



# OLD MUTUAL INCOME FUND



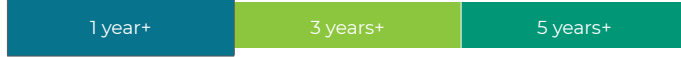
DECEMBER 2021

## 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 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

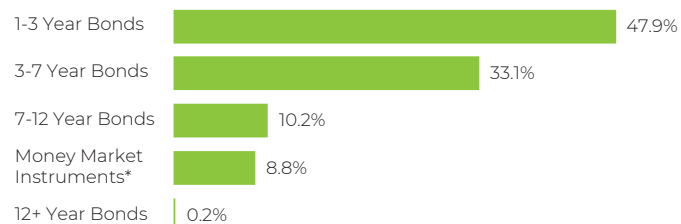
The fund does not comply with the asset allocation sublimits set out in Regulation 28 of the Pension Funds Act, and therefore the fund is not Regulation 28 compliant.

<b>COMPOSITE BENCHMARK:</b>	80% STeFI Composite Index & 20% All Bond Index		
<b>ASISA CATEGORY:</b>	South African – Interest Bearing – Short Term		
<b>RISK OBJECTIVE:</b>	No negative quarters.		
<b>FUND MANAGER(S):</b>	Wikus Furstenberg (Futuregrowth Asset Management)		
<b>LAUNCH DATE:</b>	22/04/1989		
<b>SIZE OF FUND:</b>	R5.1bn		
<b>DISTRIBUTIONS: (Quarterly)*</b>			
<b>Date</b>	<b>Interest</b>	<b>Yield</b>	<b>Total %</b>
31/12/2021	1.55c	4.96%	1.23%
30/09/2021	1.60c	4.98%	1.26%
30/06/2021	1.58c	5.09%	1.24%
31/03/2021	1.53c	5.42%	1.21%

\* Class A fund distributions

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION



\* Money market instruments include cash, NCDs and treasury bills.

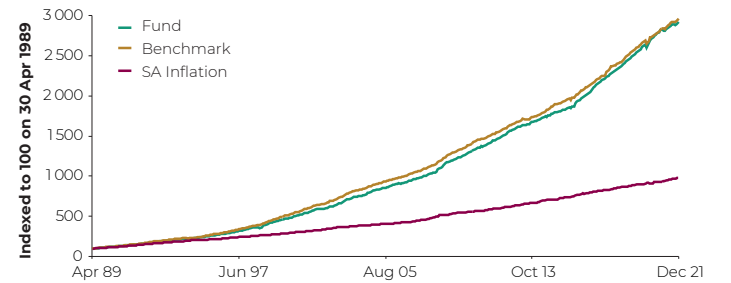
## FUND PERFORMANCE AS AT 31/12/2021

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class R)	3.5%	6.6%	7.5%	7.4%	7.1%	10.9%
Fund (Class B1) <sup>2</sup>	3.7%	6.8%	7.7%	7.5%	-	-
Fund (Class A) <sup>3</sup>	3.5%	-	-	-	-	-
Benchmark	4.7%	6.3%	6.9%	6.8%	6.6%	10.9%

<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.  
<sup>3</sup> Inception: 29 February 2020  
 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%	11.0%	3.5%

### Performance Since Inception



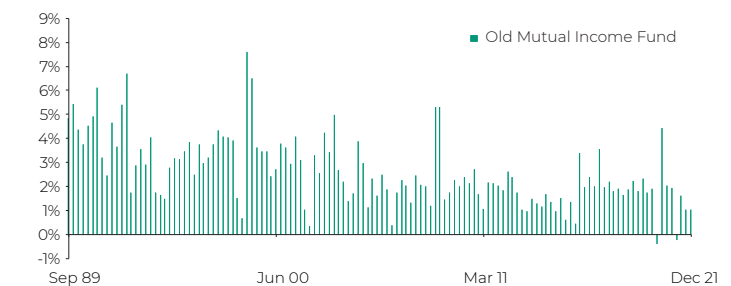
Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-5.0%
Months to Recover	2
% Positive Months	94.9%
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	11.4%
R2030 8.00% 31/01/2030	9.1%
SBS55 FRN 12/06/2022	1.6%
SBS62 FRN 31/01/2024	1.6%
OML13 FRN 23/09/2026	1.5%
Development Bank of SA DV24 9.69%	1.5%
FRJ23 FRN 31/07/2023	1.4%
COJ05 12.205% 05/06/2023	1.4%
Development Bank of SA DV23	1.4%
Eskom Holdings Ltd ES26 02/04/2026	1.4%

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



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DECEMBER 2021

## FUND MANAGER INFORMATION



**WIKUS FURSTENBERG |**  
PORTFOLIO MANAGER

- MCom (Economics)
- 24 years of investment experience

ratings outlook from negative to stable, as a result of an improved fiscal outlook. Having said that, global risk sentiment continues to seesaw as newer and potentially more severe variants of the coronavirus come to the fore. This continues to exacerbate concerns around the global recovery and tends to trigger bouts of risk-off sentiment. All considered, inflation-linked bonds delivered strong returns on both a quarterly and an annual basis, as concerns around inflation and the need for inflation protection drove real yields lower. Nominal bonds were harder hit by the risk-off sentiment and inflationary concerns, but still managed to deliver decent returns over both the quarter and the year.

The fund returned 3.5% for the 12-month period ending December 2021, underperforming the benchmark by 1.2%. In stark contrast to strong performance rendered by long-dated bonds, shorter-dated bond yields rose sharply during the year causing them to underperform the JSE All Bond Index. The weakness at the front end of the bond curve reflected expectations of the eventual reversal of unprecedented monetary policy easing that occurred in the first half of 2020. Due to the fund's conservative risk mandate, as reflected by the modified duration cap of two

years, a very significant portion of fund holdings was short dated, and hence exposed to the above adverse market developments.

The fund continued to gradually rotate out of fixed rate into variable rate bonds in anticipation of monetary policy tightening, which is expected to gain traction in coming months. The 10% increase in the non-government variable rate bond holding to 62% was funded by a combination of surplus cash and a significant reduction in the RSA government R186 (maturity 2026) fixed rate bond holding. The switch contributed to a decrease in the fund's weighted modified duration to 1.3, significantly lower than the peak of 1.9 that was maintained between September 2020 and March 2021. The smaller R186 holding is still mainly premised on the bond's attractive annual coupon rate of 10.5%. The longer-dated, higher-yielding R2030 fixed rate bond holding was retained in light of significant base accrual and some roll-down potential. The fund retained a small exposure to medium-dated inflation-linked bonds considering diversification benefits and an expected higher inflation carry in the short term.

Source: Old Mutual Investment Group as at 31/12/2021

## FUND COMMENTARY

A strong shift towards a tightening monetary regime was adopted by most central banks over the period, as the narrative around inflationary pressure shifted from being transitory towards being persistent. The South African Reserve Bank (SARB) hiked the repo rate by 25 basis points during its most recent Monetary Policy Committee (MPC) meeting, citing an increase in externally driven inflationary pressure as the reason to pre-emptively dampen price pressures. Despite inflation reaching 5.5% during November, the local bond market ended the year strongly. Contagion concerns emanating from monetary policy error in Turkey and concerns around the highly leveraged Chinese property sector were not enough to offset the positive impact of the unexpected Fitch ratings reprieve on the bond market. Fitch upgraded South Africa's sovereign

## 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 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) (30/09/2021)	36 Months			12 Months		
	Class A	Class B1*	Class R	Class A	Class B1*	Class R
Total Expense Ratio (TER) Incl. VAT	0.84%	0.71%	0.88%	0.88%	0.71%	0.88%
Transaction Cost (TC)	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Total Investment Charge	0.86%	0.73%	0.90%	0.90%	0.73%	0.90%

\* 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.

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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 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.
- 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 31 December 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.

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

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