



## 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.

### REGULATION 28 COMPLIANCE

The fund is not required to be Regulation 28 compliant in terms of its Deed, but the fund manager is mandated to comply with Regulation 28 on a day-to-day basis.

<b>BENCHMARK:</b>	All Bond Index
<b>ASISA CATEGORY:</b>	South African - Interest Bearing - Variable Term
<b>FUND MANAGER(S):</b>	Daphne Botha (Futuregrowth Asset Management)
<b>LAUNCH DATE:</b>	31/12/1994
<b>SIZE OF FUND:</b>	R1.3bn

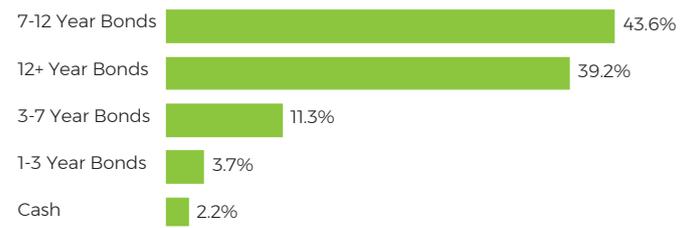
### DISTRIBUTIONS: (Half-yearly)\*

Date	Interest	Yield	Total %
30/06/2020	14.17c	8.48%	4.18%
31/12/2019	14.48c	8.29%	4.08%

\* Class A fund distributions

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION



## FUND PERFORMANCE AS AT 30/09/2020

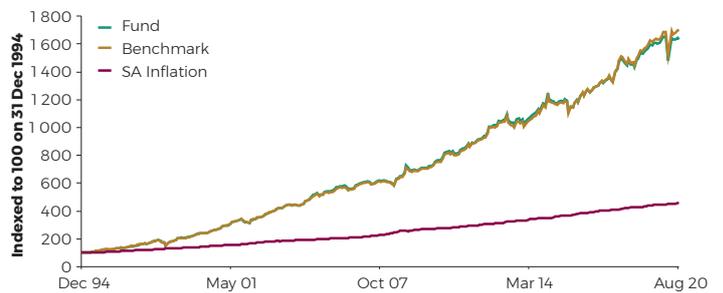
	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class R)	1.5%	6.2%	6.6%	6.4%	7.1%	11.5%
Fund (Class BI) <sup>2</sup>	1.6%	6.4%	6.8%	6.6%	7.3%	-
Benchmark	3.6%	7.3%	7.6%	7.2%	7.6%	11.6%

<sup>1</sup> Performance since inception of the fund.

<sup>2</sup> Class BI fund is 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)	42.7%	11.8%	-8.5%

### Performance Since Inception



Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-21.7%
Months to Recover	6
% Positive Months	70.6%
Annual Standard Deviation	8.4%

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

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



## PRINCIPAL HOLDINGS

HOLDING	% OF FUND
R2032 8.25% 31/03/2032	23.8%
R2030 8.00% 31/01/2030	16.8%
R2035 8.875% 28/02/2035	14.1%
R2037 8.50% 31/01/2037	11.8%
R2040 9.00% 31/01/2040	10.3%
R186 10.5% 21/12/2026	6.8%
Transnet Ltd 8.9% 14/11/2027	1.6%
Eskom Holdings Ltd 8.5% 25/04/2042	1.4%
TN30 10.50% 09/10/2030	1.1%
R2044 8.75% 31/01/2044	1.1%



## FUND MANAGER INFORMATION



**DAPHNE BOTHA** |  
PORTFOLIO MANAGER  
· BCom (Hons)

## FUND COMMENTARY

The global economic and financial crisis forced central banks to remain on the backfoot. In the United Kingdom, the Bank of England noted that it will begin formal talks with private sector financial institutions on the operational challenges regarding negative rates. On the other side of the Atlantic Ocean, the US Federal Reserve (the Fed), in stating its usual forward guidance, tweaked the reference to inflation by adding that it would be allowed to moderately exceed at a rate of 2% for some time, in order to anchor inflation expectations at 2%. While both central banks left their policy rates unchanged, the respective messages about negative rates and reflation are worth flagging.

Back home, the South African Reserve Bank (SARB) opted to keep the repo rate unchanged at 3.50%

at the August Monetary Policy Committee (MPC) meeting. In another development, the Bank opted to halt its purchases of government securities in the secondary market in response to improved market conditions.

Fiscal data continued to confirm the impact of the anaemic economic environment. Revenue collections remain in the red, reflecting the dire economic consequences of the COVID-19 induced crisis. Overall, fiscal data thus far suggests that the risks to debt sustainability remains elevated, highlighting the urgent need for significant expenditure cuts and structural reforms.

Although foreign net selling of rand-denominated government bonds reached R74bn for the first nine months of this year, the pace of foreign selling slowed during the third quarter. This, combined with stronger local investor demand in response to more attractive market levels and steeper yield curve slopes, brought about some stability in both the nominal and inflation-linked bond markets. On the nominal side, the FTSE JSE All Bond Index (ALBI) rendered a return of 1.4% for the quarter ending September, slightly better than the cash return of 0.9% over this period.

The fund returned 1.5% on a net-of-fee basis for the 12-month period ending September 2020, underperforming the benchmark by 2.1%. This was mainly due to a combination of an underweight holding in the best performing 1- to 7-year maturity band and an overweight holding of bonds in the 12- to 20-year maturity band, which underperformed on a relative basis. The shorter maturity band received an unprecedented boost from aggressive monetary policy easing totalling 300 basis points during this period.

Cash rates are at multi-decade lows while longer-dated nominal bonds are offered at higher and relatively attractive inflation-adjusted levels, even though still with some level of risk. The precarious fiscal backdrop in particular, requires a finely balanced approach in managing capital risk while still benefiting from the attractive accrual offered by higher-yielding fixed rate bonds. In light of this, we opted to keep the exposure to cash as low as possible, balanced by a significant overweight holding in the 10- and 20-year maturity bands and an underweight position in ultra-long-dated bonds. The modified duration position of the fund closely matches that of the benchmark.

Source: Old Mutual Investment Group as at 30/09/2020

## OTHER INVESTMENT CONSIDERATIONS

### MINIMUM INVESTMENTS:

- Monthly: R500
- Lump sum: R10 000
- Ad hoc: R500

### INITIAL CHARGES (Incl. VAT)\*:

There is no initial administration charge for investment transactions of R500 and above. Initial adviser fee will be between 0% and 3.45%. Investment transactions below the R500 fund minimum incur a 2.30% administration charge.

\* Please note: Initial charges do not apply to the Class B funds.

## ONGOING

	Class A	Class BI*	Class R
Annual service fees (excl. VAT**)	0.75%	0.60%	0.75%

\* Please note: The Class BI fund is 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. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

**TAX REFERENCE NUMBER:** 9002/001/60/1

<b>ISIN CODES:</b>	<b>Class R</b>	ZAE000020699
	<b>Class BI</b>	ZAE000048138

Total Expenses (Incl. Annual Service Fee) (30/06/2020)	36 Months			12 Months		
	Class A	Class R	Class BI*	Class A	Class R	Class BI*
Total Expense Ratio (TER) Incl. VAT	0.89%	0.89%	0.72%	0.89%	0.89%	0.72%
Transaction Cost (TC)	0.01%	0.02%	0.02%	0.01%	0.03%	0.03%
Total Investment Charge	0.90%	0.91%	0.74%	0.90%	0.92%	0.75%

\* Please note: The Class BI fund is available through investment platforms such as Old Mutual Wealth.

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

Funds are also available via Old Mutual Wealth and MAX Investments.

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**FUTUREGROWTH**

/ ASSET MANAGEMENT

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.oldmutualinvest.com](http://www.oldmutualinvest.com) 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.
- The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured. Performances are in ZAR and as at 30 September 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

Futuregrowth Asset Management (Pty) Ltd is a Licensed Financial Services Provider.

Old Mutual Unit Trust Managers (RF) (Pty) Ltd, registration number 1965 008 47107, is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA). Old Mutual Unit Trust Managers has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

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