



OLD MUTUAL SA QUOTED PROPERTY FUND



SEPTEMBER 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 remain fully invested at all times to generate sustainable pre-tax income whilst growing the original capital invested.

WHO IS THIS FUND FOR?

This fund is suitable for investors seeking exposure to the property market without the potential difficulties and capital outlay of direct property investments. The investor can accept the volatility of investing in the property sector.

INVESTMENT MANDATE

The fund invests in a selection of listed South African commercial and industrial property shares. Income is derived from property shares that offer a secure and an escalating income stream. Capital growth comes from quality shares that show potential for an upward share price movement.

REGULATION 28 COMPLIANCE

The fund aims to offer exposure to a specific asset class, and may hold a higher allocation to equities and a greater exposure to a single equity than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

BENCHMARK*: FTSE/JSE All Property Index

* Please note: The benchmark changed to the FTSE/JSE All Property Index (ALPI) with effect from 1 March 2019.

ASISA CATEGORY: South African – Real Estate – General

FUND MANAGER(S): Evan Robins
(Old Mutual Investment Group – MacroSolutions)

LAUNCH DATE: 01/10/2003

SIZE OF FUND: R3.0bn

DISTRIBUTIONS: (Quarterly)*

| Date | Dividend | Interest | Total | Total % |
|------------|----------|----------|--------|---------|
| 30/09/2021 | 2.57c | 2.79c | 5.36c | 0.85% |
| 30/06/2021 | 0.39c | 8.22c | 8.61c | 1.44% |
| 31/03/2021 | 2.07c | 3.40c | 5.48c | 1.02% |
| 31/12/2020 | 1.17c | 10.62c | 11.79c | 2.25% |

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



FUND PERFORMANCE AS AT 30/09/2021

| | % PERFORMANCE (ANNUALISED) | | | | | |
|------------------------------|----------------------------|-------|-------|-------|-------|------------------------------|
| | 1-Yr | 3-Yr | 5-Yr | 7-Yr | 10-Yr | Since Inception ¹ |
| Fund (Class A) | 62.2% | -4.9% | -3.4% | 1.1% | 6.4% | 13.0% |
| Fund (Class B4) ² | 62.9% | -4.5% | -3.0% | 1.6% | - | - |
| Benchmark | 58.1% | -7.7% | -6.2% | -0.8% | 5.1% | 13.6% |

¹ Performance since inception of the fund.

² Inception: 30 September 2012. Class B4 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) | 65.3% | 14.4% | -47.3% |

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

| | |
|---------------------------|--------|
| Maximum Drawdown | -56.9% |
| Months to Recover | N/A |
| % Positive Months | 63.4% |
| Annual Standard Deviation | 18.6% |

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

5-Year Annualised Rolling Returns (Fund vs Benchmark)



PRINCIPAL HOLDINGS

| HOLDING | % OF FUND |
|--------------------------------|-----------|
| Nepi Rockcastle Plc | 15.3% |
| Growthpoint Properties Ltd | 14.4% |
| Sirius Real Estate Ltd | 9.9% |
| Redefine Properties Ltd | 9.7% |
| Equities Property Fund Ltd | 9.3% |
| Storage Property Reit Ltd | 6.2% |
| Vukile Property Fund Ltd | 5.3% |
| SA Corporate Real Estate Fund | 5.1% |
| Hyprop Investments Ltd | 4.8% |
| Arrowhead Properties Limited B | 4.2% |

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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FUND MANAGER INFORMATION



EVAN ROBINS |

PORTFOLIO MANAGER

- BBusSc (Hons), MA (Research Psychology), MBA (Distinction), CFA
- 18 years of investment experience

FUND COMMENTARY

The FTSE/JSE All Property Total Return Index (ALPI) was up 6.5% during the third quarter. Over this period, the All Share Total Return Index was down 0.8%, the FTSE/JSE Retailer Index was up 0.1% and the All Bond Index was up 0.4%.

Over the past 12 months, the ALPI total return has been 58.1% as the sector recovers. This is greater than the All Share Index's 23.2% and the All Bond Index's 12.5% over the period, but well below the Retailers Index, which was up 74.4% over the 12 months. Before getting too excited, perspective is necessary. Listed property's total return is still 18% below its 31 December 2019 (pre-Covid) level. In contrast, the All Share and Retailers Indices are around 20% above the total return level that prevailed at that time.

The fund outperformed its benchmark post fees over the past 12 months. It has been positioned conservatively for economic and consumer stress and avoided high gearing, financing and operational risk. The fund held some quality companies and will continue to hold meaningful positions in a diversified selection of property shares we believe offer the most long-term value with consideration of the relative outlook, risk and changing environment.

Stabilising balance sheets has been a priority of many real estate investment trusts (REITs) and

there has been progress in this regard. While there are some "green shoots" on a macro level, property is a lagging sector that had weak fundamentals prior to Covid. Looking post Covid, the lingering impact of the coronavirus on the economy will remain a challenge. Some tenants may still fail, downsize or require rent reductions to remain viable. Pre-existing sector negative trends, like online shopping and work from home, may be exacerbated. We maintain that direct property valuations were overstated even before the crisis, and while these are stabilising in most of the results reported, there remains scope for renewed devaluation. Listed property trades below book value, so this is priced into some extent. Low interest rates are supportive for potential new direct property buyers and there is scant development taking place. Listed property will be a beneficiary of any improvement in activity and confidence in South Africa.

On traditional valuation metrics like earnings yield, yield spread to bonds and discount to NAV, the sector remains cheap. On an implied value per square metre basis, domestic property is well below replacement cost. There is long-term value in the sector, but as conditions will remain tough for some time, investors require a long-term perspective.

Source: Old Mutual Investment Group as at 30/09/2021

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 B4* |
|---------------------------------|---------|-----------|
| Annual service fees (excl. VAT) | 1.25% | 0.85% |

* Please note: The Class B4 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: 9950/502/14/7

| | | |
|-------------|----------|--------------|
| ISIN CODES: | Class A | ZAE000049920 |
| | Class B4 | ZAE000171112 |

| Total Expenses (Incl. Annual Service Fee) (30/06/2021) | 36 Months | | 12 Months | |
|--|-----------|-----------|-----------|-----------|
| | Class A | Class B4* | Class A | Class B4* |
| Total Expense Ratio (TER) Incl. VAT | 1.46% | 1.00% | 1.46% | 1.00% |
| Transaction Cost (TC) | 0.05% | 0.05% | 0.02% | 0.02% |
| Total Investment Charge | 1.51% | 1.05% | 1.48% | 1.02% |

* Please note: The Class B4 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 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.
- Specialist equity funds may hold a greater risk as exposure limits to a single security may be higher.
- 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 September 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.

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Issued: October 2021