



OLD MUTUAL BOND FUND

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

JUNE 2021

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



ESG FUND RATING

The environmental, social and governance (ESG) fund ratings are based on the exposure of the underlying assets held to industry-specific ESG risks and the ability to manage those risks relative to peers.

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 efficient portfolio management purposes.

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.

BENCHMARK: All Bond Index

ASISA CATEGORY: South African - Interest Bearing - Variable Term

FUND MANAGER(S): Daphne Botha
(Futuregrowth Asset Management)

LAUNCH DATE: 31/12/1994

SIZE OF FUND: R1.4bn

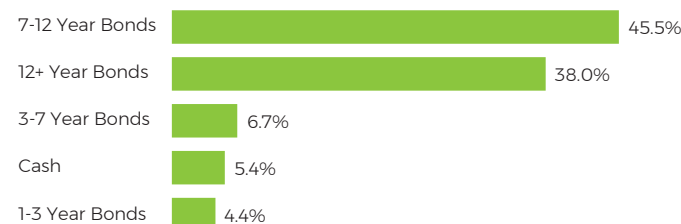
DISTRIBUTIONS: (Half-yearly)*

Date	Interest	Yield	Total %
30/06/2021	18.18c	9.42%	5.18%
31/12/2020	14.89c	8.34%	4.28%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



FUND PERFORMANCE AS AT 30/06/2021

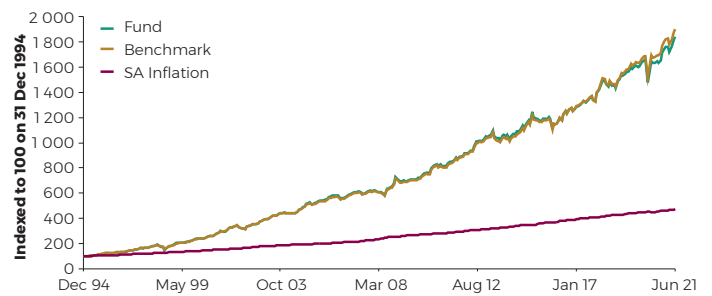
	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class R)	12.8%	8.4%	8.5%	7.7%	8.0%	11.6%
Fund (Class B1) ²	13.0%	8.6%	8.7%	7.9%	8.2%	-
Fund (Class A) ²	12.8%	-	-	-	-	-
Benchmark	13.7%	9.2%	9.2%	8.5%	8.5%	11.7%

¹ Performance since inception of the fund.

² Class B1 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%	11.7%	-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	71.1%
Annual Standard Deviation	8.3%

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	25.2%
R2030 8.00% 31/01/2030	19.9%
R2035 8.875% 28/02/2035	16.4%
R2037 8.50% 31/01/2037	12.3%
R2040 9.00% 31/01/2040	8.2%
R186 10.5% 21/12/2026	3.0%
Transnet Ltd 8.9% 14/11/2027	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%

THIS IS THE MINIMUM DISCLOSURE DOCUMENT AS REQUIRED BY BOARD NOTICE 92

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

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FUTUREGROWTH
/ ASSET MANAGEMENT



OLD MUTUAL BOND FUND

JUNE 2021

FUND MANAGER INFORMATION



DAPHNE BOTHA |
PORTFOLIO MANAGER

• BCom (Hons)

FUND COMMENTARY

Despite stronger inflation numbers in the US, the 10-year Treasury yield ended the second quarter lower, as inflation expectations receded from peak levels experienced during the first quarter of this year. The US Federal Reserve (Fed)'s preferred measure of inflation, the personal consumption expenditure index, rose to a peak of 3.9% in May, the highest it has been since 2008. The Fed, along with the US bond market, views the recent spikes as being transitory, ascribing the elevated inflation numbers to supply chain disruptions and low base effects.

Domestically, elevated concerns around long-term inflation and fiscal risk continued to recede. An improving current account balance due to a strong commodity cycle, a lower fiscal funding requirement due to a better than expected fiscal

performance during the first quarter, as well as an improving global backdrop, helped to buoy investor confidence. It follows that all three major rating agencies, although highlighting concerns around fiscal implementation risk, maintained their current ratings and outlooks. The improved outlook was instrumental in causing the bond yield curve to bull flatten as longer-dated bond yields trended lower. The strong commodity performance, along with US dollar weakness, helped the local currency strengthen to below pre-pandemic levels, to reach a low of R13.34 to the US dollar before ending the quarter at R14.30.

Looking ahead, the growth recovery remains uncertain, as the implications of the third wave – now driven by the Covid-19 delta variant – spreads throughout the country. A slow vaccination rate, a possible extension of the adjusted level 4 lockdown, as well as the recent bout of load shedding, continue to pose a threat to the growth and inflation recovery. It also opens the door for a continued pause in the repo rate, with the South African Reserve Bank (SARB) voting unanimously to maintain it at the current level of 3.5% at its May committee meeting.

A combination of an anchored front-end of the yield curve and compression in the back end of

the yield curve resulted in the FTSE/JSE All Bond Index (ALBI) returning 6.86% for the second quarter of this year, contrasting sharply with the -1.74% rendered during the first quarter.

The fund returned 12.8% on a net-of-fee basis for the 12-month period ending June 2021. Performance over the period was driven by strong yield curve compression, particularly for longer-dated bonds as the yield curve bull flattened. The Fund's concentrated positioning in the 12-20 year area of the yield curve was as result, a key return driver over the period.

Cash rates are at multi-decade lows while longer-dated nominal bonds are offered at higher and relatively attractive inflation-adjusted levels. The precarious fiscal backdrop 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 opt to keep the exposure to cash as low as possible, balanced by a significant overweight holding to the 10- and 20-year maturity band and an underweight position in both short- and ultra-long-dated bonds. The modified duration of the fund is slightly lower than that of the benchmark.

Source: Old Mutual Investment Group as at 30/06/2021

OTHER INVESTMENT CONSIDERATIONS

INVESTMENT CONTRACT MINIMUMS*:

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

* These investment minimums are not limited to this fund. They can be apportioned across the funds you have selected in your investment contract.

INITIAL CHARGES (Incl. VAT):

Initial adviser fee will be between 0% and 3.45%.

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

ISIN CODES:	Class R	ZAE000020699
	Class BI	ZAE000048138

Total Expenses (Incl. Annual Service Fee) (30/06/2021)	36 Months			12 Months		
	Class A	Class BI*	Class R	Class A	Class BI*	Class R
Total Expense Ratio (TER) Incl. VAT	0.83%	0.72%	0.89%	0.88%	0.71%	0.88%
Transaction Cost (TC)	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
Total Investment Charge	0.86%	0.74%	0.91%	0.90%	0.73%	0.90%

* 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 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 for our money market funds, where the cut-off is at 12:30.
- The valuation time is set at 15:00 each working day for all our funds, excluding our money market funds which is at 13:00, 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 June 2021. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).
- MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings ("the information") provide environmental, social and governance data with respect to underlying securities within more than 31 000 multi-asset class mutual funds and ETFs globally. MSCI ESG is a registered investment adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from the US SEC or any other regulatory body. None of the information constitutes an offer to buy or sell, or a promotion or recommendation of any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the information can be used to determine which securities to buy or sell or when to buy or sell them. The information is provided "as is" and the user of the information assumes the entire risk of any use it may make or permit to be made of the information.

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.

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

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