



## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to offer a combination of capital growth and high income yields. Capital growth is primarily achieved by actively taking advantage of interest rate cycles.

### WHO IS THIS FUND FOR?

This fund is suited to astute investors who have a particular view on relative asset class performance. The investor understands the impact of the interest rate cycle and accepts this risk in exchange for moderate long-term growth potential.

### INVESTMENT MANDATE

The fund invests across the full spectrum of the yield curve. It invests in public and private sector bonds and deposits, with at least 50% invested in bonds with an effective government guarantee. Derivatives may be used for risk management purposes. In order to achieve the fund objective the portfolio manager may choose to gain exposure to the described assets and asset classes by investing through OMLACSA pooled portfolios, collective investment schemes or a combination thereof.

<b>BENCHMARK:</b>	All Bond Index
<b>FUND MANAGER(S):</b>	Daphne Botha (Futuregrowth Asset Management)
<b>LAUNCH DATE:</b>	01/09/1998
<b>SIZE OF FUND:</b>	R198m

### FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
7-12 Year Bonds	49.7%
12+ Year Bonds	37.4%
1-3 Year Bonds	7.3%
3-7 Year Bonds	4.0%
Cash	1.6%

### PRINCIPAL HOLDINGS

HOLDING	% OF FUND
R2032 8.25% 31/03/2032	27.4%
R2030 8.00% 31/01/2030	21.1%
R2035 8.875% 28/02/2035	15.8%
R2037 8.50% 31/01/2037	11.8%
R2040 9.00% 31/01/2040	7.8%
Transnet Ltd 8.9% 14/11/2027	1.5%
DV24 9.69% 18/02/2024	1.4%
Eskom Holdings Ltd 8.5% 25/04/2042	1.4%
TN30 10.50% 09/10/2030	1.0%
Eskom Holdings Ltd 10.00% 25/01/2023	0.8%

PRODUCT AVAILABILITY	Old Mutual Wealth	MAX
Investment Plan (LIFE)		•
Investment Plan (LISP)		
Retirement Annuity		
Preservation Fund		
Living Annuity		•

### FUND PERFORMANCE AS AT 30/09/2021

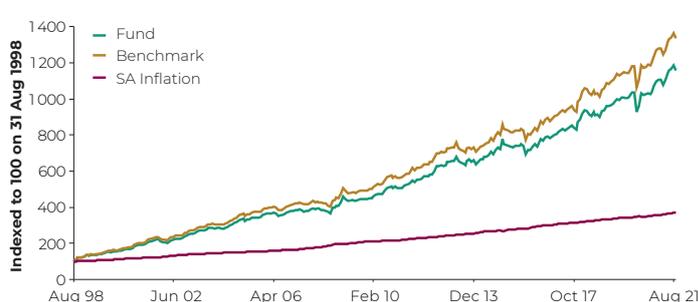
	% PERF.		% PERF. (P.A.)					
	3-Mth	6-Mth	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception
Tax-exempt Investor	0.3%	7.4%	13.0%	8.3%	8.0%	7.6%	7.9%	11.2%
Benchmark	0.4%	7.2%	12.5%	9.1%	8.5%	8.2%	8.3%	11.9%
Retirement Fund	0.3%	7.4%	13.0%	8.4%	8.0%	7.6%	7.9%	10.2%
Private Investor	-0.6%	5.9%	9.2%	5.5%	5.4%	5.0%	5.5%	8.2%
Corporate Investor	-0.1%	6.4%	11.7%	11.2%	8.8%	7.5%	7.3%	8.8%

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.

Sources: Old Mutual & Morningstar as at 30/09/2021

Rolling 12-Month Return	Highest	Average	Lowest
Fund (Since Inception)	39.3%	10.6%	-7.3%

### Performance Since Inception



Past performance is no indication of future performance. Fund returns are net of fees and measured against the benchmark.

Risk Statistics (Since Inception)	
Maximum Drawdown	-10.8%
Months to Recover	8
% Positive Months	69.0%
Annual Standard Deviation	7.8%

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

### 3-Year Annualised Rolling Returns (Fund vs Benchmark)





## FUND MANAGER INFORMATION



**DAPHNE BOTHA |**  
PORTFOLIO MANAGER

## FUND COMMENTARY

Market momentum that built up during the second quarter was put to an abrupt halt as concerns around global inflationary pressures, as well as a slowdown in Chinese GDP growth, injected fresh doses of uncertainty into the global recovery. Global supply chains have begun feeling the strain of the cumbersome freedom of movement requirements enforced by governments. This has resulted in shortages of essential goods such as fuel and food, leading to a persistent increase in input prices globally. Second-round effects, in the form of de-anchored higher inflation expectations, could see an earlier start to interest rate normalisation despite the lack of any signs of accompanying GDP growth. Consequently, central banks around the world have begun shedding their dovish feathers in favour of a more hawkish stance, given signs of persistency of higher headline inflation. Additionally, concerns around weaker Chinese growth and its implications for potentially unsustainable levels of Chinese corporate credit debt levels came back to spook markets during the latter part of the quarter, as the possibility of a default by Chinese construction firm Evergrande triggered a wave of global market de-risking.

The abovementioned global events overshadowed positive local developments, in the form of rebased national account data leading to in a revised higher South African GDP level and a unanimous decision by the South African Reserve Bank to leave the repo rate unchanged. As a result, bond yields drifted higher, with long-dated bonds taking the brunt as the yield curve bear

steepened. Inflation-linked bonds, on the other hand, remained relatively more resilient, resulting in stronger returns relative to nominal bonds and cash over the period.

The fund returned 13.0% for the 12-month period ending 30 September 2021, outperforming the benchmark by 0.5%. Outperformance was primarily due to a combination of strong base accrual return and capital gain. The fund's overweight position in the 7- to 20-year area of the curve, in addition to its large underweight positions in the 1- to 7-year area of the curve, added value given the yield curve bull flattening experienced over the 12-month period.

The fund continued to maintain minimal exposure to cash, given the elevated opportunity costs of cash relative to higher-yielding nominal and inflation-linked bonds. The fund also reduced longer-dated bond exposure into bouts of market strength throughout the quarter. The proceeds of the sale were used to roll down into the 7- to 12-year area of the yield curve, specifically the R2030 and R2032 nominal bonds. Coupon receipts distributed during the period were also allocated to the R2030 and R2032 bonds. The fund seeks to continue balancing high base accrual and yield curve roll-down potential with capital risk. In doing so, the fund maintains underweight positions in the very long end (+20 years) and short end (1-7 years) of the yield curve. The underweight positions are offset by an overweight position in the preferred 7- to 20-year area of the nominal bond yield curve.

## OTHER INVESTMENT CONSIDERATIONS

### INITIAL CHARGES:

There is no initial administration charge on the fund.

ONGOING	
Annual service fee	0.75% p.a.

Total Expenses	
Total Expense Ratio (TER)	0.78%
Transaction Cost (TC)	0.02%
Total Investment Charge	0.80%

TER is a historic measure of the impact the deduction of management and operating costs has on a fund's value. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER, which includes the annual service fee, may not necessarily be an accurate indication of future TERs. Transaction Cost (TC) is a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

### Funds are available via:

**Max Investments:** Tel +27 (0)860 605 500 | Fax +27 (0)860 60 7500/9500

Email [MaxInvestments@oldmutual.com](mailto:MaxInvestments@oldmutual.com) | Internet [www.oldmutual.co.za/personal/investments-and-savings/max-investments](http://www.oldmutual.co.za/personal/investments-and-savings/max-investments)

**Max Income:** Tel +27 (0)860 605 500 | Fax +27 (0)860 60 7500/9500

Email [maxincome@oldmutual.com](mailto:maxincome@oldmutual.com) | Internet [www.oldmutual.co.za/personal/investments-and-savings/max-income](http://www.oldmutual.co.za/personal/investments-and-savings/max-income)

**FUTUREGROWTH**  
ASSET MANAGEMENT