



## FUND PERSPECTIVE

### THE AIM OF THE FUND

The Fund of Funds gives investors the opportunity to grow their capital and income at a moderate to high pace through active asset allocation. It utilises South African and global managers who are mandated to invest in specific asset classes including listed shares, fixed interest securities, listed property and cash. The portfolio aims to achieve a return in the range of 5%-7% above inflation over rolling seven-year periods.

### PERFORMANCE TO 31 MARCH 2020

	1 year	3 years	5 years	7 years	Since Inception
Fund return	-13.8%	-2.0%	-	-	-0.1%
Benchmark: CPI*	4.6%	4.2%	5.2%	5.1%	4.9%

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

Inception date: July 2015. Performance measurements over periods shorter than the recommended investment term may not be appropriate. Past performance is no indication of future performance. Fund of Funds returns are net of fees and measured against the benchmark. Returns for periods greater than 1 year are annualised.

Sources: Morningstar and Old Mutual Wealth

### RECENT PERFORMANCE

The fund's one-year return at the end of March was -13.8%, behind inflation of 4.6%.

The rapid spread of the coronavirus outside China caused a panicked response among global investors and all asset classes considered risky sold off heavily.

As a result, local equities slumped. The FTSE/JSE Capped SWIX Index lost 26.6% in the first quarter and 24.5% in the year to the end of March. Our managers ended the year marginally behind the benchmark. We were tactically underweight in local equities going into this crisis and have maintained this position.

### ASSET CLASS AND BUILDING BLOCK PERFORMANCE AS AT 31 MARCH 2020

	1 year	2 years	3 years
<b>Old Mutual Multi-Managers SA Equity Fund</b>	-25.9%	-14.1%	-7.7%
FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX)	-24.5%	-14.2%	-7.4%
<b>Old Mutual Multi-Managers International Equity Fund</b>	9.3%	12.4%	9.2%
MSCI All Country World Index	10.5%	17.8%	12.3%
<b>Old Mutual Multi-Managers SA Property Fund</b>	-45.9%	-28.4%	-20.6%
FTSE/JSE All Property Index (ALPI)	-48.9%	-31.1%	-23.9%
<b>Old Mutual Multi-Managers International Property Fund</b>	1.3%	18.6%	9.2%
FTSE EPRA/NAREIT Developed Index Net TRI	-5.8%	13.9%	5.8%
<b>Old Mutual Multi-Managers SA Fixed Income Fund</b>	-7.7%	-1.9%	2.9%
JSE All Bond Index (ALBI)	-3.0%	0.2%	5.3%
STeFI Composite Index	7.2%	7.2%	7.3%

Returns are calculated in ZAR. Returns greater than 1 year are annualised.

Local listed property fared even worse, basically halving in the first quarter. The FTSE/JSE All Property Index lost 48% in the first quarter of 2020 and a similar percentage over one year. We were also substantially underweight in this asset class. Our local listed property managers outperformed their benchmark over the past year, but were also deeply negative.

Local bonds also sold off heavily, as global investors pulled capital out of emerging markets at the fastest pace on record. The All Bond Index (ALBI) lost 8.7% in the first quarter and 3% over the past year. Our local fixed income building block aims to beat both bonds and cash, by investing across the entire yield curve. However, our managers had a large exposure to longer-dated bonds that bore the brunt of the selling. The sell-off in the local bond market extended to corporate loans and enhanced income, and cash-plus products also suffered losses. Our enhanced income building block was therefore also negative over one year, lagging a pure cash benchmark (STeFI).

The rand fell sharply amid the spike in global risk aversion, losing a quarter of its value against the US dollar over the past year. The currency therefore offset the declines in global equities for local investors. The MSCI All Country World Index return was flat in the quarter and up 9% in rand terms over the past year. In US dollar terms, the index lost 21% in the first quarter.

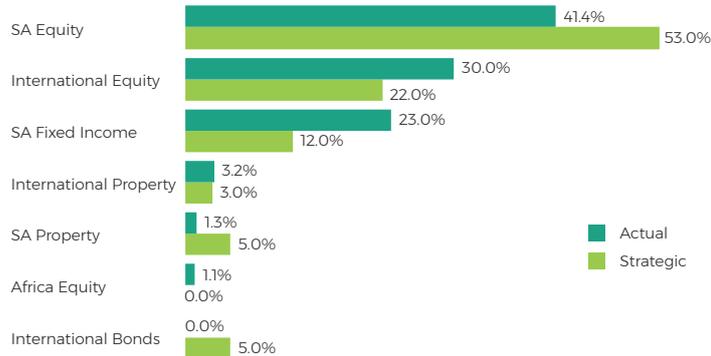
International listed property also sold off. The FTSE EPRA/NAREIT Developed Index lost 24% over the past 12 months in US dollar terms and 6% in rand terms. Our managers beat the index, but did not deliver a positive return over this period.



# OLD MUTUAL MULTI-MANAGERS AGGRESSIVE BALANCED FUND OF FUNDS

QUARTER 1, 2020

## FUND ASSET ALLOCATION AS AT 31 MARCH 2020



## TACTICAL ASSET ALLOCATION CHANGES

Going into the global coronavirus crisis, the fund was positioned with an overweight exposure to global equity and a neutral weight in global property. There was no exposure to global bonds, but overall global exposure was at the Regulation 28 maximum of 30%. With the weakness of the rand, having full global exposure worked well since offshore equities and property outperformed local bonds, equities and property. We have been trimming global exposure back to 30% and will look to gradually redeploy the proceeds into local assets. The JSE has become much more attractively priced, but the local economy continues to struggle. The same is true for local property. Local bonds sold off during the quarter and, unfortunately, did not provide diversification benefits. We were overweight in local interest-bearing assets going into the crisis, because of very attractive yields. These yields have increased in most cases, and are now even more attractive. Therefore we remain overweight.

## LOOKING AHEAD (AND REMEMBERING THAT THE RECOMMENDED TIME HORIZON OF THE FUND IS SEVEN YEARS PLUS)

- Equities have sold off across the board and are now much more attractively priced for long-term investors. While things are still very uncertain, we also know that turning points cannot be predicted, and therefore we remain invested.
- Distribution growth from local listed property is likely to remain under severe pressure, but the extraordinarily high yields mean the sector should be able to deliver total returns above inflation.
- Local bond and cash yields are high in real terms and attractive. Inflation is likely to remain subdued over time, despite the weaker rand.

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

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- 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](http://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.
- 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.
- A fund of funds is a portfolio that invests in other funds which levy their own charges, which could result in a higher fee structure for the fund of funds.
- Old Mutual Unit Trust Managers (RF) (Pty) Ltd is the manager of this co-branded fund and has full legal responsibility for it.
- 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. The actual highest, average and lowest 12-month returns since inception to 31 March 2020 are 16.9% (highest), 3.8% (average) and -13.8% (lowest). Sources: Morningstar and Old Mutual Wealth.

Old Mutual Multi-Managers, is a division of Old Mutual Life Assurance Company (SA) Ltd, FSP no. 703.

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