



OLD MUTUAL STABLE GROWTH FUND

SEPTEMBER 2020

FUND INFORMATION

RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High
-----	-----------------	----------	------------------	------

RECOMMENDED MINIMUM INVESTMENT TERM

1 year+	3 years+	5 years+
---------	----------	----------

FUND OBJECTIVE

The fund aims to outperform inflation and provide a modest level of income while aiming not to lose money over any 18-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 want their investment to grow in real terms and deliver a moderate level of income, with controlled risk of capital loss in the short term. It is typically suited to investors close to, or in retirement.

INVESTMENT MANDATE

The fund invests in cash, bonds, property and shares. The fund may invest up to 40% of its portfolio in equities. The fund may also 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 + 2% to 3% p.a. (net of fees)
	Performance is targeted over the recommended minimum investment term and is not guaranteed.
RISK OBJECTIVE:	This fund aims to avoid losses over rolling 18-month periods.
ASISA CATEGORY:	South African – Multi-Asset – Low Equity
FUND MANAGER(S):	John Orford & Alida Jordaan (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	01/07/2007
SIZE OF FUND:	R6.0bn

DISTRIBUTIONS: (Half-yearly)*

Date	Dividend	Interest	Total	Total %
30/06/2020	0.86c	4.45c	5.31c	1.76%
31/12/2019	1.06c	5.62c	6.67c	2.12%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
SA Equities	24.9%
SA Bonds	20.0%
Inflation-linked Bonds	17.9%
SA Cash	15.1%
International Equities	9.3%
International Cash	8.9%
SA Property	2.4%
International Bonds	1.1%
Preference Shares	0.4%

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)	0.0%	3.2%	4.8%	5.8%	7.3%	7.1%
Fund (Class B) ²	0.5%	3.6%	5.2%	6.2%	7.7%	7.6%
Benchmark*	3.1%	4.1%	4.6%	4.9%	5.1%	5.6%

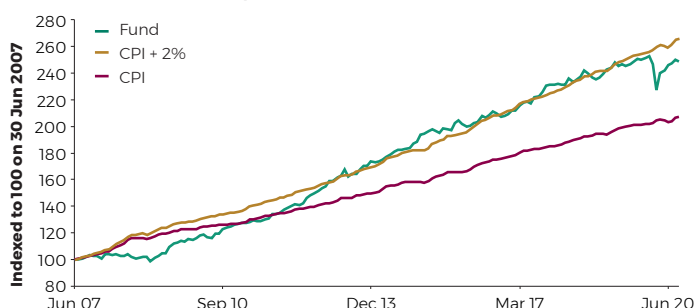
* The CPI figures are lagged by one month as the number was calculated before this month's inflation rate was released.

¹ Performance since inception of the fund.

² Class B 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)	18.6%	7.5%	-6.8%

Performance Since Inception



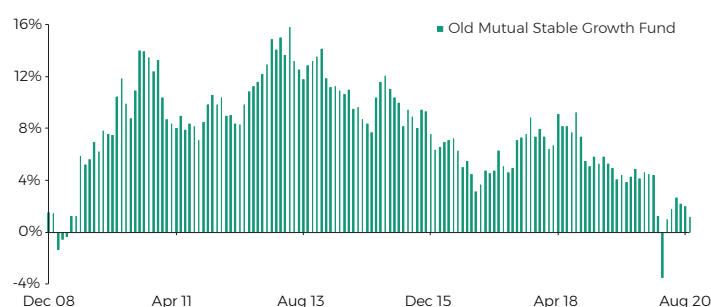
Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-10.0%
Months to Recover	N/A
% Positive Months	73.0%
Annual Standard Deviation	5.0%

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

Risk Objective: Capital protection over 18 months



PRINCIPAL HOLDINGS

HOLDING	% OF FUND
I2025 1LB 2.00% 31/01/2025	11.3%
R2032 8.25% 31/03/2032	5.1%
R186 10.5% 21/12/2026	4.1%
R2030 8.00% 31/01/2030	3.9%
R210 2.60% 31/03/2028	3.4%
R2035 8.875% 28/02/2035	3.2%
Naspers Ltd	2.3%
British American Tobacco	1.6%
Anglo American Plc	1.4%
FirstRand Ltd	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.

Helpline 0860 234 234 Fax +27 21 509 7100 Internet www.oldmutualinvest.com Email unittrusts@oldmutual.com



OLD MUTUAL STABLE GROWTH FUND

SEPTEMBER 2020

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



ALIDA JORDAAN | PORTFOLIO MANAGER

- BMus (Hons) (cum laude), MBA (cum laude), CFA
- 25 years of investment experience

FUND COMMENTARY

Global equity markets pulled back in September on concerns about rising coronavirus infections in Europe and the upcoming US election. Despite this the MSCI All Country World Index posted a 7% total US dollar return in the third quarter and is up nearly 45% from its trough in March – a spectacular round trip that leaves the index in slightly positive territory (+1.6%) year to date. The technology-rich US equity market continues to lead the way. The S&P 500 rose 9% in the quarter and is now 6% higher year to date. This strong performance is seemingly at odds with the grim health and economic environment. By the end of September, over 34 million people had been infected with COVID-19 and, sadly, over one million had died. The International Labour Organisation estimates that the equivalent of 332 million full-time jobs have been lost worldwide resulting in an -11% decline in workers' income – the equivalent of 5.5% of the world gross domestic product. Importantly, for

financial markets, though policymakers have matched an unprecedented economic recession with unprecedented policy support, central banks have delivered 179 rate cuts and US\$8.3 trillion in asset purchases while governments have surpassed this with US\$12.3 trillion in fiscal support. This has cushioned the blow to households and businesses starved of income during lockdowns imposed to counter the virus. So, while backward-looking data such as the -31% annualised decline in US GDP in the second quarter remain dire, forward-looking indicators of economic activity such as Purchasing Managers Indices paint a picture of a global economy on the mend, as lockdowns are gradually ended and economies return to pre-COVID levels of activity.

South Africa too has been devastated by the pandemic, with GDP contracting at an annualised rate of 51% and an estimated 1.2 million formal jobs being lost in the second quarter. However, there was also some good news. On the health front, new COVID-19 cases peaked in July at well over 12 000 per day and have steadily declined to just over 1 000 per day. This has allowed Government to remove most of the mobility restrictions and we expect the economy to recover in the third and fourth quarters and 2021. Government has also shown renewed urgency recently on implementing key reforms – approving 12 GW of new power generation capacity and finally moving forward with the auction of broadband spectrum, which could raise around R15bn in additional government revenue in the current fiscal year. The close of September also saw much-needed action by the National Prosecuting Authority (NPA) on government corruption with seven senior government and ANC officials arrested in a multi-million rand tender fraud case dating back to 2014. During the quarter, the rand regained some lost ground appreciating against the US dollar, which was broadly weaker through the quarter. The Capped SWIX JSE All Share Index delivered a lacklustre total return of just 1.0% underperforming global equity markets and underperforming the local bond market, which returned 1.5%. Within equities resources outperformed financials and industrials in the quarter, but SA-facing shares including banks posted a recovery in the last month of the quarter. The biggest contributors to the Capped SWIX ALSI performance in the quarter were the precious metal miners Impala Platinum, Gold Fields, Sibanye and Northam, followed by some local-facing companies such as Shoprite, FirstRand, Capitec, Discovery, Truworths and MTN. The biggest detractors to the Capped SWIX ALSI in the quarter were Naspers, AngloGold, British American Tobacco, Sanlam and Aspen.

The Old Mutual Stable Growth Fund delivered a good performance relative to peers in the quarter, but performance over the longer term has lagged relative to the fund's target return of inflation plus 2-3% after fees. During the quarter, the fund's underweight position in global equities detracted from performance. Domestic asset class returns were lacklustre but the fund's positioning within equities delivered good returns comfortably exceeding the benchmark (Capped SWIX All Share Index). The quarter was characterised by volatility in the equity market with the volatility mirroring, inter alia, the uncertainty among investors as to how the pandemic will play out. Peaking towards the end of July, the quarter ended at only slightly higher levels than the previous quarter, with many small rallies in between. After taking severe punishment at the height of the pandemic panic, local-facing shares attracted some interest during the quarter. Positions held in local industrial companies like Super Group, Foschini and Omnia contributed positively by showing double-digit price increases, as did new positions like Shoprite and AVI established this year. On the resources side, being overweight in Impala and Northam in the platinum sector supported the performance and managed to offset the underweight position in the gold sector. Adding exposure to banks during the quarter and selling Aspen at opportune levels also supported performance positively during the quarter.

Looking forward, the fund is modestly overweight to total equity with a preference for South African shares. While domestic economic conditions remain very tough, we believe they will improve over the coming year. The coronavirus may have peaked in South Africa, mobility restrictions have been lifted and Government is showing some intent on economic reforms. We have continued to add modestly to South African equities taking advantage of market volatility and attractive valuations. We also continue to see value in South African fixed income assets. Ten-year government bond yields offer nominal yields of close to 10%, which adjusted for prospective inflation of say 5% equating to real yields of around 5%. Inflation-linked bonds also offer excellent value with real yields of over 4%. We see value in global equities outside of the US and are positioned accordingly in our global equity portfolio. The fund continues to hold some domestic and offshore cash as a hedge against the multiple risks that face risk assets including the upcoming election in the US. This protects the fund from downside risk to equities and allows us to take advantage of volatility to add to attractively priced assets.

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 B1*
Annual service fees (excl. VAT)	1.30%	0.95%

* 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: 9153/631/17/2

ISIN CODES: Class A ZAE000097770
Class B1 ZAE000097788

Total Expenses (Incl. Annual Service Fee) (30/06/2020)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.57%	1.17%	1.55%	1.15%
Transaction Cost (TC)	0.06%	0.06%	0.06%	0.06%
Total Investment Charge	1.63%	1.23%	1.61%	1.21%

* 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.

Funds are also available via Old Mutual Wealth and MAX Investments.

Helpline 0860 234 234 Fax +27 21 509 7100 Internet www.oldmutualinvest.com Email unittrusts@oldmutual.com

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.
- 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.

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

Issued: October 2020