



# OLD MUTUAL EQUITY FUND

MSCI  
ESG RATINGS



CCC B BB BBB A AA AAA

JULY 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 long-term capital growth through investing in a broad spectrum of South African and international shares.

### WHO IS THIS FUND FOR?

This fund is suited to investors seeking long-term capital growth through exposure to a broadly diversified portfolio of South African and international shares. These investors can tolerate South African and international stock market volatility and exchange rate fluctuations.

### INVESTMENT MANDATE

The fund invests in shares across all sectors of the South African and international stock market. The exposure to South African shares will focus predominantly on the top 100 shares by market capitalisation as listed on the FTSE/JSE All Share Index (J203). The offshore exposure is limited to 30% of its portfolio (with an additional 10% for African ex-SA investments). The fund aims to achieve its performance objective through well-researched and superior share selection. Derivatives may be used for efficient portfolio management purposes.

### REGULATION 28 COMPLIANCE

The fund aims to achieve long-term inflation-beating growth, and therefore may hold a higher allocation to equities than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

**BENCHMARK:** ASISA Category Average\*  
\*The FTSE/JSE Capped SWIX Index is referenced for exposure management purposes.

**ASISA CATEGORY:** South African – Equity – General

**FUND MANAGER(S):** Arthur Karas, Meryl Pick & Siboniso Nxumalo (Old Mutual Investment Group – MacroSolutions)

**LAUNCH DATE:** 28/02/2018

**SIZE OF FUND:** R4.8bn

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

Date	Dividend	Interest	Total	Total %
30/06/2021	0.55c	0.02c	0.57c	0.27%
31/12/2020	0.19c	0.01c	0.20c	0.11%

\* Class A fund distributions

## FUND PERFORMANCE AS AT 31/07/2021

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class A)	24.6%	3.5%	-	-	-	3.9%
Fund (Class B1) <sup>2</sup>	25.1%	3.9%	-	-	-	4.3%
Fund (Class R) <sup>3</sup>	25.1%	-	-	-	-	-
Benchmark	24.6%	6.1%	4.8%	4.3%	8.4%	4.7%

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

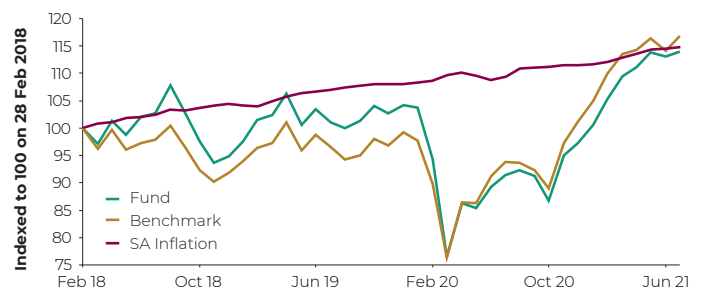
<sup>2</sup> Class B1 fund is available through investment platforms such as Old Mutual Wealth.

<sup>3</sup> Inception: 31 May 2019

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)	43.0%	2.1%	-25.3%

### Performance Since Inception



Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-29.0%
Months to Recover	13
% Positive Months	61.0%
Annual Standard Deviation	17.6%

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

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION

Industrials	36.3%
International Equities	21.8%
Financials	20.6%
Resources	20.0%
Old Mutual SA Quoted Property Fund	1.0%
Liquid Assets	0.3%

## PRINCIPAL HOLDINGS AS AT 30/06/2021

HOLDING	% OF FUND
FirstRand Ltd	6.1%
ABSA Group Ltd	5.1%
Anglo American Plc	5.1%
MTN Group Ltd	4.8%
Naspers Ltd	4.5%
Standard Bank Group Ltd	4.4%
Sasol Ltd	4.3%
British American Tobacco	3.8%
Anheuser Busch Inbev SA NV	3.1%
Transaction Capital Ltd	3.0%

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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# OLD MUTUAL EQUITY FUND

JULY 2021

## FUND MANAGER INFORMATION



### ARTHUR KARAS |

PORTFOLIO MANAGER

- BCom, CFA
- 30 years of investment experience



### MERYL PICK |

PORTFOLIO MANAGER

- BScEng (Chem), MBA
- 9 years of investment experience



### SIBONISO NXUMALO |

PORTFOLIO MANAGER

- BCom (Hons), MBA (UCT)
- 15 years of investment experience

of March to close the second quarter at 1.47%. The yield on the Bloomberg Global Aggregate Bond Index (which includes largely developed markets and both government and corporate debt) was largely flat over the quarter and ended at 1.12%. This happened as the news was filled with fears of higher inflation and the US Federal Reserve potentially tightening policy sooner than previously thought. Along with this move in yields, the rotation trade paused somewhat in this quarter, as global growth outperformed global value (10% vs 4.8% in USD).

On the Covid front, the delta variant is driving new waves in countries around the world. The US has aggressively caught up on vaccinations and is now among the front-runners of the developed world in getting their populations vaccinated. Emerging markets excluding China still lag well behind, along with Africa and South Africa in particular.

The rand had a wild ride and strengthened at one point in the quarter to R13.43 to the US dollar, but weakened again to end at R14.29 as the country entered another lockdown at the end of the quarter. At a headline level, the local equity market disappointed.

Performance in rands was barely positive at 0.6%. Gold and platinum miners struggled and Naspers/Prosus were big detractors for the local market. The performance of resources shares in SA, combined with their significant earnings, has made these shares trade at some of their lowest price-earnings ratios (PEs) in the last decade. On the fixed income front, the sell-off in SA bonds in Q1 was short-lived, as the SA 10-year yield (proxied by the R213 bond) rallied from 9.93% to 9.25%. The SA All Bond Index returned a whopping 6.9% for the quarter. With this move in bonds, SA financials, clothing retailers and SA property performed well over the quarter.

The fund delivered good performance in the quarter. While the overall equity market return for the quarter

was disappointing the fund's equity selection was good, outperforming the overall market.

The fund's holdings have been oriented to domestic businesses that should benefit from a recovery. This paid off in the quarter with the fund benefiting from exposure to the retailer Foschini Group (up 30%), Transaction Capital (up 23%) Life Health Care which we added recently (up 23%) and WBO (up 22%). Our underweight positions to Anglo American Platinum and Prosus also contributed positively to performance. One of the weakest share in the portfolio over the past quarter was Naspers. The bulk of this underperformance was due to the weak performance of Tencent, Naspers's largest investment. But the market has also been disappointed by the plan that Naspers hoped would reduce the large discount to its sum of the parts. The fund is underweight Naspers, which contributed to the outperformance of its benchmark but there is still an absolute negative impact from the holding.

The fund's exposure to precious metal miners detracted from performance while its zero weight in Richemont and Capitec, which both had a strong quarter, also detracted from performance.

Looking forward, we expect the global economy to continue to recover as vaccinations are rolled out and economies continue to open up. South Africa too should continue to benefit from a cyclical recovery with the country's vaccination drive starting to gain some traction and monetary policy likely to remain supportive, given well-behaved inflation. South Africa is also enjoying a windfall from higher commodity prices, which is likely to underpin the rand. This bodes well for South African assets, which remain relatively cheap compared to global assets.

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

## FUND COMMENTARY AS AT 30/06/2021

It was another big quarter for growth/risk assets, as global equities were up 7.4% in US dollars. This made the first half of 2021 one of the best periods for global equities – up 12.3%. What was different this quarter, however, was that global bonds did not sell off as in the previous quarter. The US 10-year government bond yield rallied from the end

## 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%.

### EXIT FEE:

Old Mutual Unit Trusts will charge an exit fee of 2.30% if exiting within 2 weeks of entry and reserves the right to charge this fee if exiting within 6 months of entry. The exit fee will not apply to investments in the fund via the Old Mutual Unit Trusts Tax-Free Investment.

## ONGOING

	Class A	Class B1*	Class R
Annual service fees (excl. VAT)	1.35%	1.00%	1.00%

\* Please note: The Class B1 fund is available through investment platforms such as Old Mutual Wealth.

This 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, include audit, custodian and trustee charges and service fees of collective investment schemes in which the fund holds interests. These are included in the TER.

TAX REFERENCE NUMBER: 0058/339/30/0

ISIN CODES:	Class A	Class B1	Class R
	ZAE000255378	ZAE000255386	ZAE000273223

Total Expenses (Incl. Annual Service Fee) (31/03/2021)	36 Months			12 Months		
	Class A	Class B1*	Class R	Class A	Class B1*	Class R
Total Expense Ratio (TER) Incl. VAT	1.68%	1.28%	1.21%	1.64%	1.24%	1.24%
Transaction Cost (TC)	0.28%	0.28%	0.32%	0.22%	0.22%	0.22%
Total Investment Charge	1.96%	1.56%	1.53%	1.86%	1.46%	1.46%

\* Please note: The Class B1 fund is available through investment platforms such as Old Mutual Wealth.

Please note: The 36-month TER does not have a full 3-year history and is negatively impacted by fixed costs at the inception of the fund. TER is a historic measure and clients are expected to experience a significantly lower fee going forward.

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. The TER and TC cannot be determined accurately for the funds that are less than one year old. Calculations are based on actual data where possible and best estimates where actual data is not available.

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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](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 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.
- This fund holds assets in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information.
- 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 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. Future growth 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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