



# OLD MUTUAL REAL INCOME FUND



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 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.

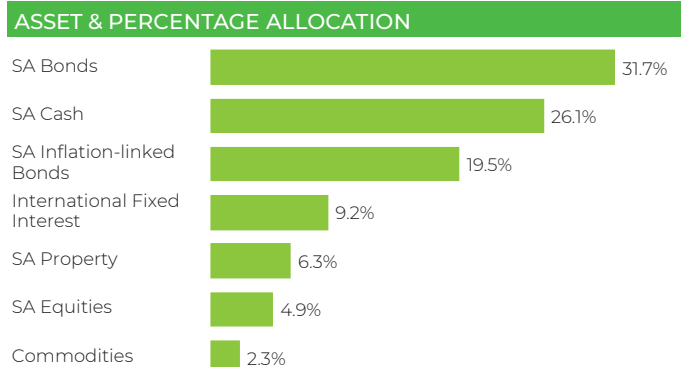
<b>BENCHMARK:</b>	CPI
<b>PERFORMANCE TARGET:</b>	CPI + 1% to 2% p.a. (net of fees)
	Performance is targeted over the recommended minimum investment term and is not guaranteed.
<b>RISK OBJECTIVE:</b>	The fund aims to protect capital over 12 months.
<b>ASISA CATEGORY:</b>	South African – Multi-Asset –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

### DISTRIBUTIONS: (Quarterly)\*

Date	Dividend	Interest	Total	Total %
30/06/2021	0.22c	3.25c	3.47c	1.24%
31/03/2021	0.14c	2.69c	2.83c	1.02%
31/12/2020	0.10c	2.96c	3.06c	1.10%
30/09/2020	0.09c	3.09c	3.18c	1.17%

\* Class A fund distributions

## FUND COMPOSITION



## 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)	8.1%	5.7%	6.0%	6.1%	7.5%	8.0%
Fund (Class B) <sup>2</sup>	8.5%	6.2%	6.5%	6.6%	8.0%	8.4%
Benchmark	4.9%	3.8%	4.2%	4.6%	5.0%	5.6%

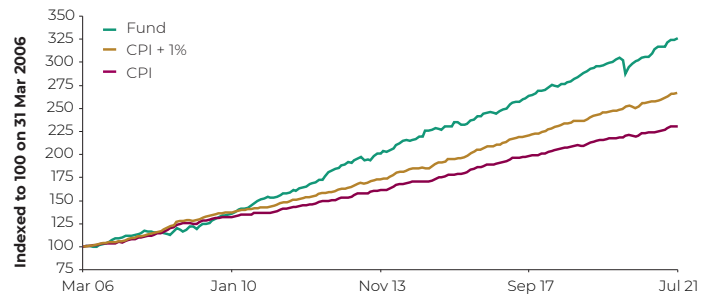
<sup>1</sup> Performance since inception of the fund.

<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)	15.4%	8.1%	-0.9%

### Performance Since Inception

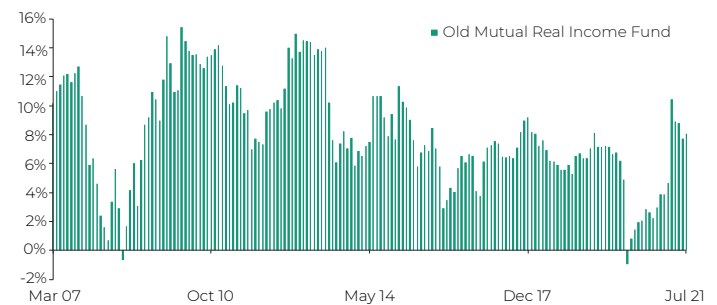


Past performance is no indication of future performance.

Risk Statistics (Since Inception)	
Maximum Drawdown	-5.7%
Months to Recover	6
% Positive Months	81.5%
Annual Standard Deviation	3.4%

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

### Risk Objective: Capital protection over 12 months



## PRINCIPAL HOLDINGS AS AT 30/06/2021

HOLDING	% OF FUND
R186 10.5% 21/12/2026	17.6%
I2025 ILB 2.00 31/01/2025	10.5%
I2033 ILB 1.875% 28/02/2033	4.0%
R2030 8.00% 31/01/2030	3.6%
R210 2.60% 31/03/2028	3.0%
Eskom Holdings Ltd ES26 02/04/2026	2.1%
Development Bank of SA	2.0%
Growthpoint Properties Ltd	1.4%
Brait SE 6.5% 04/12/2024	1.3%
Northam FRN 12/05/2025	1.2%

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 REAL INCOME FUND

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## FUND MANAGER INFORMATION



**JOHN ORFORD |**  
PORTFOLIO MANAGER

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

## FUND COMMENTARY AS AT 30/06/2021

The Real Income Fund delivered a reasonable return in the quarter and has returned 7.7% over the last year, ahead of inflation at 5.2% and cash returns of 4.1% over the same period. Over three, five and ten years, the fund has delivered to or above its real return target of CPI + 1-2%.

During the quarter, the fund's allocations to bonds added considerable value relative to cash, with both inflation-linked and nominal government bonds delivering good returns in the quarter. Unlike many multi-asset income funds, the Real Income Fund has an allocation to property and equities. We see these as vital assets in delivering to the fund's long-term real return target. In the quarter, the fund's allocation to property performed very well. Property is an asset that was hard hit during the crash in early 2020. Recently, however, it has performed strongly as investors recognise deep value in the sector. The fund's equity holdings also performed well during the quarter adding value to the fund. We have carefully selected holdings in businesses that we believe will contribute a real dividend stream in line with the fund's real return objective. An example is our holdings in Standard Bank and FirstRand Bank.

We believe both businesses are cheaply valued and will benefit from a recovery in earnings and a resumption in dividend payments. A holding that has performed poorly in the current environment is British American Tobacco. While the share has performed poorly, we think the dividend yield of over 7% is extremely attractive. A dividend yield of 7% growing over time fits squarely into the fund's mandate of delivering a CPI + 1-2% return. At the same time, the share offers some protection should the rand weaken sharply.

Over the quarter, the fund took advantage of the strength in the currency to put on protection should the rand weaken. This has benefited the fund's performance in the last month, when the rand sold off in response to concerns about a possible tightening in US monetary policy.

The fund remains well positioned, with a core of fixed income assets and some carefully selected growth assets to deliver to its real return objective while managing the risk of capital losses.

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 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) (31/03/2021)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.40%	0.94%	1.39%	0.94%
Transaction Cost (TC)	0.04%	0.04%	0.04%	0.04%
Total Investment Charge	1.44%	0.98%	1.43%	0.98%

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

TER is a historic measure of the impact of 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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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.
- 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 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.

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.

Issued: August 2021