



FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to provide an income that grows in line with inflation, while sustaining the level of capital over time and minimising any losses over a 12-month period. The portfolio manager actively manages asset allocation to take advantage of changing market conditions.

WHO IS THIS FUND FOR?

This fund is suited to investors who can accept a lower initial income in return for the expectation of inflation-matching growth in income over the recommended investment term, while maintaining the value of their capital. It is suitable as a low-risk investment in retirement.

INVESTMENT MANDATE

The fund invests in the full spectrum of fixed interest investments. The fund may invest up to 25% of its portfolio in selected listed property shares and up to 10% in equities. The fund may gain exposure to foreign assets up to a maximum of 30% of its portfolio (with an additional 10% for African ex-SA investments). Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund complies with retirement fund legislation. It is therefore suitable as a stand-alone fund in retirement products where Regulation 28 compliance is specifically required.

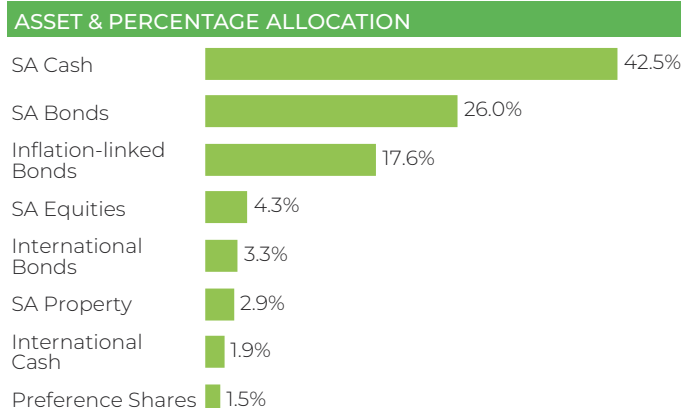
| | |
|---|---|
| BENCHMARK: | CPI |
| PERFORMANCE TARGET: | CPI + 1% to 2% p.a. (net of fees) |
| Performance is targeted over the recommended minimum investment term and is not guaranteed. | |
| RISK OBJECTIVE: | The fund aims to protect capital over 12 months. |
| ASISA CATEGORY: | South African – Multi-Asset – Low Equity |
| FUND MANAGER(S): | John Orford (Old Mutual Investment Group – MacroSolutions) |
| LAUNCH DATE: | 01/04/2006 |
| SIZE OF FUND: | R5.5bn |

DISTRIBUTIONS: (Quarterly)*

| Date | Dividend | Interest | Total | Total % |
|------------|----------|----------|-------|---------|
| 30/06/2020 | 0.20c | 3.47c | 3.66c | 1.34% |
| 31/03/2020 | 0.18c | 3.73c | 3.92c | 1.49% |
| 31/12/2019 | 0.05c | 4.31c | 4.35c | 1.54% |
| 30/09/2019 | 0.37c | 3.98c | 4.35c | 1.54% |

* Class A fund distributions

FUND COMPOSITION



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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FUND PERFORMANCE AS AT 30/06/2020

| | % PERFORMANCE (ANNUALISED) | | | | | |
|-----------------------------|----------------------------|------|------|------|-------|------------------------------|
| | 1-Yr | 3-Yr | 5-Yr | 7-Yr | 10-Yr | Since Inception ¹ |
| Fund (Class A) | 2.0% | 5.4% | 5.8% | 6.5% | 7.8% | 8.0% |
| Fund (Class B) ² | 2.4% | 5.9% | 6.3% | 7.0% | 8.3% | 8.4% |
| Benchmark | 3.0% | 3.9% | 4.7% | 4.9% | 5.0% | 5.7% |

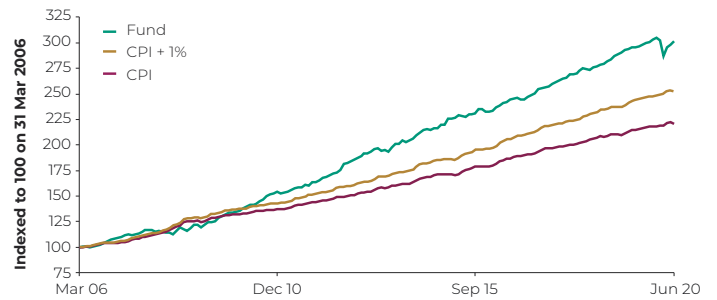
¹ Performance since inception of the fund.

² 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) | 15.4% | 8.3% | -0.9% |

Performance Since Inception

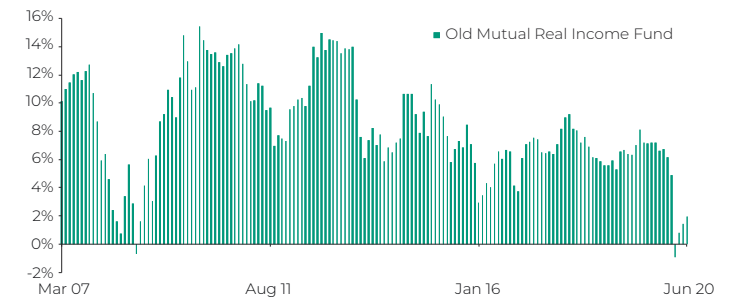


Past performance is no indication of future performance.

| Risk Statistics (Since Inception) | |
|-----------------------------------|-------|
| Maximum Drawdown | -5.7% |
| Months to Recover | N/A |
| % Positive Months | 80.1% |
| Annual Standard Deviation | 3.5% |

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

Risk Objective: Capital protection over 12 months



PRINCIPAL HOLDINGS

| HOLDING | % OF FUND |
|------------------------------------|-----------|
| R186 10.5% 21/12/2026 | 16.4% |
| I2025 ILB 2.00% 31/01/2025 | 11.2% |
| R210 2.60% 31/03/2028 | 2.6% |
| IDCG03 8.34% 22/10/2020 | 2.6% |
| ABSA NCD 4.75% 20/05/2021 | 2.3% |
| Eskom Holdings Ltd ES26 02/04/2026 | 2.1% |
| Development Bank of SA | 2.1% |
| R197 5.5% 07/12/2023 | 1.7% |
| NEDJBL96 FRN 12/01/2021 | 1.5% |
| TH13A8 9.63% 21/08/2020 | 1.4% |



FUND MANAGER INFORMATION



JOHN ORFORD | PORTFOLIO MANAGER

- BA Economic History (Hons), Postgraduate Dip (Quantitative Development Economics), MSc (Development Economics), MBA
- 16 years of investment experience

FUND COMMENTARY

In an extraordinary reversal of the previous quarter, global markets have rebounded from one of the fastest crashes of all time, with one of the fastest recoveries of all time. So while equities are still down a little bit year to date (YTD) there are a number of big winners. These are typically growth and technology orientated names, exemplified by the NASDAQ, which is up 12% in 2020. This rally has been delivered against the backdrop of the worst macroeconomic slowdown in living memory and more than 0.5m people dying from Covid-19. The reason markets have gone up is because policymakers have gone all in. On the fiscal side, the average budget deficit is forecast at 14% of GDP, while on the monetary policy side there have been more than 149 rate cuts this year.

South Africa has been no exception, with our Supplementary Budget released in June forecasting a deficit of 15.7%. The South African Reserve Bank (SARB) has slashed rates by 275 basis points (bps) this year, taking the repo rate down to 3.75%, the

lowest level since the 1970s. As a result, the Capped Shareholder Weighted Index (Capped SWIX), the most common equity benchmark, roared up 21.6% in the quarter. However, due to the massive fall in the first quarter, year-to-date returns are still down 10.7%. Interestingly, this is pretty much in line with the 12-month decline highlighting that all the damage took place in that first quarter. Local bonds also recovered their losses in the first quarter. However, flat YTD is a poor outcome in a global context, due to our downgrade to junk status.

We are very pleased that markets have recovered, for a number of reasons. Obviously, this helps mitigate the Q1 blow to our clients' wealth – and ours as we are invested alongside them. In addition, we bought equity across our range of solutions during the crash and afterwards. This was based on our better than expected long-term returns, and we did not expect to receive these returns in a quarter. However, some of the shares we purchased did phenomenally well, which highlights the benefit of active asset allocation. Finally, this rebound reaffirms our advice to investors to stick to their investment plan and not to panic in a crash. Typically, the best returns are found after the worst returns.

On a relative basis, we enjoyed a good second quarter, helped by the addition of equity at low prices. However, the recovery was not strong enough to offset a poor first quarter. We had built some holdings in South African mid-sized industrials on the basis of cheap valuations and decent operating models. Examples would be Pepkor Holdings, the best clothing retailer in the mass market, and Super Group, which has a great growth pipeline. These companies suffered in Q1 and have not rebounded as quickly as the market, reflecting the negative impact of South Africa's recession on their profits. We

remain excited to own these shares and, with a little time, they will deliver superior returns going forward.

The Old Mutual Real Income Fund aims to deliver a return of inflation plus 1-2% after fees – in other words, through delivering a real income stream. We do this by complementing fixed income assets with growth assets. Under the current environment, longer duration fixed income assets in South Africa offer very attractive real returns. For example, inflation-linked bonds offer a real return of over 4% and we have added exposure to this asset class in the last quarter. Nominal bonds offer real returns of around 6% in real terms based on the latest trailing inflation rate. Even if inflation picks up, nominal bonds offer a very handsome real return in excess of the fund's target. In this context, the fund has a lower allocation to riskier growth assets and during the quarter we reduced our exposure to equity selling into very strong performance in the quarter.

Within our fixed income exposure, the fund has responded to the aggressive monetary policy easing in the past few months by retaining exposure to longer-dated money market instruments, variable rate bonds and shorter-dated fixed rate bonds. In terms of the latter, we retain a preference for the R186 using bouts of market weakness to add to this position. The R186 is attractive based on its annual coupon rate of 10.5% and relatively low interest rate risk compared to longer-dated bonds.

During the quarter, the fund added gold to the portfolio. We initially added gold into the weakness in the gold price in late March, early April and have since added further to the position. We believe gold will be well supported by global monetary policy and offers currency and risk diversification to the portfolio. We expect the fund to deliver returns in line with or above its inflation target over the coming years.

Source: Old Mutual Investment Group as at 30/06/2020

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* |
|---------------------------------|---------|-----------|
| Annual service fees (excl. VAT) | 1.20% | 0.80% |

* 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. These include the fees and costs relating to underlying global asset class exposures, which range between 0.20% and 0.50% as the fee for equity exposures is typically higher than the fee for fixed income or money market exposures. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

TAX REFERENCE NUMBER: 9004/554/17/7

| | | |
|-------------|----------|--------------|
| ISIN CODES: | Class A | ZAE000076493 |
| | Class B1 | ZAE000076501 |

| Total Expenses (Incl. Annual Service Fee) (31/03/2020) | 36 Months | | 12 Months | |
|--|-----------|-----------|-----------|-----------|
| | Class A | Class B1* | Class A | Class B1* |
| Total Expense Ratio (TER) Incl. VAT | 1.40% | 0.94% | 1.40% | 0.94% |
| Transaction Cost (TC) | 0.04% | 0.04% | 0.05% | 0.05% |
| Total Investment Charge | 1.44% | 0.98% | 1.45% | 0.99% |

* 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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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.
- 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.
- 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 June 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

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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