

OLD MUTUAL TOP 40 INDEX 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 provide long-term capital growth by tracking the performance of the top 40 companies listed on the JSE Securities Exchange (JSE).

WHO IS THIS FUND FOR?

This fund is suitable for investors who want to grow capital over the long term by tracking the FTSE/JSE Top 40 Index. The investor can tolerate stock market volatility.

INVESTMENT MANDATE

The fund tracks the FTSE/JSE Top 40 Index as closely as possible and invests in shares included in the index. The portfolio is tailored to match the performance of the FTSE/JSE Top 40 Index, but other securities will be held to offset high inflows and index fluctuations. 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:	FTSE/JSE Top 40 Index
ASISA CATEGORY:	South African – Equity – Large Cap
FUND MANAGER(S):	Frank Sibiya & Bernisha Lala (Old Mutual Customised Solutions (Pty) Ltd)
LAUNCH DATE:	31/01/2001
SIZE OF FUND:	R886m

DISTRIBUTIONS: (Quarterly)*

Date	Dividend	Interest	Total	Total %
30/06/2020	17.51c	0.64c	18.15c	1.88%
31/03/2020	5.35c	0.25c	5.60c	0.71%
31/12/2019	1.88c	0.77c	2.66c	0.27%
30/09/2019	17.35c	0.35c	17.70c	1.85%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
Industrials	47.8%
Resources	35.5%
Financials	13.0%
Liquid Assets	2.5%
SA Property	1.2%

FUND PERFORMANCE as at 30/06/2020

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	-1.5%	5.7%	3.8%	7.5%	10.2%	11.4%
Fund (Gross) ²	-0.8%	6.5%	4.6%	8.3%	11.0%	-
Benchmark	-0.5%	6.7%	4.8%	8.5%	11.2%	12.8%

¹ Performance since inception of the fund.

² Gross returns are shown to illustrate the fund's index tracking ability before fees.

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)	66.7%	13.5%	-39.2%

Performance Since Inception



Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-43.5%
Months to Recover	23
% Positive Months	57.9%
Annual Standard Deviation	17.1%

5-Year Annualised Rolling Returns (Fund vs Benchmark)



PRINCIPAL HOLDINGS

HOLDING	% OF FUND
Naspers Ltd	22.2%
BHP Group Plc	12.4%
Compagnie Financière Richemont	9.3%
Anglo American Plc	8.2%
AngloGold Ashanti Ltd	3.5%
Prosus NV	3.2%
British American Tobacco	3.0%
FirstRand Ltd	2.9%
Mondi Plc	2.6%
Gold Fields Ltd	2.3%



FUND MANAGER INFORMATION



FRANK SIBIYA

PORTFOLIO MANAGER

- BSc: Mathematical Sciences
- 11 years of industry experience



BERNISHA LALA

PORTFOLIO MANAGER

- CFA
- MSc Advanced Analytics & Decision Sciences
- BSc Financial Engineering (Hons)
- BSc Financial Mathematics
- 15 years of industry experience

FUND COMMENTARY as at 30/06/2020

The Old Mutual Top 40 Fund tracks the FTSE/JSE Top 40 Index and its shareholdings replicate the constituents that make up this benchmark. At month-end the benchmark sector allocation was as follows:

Resources : 36.80%

Financials : 12.11%

Property : 0.67%

Industrials : 50.42%

Cash exposure is kept as low as possible to give investors the full benefit of being invested in equities. Investment flows are matched with the corresponding market transactions on a daily basis to ensure that the performance of the fund is in line with its benchmark.

Futures contracts are used, when appropriate, to minimise trading costs and gain exposure to equities.

Long-term investors choose this fund because they are looking for a pure equity fund and are cost-conscious. Investors seeking consistency can use this fund as their core portfolio strategy and assign smaller portions to other investment vehicles that aim to outperform the market.

The FTSE/JSE Top 40 Index returned 24.18% for the quarter and 7.85% for period ended June 2020. The Mid- and Small Cap Indices returned 15.37% and 17.21% respectively for the quarter and 6.06% and 11.33% for the month of June 2020. The best and worst performing sectors for the quarter ended June 2020 were

basic materials and consumer services, with returns of 41.30% and 5.00% respectively.

Amongst the top performing shares for the quarter were Sasol Ltd, Gold Fields Ltd and Northam Platinum Ltd, with returns of 258%, 75.8% and 67.4% respectively. The worst performing shares were RMB Holdings Ltd, Remgro Ltd and Clicks Group Ltd with returns of -96.70%, -18.70% and -18.40% respectively.

The fund rebalances once every quarter in line with the index. There was one constituent addition to and one constituent deletion from the FTSE/JSE Top 40 Index, which rebalanced as at close on Friday 19 June 2020.

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 A2
Annual service fee (excl. VAT)	0.60%
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: 9511/398/14/2

ISIN CODES: Class A2 ZAE000028122

	36 Months	12 Months
Total Expenses (Incl. Annual Service Fee) (31/03/2020)	Class A2	Class A2
Total Expense Ratio (TER)	0.73%	0.72%
Transaction Cost (TC)	0.15%	0.11%
Total Investment Charge	0.88%	0.83%

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. The TER and TC cannot be determined accurately for the funds that are less than one year old. Calculations are based on actual data where possible and best estimates where actual data is not available.

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 Trust 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 30 June 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

Old Mutual Customised Solutions (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.