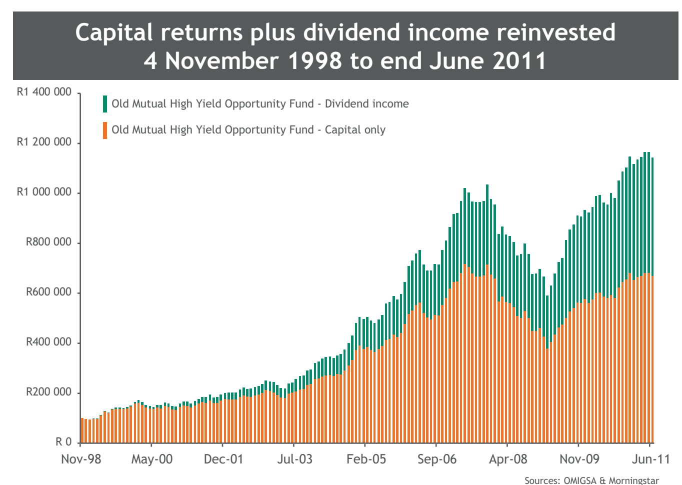
It's true that the market value of equity investments jumps around a lot from month to month, and it's extremely hard for investors to ignore a big short-term drop in this value. But what the investment experts know, and what investors aren't considering, are two important long-term investing principles:

1) the market value will eventually recover, because historically equities have produced positive returns and are the best-performing investments over the long-term; and

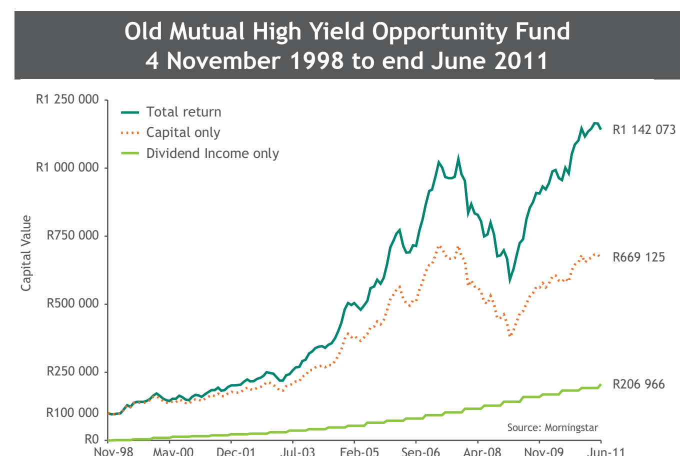
2) the dividends investors receive from their equity investments every six or 12 months provide a steady and growing stream of income that doesn't change with the market value. Dividends are a very powerful source of returns that investors often forget about in their panic over a fall in equity market values.

But portfolio managers would never overlook the important contribution of dividends to equity returns over time. Feroz Basa, joint portfolio manager of the Old Mutual High Yield Opportunity Fund, and who focuses on achieving high dividend yields in his portfolios, says, "Research shows that dividends have contributed over half of the total returns from the Johannesburg Securities Exchange (JSE) over 25 years. Funds that hold shares of high dividend-paying companies have defensive qualities that help them to perform well in uncertain market conditions. So, as an investor, you should always remember to look at an equity investment for both its dividend returns and its market value – the total return. This reflects the true power of equity investing. Also, this more holistic view can help you to better weather the ups and downs of the markets and, by avoiding panic and sticking with equities, increase your chances of getting inflation-beating returns over the long term."

The Old Mutual High Yield Opportunity Fund provides an excellent example of the powerful contribution of dividends to total equity returns over time. In the graph below, the value of the fund's dividend income (shown in green) is reinvested and added to the capital returns (orange) – it clearly represents an ever-growing proportion of total returns over time.



The second graph shows how dividend income from the fund has grown steadily over time (light green line), providing a consistent return. The capital return or market value (dotted line) has also risen strongly over the longer term, but experiences the ups and downs of the equity market. The fund's total return (dark green line) shows both dividend income and capital returns.



In fact, the graph shows how an investment of R100 000 at the time of the fund's start-up in November 1998 has already paid R206 966 in dividends (through 30 June 2011) – more than double the initial

Snippets

investment! If these dividends were reinvested, then with capital returns, the fund's total return would now be R1 142 073.

By contrast, the same R100 000 invested in an average SA money market fund*, which does not offer dividend income or the potential for capital growth, would have returned R323 752 in interest income over the same period, while capital would have remained constant. These returns would be further reduced by tax.

The strong returns from equity (represented by the Old Mutual High Yield Opportunity Fund) compare very favourably to money markets, although they are riskier. This makes it easy to see why the investment experts do encourage long-term investors to include equities in their portfolios, and why you should have equity exposure if your risk tolerance allows. As an equity investor, it can certainly help you to weather those unexpected market drops and stay invested for the long term by remembering that your total equity returns are underpinned by steady and growing dividend income over time, regardless of market moves.

So take a new look at equities for the long term. With two sources of returns, you'll like what you see.

* Source: Morningstar/Average fund return, Domestic Money Market category

OLD MUTUAL HIGH YIELD OPPORTUNITY FUND

Risk Rating: 4/5

Objective: The fund aims to deliver a high level of dividend income coupled with long-term capital growth. It does this by investing in fundamentally sound companies that have high dividend yields and good prospects for long-term growth.

Who should invest? This fund suits investors seeking a dividend income stream and long-term capital growth. Investors should be able to tolerate equity market volatility.

Performance: The fund is a top-quartile performer in the Domestic-Equity-General category over two, three and 10 years to 30 June 2011.

Market moves

As you are probably aware, the markets experienced a particularly volatile patch in August as the US was downgraded by the S&P Ratings Agency, and the debt woes in the Eurozone worsened. As a result many of us experienced a decrease in the value of our investment portfolios. However, history shows that periods of negative performance tend to be ironed out over the longer term. During times like these, it is therefore important to focus on your long term goals rather than market noise. It is also worthwhile bearing in mind that it is generally a good idea to buy in market dips as real value may be found.

Speak to your adviser or broker to ensure your current fund matches your long term financial needs, and about the possibility of identifying opportunities in the market. Perhaps consider topping up that debit order to reap potential rewards over the long term.

A GEM of an investment

We are excited at the prospect of offering you the chance to access global emerging markets through the Old Mutual Global Emerging Market Fund, which launched recently.

Managed by Anwaar Wagner, who previously managed the multi award-winning Old Mutual Mining & Resources Fund, this fund aims to deliver long-term capital growth by investing in a diversified portfolio of shares of companies either listed on emerging market exchanges or with a significant stake in emerging market countries.

So, if you want to target the high long-term growth inherent in emerging markets, and can tolerate equity and exchange rate volatility, this fund may be an exciting opportunity for you.

Preserve your retirement capital

Old Mutual Unit Trusts has rounded off its retirement product suite by adding two preservation funds. These are a great place to park your retirement savings should you change your job, and need to consider what to do with the proceeds of your investment in your previous employer's retirement fund.

Protect and grow *your retirement capital*

- **Affordable:** only pay for the unit trusts you select for your portfolio
- **Transparent**: no hidden costs
- **Convenient:** manage your portfolio online at www.omut.co.za
- **Flexible:** change your portfolio as your needs change
- **Liquidity:** access your capital

The preservation funds offer two options — a preservation pension fund that will accept transfers from other pension funds and a preservation provident fund for investors who are invested in the same.

These are unit trust-linked investments and allow you to structure a retirement portfolio to suit your investment time horizon and risk profile. Speak to your financial adviser or broker or visit www.omut.co.za for more information.

Pay yourself first: start a debit order; top up when you can

Sumayya Davenhill
Marketing Manager: Old Mutual Investment Group South Africa

Recent research by Old Mutual has again confirmed what many of us already know: South Africans are not saving enough. Finance Minister, Pravin Gordhan, confirms that government is also concerned about how the lack of savings is likely to affect economic growth going forward.

An enduring piece of financial wisdom is that the first thing you should do each month when you get paid, is invest a portion of your money in your unit trust portfolio or Old Mutual Unit Trusts Retirement Annuity Fund.

In so doing, you make sure that you have prioritised your investment portfolio before your salary has been spent on day-to-day items and luxuries. An easy way to do this is by setting up a debit order on your bank account as close to payday as possible. This way it is automatic and you don't have to think about it. After a few months you will not even notice the difference in your cash on hand.

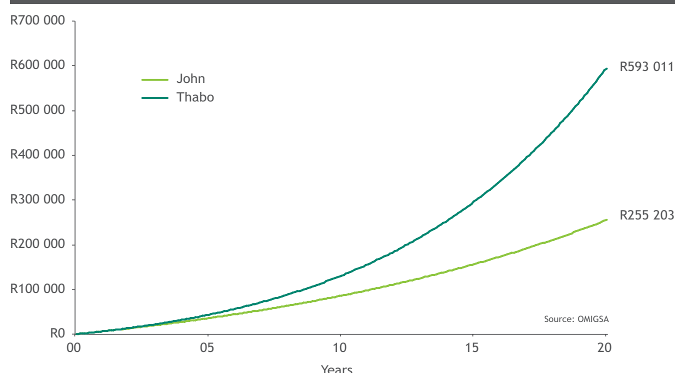
Monthly investments are a small sacrifice to pay for the financial rewards you reap over time. However, you also need to increase your monthly investments each year so that the growth in your portfolio outpaces inflation (the increasing cost of living).

For more information on this, read Johann Els's article on page 3. You can opt to automatically increase your debit order amount by a percentage of your choice on the anniversary date of your investment by indicating this on your Buying Form, or contacting your adviser or broker, or calling the service centre. Alternatively, you can do this online, so if you haven't already, register for access to your secure, online portfolio where you can manage your investment 24/7.

Boost your capital and benefit

The following graph shows two investments into a unit trust portfolio that grew at 7% per year over 20 years. John invested R500 a month, without increasing his investment amount annually, while Thabo started investing R500 a month at the same time as John, but chose to increase his monthly investment by 10% each year on the anniversary date of his investment.

Investment Amount: The boost you need



Over the 20 years, John's total investment amount was R120 000, while Thabo invested R343 650 over 20 years. Thabo's investment is now worth R593 011 which is a gain of R249 361. John's investment is now worth R255 203 which is a gain of R135 203.

After the debit order and your annual premium increase, one of the most powerful things you can do when it comes to generating more growth in your portfolio, is to boost your capital by investing extra amounts when you can – and remember that you can invest additional lump sums from as little as R500.

If you are not sure how much you need to save to reach your goals, we have a handy online tool that will help you develop a better idea of how much you need to invest to reach your goals. Go to the Old Mutual Unit Trust website, www.omut.co.za, and select "Invest" to access our "How much to invest" tool.

Speak to your financial adviser or broker or refer to our "Investing made simple" article for a range of options on how to contact us and make this happen. It is easier than you think and could all start with a simple phone call or email to our Service Centre. To help you build a clear picture of your current monthly investments, refer to the monthly investment tab we have inserted into your Infoslip. Taking charge of your investment future couldn't be easier.

Investing made simple

At Old Mutual Unit Trusts, we are committed to making your investment experience as easy and convenient as possible by providing you with a variety of ways to invest and manage your portfolio.

However, legislation and best business practice mean we will likely need to collect some information from you from time to time. For example, if we do not have your latest FICA documentation on record (for verification and identification purposes) or if you are a new client, you will therefore be required to submit supporting documentation, usually a copy of your ID book and a utility bill (e.g. a rates or telephone bill).

While there is no way around meeting requirements such as these, here is how we have tried to make interacting with us as hassle free as possible.

Telephonic transacting

Our Client Service Centre offers high-quality telephonic transaction and information services for new and existing investors. If you already have an investment with us, please have your account number handy when you call. Call us at 0860 234 234 between 08:00 to 17:00 during the week.

Web-based transacting

Online portfolio management

Transact and manage your unit trust investments online, 24/7, in a secure and user-friendly environment. If you are a hands-on investor and want access to your investments no matter where you are in the world, go to www.omut.co.za, select register and follow the easy steps. You can make new investments, switch between funds and even disinvest, all from the convenience of your own home. Normal transaction cut-off times apply.

Online application

If you would like to invest in a standard unit trust portfolio or into the Old Mutual Unit Trusts Retirement Annuity Fund for the first time, you can use our secure and easy-to-use online application process.

Simply go to www.omut.co.za and click on "Apply Online" on the right-hand side of the home page. You will be asked to select the product and then to fill in your details. Once the online process is complete, you will receive a declaration form via email. Sign and send it back to us (email or fax) along with the required supporting documents.

Form-based transacting

A variety of forms are available in English and Afrikaans on our website, www.omut.co.za, under Forms, or you can ask the Client Service Centre to email or fax you the form you need. When submitting forms and supporting documentation there are three ways you can do this:

- Complete, scan and email to: uttransactions@oldmutual.com
- Complete and fax to: 021 509 7100
- Drop off at your nearest Old Mutual branch.

Fund performance to 30 June 2011

Fund	TER (%)	Performance % p.a.			Risk Rating
		1 year	3 years	5 years	
Four Plus Capital Fund of Funds A	2.90	8.6	7.1	6.9	3
Four Plus Global Fund of Funds A	2.39	15.8	0.8	3.1	4
Four Plus Growth Fund of Funds A	2.30	13.5	5.9	7.5	3
Four Plus Secure Fund of Funds A	2.00	5.4	7.5	7.5	2
Old Mutual Active Quant Equity Fund A	1.45	22.9	6.8	10.7	4
*Old Mutual Albaraka Balanced Fund A	-	-	-	-	3
Old Mutual Albaraka Equity Fund R	1.87	24.7	0.2	5.0	4
Old Mutual Balanced Fund R	1.37	17.5	6.9	9.6	3
Old Mutual Bond Fund R	0.86	11.2	13.3	8.8	3
Old Mutual Capital Builder Fund A	1.22	6.4	5.2	-	2
Old Mutual Dynamic Floor Fund A	1.82	11.9	8.6	8.2	3
Old Mutual Enhanced Income Fund A	1.14	7.7	10.7	9.2	2
Old Mutual Financial Services Fund R	1.15	11.5	14.6	10.4	5
Old Mutual Flexible Fund R	1.33	19.6	7.8	11.3	4
Old Mutual Global Bond Feeder Fund R	1.60	-3.7	1.3	5.3	2
Old Mutual Global Equity Fund A	2.07	20.7	-7.2	-0.8	4
Old Mutual Global Index Fund of Funds R	1.46	10.1	-3.8	1.7	4
Old Mutual Global Technology Fund A	2.44	6.4	-0.1	3.8	5
Old Mutual Gold Fund R	1.16	3.6	-1.8	1.3	5
Old Mutual Growth Fund R	1.15	20.9	8.1	13.2	4
Old Mutual High Yield Opportunity Fund A	1.42	19.4	15.1	10.6	4
Old Mutual Income Fund R	0.86	7.9	10.5	9.4	1
Old Mutual Industrial Fund A	1.44	31.6	14.2	14.6	5
Old Mutual International Growth Fund of Funds A	2.75	11.1	-4.8	0.0	4
Old Mutual Investors' Fund R	1.14	24.7	6.9	11.1	4
Old Mutual Mining & Resources Fund R	1.16	23.7	-3.0	13.7	5
Old Mutual Money Market Fund A	0.58	5.9	8.4	8.8	1
Old Mutual RAFI® 40 Tracker Fund A	0.89	23.6	8.1	-	4
Old Mutual Real Income Fund A	1.39	11.2	11.9	9.6	2
Old Mutual SA Quoted Property Fund A	1.43	18.7	25.0	16.9	4
Old Mutual Small Companies Fund R	1.16	21.2	10.3	11.5	5
Old Mutual Stable Growth Fund A	2.20	11.3	7.9	-	2
Old Mutual Top 40 Fund A	0.72	24.5	1.2	9.6	4
Old Mutual Top Companies Fund R	1.15	21.1	7.9	11.8	4
Old Mutual UK Money Market Feeder Fund A	0.68	-5.3	-10.2	-1.3	1
Old Mutual US Dollar Feeder Fund A	1.19	-11.5	-	-	1
Old Mutual Value Fund R	1.15	18.4	8.0	10.8	4
SYm|mETRY Balanced Fund of Funds A	1.89	14.1	10.1	10.7	3
*SYm|mETRY Cautious Fund of Funds A	-	-	-	-	2
SYm|mETRY Defensive Fund of Funds A	1.80	10.3	8.1	9.0	2
SYm|mETRY Equity Fund of Funds A	1.67	19.9	8.0	9.4	4
SYm|mETRY Fixed Interest Fund of Funds A	1.19	9.4	10.9	9.3	2
South African CPI		5.0	5.5	6.9	

*This fund is not yet a year old

Source: Morningstar

Old Mutual Unit Trust Managers Limited (OMUT) is a South African registered management company, registration no. 1965/008471/06; Address: Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa. PO Box 207, Cape Town 8000; Helpline: 0860 234 234; Telephone: (021) 503 1770 – Client Support; Facsimile: (021) 509 7100 – Client Support; E-mail: unittrusts@oldmutual.com; Internet: www.omut.co.za

Information provided in this document in relation to OMUT is as at September 2011. Financially Talking is a newsletter published as a service to OMUT investors. Hierdie publikasie is ook in Afrikaans beskikbaar en staan bekend as Finansieel Gesproke. Although reasonable care has been exercised in its compilation, OMUT does not accept liability for any loss, damage or expense that may be incurred as a consequence of information contained in this publication. No statement in this newsletter should be seen as a recommendation to buy or sell a particular product or fund. We suggest you contact us or your financial adviser or broker before making any decisions based on this information. If you would like to receive additional copies of this newsletter, please contact our Service Centre (0860 234 234).

All figures in the publication is sourced from Morningstar and Old Mutual Investment Group South Africa (Pty) Ltd (OMIGSA) unless otherwise stated. All calculations based on lump sum investments and calculation periods are until the end of June 2011. Distributions are reinvested and NAV-NAV prices are used (i.e. initial charges excluded). Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. TERs (total expense ratios) are as at 30 June 2011.

OMUT has been licensed by the JSE Securities Exchange of South Africa to use the FTSE/JSE Top 40 Index name. Contact our Service Centre at 0860 234 234 to obtain copies of the updated fact sheets, or visit www.omut.co.za and click on "Fund Information & Prices" and select "Fees & Charges". Risk ratings do not take the impact of currency fluctuations into account.

Unit trusts are generally medium- to long-term investments. Past performance is no indication of future performance. Shorter term fluctuations can occur as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts can engage in borrowing and scrip lending. The fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. A schedule of fees, charges and maximum adviser fees is available from OMUT. You may sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis and 17h00 at month-end for Old Mutual RAFI® 40 Tracker Fund, Old Mutual Top 40 Fund and SYm|mETRY Equity Fund of Funds). The Old Mutual Money Market Fund unit price aims to be static but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13h00), but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the fund. Specialist equity funds may hold a greater risk as exposure limits to a single security may be higher. A feeder fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. A fund of funds unit trust invests only in other collective investment schemes, which may levy their own charges. Certain funds may be capped to be managed in accordance with their mandates. Different classes of units apply to these portfolios and are subject to different fees and charges. Old Mutual (South Africa) Limited, registration number 1998/012276/06, is a member of the Association for Savings and Investment South Africa (ASISA). OMUT and OMIGSA are wholly owned subsidiaries of Old Mutual (South Africa) Limited.

OMIGSA, registration number 1993/003023/07, is a licensed financial services provider, FSP No. 604, approved by the Registrar of Financial Services Providers to provide intermediary and advisory services in terms of the Financial Advisory and Intermediary Services Act 37 of 2002.