



WEALTH
TAILORED FUND PORTFOLIOS

WEALTH MANAGER CPI PLUS 4% PORTFOLIO

MONTHLY PORTFOLIO REPORT

JUNE 2019

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



INCEPTION DATE: 22 May 2017

INVESTMENT OBJECTIVE

The Wealth Manager CPI Plus 4% Portfolio represents a model investment strategy that seeks to grow capital and income at a reasonable pace for investors with an investment horizon beyond five years. It invests in a range of unit trust funds diversified across various asset classes and asset managers utilising specialist mandates. The mandate uses a blend of active and passive funds. The local equity has a 75% allocation to active managed funds and 25% allocation to passive managed funds. Global equity has a 25% allocation to active managed funds and 75% allocation to passive managed funds.

This strategy aims to achieve capital growth over a medium-term horizon and therefore has a moderate exposure to growth assets such as equities and a relatively lower exposure to income-generating asset classes.

RETURN OBJECTIVE/PERFORMANCE TARGET

The investment strategy targets returns of CPI + 4% p.a. over rolling five year periods.

BENCHMARK

The Wealth Manager CPI Plus 4% Portfolio is measured against Headline CPI (urban) plus 4%.

REGULATION 28

This model portfolio is managed to comply with Regulation 28

PORTFOLIO FEES

Discretionary Management Fee (incl. VAT): 0.58% p.a.
Unit trust fund fees: Weighted Average Total Investment Charge (TIC): 1.00%

PERFORMANCE DATA*

| | % PERFORMANCE (> 1 YEAR ANNUALISED) | | | | | |
|-----------|-------------------------------------|----------|--------|---------|---------|---------|
| | 3 months | 6 months | 1 year | 2 years | 3 years | 6 years |
| Portfolio | 1.52% | 7.99% | 4.69% | 7.37% | 6.26% | 9.82% |
| Benchmark | 2.73% | 4.20% | 8.64% | 8.59% | 8.94% | 9.46% |

RISK STATISTICS*

| Measure | Portfolio |
|--------------------|-----------|
| Maximum Drawdown | -6.48% |
| Sharpe Ratio | 0.57 |
| Standard Deviation | 5.80% |

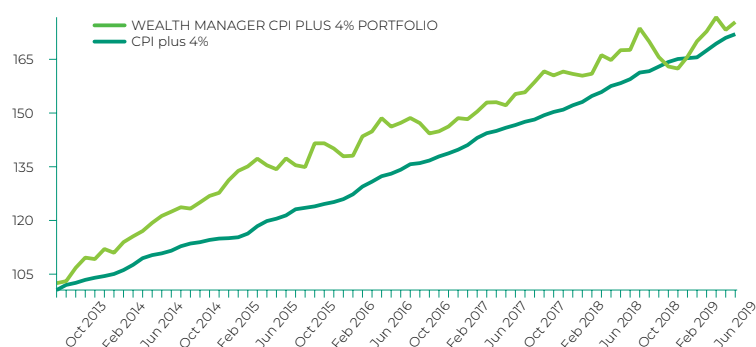
ASSET ALLOCATION

| ASSET CLASS | ACTIVE/ PASSIVE SPLIT | STRATEGIC (%) | TACTICAL (%) |
|---------------------|-----------------------------|------------------|-----------------|
| SA Equity | 75/25 | 30.0 | 28.0 |
| SA Fixed Income | Active | 35.0 | 43.5 |
| SA Property | Active | 5.0 | 2.5 |
| Global Equity | 25/75 | 20.0 | 22.0 |
| Global Fixed Income | None | 7.0 | 0.0 |
| Global Property | Active | 3.0 | 4.0 |

ASSET MANAGERS IN SOLUTION



CUMULATIVE PERFORMANCE*



* For model portfolio performance returns, both include reinvested income. All returns are calculated in ZAR net of underlying portfolio fees but gross of any discretionary fund management and investment vehicle administration fees. Client specific net returns are provided in the reports of the chosen Linked Investment Service Provider (LISP). Where life funds are held, performance is calculated based on holding of the untaxed class. In the table above, all returns prior to the inception date is based on simulated returns.





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FUND MANAGER INFORMATION



Kim has been in the investment management industry for 16 years and her experience includes both active and passive management. Prior to joining the team, Kim was a Portfolio Manager in the indexation team at Old Mutual Customised Solutions. In addition to her portfolio management responsibilities, she was responsible for the team's retail business development. Kim has completed an MBA at the University of Stellenbosch.

DIVERSIFICATION AND MANAGEMENT

Utilising fund manager research performed by Old Mutual Multi-Managers, we select and monitor the underlying funds, while the fund managers themselves have flexibility to decide which underlying assets to buy within the fund mandate. We carefully blend fund managers with complimentary investment styles to achieve a well-diversified but dynamic mix of equities, money market instruments, conventional bonds, inflation-linked bonds and listed property.

The management of this model portfolio range is performed through a partnership between Wealth Manager and Tailored Fund Portfolios. Both parties hold a CAT 2 Discretionary Fund Manager licence. Active manager selection, Asset allocation and portfolio construction is based on the research process of Old Mutual Multi-Managers in consultation with Wealth Manager. The selection of passive investment vehicles is performed by the Tailored Fund Portfolio team. This range is managed and monitored on an ongoing basis by both parties. Model Portfolio reporting and feedback is provided at least quarterly to Wealth Manager. The representative of Wealth Manager at quarterly meetings is: Jonathan Moodie

FUND COMMENTARY

Equities surged across the board in June, driven by actual and expected central bank easing. This followed the sharp declines of the previous month. Returns for the first six months of the year are therefore strong; in fact it has been the best first half in many years.

The MSCI All Countries World index, which covers developed and developing markets, gained 6.6% in June and 16.6% year-to-date in US dollars. Over one year, however, this broad benchmark of global equities only returned 7%, including dividends and is still below its all-time high, set in January 2018.

As expectations of future interest rates and inflation fell, bond yields tumbled further. The US 10-year Treasury yield fell from 2.16 to 2% - below the current Fed funds rate - having started the year at 2.5%. The FTSE World Government Bond index returned 2% in dollars in June, and an impressive 5.6% return over the past six months.

The rand benefited from the softer US dollar, gaining 3% against the greenback during the month to close at R14.10 per dollar. This means the rand is about 1% stronger than at the start of 2019, and only 2.5% weaker than a year ago. A stronger rand is a double-edged sword for investors, since its boosts returns from interest rate sensitive assets (including bonds, bank and retail shares and listed property) but is a drag on the return from rand-hedge shares and direct offshore exposure.

Despite being dominated by rand hedges, local equities performed well. The FTSE/JSE All Share index returned 4.8%, pushing 2019 returns back into double-digit territory at 12%. The return over one year was in line with inflation at 4.4%. The FTSE/JSE Capped SWIX, our preferred benchmark, returned 2.8% in June. It has a lower exposure to the mining heavyweights than the All Share index, as well as a lower Naspers weight. Year-to-date returns of 7% were ahead of bonds and cash, but the one-year return of only 1% lags behind.

Listed property was positive in June, with a 1.5% return on the FTSE/JSE All Property index. The sector lags the broader equity market for the first six months of 2019 with a 2.7% return, and is still negative over 12 months.

Local bonds rallied in June, and the All Bond index returned 2.2%. This means that bonds outperformed cash over six and 12 months (with a 7.6% and 12% return respectively). The yield on the 10-year local currency bond fell to 8.1%, but remains attractively high in a global context.

CONTACT DETAILS

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Entities making the Discretionary Model Portfolios available

Old Mutual Wealth Tailored Fund Portfolios ("TFP") is a division of Old Mutual Life Assurance Company South Africa Limited ("OMLACSA"), registration number 1999/004643/06, which is a discretionary financial services provider authorised in terms of the Financial Advisory and Intermediary Service Act 37 of 2002 ("FAIS") with licence number 703.

Old Mutual Investment Services (Pty) Ltd ("OMIS"), registration number 1996/000452/06, is an administrative financial services provider authorised in terms of FAIS.

Unit Trust Managers registered in terms of the Collective Investment Scheme Control Act 45 of 2002.

What are Discretionary Model Portfolios?

A Discretionary Model Portfolio is a combination of Old Mutual or other unit trust funds that are grouped together by TFP and made available by OMIS on its administrative platform.

Unit Trust Disclaimers

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, investment capital or return on your investment cannot be guaranteed. How a fund has performed in the past does not necessarily indicate how it will perform in the future. The fees and costs charged for managing your investment are accessible on the relevant fund's Minimum Disclosure Document (MDD) or table of fees and charges, both available on the manager's public website. Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in script lending. The daily price is based on the current market value of the underlying fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue. Should the underlying fund hold assets in foreign countries it may have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement, and the availability of information. Please contact us for risks specific to each country. A fund of fund 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. 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. Performance returns are the time-weighted return over the performance period measured. A manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.