



OLD MUTUAL INSTITUTIONAL SHORT TERM INTEREST FUND

JULY 2019

FUND INFORMATION

RISK PROFILE



FUND OBJECTIVE

The fund aims to deliver a regular income and to outperform corporate bank deposits over time, while preserving capital and maintaining a high level of liquidity.

WHO IS THIS FUND FOR?

This fund is suited to risk-averse institutional and corporate investors who do not want exposure to non-bank issued corporate debt, but who require a liquid short-term interest-bearing investment vehicle providing higher yields relative to a corporate call deposit bank account.

INVESTMENT MANDATE

The fund may, apart from having exposure to Government issued non-equity securities and/or South African Government guaranteed non-equity securities, only have exposure to South African domiciled bank-issued non-equity securities. These non-equity securities must have been issued by a bank which is a top five rated South African bank at the time of purchase of such non-equity security.



The fund has a Global Credit Rating (GCR) of AA+. The next review date is in November 2019.

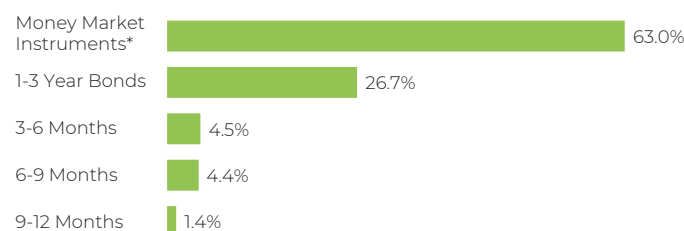
REGULATION 28 COMPLIANCE

The fund does not comply with the asset allocation sublimits set out in Regulation 28 of the Pension Funds Act, and therefore the fund is not Regulation 28 compliant.

BENCHMARK:	Short Term Fixed Interest Composite Index ("STeFI")
ASISA CATEGORY:	South African - Interest Bearing - Short Term
FUND MANAGER(S):	Michael van Rensburg, Nazley Bardien (Futuregrowth Asset Management)
LAUNCH DATE:	31/08/2018
SIZE OF FUND:	R1.6bn
DISTRIBUTIONS:	Monthly

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



MINIMUM INVESTMENTS:

• Lump sum: R20 million

ONGOING

	Class B2
Annual service fees (excl. VAT)	0.00%

Futuregrowth will invoice its institutional clients 0.25% (excl. VAT)* for investment in the portfolio. Old Mutual Unit Trusts will invoice Futuregrowth a 0.12% (excl. VAT) platform fee. These fees are calculated on NAV and are payable monthly in arrears. Other charges incurred by the fund, and deducted from its portfolio, are included in the TER.

*This may include a referral fee payable to a financial adviser.

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

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We aim to treat our clients fairly by giving you the information you need in as simple a way as possible, to enable you to make informed decisions about your investments.

- We believe in the value of sound advice and so recommend that you consult a financial planner before buying or selling unit trusts. You may, however, buy and sell without the help of a financial planner. If you do use a planner, we remind you that they are entitled to certain negotiable planner fees or commissions.
- You should ideally see unit trusts as a medium- to long-term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, we cannot guarantee the investment capital or return of your investment. How a fund has performed in the past does not necessarily indicate how it will perform in the future.
- The fund fees and costs that we charge for managing your investment are disclosed in this Minimum Disclosure Document (MDD) and in the table of fees and charges, both of which are available on our public website or from our contact centre.
- Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained, free of charge, from Old Mutual Unit Trust Managers (RF) (Pty) Ltd, from our public website at www.oldmutualinvest.com or our contact centre on 0860 234 234.
- Our cut-off time for client instructions (e.g. buying and selling) is at 13:00 each working day. We value the fund at 15:00 to determine the daily ruling price. 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 31 July 2019. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

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

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

Issued: August 2019

FUND MANAGER INFORMATION



MICHAEL VAN RENSBURG |
PORTFOLIO MANAGER

- BCom
- 28 years of investment experience



NAZLEY BARDIEN | PORTFOLIO MANAGER

- National Diploma in Banking
- 20 years of investment experience

FUND COMMENTARY as at 30/06/2019

The fund outperformed the benchmark for the period under review.

A part of this was due to the narrowing in money market rates over the quarter, particularly in the back end of the yield curve. The fund had a modest holding of fixed rate assets in this region which, given the contraction in rates, had a positive impact on fund performance due to the capital appreciation earned on these securities.

It is noted that due to mandate constraints, the fund had a higher holding of floating rate assets and consequently benefited from the higher accruals earned on these instruments. In particular, we have been buying longer-dated bank JIBAR-linked securities at relatively attractive spreads.

After avoiding a sovereign rating downgrade by Moody's in March, there was much optimism coming through in the domestic market last quarter. In addition, given the low growth and benign inflation environment, the SA Reserve Bank took a generally dovish tone at their last Monetary Policy Committee meeting, which led to a narrowing in money market rates. This was supported by a more stable outlook following May's national elections, as well as the Federal Open Market Committee in the US also taking a dovish stance on their federal funds rate.

The events of the previous quarter contributed to the forward rate agreement curve becoming inverted and now pricing in the potential for two rate cuts over the coming 12 months. Accordingly, negotiable certificate of deposit (NCD) rates have narrowed across the curve, particularly in the 9-12 months region, and has led to a flatter NCD curve. The spread between 12 months and 3 months JIBAR has also come in and now stands at around 72.5 basis points.

Given the mandate limits, the fund has a relatively high holding of floating rate assets. In particular, all exposure greater than 12 months is held in variable rate notes. Additionally, and in keeping with the mandate, the fund has a moderate holding of short-dated Treasury bill securities. We have been active participants in the weekly T-bill auction and have managed to acquire these shorter-dated assets at higher spreads to comparable bank NCDs. Lastly, in considering the positive sentiment in the local market as well as the possibility of future rate cuts, we have opportunistically looked to purchase fixed rate assets at spreads that we believe are appropriate for the risk being taken. With this in mind, and in accounting for the flatter money market curve, we have preferred 6-7 months bank NCDs.

PRINCIPAL HOLDINGS as at 30/06/2019

HOLDING	% OF FUND
Standard Bank of South Africa Ltd	25.1%
Nedbank Ltd	20.2%
ABSA Bank Ltd	19.3%
FirstRand Bank Ltd	15.8%
Republic of South Africa	12.7%
Investec Bank Ltd	4.7%
SA National Roads Agency Ltd	2.2%

TAX REFERENCE NUMBER: 9155/267/24/9

ISIN CODE: ZAE000261749

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/ ASSET MANAGEMENT