



OLD MUTUAL SA QUOTED PROPERTY FUND

SEPTEMBER 2020

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



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: R2.1bn

DISTRIBUTIONS: (Quarterly)*

Date	Dividend	Interest	Total	Total %
30/09/2020	0.73c	1.07c	1.80c	0.44%
30/06/2020	0.14c	8.63c	8.77c	1.80%
31/03/2020	1.52c	1.11c	2.63c	0.63%
31/12/2019	2.01c	23.48c	25.49c	3.24%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION



FUND PERFORMANCE AS AT 30/09/2020

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	-43.3%	-21.7%	-12.2%	-3.6%	2.0%	10.6%
Fund (Class B4) ²	-43.1%	-21.3%	-11.8%	-3.2%	-	-
Benchmark	-47.2%	-25.1%	-13.8%	-5.2%	1.2%	11.4%

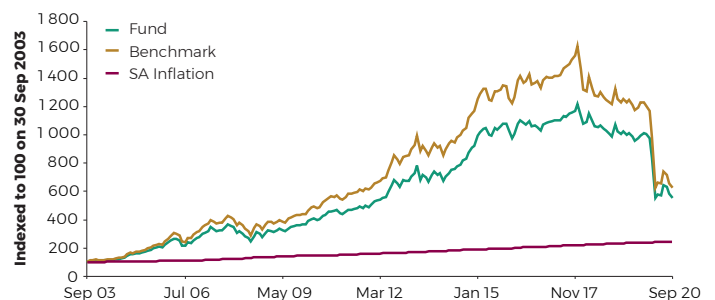
¹ Performance since inception of the fund.

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%	14.5%	-44.8%

Performance Since Inception



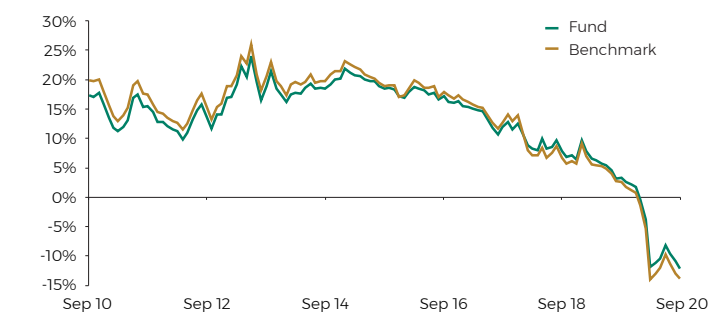
Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-54.4%
Months to Recover	N/A
% Positive Months	63.2%
Annual Standard Deviation	17.9%

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
Growthpoint Properties Ltd	18.1%
Sirius Real Estate Ltd	15.4%
Nepi Rockcastle Plc	14.5%
Equities Property Fund Ltd	9.2%
Storage Property REIT Ltd	7.8%
Redefine Properties Ltd	6.8%
Investec Australia Property	3.4%
SA Corporate Real Estate Fund	3.3%
Vukile Property Fund Ltd	3.0%
Epp NV	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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FUND MANAGER INFORMATION



EVAN ROBINS |

PORTFOLIO MANAGER

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

FUND COMMENTARY

The FTSE/JSE All Property Total Return Index fell 14.1% during the third quarter, faring much worse than the All Bond Index (+1.5%), general retailers (+6.7%) and the All Share Index (+0.7%). This was despite the fact that financial results over the lockdown period may have been better than many market participants had feared.

Over the past 12 months, the All Property TR Index is down a numbing 47.2%. This compares very poorly to the All Share Index (+2%), the All Bond Index (+3.6%) and even general retailers (-30.7%). We struggle to understand why listed property has performed so much worse compared to some domestic sectors which are also exposed to the local economy and have greater operational gearing.

The fund outperformed its benchmark after fees by a wide margin. This is cold comfort given the level of capital destruction experienced by investors. The fund was positioned conservatively for economic and consumer stress and avoided high gearing, financing and operational risk. It 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 and risk.

The impact of the coronavirus pandemic on the economy will remain a threat for property companies following the lockdown. Some tenants will fail, downsize or require rent reductions to remain operational. Pre-existing sector negative trends like online shopping and work from home (aka live at work) may be exacerbated. We maintain direct property valuations were overstated even before the crisis, and a few companies may fall foul of debt covenants in time if they do not raise capital.

On traditional valuation metrics like yield, yield spread to bonds and discount to NAV, the sector is exceptionally cheap. With earnings levels and

valuations being so uncertain, these measures cannot be relied upon. On an implied value per metre squared, domestic property is well below replacement cost.

There is much long-term value in the sector but you can no longer buy real estate investment trusts (REITs) for high income on a short-term perspective, as conditions will remain very tough for some time. You can buy property for the recovery and intrinsic value looking through the cycle, and the good total return this will provide over time.

Source: Old Mutual Investment Group as at 30/09/2020

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 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) (30/06/2020)	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%	0.08%	0.08%
Total Investment Charge	1.51%	1.05%	1.54%	1.08%

* 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 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.
- 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 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.

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Issued: October 2020