

OLD MUTUAL MONEY MARKET FUND

JUNE 2020



FUND INFORMATION

RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High
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RECOMMENDED MINIMUM INVESTMENT TERM

1 year+	3 years+	5 years+
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FUND OBJECTIVE

The fund aims to deliver a regular income and to outperform bank deposits over time, while preserving capital. The fund has never experienced a negative return over any calendar month since inception.

WHO IS THIS FUND FOR?

This fund is suited to investors who want a liquid investment that delivers a regular income and/or maximum capital protection, but who understand that their investment is unlikely to keep pace with inflation if held in the long term.

INVESTMENT MANDATE

The fund invests in money market securities with a maturity of less than 13 months. The fund's weighted average duration may not exceed 90 days.

REGULATION 28 COMPLIANCE

The fund is not required to be Regulation 28 compliant in terms of its Deed, but the fund manager is mandated to comply with Regulation 28 on a day-to-day basis.

BENCHMARK:	Alexander Forbes Short Term Fixed Interest Index (STeFI)
ASISA CATEGORY:	South African – Interest Bearing – Money Market
FUND MANAGER(S):	Michael van Rensburg (Futuregrowth Asset Management)
LAUNCH DATE:	26/08/1998
SIZE OF FUND:	R17.7bn

DISTRIBUTIONS:	Date	Interest	Yield
(Monthly)	30/06/2020	0.44c	6.80%
	31/05/2020	0.47c	5.14%
	30/04/2020	0.47c	4.43%
	31/03/2020	0.56c	6.52%
	29/02/2020	0.54c	6.73%
	31/01/2020	0.59c	6.87%
	31/12/2019	0.59c	6.91%
	30/11/2019	0.57c	6.98%
	31/10/2019	0.60c	7.05%
	30/09/2019	0.58c	7.06%
	31/08/2019	0.61c	7.40%
	31/07/2019	0.62c	7.47%

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
0-3 Months	47.3%
3-6 Months	18.5%
6-9 Months	14.3%
Cash	12.3%
9-12 Months	7.6%

FUND PERFORMANCE as at 30/06/2020

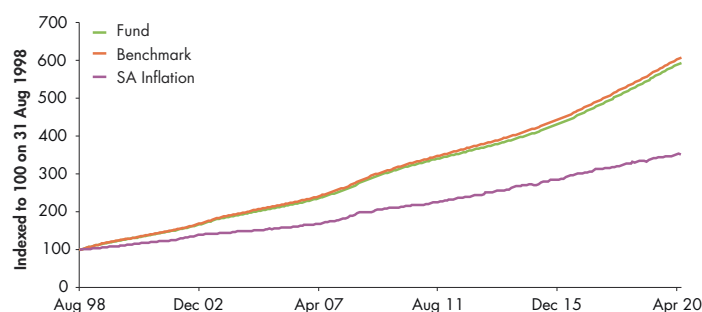
	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A7)	6.9%	7.3%	7.3%	6.8%	6.4%	8.5%
Benchmark	6.9%	7.2%	7.2%	6.8%	6.5%	8.6%

¹ Performance since inception of the fund.

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.

Fund (Since Inception)	Highest	Average	Lowest
Rolling 12-Month Return	18.1%	8.3%	5.0%

Performance Since Inception

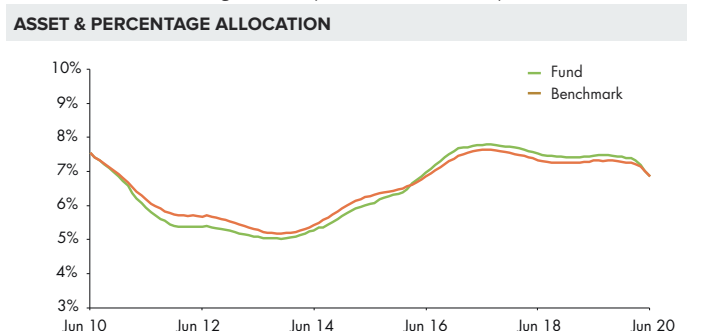


Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	0.0%
Months to Recover	N/A
% Positive Months	100.0%
Annual Standard Deviation	0.8%

1-Year Annualised Rolling Returns (Fund vs Benchmark)



PRINCIPAL HOLDINGS

HOLDING	% OF FUND
Standard NCD 14/09/2020	5.5%
ABSA NCD 21/09/2020	2.5%
Nattreas TBL 22/07/2020	2.4%
ABSSRN19 24/08/2020	2.3%
FirstRand NCD 17/02/2021	2.2%
NBKS RN57 09/07/2020	2.1%
FirstRand NCD 18/11/2020	2.0%
NBSRN54A 02/09/2020	1.9%
ABSA NCD 21/09/2020	1.8%
NBKDN9 22/10/2020	1.7%



FUND MANAGER INFORMATION



MICHAEL VAN RENSBURG
PORTFOLIO MANAGER

- BCom
- 29 years of investment experience

FUND COMMENTARY as at 30/06/2020

The second quarter of 2020 proved to be a challenging time for South Africans and one that will undoubtedly be remembered for the Covid-19 virus. The seriousness of the virus ultimately led to the World Health Organisation declaring a pandemic. Understandably, this resulted in the collapse of financial markets worldwide as growth and inflation estimates tanked. This already disastrous effect was further compounded by numerous countries around the world implementing a state of lockdown, with limited trade and activity within their borders, in an effort to control the spread and flatten the curve.

Domestically, in an effort to maintain some form of financial stability, the South African Reserve Bank (SARB) cut the repo rate by another 150 basis points (bps) in Q2 2020. This was in addition to the 125bp

cut in Q1 2020. The current bank repo rate is at 3.75% with the latest year-on-year inflation print at 3%. The drastic and unprecedented rate cuts by the SARB led to a corresponding drop in money market rates and, given the adverse effect on the economy, it is anticipated that money market rates could drop further as the SARB tries to stimulate some growth in the country.

This view is reflected in the forward rate agreement (FRA) curve, which is currently pricing in a further 40bp cut over the next six months. The current 12-month negotiable certificate of deposit (NCD) mid-rate is at 4.35%, down 330bps since the beginning of the year and 187.5bps from the beginning of the quarter – with the spread between 12-month and 3-month JIBAR now at just under 60bps.

We are mindful of the potential downward threats to the economy. The low growth environment linked with the low inflation outlook is pointing to lower interest rates for a longer scenario. We will thus look at extending the fund's weighted average duration by buying longer-dated fixed rate assets.

The Treasury Bill market is currently trading at a substantial margin above bank NCDs, because of the increase in issue size. We are participating at the weekly Treasury Bill auction to buy these better rated assets at higher yields. Additionally, we remain buyers of longer-dated floating rate assets as these instruments help in managing the interest rate risk and running yield of the fund.

Source: Old Mutual Investment Group as at 30/06/2020

OTHER INVESTMENT CONSIDERATIONS

MINIMUM INVESTMENTS:

- Monthly: R250
- Lump sum: R250
- Ad hoc: R250

INITIAL CHARGES (All fees are VAT inclusive):

There is no initial administration charge.

ONGOING

	Class A7
Annual service fees (excl. VAT)	0.50%
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: 9007/027/60/1

ISIN CODES: Class A7 ZAE000020749

	36 Months	12 Months
	Class A7	Class A7
Total Expenses (Incl. Annual Service Fee) (31/03/2020)	0.58%	0.59%
Total Expense Ratio (TER)	-	-
Transaction Cost (TC)	0.58%	0.59%
Total Investment Charge		

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.

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.

- 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 the relevant fund's Minimum Disclosure Document (MDD) on www.22seven.com.
- Our cut-off time for client instructions (e.g. buying and selling) is at 15:00 each working day for all our funds. 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 at 17:00 close). Daily prices are available on the Old Mutual Unit Trusts 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 money market fund is not a bank deposit account. Its unit price aims to be constant but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13:00) but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the fund. The published yield is calculated using the average of the fund's previous seven days' net income (and assumes all income was reinvested). This figure is then annualised, which is the weighted average compound growth rate. Excessive withdrawals from the fund may place the fund under liquidity pressures. In such circumstances a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed.
- 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 June 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

Futuregrowth Asset Management (Pty) Ltd is a Licensed Financial Services Provider.

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 Trusts 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.

If you have any questions, please contact the Svens thesvens@22seven.com, our support team, any day between 8am and 8pm.