



OLD MUTUAL INSTITUTIONAL SHORT-TERM INTEREST FUND

SEPTEMBER 2020

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 28 February 2021.

REGULATION 28 COMPLIANCE

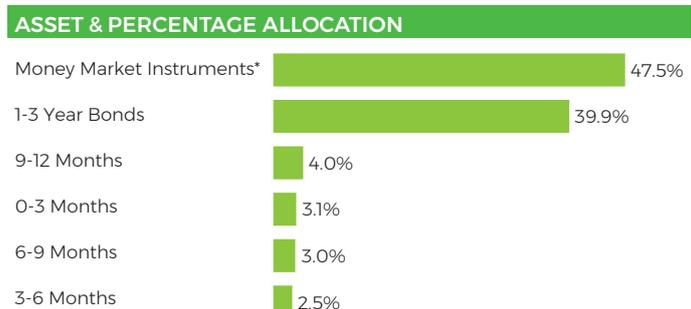
The fund does not comply with the asset allocation sublimits set out in Regulation 28 of the Pension Funds Act, and therefore the fund is not Regulation 28 compliant.

BENCHMARK:	Short-term Fixed Interest Composite Index (STeFI)
ASISA CATEGORY:	South African - Interest Bearing - Short Term
FUND MANAGER(S):	Michael van Rensburg & Nazley Barden (Futuregrowth Asset Management)
LAUNCH DATE:	31/08/2018
SIZE OF FUND:	R2.3bn

DISTRIBUTIONS: (Monthly)

Date	Interest	Yield
30/09/2020	0.81c	4.52%
31/08/2020	0.95c	4.79%
31/07/2020	1.09c	5.38%
30/06/2020	1.13c	5.72%
31/05/2020	1.17c	6.36%
30/04/2020	1.16c	6.58%
31/03/2020	1.24c	7.43%
29/02/2020	1.22c	7.72%
31/01/2020	1.37c	7.79%
31/12/2019	1.30c	7.78%
30/11/2019	1.23c	7.92%
31/10/2019	1.36c	7.67%

FUND COMPOSITION



FUND PERFORMANCE AS AT 30/09/2020

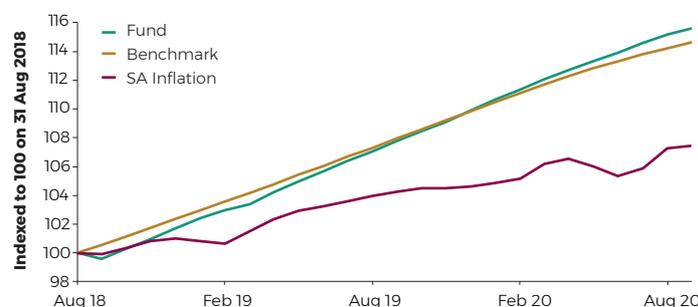
% PERFORMANCE (ANNUALISED)						
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception*
Fund	7.3%	-	-	-	-	7.2%
Benchmark	6.2%	6.9%	7.1%	6.8%	6.4%	6.8%

* Performance since inception of the fund.

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)	8.4%	7.9%	7.1%

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-0.4%
Months to Recover	1
% Positive Months	96.0%
Annual Standard Deviation	0.8%

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

PRINCIPAL HOLDINGS

HOLDING	% OF FUND
Republic of South Africa	29.2%
Nedbank Ltd	24.4%
Standard Bank of South Africa Ltd	24.1%
FirstRand Bank Ltd	8.5%
SA National Roads Agency SOC Ltd	6.1%
ABSA Bank Ltd	5.6%
Investec Bank Ltd	2.1%

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FUND MANAGER INFORMATION



MICHAEL VAN RENSBURG | PORTFOLIO MANAGER

- BCom
- 29 years of investment experience



NAZLEY BARDIËN | PORTFOLIO MANAGER

- National Diploma in Banking
- 21 years of investment experience

FUND COMMENTARY

Domestic improvements in the COVID-19 infection rates led to an easing of the lockdown restrictions last quarter. The accompanying pickup in economic activity was much needed and contributed to an uptick in growth and inflation forecasts. This was somewhat diminished, however, by the latest round of load shedding, which saw Eskom go as high as level 4. Nonetheless, given the improvements to the economy, the South African Reserve Bank (SARB) decided to maintain the repo rate at 3.5% at their September Monetary Policy Committee (MPC) meeting, this after reducing the lending rate by 0.25% in July.

Further to this, we have seen JIBAR rates decline across the maturity spectrum with the slope of the money market curve flattening. At present, the spread between 12 months and 3 months JIBAR is at 25 basis points (bps), down 14bps from the previous quarter. In line with this, the forward rate agreement (FRA) curve is also quite flat and is marginally pricing in the potential for a further rate cut this year. Further to this, there has also been a steep decline in credit spreads as observed

by the 3-year bank spread. This is largely due to the excess liquidity that is currently in the South African financial market.

We are mindful of the potential risks to the economy, which include, among others, further rounds of load shedding by Eskom as well a second wave of coronavirus infections. Additionally, the Medium-Term Budget Policy Statement (MTBPS) in October should shed some light on the country's fiscal status. Despite the improvement in the growth and inflation numbers, they are still relatively subdued and, consequently, leading to an environment of lower interest rates for longer. With this in mind, we will thus look to extend the fund's weighted average duration by buying longer-dated fixed rate assets.

In particular, the fund has been acquiring Treasury bill assets, as these securities are currently trading at a notable premium to bank NCDs. In addition, we remain buyers of longer-dated floating rate assets as these instruments help in managing the interest rate risk and running yield of the funds.

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

OTHER INVESTMENT CONSIDERATIONS

MINIMUM INVESTMENTS:

- Lump sum: R20 million

ONGOING

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

Futuregrowth's institutional clients will access the 0.00% (zero) fee class of the fund. Other charges incurred by the fund, and deducted from its portfolio, are included in the TER of the fund. Futuregrowth will invoice its institutional clients a maximum of 0.25% ex VAT. These costs will include OMUT's platform fee and Futuregrowth's portfolio management fee and may include a referral fee payable to a financial adviser. These fees are calculated on NAV and are payable monthly in arrears.

TAX REFERENCE NUMBER: 9155/267/24/9

ISIN CODE: ZAE000261749

Total Expenses (Incl. Annual Service Fee) (30/06/2020)	36 Months	12 Months
	Class B2	Class B2
Total Expense Ratio (TER) Incl. VAT	0.13%	0.02%
Transaction Cost (TC)	0.05%	0.02%
Total Investment Charge	0.18%	0.04%

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.

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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 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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