



## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to offer a high level of income, together with relative capital stability. It aims to pay out a high regular income without putting the investor's money at undue risk. It aims to achieve higher than money market returns by taking on marginally more risk.

### WHO IS THIS FUND FOR?

This fund is suited to investors seeking capital stability. It can be used as a secure parking bay in times of stock market instability as well as a means of phasing money into an equity (share) fund over a period of time.

### INVESTMENT MANDATE

The fund invests in local interest-bearing investments including fixed and floating rate bonds and money market instruments. The weighted average modified duration of the fund will always be less than two years, which contributes to its relative capital stability. Derivatives may be used for efficient portfolio management purposes.

### 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.

**COMPOSITE BENCHMARK:** 80% STeFI Composite Index & 20% All Bond Index

**ASISA CATEGORY:** South African - Interest Bearing - Short Term

**RISK OBJECTIVE:** No negative quarters.

**FUND MANAGER(S):** Wikus Furstenberg (Futuregrowth Asset Management)

**LAUNCH DATE:** 22/04/1989

**SIZE OF FUND:** R4.0bn

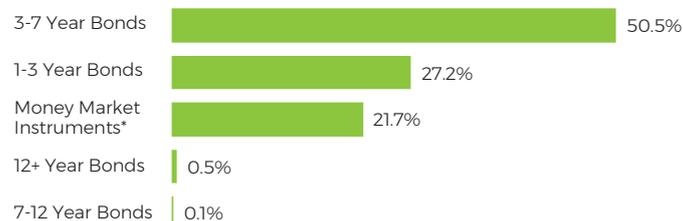
### DISTRIBUTIONS: (Quarterly)\*

| Date       | Interest | Yield | Total % |
|------------|----------|-------|---------|
| 30/09/2020 | 1.75c    | 6.05% | 1.38%   |
| 30/06/2020 | 1.97c    | 6.37% | 1.55%   |
| 31/03/2020 | 2.27c    | 7.64% | 1.83%   |
| 31/12/2019 | 2.32c    | 7.66% | 1.83%   |

\* Class R 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)               | 8.2%                       | 8.0% | 8.5% | 7.5% | 7.4%  | 11.1%                        |
| Fund (Class B1) <sup>2</sup> | 8.4%                       | 8.2% | 8.7% | 7.7% | -     | -                            |
| Benchmark                    | 5.8%                       | 7.1% | 7.3% | 6.9% | 6.7%  | 11.1%                        |

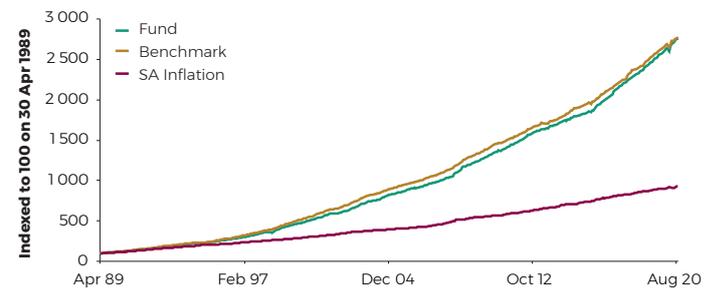
<sup>1</sup> Performance since inception of the fund.

<sup>2</sup> Inception: 31 January 2013. Class B1 fund is available through investment platforms such as Old Mutual Wealth.

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)  | 27.8%   | 11.2%   | 3.5%   |

### Performance Since Inception



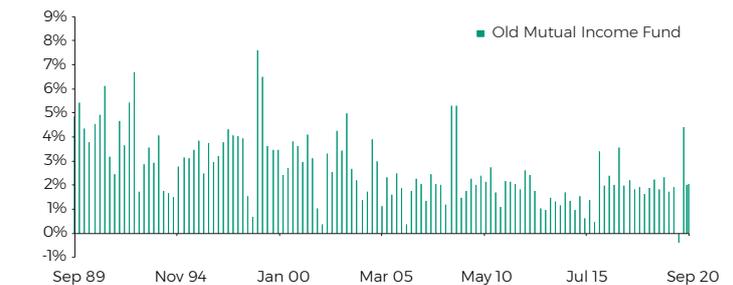
Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

|                           |       |
|---------------------------|-------|
| Maximum Drawdown          | -5.0% |
| Months to Recover         | 2     |
| % Positive Months         | 95.5% |
| Annual Standard Deviation | 2.6%  |

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

### Rolling Quarter-end Returns



## PRINCIPAL HOLDINGS

| HOLDING                            | % OF FUND |
|------------------------------------|-----------|
| R186 10.5% 21/12/2026              | 31.7%     |
| DV 23 Development Bank of SA       | 2.1%      |
| R2023 7.75% 28/02/2023             | 1.7%      |
| R197 5.5% 07/12/2023               | 1.7%      |
| FRJ23 FRN 31/07/2023               | 1.7%      |
| IDC 8.34% 22/10/2020               | 1.7%      |
| NEDJBL96 FRN 12/01/2021            | 1.6%      |
| Eskom Holdings Ltd ES26 02/04/2026 | 1.6%      |
| COJ05 12.205% 05/06/2023           | 1.6%      |
| SBS62 FRN 31/01/2024               | 1.5%      |



## FUND MANAGER INFORMATION



### WIKUS FURSTENBERG | PORTFOLIO MANAGER

- MCom (Economics)
- 23 years of investment experience

## 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 in stating its usual forward guidance, tweaked the reference to inflation by adding that it would be allowed to moderately exceed 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 8.2% net of fees for the 12-month period ending September, outperforming the benchmark by 2.4%. The outperformance was the result of a stable positive contribution from higher-yielding non-government variable and fixed rate holdings. The fund also benefited from the holding of short- to medium-dated fixed rate government bonds, in particular the R186 holding.

Unprecedented monetary policy easing in the last year pushed cash right down the ladder of investment alternatives. In response, we opted to keep the fund fully invested in longer-dated money market instruments, variable rate bonds and shorter-dated fixed rate bonds. In terms of the latter, we retain a strong preference for the R186 (maturity 2026), using bouts of market weakness to incrementally add to this position. The selection of the R186 is mainly based on its annual coupon rate of 10.5% and relatively low interest rate risk compared to longer-dated bonds. In addition, its position on a steeply sloped section of the nominal bond yield curve opens the door to so-called "roll-down", which is expected to make a significant contribution to total return in the medium term.

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 B1* | Class R |
|-----------------------------------|---------|-----------|---------|
| Annual service fees (excl. VAT**) | 0.75%   | 0.60%     | 0.75%   |

\* Please note: The Class B1 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: 9430/004/60/7

|             |          |              |
|-------------|----------|--------------|
| ISIN CODES: | Class R  | ZAE000020822 |
|             | Class B1 | ZAE000174132 |

| Total Expenses (Incl. Annual Service Fee) (30/06/2020) | 36 Months |           | 12 Months |           |
|--|-----------|-----------|-----------|-----------|
|  | Class R   | Class B1* | Class R   | Class B1* |
| Total Expense Ratio (TER) Incl. VAT                    | 0.88%     | 0.71%     | 0.88%     | 0.71%     |
| Transaction Cost (TC)                                  | 0.01%     | 0.01%     | 0.01%     | 0.02%     |
| Total Investment Charge                                | 0.89%     | 0.72%     | 0.89%     | 0.73%     |

\* Please note: The Class B1 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.
- Income funds derive their income primarily from interest-bearing instruments as defined. The yield is a current yield and is calculated daily.
- 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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