

OLDMUTUAL

OLD MUTUAL SMOOTHED BONUS FUNDS

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QUARTER 3



CORPORATE

DO GREAT THINGS EVERY DAY

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COREGROWTH NAMING CONVENTION REFINEMENT TO CORE GROWTH PORTFOLIOS (CGP)

Dear Client

As part of the ever-evolving smoothed bonus environment, we are constantly refining our product offering to ensure that it is simple, easy to understand and operates in line with what customers expect.

Our smoothed bonus long-term strategy focuses on the Absolute Growth Portfolios (AGP) and CoreGrowth which cover the risk spectrum from more aggressive to conservative investors respectively. We've reviewed the naming convention across these portfolios and decided to align the naming convention for CoreGrowth with that of AGP as per the table below:

OLD NAME	NEW NAME
CoreGrowth 90	Core Growth Portfolio 90 (CGP 90)
CoreGrowth 100	Core Growth Portfolio 100 (CGP 100)
CoreGrowth	Core Growth Portfolios (CGP)

We'd like to assure you that this does not change the Core Growth Portfolios (CGP) product or features, it is simply a refinement of the naming convention. Any agreements (e.g. policy contracts or the PPFM) making reference to the CoreGrowth name will continue to be fully honoured. From 2023 onwards, marketing collateral, such as fund fact sheets, will reflect the new naming convention.

We trust that this letter brings clarity to the new naming convention for CGP. Should you require any additional information, please contact your Old Mutual Consultant.



Yours sincerely
Marvin Nair
Head of Smoothed Bonus Products

QUARTERLY ECONOMIC REPORT: NOVEMBER 2022



Johann Els
Chief Economist:
Old Mutual Investment Group

GLOBAL ECONOMY

Inflation, the response by Central Banks and the resulting fallout continue to be the main economic news. Both the European Central Bank (ECB) and the US Federal Reserve Board (the Fed), amongst others, have continued to surprise markets with their hawkish response to the inflation threat. They have given markets a very clear message that they are far more concerned about fighting inflation than worrying about the potential economic fallout (i.e., growth slowdown or even recession). The Fed has raised interest rates thus far this year by 300 basis points. The recent aggressive pace – three hikes of 75 basis points (bps) each – has likely brought the end of the rate hiking cycle closer, but there is still some work to be done.

Despite increasing signs of inflation peaking thanks to a variety of reasons – including policy tightening, easing oil and food prices, and slower (and changing) consumer and business spending – the Fed is still concerned about inflation expectations driving wage demands and further price increases. Despite recent even more aggressive messaging from the Fed regarding the pace of rate increases still needed, I believe the end of the cycle is getting closer. After all, a huge part of a Central Bank's task is to manage expectations in the fight against inflation expectations getting stronger. Therefore, part of the job is to talk the talk, and thereafter they might have to do fewer actual rate increases. I expect another 125 basis points of Fed rate hikes in total before the end of this year. By then, there should be very clear signs of inflation easing, a trend I expect to continue throughout next year. Any more aggressive rate increases will raise the risk of policy error exponentially – i.e., the risk of a deep recession in the US. In the absence of more significant rate increases (than my expectation of another 125 basis points), it seems that the resilient labour market and private sector spending could help the US economy achieve a soft landing.

SA ECONOMY:

Let me start by stating upfront that my view, as discussed in this publication before, of better medium-term prospects for the SA economy remains as strong as ever. Despite all the recent negatives around weaker global growth, local political noise and sharp increases in loadshedding, the strongly improving policy trend cements a relatively better future than the last eight to 10 years. Government's energy policy amendment is, without doubt the biggest structural economic policy reform ever in South Africa. Similarly, the strong invitation to the private sector to participate in the economy – especially relative to expectations after last year's social unrest – is a different kind of radical economic transformation than what we're used to hearing about.

But there has certainly been an abundance of negative newsflow lately, which keeps improving confidence amongst consumers and businesses at bay. After a strong start to the year, the floods and loadshedding led to a slump in economic activity in the second quarter. A rebound is expected in the second half of the year, but that rebound will likely be tempered by severe loadshedding during the third quarter. Weaker global growth is also dampening growth prospects into 2023. Nevertheless, I still expect north of 2% growth in 2022 and 2023.

While the local economy is currently somewhat better insulated against the global slowdown than during previous downcycles, there is nevertheless a dampening impact on growth, and the surging US dollar has hit emerging market currencies – including the rand exchange rate – hard. The rand is oversold at current levels (at around R18 per US dollar at the end of September, versus R16.46 at the start of the third quarter) and should strengthen in the short term closer to its intrinsic value. This weakness brings potential upside risks to inflation through stronger passthrough to local prices and inflation expectations. It therefore keeps the Reserve Bank's concerns about inflationary pressures very much at the forefront of local economic news.

CPI inflation peaked in July at 7.8%, and even core inflation surprised to the downside recently as the earlier uptrend in underlying prices of consumer goods turned amidst the burden consumers experienced as a result of cost pressures. I expect headline CPI inflation to ease closer to 6% by year-end and move decisively below 6% from March 2023 onwards. By the end of 2023, CPI inflation should be back at the mid-point of the target range. However, the Reserve Bank's concern about inflation expectations ramping up due to a weak currency will keep them talking tough on inflation and interest rates. But, by the end of the year, the slowing inflation trend will be stronger and entrenched, and I am therefore of the opinion that SA's own rate hiking cycle is getting closer to the end. I expect another 50bp rate increase at the November MPC meeting to end this hiking cycle.

UNDERLYING PERFORMANCE AND POSITION



Tashiq Rajdev
Actuarial Specialist:
Guaranteed Solutions

ASSET ALLOCATION AND PERFORMANCE OF THE OLD MUTUAL SMOOTHED BONUS FUNDS

In this section, we explain the rationale behind the current asset allocation position of the Old Mutual Smoothed Bonus Funds and comment on the underlying performance for the period ending 30 September 2022.

UNDERLYING ASSET ALLOCATION OF THE SMOOTHED BONUS FUNDS

Each of Old Mutual's Smoothed Bonus Funds has a strategic asset allocation aimed at achieving that portfolio's long-term risk and return objectives. The Absolute Growth Portfolio has the highest allocation to growth assets and is therefore expected to deliver the highest real return over the long term. Conversely, the CoreGrowth Portfolio has the lowest allocation to growth assets and is expected to deliver lower, but more stable, returns over the long term. The current strategic asset allocations are set out in Table 1 below. The portfolios are required to remain within set ranges around the targeted asset allocation for each asset class.

Table 1

ASSET CLASS	ABSOLUTE GROWTH PORTFOLIO		COREGROWTH PORTFOLIO		GUARANTEED FUND	
	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Local Equities	46.2%	45.5%	26.6%	26.0%	38.2%	37.5%
Local Interest-Bearing Asset	12.3%	13.0%	32.0%	32.5%	20.4%	21.0%
Local Alternative Assets	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%
Property	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Global Equities	17.7%	19.5%	14.9%	16.8%	16.6%	18.5%
Global Interest-Bearing Asset	2.1%	4.0%	4.8%	6.8%	3.0%	5.0%
Global Alternative Assets	6.7%	3.5%	6.6%	3.5%	6.6%	3.5%
African Equities	1.2%	1.0%	1.2%	1.0%	1.2%	1.0%

Old Mutual Investment Group's MacroSolutions boutique manages the underlying portfolios in accordance with their respective long-term strategic asset allocations. MacroSolutions also makes tactical allocations away from the strategic benchmarks in accordance with their asset class views, provided that the portfolios remain within set minimum and maximum asset class ranges.

Over the 3-year period to 30 September 2022, MacroSolutions' tactical asset allocation resulted in a return of 1.76%.

The largest single detractor is still our global derivative activity. We held short positions that have hurt us with markets rallying strongly over the full period, however, when seen in combination with our OW in physical equity this detractor is not as severe. We have recently restructured this channel by incrementally closing the short US equity position and added positively contributing futures positions tilted toward Value, which has been subsequently closed.

Other moderate detractors were direct property and SA bonds.

The biggest positive contributions to alpha were our UW global bond position, whereas our UW in the SA money market and local hedge positioning also added value.

MARKET INDICATORS

Table 2 below sets out a summary of the index returns to 30 September 2022.

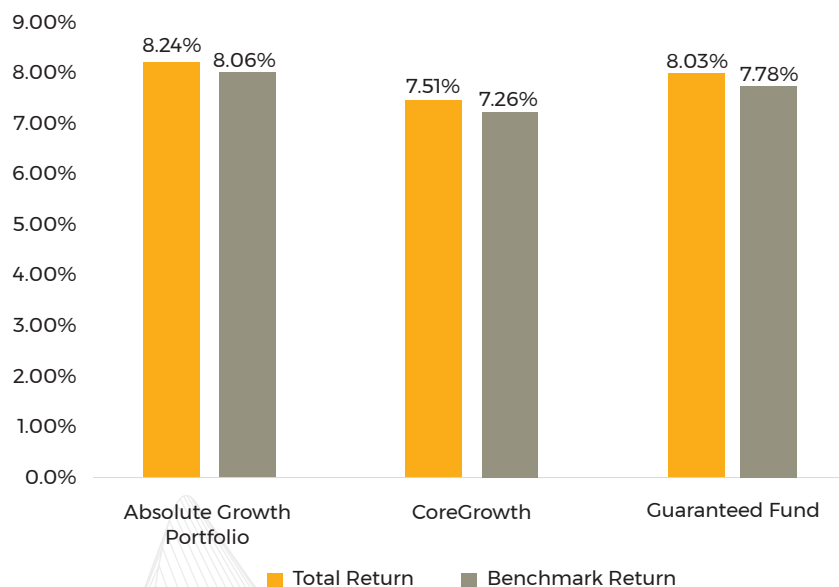
Table 2

MARKET INDICATORS 30 SEPTEMBER 2022						
	1 Year (%)	2 Years (%)	3 Years (%)	5 Years (%)	7 Years (% p.a.)	10 Years (% p.a.)
SA Equity						
Shareholders Weighted Index	-0.2	10.7	6.3	3.9	5.1	8.3
Capped SWIX Index	1.1	14.8	7.8	4.2	0.0	0.0
All Share Index	3.5	12.9	9.2	6.5	7.0	9.5
Resources Index	13.7	15.8	19.5	18.5	16.1	7.5
Financial Index	-2.0	19.8	-0.3	0.5	1.2	6.9
Industrial Index	-3.4	6.3	5.6	2.1	3.7	9.5
Top 40 Index	3.4	11.5	9.5	6.7	7.0	9.6
Mid-cap Index	-2.3	17.4	5.4	3.9	5.3	7.1
Small-cap Index	12.0	41.3	18.1	6.8	6.9	10.2
SA Property						
SA Quoted Property Index	-8.7	18.7	-8.7	-9.0	-4.8	1.2
SA Interest-Bearing						
ALBI BEASSA	1.5	6.8	5.7	7.1	7.4	6.7
STeFI	4.6	4.2	4.9	5.8	6.3	6.1
Cash	4.2	3.7	4.1	5.1	5.5	5.3
Global						
MSCI World Index (R)	-3.5	6.1	11.2	12.1	12.6	17.5
JPM International Bond (R)	-5.6	-9.4	-1.2	3.0	2.6	6.5
US 1-month LIBOR (R)	20.0	4.2	6.7	7.2	4.9	8.9
Inflation (estimate)						
CPI	7.5	6.2	5.1	4.9	5.1	5.2

Source: Old Mutual Investment Group

UNDERLYING ASSET CLASS PERFORMANCE OF THE SMOOTHED BONUS FUNDS

All the Smoothed Bonus Funds outperformed their respective benchmarks over the 3-year period to the end of September 2022. While the performances of the three funds are expected to diverge over time, there may be some periods where the funds perform similarly.



The performance of each of the asset classes underlying these portfolios is as follows:

LOCAL EQUITIES

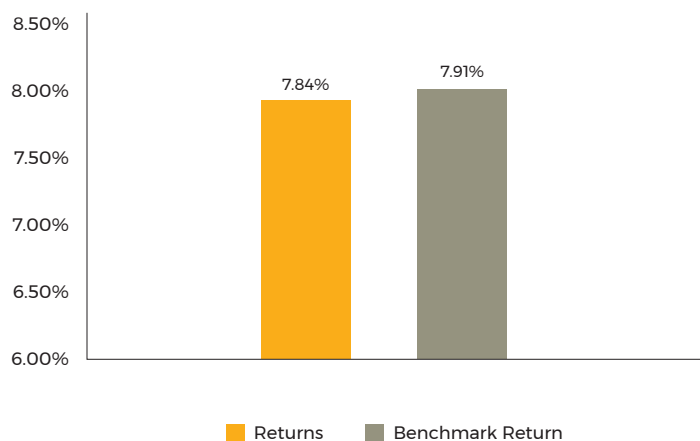
The local equity portfolio consists of a diversified portfolio of South African JSE-listed equities. This portfolio is designed to deliver consistent performance through different market conditions by combining an index-tracking portfolio with an active management component. The active part of the portfolio is split between different investment styles that are expected to complement each other and further diversify the portfolio. While individual managers are included in the portfolio based on their demonstrated strengths, effectively blending these different managers provides a more consistent investment return than would be possible by investing in a single portfolio or strategy. Table 3 below shows the portfolio composition.

Table 3

STRATEGY	PORTFOLIO	FUND %
PASSIVE	Capped SWIX Tracker	32.5%
	ACTIVE	
	Old Mutual Equities	32%
	Double Alpha	2.5%
	Managed Alpha	14%
	Premium Equity	9%
	Old Mutual Multi-Managers	10%
	TOTAL	100%

The portfolio's benchmark changed from the SWIX Index to the Capped SWIX Index in July 2017. The overall performance of the portfolio in comparison to that index is shown below:

3-YEAR ANNUALISED RETURN



The fund has unfortunately underperformed the benchmark by 0.07% over the 3-year period to 30 September 2022.

OLD MUTUAL EQUITIES

The Premium Equity portfolio delivered a return of 7.9% p.a. during the 3-year period ending in September 2022 while the benchmark had a return of 7.8% p.a., implying marginal outperformance of the benchmark by 0.1%. The portfolio's investment process favours trimming excess overweight stock positions on strength and selling short-dated call options whenever there is an existence of volatility risk premiums rather than chasing the latest outperforming asset class. The strategy outperforms most when equity returns are range-bound or negative. Short-dated call options have continued to provide a significant amount of return enhancement within a risk-controlled framework.

MANAGED ALPHA

The Managed Alpha portfolio outperformed the benchmark by 0.9% p.a. over the 3-year period. The major contributors to the portfolio's alpha were the fund's overweight to Investec, Exxaro and Datatec and underweight to Naspers and Harmony Gold Minings. There is a good and even contribution of the shares to the portfolio's alpha as there were a number of companies that contributed to this positive return. This is jointly a result of managing the relative risk which each share contributes to the portfolio's relative risk (tracking error). The major detractors were our overweight positions in Sasol and Pick 'n Pay and our underweight positions in MTN, British American Tobacco and Shoprite.

OLD MUTUAL MULTI-MANAGERS

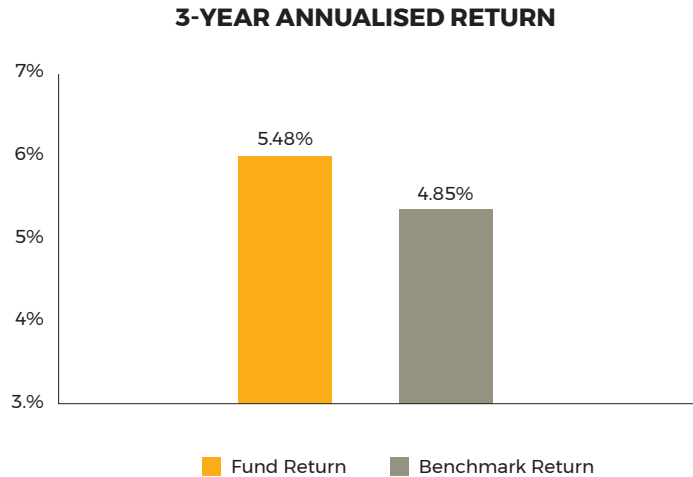
The Old Mutual Multi-Managers (OMMM) external manager portfolio has outperformed the benchmark by 3.7% p.a. over the last three years. The outperformance can largely be attributed to the performances of M&G and Coronation, who both delivered outperformance. This did offset the underperformance of Mazi and Sentio during the period, as well as the underperformance of Visio earlier in the period before they were replaced by Ninety One.

LOCAL INTEREST-BEARING ASSETS

The local interest-bearing portfolio consists of bond and money market assets. These assets are managed by OMIG's Futuregrowth fixed-income boutique.

LOCAL MONEY MARKET

The money market assets are invested in a yield-enhanced money market portfolio that aims to generate returns through the active management of short- to medium-term interest-bearing instruments. The overall performance of the portfolio relative to its benchmark is shown below:



The portfolio has performed well over three years, outperforming its benchmark by 0.63% p.a. The main detractor over the longer term was the capital write-down we effected on the Landbank exposure. Landbank continues to pay interest when it is due; this capital loss has not been realised yet.

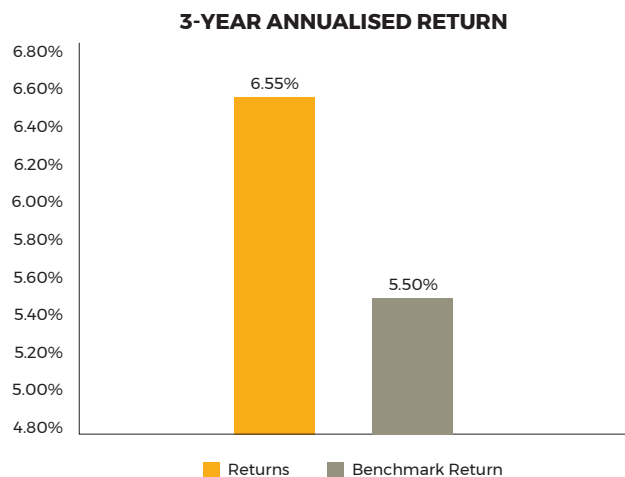
LOCAL BONDS

The bond strategy comprises a combination of a core bond and a yield-enhanced bond portfolio.

The core bond portfolio aims to generate returns primarily through the management of interest rate risk as Futuregrowth implements its views on interest rates across various interest-bearing assets and asset durations. The core bond portfolio also has a small allowance to invest in non-government bonds, which are expected to generate higher investment returns.

In addition to asset allocation and active interest rate management, the yield-enhanced portfolio aims to generate returns through investment in other listed and unlisted credit instruments.

The overall bond portfolio performance is shown below:



The portfolio outperformed the benchmark by 1.05% p.a. over the 3-year period to 30 September 2022.

CORE BOND PORTFOLIO

The core bond portfolio outperformed the benchmark by 23 basis points. The additional yield (spread accrual) offered by the non-government bond holding was the biggest single positive contributor.

Spread accrual totalling 0.38% was partly offset by marginal spread widening, which detracted 0.02% for a net spread component contribution of 0.37%.

The interest rate position detracted 0.16% from relative performance. This is mainly the result of the relative losses during the second and third quarters of 2020, in turn due to the underweight position to bonds in the best-performing 1- to 7-year maturity band at the time. The outperformance of this sector is directly linked to the unexpected and aggressive monetary policy easing during the twelve-month period ending December 2020. This was significant enough to impact longer-term fund performance. That said, fund performance recovered significantly during the twelve-month period ending September as the fund managed to outperform the benchmark by 0.77%. This was the combined result of positive contributions from both credit holdings and interest rate positioning.

YIELD ENHANCED PORTFOLIO

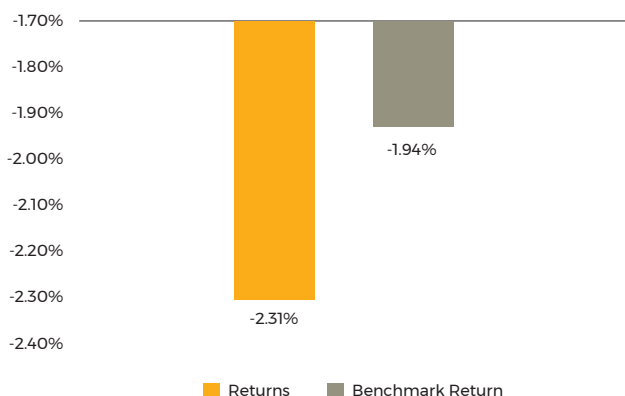
The fund outperformed the benchmark by 1.3%. The biggest driver of positive performance being credit spread accrual, although this was partially offset by unlisted credit revaluations.

The interest rate position contributed 0.111% from relative performance. The fund continues to rely on the use of derivatives, primarily through futures to ensure alignment with the targeted benchmark modified duration, with the proceeds thereof being invested in credit assets. The funding cost attached to this ranges between 50bps-95bps over time, depending on available liquidity in the market.

DIRECT PROPERTY

The direct property portfolio invests in a diversified range of unlisted properties, with exposure across the retail, office and industrial property sectors. While the majority of the portfolio's assets are located within South Africa, diversification of exposure into other countries is undertaken, where suitable opportunities are identified.

3-YEAR ANNUALISED RETURN



The portfolio underperformed the benchmark by 0.37% p.a. over the 3-year period to 30 September 2022. The following factors contributed to the portfolio's performance:

- A large proportion of the SA portfolio is retail, predominantly large regional and superregional centres. Tenant turnover in these centres YTD to August 2022 is up by 23.4% when compared to YTD August 2021 and up by 6.9% versus YTD August 2019 levels. Most of the recovery is due to improved footfall as shoppers return to centres due to them being fully vaccinated and the reduction in Covid cases. The lifting of Covid restrictions has assisted in the recovery of the restaurant, fast-food offerings and entertainment sectors, as they are now able to trade without any restrictions.
- Vacancies have decreased marginally from 6.6% at the beginning of the year to 6.3% by the end of September. Whilst we have seen an improvement in leasing for the retail sector, there was an increase in industrial vacancies, all of which is attributable to a large industrial tenant not renewing its lease for 19 700m². Fifty percent of the space has been let, and we expect to lease the balance of the premises this year. Similarly, an improvement in rental reversions, which is at -6.7% versus a budget of -11.8%, is mainly due to improved retail sector performance and tenants recovering from Covid impacts.
- Municipal expenses (rates, electricity, water) continue to increase at above CPI, and most of these increases cannot be passed onto tenants and are being absorbed by the landlord.
- The loadshedding impact will be felt in the portfolio in Q3 and Q4 due to increased costs of running generators (which are not recoverable from tenants) as well as loss of revenue from parking and lower retailer sales due to downtime during loadshedding. Diesel costs incurred to September are R5.1m.
- Rental arrears have improved slightly from 5.9% to 4.0% as collections have improved, resulting from increased tenant turnover and tenants' affordability to repay arrears from 2020 and 2021 when Covid impact was most felt.

GLOBAL EQUITIES

The global equity portfolio is actively managed and blends different managers and investment styles to target a relatively stable outcome. The majority of the underlying portfolios are managed on a global basis, allowing each manager to invest across both developed and emerging markets. In the fourth quarter of 2019, the portfolio increased its exposure to the passive developed and emerging market ESG capabilities to 30% and reduced the allocation to the actively managed funds. Table 4 below shows the portfolio composition.

FUND MANAGER	FUND STYLE	FUND %
Customised Solutions	MSCI World (Developed) ESG Indexation	30%
	MSCI (Emerging Market) ESG Indexation	
Barrow Hanley Mewhinney & Strauss	Global Value	60%
Acadian	Global Quant	
Fiera Capital	Global Growth	
Baillie Gifford		
MacroSolutions	Global Macro	10%

Table 4

MSCI World ESG Tracker: This portfolio tracks the performance of the MSCI World ESG Index, which is designed to give effect to responsible investing by being more heavily weighted towards companies that meet specific economic, social and governance (ESG) criteria. The ESG Index targets the same sector and regional weights as the MSCI World Index in order to target performance that is similar to that of the MSCI World Index, while still achieving the broader objective of investing in companies with strong ESG ratings.

Barrow, Hanley, Mewhinney & Strauss: The manager provides value-oriented investment strategies across various international markets. Its equity portfolios are designed from the bottom up with a strong value underpin and tend to exhibit below-market price-to-earnings ratios, below-market price-to-book ratios, and above-market dividend yields, regardless of market conditions.

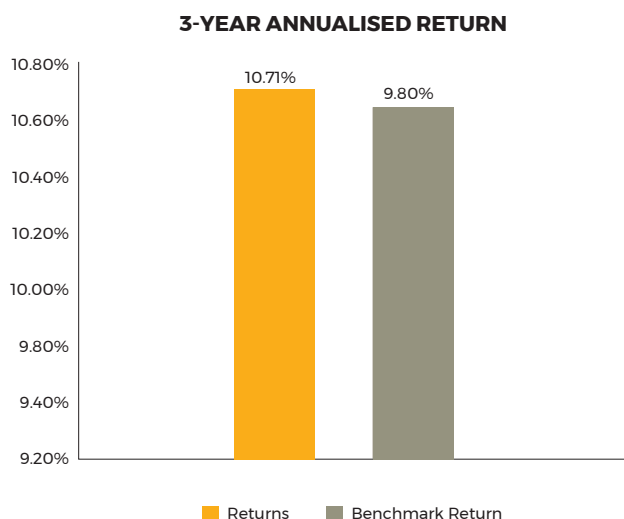
Acadian: Acadian Asset Management LLC specialises in global and international quantitative equity strategies. Acadian seeks to capture the fundamental drivers of stock return, exploiting market inefficiencies through a quantitative investment process.

Fiera Capital: Fiera Capital is a growth-oriented manager that seeks to exploit opportunities in quality growth companies with high returns and supportive intrinsic valuations. Investments are made with a long-term horizon, which leads to low portfolio turnover.

Baillie Gifford: The manager uses fundamental analysis and proprietary research in order to identify companies that it believes will deliver above-average profit growth over the long term. Portfolios are constructed on a bottom-up basis, with the objective of outperforming their respective benchmarks over time.

Global Macro Portfolio: The Global Macro Equity portfolio is an active equity portfolio that applies top-down views to generate outperformance relative to the global equity benchmark. Active positions are taken predominantly in regions, countries, sectors and currencies. The portfolio is run by OMIG's MacroSolutions boutique.

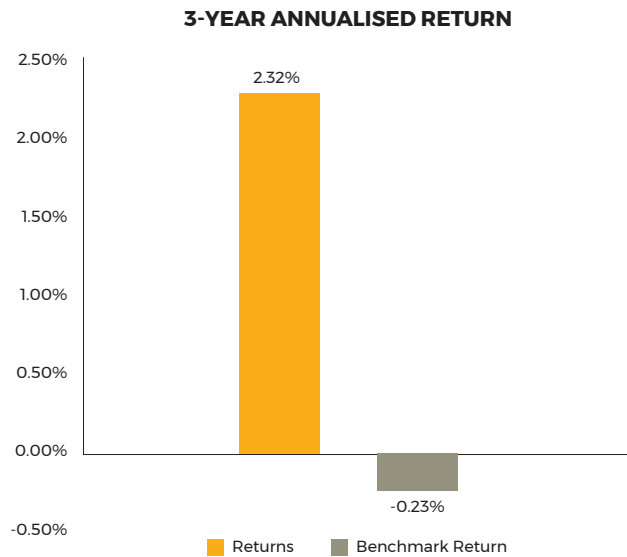
The overall global equity portfolio performance over three years, relative to its benchmark, is shown below:



The global equity portfolio outperformed its benchmark by 0.91% p.a. (gross of fees) over the 3-year period.

GLOBAL INTEREST-BEARING ASSETS

The global interest-bearing portfolio consists of global bond and global cash assets and is managed through investments in the multi-managed Russell Global Bond and Cash Fund.



The global interest-bearing portfolio outperformed its benchmark by 2.55% p.a. over three years

ALTERNATIVE ASSETS

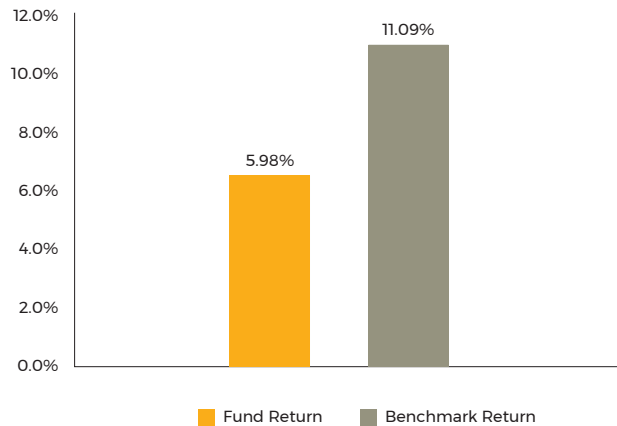
The alternative asset portfolio includes:

- Exposure to private equity, both within South Africa and globally. Local private equity exposure is mainly achieved via direct investment into local private equity funds. Global private equity exposure is accessed through investment into fund of funds structures.
- Infrastructure investments in commercially viable development projects within South Africa and in the rest of Africa. Typical investments include renewable energy projects, toll roads, utilities and airports.
- Impact funds, including local investments in affordable housing and schools, as well as in companies that provide end-user finance to low- to middle-income earners.
- Agricultural investments, which consist of agricultural land and associated infrastructure, primarily in South Africa, but with increasing exposure to the rest of Africa.

The local and global alternatives portfolios are managed predominantly by the Old Mutual Alternative Investments (OMAI) boutique, with the exception of the agricultural investments, which are managed by OMIG's Futuregrowth boutique.

LOCAL PORTFOLIO

3-YEAR ANNUALISED RETURN



The local alternative portfolio underperformed its benchmark by 5.11% p.a. over the 3-year period.

The local alternative portfolio is a high-growth portfolio that aims to provide investors with significant real returns over the long term and has a long-term performance target of approximately CPI + 7%. The portfolio invests in assets, namely private equity and impact funds sub-classes, that are linked to the local economy and has consequently struggled to meet this target over 1- and 3-year periods.

The Impact Fund (IF) investments continue to struggle, having been significantly impacted by the deteriorating local economic environment. The largest fund within the IF strategy is the Housing Impact Fund of South Africa (HIFSA), which finances and builds homes, primarily for lower-income earners. HIFSA relies on the ability of its target market to afford and access finance for the purchase of homes developed by the fund. The struggling economy has resulted in the IF strategy, and especially HIFSA, underperforming over one and three years. However, the IF strategy is long-term, and future returns will depend in large part on the performance of the local economy.

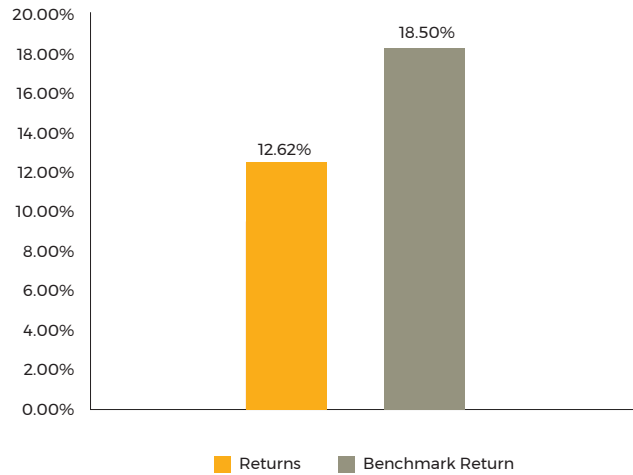
Similarly, in the FSC fund, returns remain below benchmark due to the underperformance of the Greenfields and legacy assets. However, the rental assets in FSC are producing positive returns.

The Retirement accommodation portfolio has also struggled with performance given the difficult trading conditions and impact of Covid-19, which resulted in slower sales rates and extended construction periods.

The local private equity portfolio has outperformed its investment target over the short and medium term. The financial performance of many of the underlying businesses held within the private equity funds has been negatively affected by the state of the local economy over the 3-year period ending September 2022, but this was partially offset this quarter by the exit of Consol, the very strong trading at Actom and the gradual but steady recovery at Tourvest. OMIG's Private Equity Fund IV is the largest holding within the local private equity strategy. The early stages of Covid-19 saw a significant impact on company earnings and, in turn, the private equity sub-class returns had been adversely impacted. There have been mixed performances across the portfolio, with satisfactory performances across the portfolio other than Primedia (including the now unbundled Ster-Kinekor) and Ti-Auto over the last three years. The outlook for Ti-Auto has significantly improved in recent quarters as we enter the exit phase of this investment.

GLOBAL PORTFOLIO

3-YEAR ANNUALISED RETURN



The global alternative portfolio underperformed its benchmark by 5.88% p.a. over the 3-year period.

The objective of the global alternatives portfolio is to deliver long-term real returns that significantly exceed US CPI.

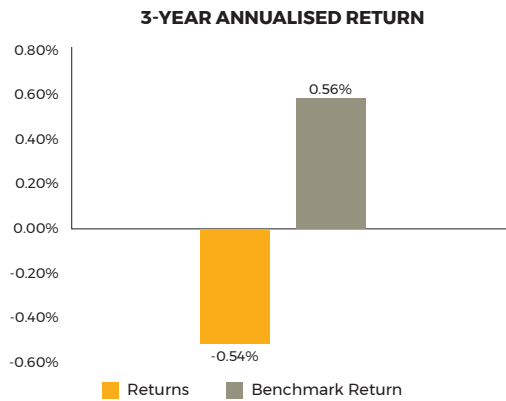
Contributing to the underperformance was the Fund of Funds (FoF) I performance generated by CVC Asia III, Navis VI and Pacific Equity Partners IV. FoF III has performed exceptionally well over the past three years, with distributions continuing to increase as the underlying funds exit their investments. The fund has seen a valuation increase, which, along with the distributions and amounts contributed, indicates positive portfolio performance.

Africa FoF (AFoF) is currently performing below expectations. It is worth noting, though, that some of the underlying funds in AFoF are still young, and the performances of these funds are expected to improve over time.

Overall, the global private equity fund of funds sub-class significantly outperformed its target except for the FoF I and Africa FoF portfolios within the global private equity FoF subclass.

AFRICAN LISTED EQUITY

The African listed equity portfolio is an actively managed fundamental equity portfolio that aims to outperform its benchmark over the long term. The portfolio is managed by the Old Mutual Equity (OME) boutique within OMIG. The overall performance of the portfolio relative to its benchmark is shown below:



African markets (excluding South Africa) in which the African listed equity portfolio invests, underperformed the benchmark by 1.1%.

The top contributors were the overweight to Label Vie (a Moroccan food retailer which continues to grow with the trend from mom-and-pop store to modern retailer) and MTN, and an underweight position in Fawry.

The top detractors were the funds overweight to IHS and GTCO and underweight to MTN Nigeria.

SMOOTHED BONUS PRODUCTS: PERFORMANCE

Product	Jul 2022	Aug 2022	Sep 2022	"Performance over Periods to 30 September 2022" (Annualised except *)					Risk Analysis (Based on three-year Performance)		Max Drawdown ¹ (Based on a three-year period to September 2022)	Fund Size (R million)
				Quarter*	1 year	3 years	5 years	10 years	Annualised Volatility	Return/Risk		
Growth-focused Portfolios												
Absolute Smooth Growth	0.35%	0.84%	0.86%	2.06%	11.06%	7.83%	7.44%	10.83%	3.50%	2.2	-5.00%	R68 431
Absolute Smooth Growth (2009 Series) ²	0.35%	0.84%	0.86%	2.06%	11.06%	7.83%	7.44%	10.83%	3.50%	2.2	-5.00%	
Absolute Smooth Growth (2020 Series) ³	0.35%	0.84%	0.86%	2.06%	11.02%							
Absolute Stable Growth	0.31%	0.80%	0.82%	1.94%	10.56%	7.35%	6.94%	10.32%	3.48%	2.1	-5.00%	R82 347
Absolute Stable Growth (2009 Series) ²	0.31%	0.80%	0.82%	1.94%	10.56%	7.35%	6.94%	10.32%	3.48%	2.1	-5.00%	
Guaranteed Fund	0.31%	0.80%	0.82%	1.94%	10.60%							R1 560
Guaranteed Fund	0.33%	0.33%	0.33%	0.99%	8.47%	7.56%	8.77%	12.05%	0.60%	12.7	0.33%	
Protection-focused Portfolios												
Absolute Secure Growth	0.14%	0.65%	0.67%	1.47%	8.57%	6.14%	5.49%	8.57%	1.12%	5.5	0.05%	R79
Absolute Secure Growth (2009 Series) ²	0.14%	0.65%	0.67%	1.47%	8.57%	6.14%	5.49%	8.57%	1.12%	5.5	0.05%	
Absolute Secure Growth (2020 Series) ³	0.14%	0.65%	0.67%	1.47%	8.57%							
CoreGrowth 100	0.60%	0.61%	0.64%	1.86%	8.12%	7.17%	7.47%	9.49%	0.70%	10.3	0.00%	R6 171
CoreGrowth 90	0.68%	0.69%	0.71%	2.09%	9.12%	8.19%	8.49%	10.53%	0.70%	11.7	0.08%	R2 748
Other Indices and Comparative Performance												
Local Equities (JSE ALSI)	4.22%	-1.84%	-4.13%	-1.92%	3.55%	9.18%	6.49%	9.47%	17.94%	0.5	-21.38%	
Local Bonds (BEASSA ALBI)	2.44%	0.31%	-2.11%	0.60%	1.48%	5.74%	7.14%	6.74%	9.07%	0.6	-9.79%	
Local Cash (STeFI) ⁴	0.43%	0.45%	0.46%	1.35%	4.59%	4.86%	5.83%	6.11%	0.40%	12.3	0.06%	
Rand/Dollar	1.93%	3.10%	5.70%	11.07%	20.02%	6.13%	5.96%	8.10%	14.59%	0.4	-23.33%	
Consumer Price Index (CPI)	1.54%	0.19%	0.09%	1.82%	7.48%	5.13%	4.89%	5.21%	0.00%	N/A	N/A	
Typical Balanced Fund (Large Global) ⁵	Not comparable over the short term					8.50%	6.59%	9.39%	11.48%	0.7	-14.75%	
Typical Balanced Fund (Conservative Global) ⁶	Not comparable over the short term					7.59%	6.99%	8.74%	8.06%	0.9	-10.30%	

Performance figures are net of capital charges and gross of investment management fees for all products except Guaranteed Fund. The Guaranteed Fund's performance is net of capital charges and asset management charges, gross of investment administration fees.

Notes

¹ Worst cumulative negative performance. Where no negative return exists, it is taken as the lowest positive monthly return.

² Uses 2009 Series returns prior to the merger. The 2007 Series and 2009 Series of the Absolute Growth Portfolios merged on 1 May 2012.

³ Uses 2020 Series returns.

⁴ Money Market investments are able to achieve very low volatility, but often at the cost of being able to achieve significant real returns over the long term.

⁵ Source: Alexander Forbes Manager Watch Survey for Large Global Funds (median).

⁶ Source: Alexander Forbes Manager Watch Survey for Conservative Global Funds (median).

SMOOTHED BONUS PRODUCTS: BONUS SMOOTHING RESERVES

Formulaic Smoothed Bonus Products: Quarterly Disclosure

	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022
ABSOLUTE GROWTH PORTFOLIOS										
Greater than 25%										
20% to 25%										
15% to 20%										
10% to 15%										
5% to 10%										
0% to 5%										
-5% to 0%										
-10% to -5%										
-15% to -10%										
Less than -15%										

■ Bonus Smoothing Reserve
■ Long-Term Expected Average

	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022
COREGROWTH										
Greater than 25%										
20% to 25%										
15% to 20%										
10% to 15%										
5% to 10%										
0% to 5%										
-5% to 0%										
-10% to -5%										
-15% to -10%										
Less than -15%										

■ Bonus Smoothing Reserve
■ Long-Term Expected Average

Discretionary Smoothed Bonus Products: Annual Disclosure

GUARANTEED FUND AT 30 SEPTEMBER 2022	
	Guaranteed Fund
Greater than 25%	
20% to 25%	
15% to 20%	
10% to 15%	
5% to 10%	
0% to 5%	
-5% to 0%	
-10% to -5%	
-15% to -10%	
Less than -15%	

■ Bonus Smoothing Reserve
■ Long-Term Expected Average

SMOOTHED BONUS PRODUCTS: KEY FEATURES									
	GROWTH			PROTECTION		COSTS		Inception date	
	Performance objective	Strategic allocation to growth assets ¹ in underlying portfolio	Manager	Protection objective	Guarantee in extreme environments	Capital charges (per annum)	Investment management fee (per annum)		
Absolute Growth Portfolios	Smooth	Targets CPI+5% to 7% over medium to long term (after guarantee charge)	83%	OMIG Boutiques	Positive bonuses each month	50% of fund credit on claim	0.2%	April 2007	
	Stable	Targets CPI+4.5% to 6.5% over medium to long term (after guarantee charge)				80% of fund credit on claim	0.7%		Depends on allocation to local and global assets: Local Assets: 0.525% - 0.650%
	Secure	Targets CPI+2.5% +4.5% over medium to long term (after guarantee charge)				100% of fund credit on claim	2.7%		Global Assets: 0.825% - 0.950%
CoreGrowth Portfolios	100	Targets similar return to a conservative to moderate market-linked fund over the long term, less the guarantee charge	61%	OMIG Boutiques	Positive bonuses each month	100% of fund credit on claim	1.8%	0.23% - 0.50% (depending on fund size)	
	90	Targets similar return to a broadly balanced market-linked fund over the long term, less the guarantee charge				90% of fund credit on claim	0.8%		January 2003
Guaranteed Fund		Targets similar return to a broadly balanced market-linked fund over the long term, less the guarantee charge	74%	OMIG Boutiques	Positive bonuses each month	100% of capital invested and a portion of bonuses declared	0.75%	0.25% - 0.35% asset management charge (depending on asset allocation) plus 0.20% - 0.35% investment administration fee (depending on fund size)	July 1967

¹ Includes equities, properties and alternative assets (including private equity).

CONTACT US

Find out more about the investment portfolios in Old Mutual's range of Growth and Protection Solutions. Contact your Old Mutual Corporate Consultant or broker, or call your nearest Old Mutual Corporate office.

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Note:

This performance report, as well as other information on Old Mutual's Smoothed Bonus Funds, is available on the Old Mutual website: www.oldmutual.co.za/InvestmentReports

Queries can be emailed to Old Mutual Corporate (Investment Services) at corporateinvestments@oldmutual.com

