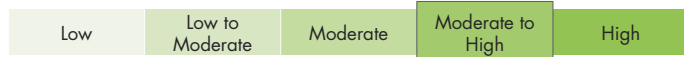


OLD MUTUAL TOP COMPANIES FUND

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to achieve high, long-term capital growth by investing in a concentrated portfolio of shares across all sectors of the JSE. The portfolio manager places emphasis on well-researched, superior, high-conviction share selection.

WHO IS THIS FUND FOR?

This fund is suited to investors who want to tap the long-term wealth-generating power of the local stock market. The investor can tolerate stock market volatility.

INVESTMENT MANDATE

This portfolio is invested fully in shares. Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund aims to achieve long-term inflation-beating growth, and therefore may hold a higher allocation to equities than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

BENCHMARK*:	ASISA Category Average
* Please note: The benchmark changed to the ASISA SAEquity-General category effective 1 July 2017.	
ASISA CATEGORY:	South African – Equity – General
FUND MANAGER(S):	Philip Short & Peter Linley (Old Mutual Investment Group – Equities)
LAUNCH DATE:	01/11/1991
SIZE OF FUND:	R1.5bn

DISTRIBUTIONS: (Half-yearly)*

Date	Dividend	Interest	Total	Total %
31/12/2018	20.44c	1.73c	22.18c	0.82%
30/06/2018	18.36c	2.55c	20.90c	0.68%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION

Industrials	37.9%
Financials	23.7%
Old Mutual Top 20 Fund	20.5%
Resources	15.4%
Liquid Assets	2.5%

FUND PERFORMANCE as at 31/12/2018

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class R)	-12.2%	-2.4%	1.4%	6.0%	9.2%	12.5%
Fund (Class A) ²	-12.6%	-2.6%	1.2%	6.0%	9.1%	-
Fund (Class B1) ³	-12.2%	-2.3%	1.6%	6.3%	9.4%	-
Benchmark	-9.1%	3.1%	5.6%	10.7%	12.8%	15.0%

¹ Performance since inception of the fund.

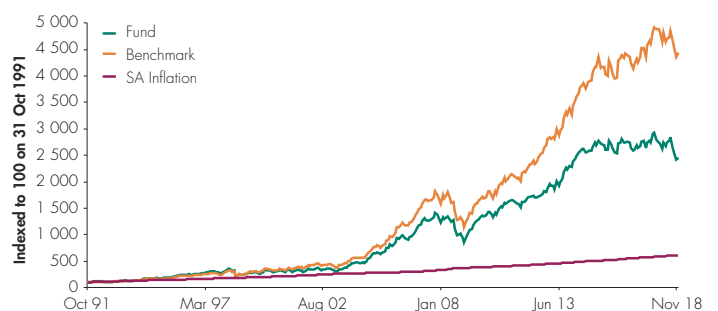
² Inception: 30 June 2007

³ Inception: 30 June 2003. Class B1 Fund is only 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)	61.5%	14.4%	-36.0%

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-41.8%
Months to Recover	46
% Positive Months	61.3%
Annual Standard Deviation	16.8%

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
Naspers Ltd	17.4%
British American Tobacco	7.4%
Sasol Ltd	6.2%
ABSA Group Ltd	5.9%
Blu Label Telecoms Ltd	5.2%
Nedbank Group Ltd	5.1%
Old Mutual Ltd	4.8%
BHP Group Plc	4.5%
Netcare Ltd	4.0%
Transaction Capital Ltd	3.7%

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

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



OLD MUTUAL TOP COMPANIES FUND

FUND MANAGER INFORMATION



PHILIP SHORT
PORTFOLIO MANAGER

- BSc Mathematics, CFA Charterholder
- 16 years of investment experience



PETER LINLEY
PORTFOLIO MANAGER

- BA Economics, BCom (Hons)
- 33 years of investment experience

FUND COMMENTARY as at 31/12/2018

The local market had a weak quarter, with the FTSE/JSE Capped SWIX Index down 4% while the MSCI World Index declined 19%, both in rand terms.

Notable detractors of performance within the fund were owning British American Tobacco (BAT) and Sasol. Sasol's share price is highly correlated to the rand oil price and has had to contend with both a weak rand (down 19% against the US dollar in 2018) and a 40% drop in crude oil prices since October. BAT, on the other hand, was aggressively sold off in the fourth quarter of 2018, down 30%, on the back of two trending news headlines: the proposal to ban menthol flavoured cigarettes in the US and the proliferation of e-cigarettes.

Contributing positively to fund performance were select holdings in SA Inc. (companies generating the majority of their earnings locally), namely Absa and Netcare.

While the market was weaker than some may have hoped, it will likely be remembered more for its heightened volatility. Volatility will test one's convictions, but it will also create opportunities. In volatile markets shares may be oversold when decisions are based on emotions rather than on fundamentals. Our responsibility is to study the issues and assess their validity and the risk, threat and/or opportunity they present. A case in point this past quarter was BAT.

Over the week that the menthol ban was proposed by the US Food and Drug Administration (FDA), BAT's share price declined by 20%. It's worth highlighting that the

US's menthol cigarette market contributes 22% to BAT's group profit, thus the market was pricing the ban to be effective almost immediately, with 100% certainty, and that all those smokers will be lost from BAT's nicotine portfolio. What we know from our research is that (1) the process to ban menthol, if it does happen, will take 5-10 years to enact due to regulatory and legislative hurdles; (2) the FDA has tried to ban menthol before, in 2012, and has not made progress to date; (3) where menthol was banned in immaterial menthol markets for BAT (such as Canada) and where BAT did not contest the ban, only 12% of menthol smokers stopped smoking entirely, with many converting to BAT's traditional non-menthol cigarettes or BAT's menthol flavoured electronic cigarettes (e-cigs) and hence largely staying within BAT's profit pool.

E-cigs are an interesting dynamic to research as they're fairly new with little long-term data available to understand the effects on consumers. However, I think it's fair to say they are indeed less harmful than traditional combustible cigarettes and do pose a risk to how nicotine has traditionally been consumed. Could e-cigs then completely cannibalise combustible cigarettes, making combustible cigarettes a thing of the past, and what does that mean for the old guard in BAT and Philip Morris? Firstly, it's important to note that BAT itself is a player in the e-cig market. Our starting point in evaluating the question of cannibalisation is: if BAT can achieve its global market share in e-cigs

to the same level it has in combustible cigarettes, a large risk is removed regarding which nicotine delivery method ends up winning. Through our research, which studies the global markets where e-cigs are present, and speaking to independent sector specialists and to the various management teams involved across the nicotine spectrum, we are comfortable that BAT can maintain at least the same market share in e-cigs as it has in combustibles. Moreover, e-cigs are growing the total nicotine market, have less regulatory restrictions and are more profitable than combustible cigarettes.

BAT is trading at a 7.5% dividend yield. On a forward price-earnings (PE) ratio, it's trading at a 45% discount relative to its own long-term history and at a 40% discount relative to the broader index. We believe the stock market to be oversold and see adding a cheap, high dividend yielding, quality defensive like BAT as a rare opportunity.

Looking ahead, we expect the heightened stock market volatility that characterised the latter half of 2018 to well continue into 2019. This is a result of a prolonged global bull market, politically based outcomes (Brexit and the European Union, US/China trade conflict and South Africa's leadership changes) and slowing global growth. By having a sound philosophy and guided principles, the fund is well positioned to take advantage of opportunities that present themselves in this environment.

Source: Old Mutual Investment Group as at 31/12/2018

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*	Class R
Annual service fees (excl. VAT)	1.35%	1.00%	1.00%

* Please note: The Class B1 Fund is only 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: 9000/033/60/6

ISIN CODES:	Class A	Class B1	Class R
	ZAE000097507	ZAE000130670	ZAE000020806

Total Expenses (Incl. Annual Service Fee)	36 Months			12 Months		
	Class A	Class B1*	Class R	Class A	Class B1*	Class R
Total Expense Ratio (TER) Incl. VAT	1.40%	1.03%	1.17%	1.59%	1.19%	1.19%
Performance Fee (incl. in TER)	0.04%	0.04%	-	-	-	-
Transaction Cost (TC)	0.37%	0.37%	0.37%	0.42%	0.42%	0.42%
Total Investment Charge	1.77%	1.40%	1.54%	2.01%	1.61%	1.61%

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

Please note the annual service fees changed with effect from 1 January 2017 from performance based fees to flat fees. Historical performance fees were charged and will reflect in the fund's TER for 3 years from the date of service fee change. Historical performance fees were accrued daily and paid to the management company on a monthly basis (details on website).

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.omut.co.za 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.omut.co.za 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.
- 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 December 2018. 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: January 2019