

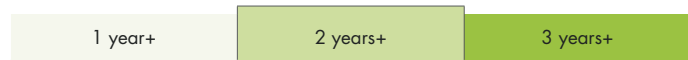
OLD MUTUAL REAL INCOME FUND

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to provide an income that grows in line with inflation, while sustaining the level of capital over time and minimising any losses over a 12-month period. The portfolio manager actively manages asset allocation to take advantage of changing market conditions.

WHO IS THIS FUND FOR?

This fund is suited to investors who can accept a lower initial income in return for the expectation of inflation-matching growth in income over the recommended investment term, while maintaining the value of their capital. It is suitable as a low-risk investment in retirement.

INVESTMENT MANDATE

The fund invests in the full spectrum of fixed interest investments. The fund may invest up to 25% of its portfolio in selected listed property shares and up to 10% in equities. The fund may gain exposure to foreign assets up to a maximum of 30% of its portfolio (with an additional 10% for African ex-SA investments). Derivatives may be used for efficient portfolio management purposes.

REGULATION 28 COMPLIANCE

The fund complies with retirement fund legislation. It is therefore suitable as a stand-alone fund in retirement products where Regulation 28 compliance is specifically required.

BENCHMARK:	CPI
PERFORMANCE TARGET:	CPI + 1% to 2% p.a. (net of fees)
	Performance is targeted over the recommended minimum investment term and is not guaranteed.
RISK OBJECTIVE:	The fund aims to protect capital over 12 months.
ASISA CATEGORY:	South African – Multi-Asset – Low Equity
FUND MANAGER(S):	John Orford & Zain Wilson (Old Mutual Investment Group – MacroSolutions)
LAUNCH DATE:	01/04/2006
SIZE OF FUND:	R5.2bn

DISTRIBUTIONS: (Quarterly)*

Date	Dividend	Interest	Total	Total %
30/09/2018	0.43c	4.30c	4.73c	1.68%
30/06/2018	0.26c	4.24c	4.50c	1.60%
31/03/2018	0.15c	4.33c	4.48c	1.58%
31/12/2017	0.60c	3.50c	4.10c	1.44%

* Class A fund distributions

FUND COMPOSITION

ASSET & PERCENTAGE ALLOCATION	
SA Cash	55.8%
Nominal Bonds	17.1%
Inflation-linked Bonds	8.4%
SA Property	8.1%
International Bonds	4.1%
SA Equities	3.4%
Preference Shares	3.1%

FUND PERFORMANCE as at 31/10/2018

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception ¹
Fund (Class A)	5.6%	5.9%	6.8%	8.0%	9.2%	8.5%
Fund (Class B1) ²	6.1%	6.4%	7.3%	8.5%	9.4%	8.8%
Benchmark*	4.9%	5.4%	5.3%	5.4%	5.2%	6.0%

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

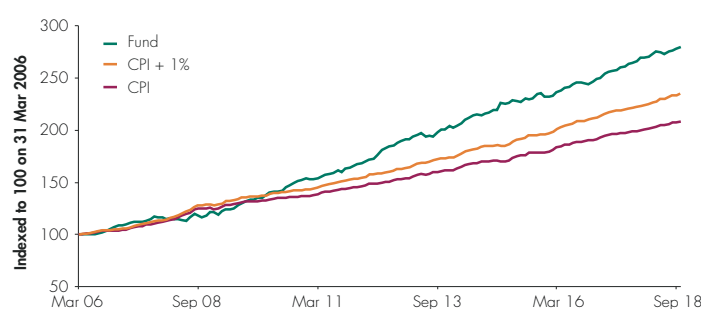
¹ Performance since inception of the fund.

² 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)	15.4%	8.8%	-0.7%

Performance Since Inception



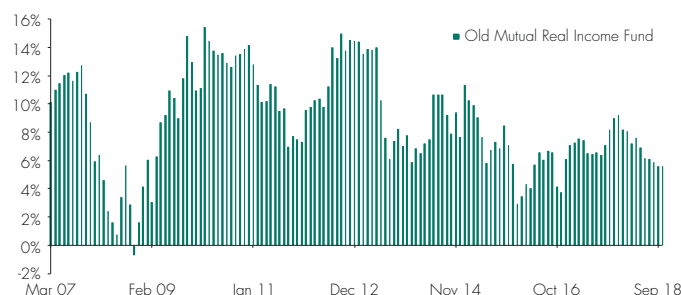
Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-3.6%
Months to Recover	3
% Positive Months	78.8%
Annual Standard Deviation	3.2%

Risk statistics are calculated based on monthly performance data from inception of the fund.

Risk Objective: Capital protection over 12 months



PRINCIPAL HOLDINGS as at 30/09/2018

HOLDING	% OF FUND
R186 10.5% 21/12/2026	4.8%
R212 2.75% 31/01/2022	4.7%
IDC 8.34% 22/10/2020	2.7%
Development Bank of SA	2.0%
R197 5.5% 07/12/2023	1.7%
AHF3A3 FRN 18/04/2019	1.7%
SBS25 8.87% 24/05/2019	1.2%
DVF19 FRN 31/05/2019	1.1%
Fortress Reit Ltd A	1.1%
IDCG05 FRN 25/11/2019	1.1%

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

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OLD MUTUAL REAL INCOME FUND

FUND MANAGER INFORMATION



JOHN ORFORD

PORTFOLIO MANAGER

- BA Economic History (Hons), Postgraduate Dip (Quantitative Development Economics), MSc (Development Economics), MBA
- 15 years of investment experience



ZAIN WILSON

PORTFOLIO MANAGER

- BBusSc Economics, CFA
- 5 years of investment experience

FUND COMMENTARY as at 30/09/2018

The global equity market delivered good returns for the quarter, but lacked meaningful breadth as US equities (+7.5% in US dollar terms) easily outperformed every other major region. US equities responded to robust economic growth in the region and strong earnings growth reported by the companies during the quarter. Negative sentiment persisted in emerging markets, as China showed signs of slower growth, commodity prices remained under pressure and the likes of Turkey and Argentina reminded investors of the risks of investing in the developing world. Unsurprisingly, emerging market currencies, equities and bonds fell during the quarter, particularly in August and early September.

Local assets, already suffering from the poor emerging market sentiment, were dealt another blow in September as Stats SA announced that our economy had fallen further in the second quarter. Although the rand and the bond market largely recovered their losses by the end of the quarter, the equity market was unable to mount a comeback, ending the quarter slightly lower (-1.7%). The challenging economic environment, reflected in company results and updates, shows little sign of

relief in the near term. Aspen was a notable casualty of disappointing the market, losing more than a third of its value in a matter of days.

The fund aims to deliver an income that grows over time while protecting capital. The environment for domestic interest-rate sensitive assets remained challenging in the second quarter, continuing to reflect a theme of "cash is king", with both the JSE All Bond Index (ALBI) and FTSE/JSE SA Listed Property Index (SAPY) returns of 0.8% and -1%, respectively, behind cash of 1.7%. While the performance year to date has lagged cash, the fund continues to deliver to its capital preservation target. Returns since inception remain in line with the fund's target of CPI + 1-2%.

The current fund positioning is predominantly in South African assets, with the bulk of the assets in low duration fixed credit assets. While we have recently added exposure to select offshore credit ideas, these collectively make up less than 3% of the fund. Furthermore, the currency exposure has been hedged back to rands. This adds diversification to the fund, in accessing credit ideas not present in the domestic market, while hedging

maximises the yield by benefiting from the attractive interest rate differential embedded in the rand. The additional yield reflects the fact that South African interest-bearing assets maintain some of the highest real yields across major emerging and developed markets. This is more so evident in the yield of domestic property assets, with the weighted average forward yield of the property assets in the fund now approaching 10%.

While there should be some upside inflation pressure over the next 12 months, we remain comfortable that the South African Reserve Bank's inflation targeting credibility is entrenched. Alongside weak demand side pressures, this provides a strong anchor to medium-term inflation and a cap on domestic yields. Through this lens, South Africa stands separate from the emerging economies like Turkey and Argentina – where domestic inflation suffers from an unconventional policy mix. As long as this remains in place, the best place to deliver to the fund's objective of growing our clients' real income is in a blend of domestic interest rate assets.

Source: Old Mutual Investment Group as at 30/09/2018

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*
Annual service fees (excl. VAT)	1.20%	0.80%

* 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. These include the fees and costs relating to underlying global asset class exposures, which range between 0.20% and 0.50% as the fee for equity exposures is typically higher than the fee for fixed income or money market exposures. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

TAX REFERENCE NUMBER: 9004/554/17/7

ISIN CODES:	Class A	ZAE000076493
	Class B1	ZAE000076501

Total Expenses (Incl. Annual Service Fee)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	1.41%	0.95%	1.39%	0.94%
Transaction Cost (TC)	0.06%	0.06%	0.03%	0.03%
Total Investment Charge	1.47%	1.01%	1.42%	0.97%

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

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.

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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.
- 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.
- Income funds derive their income primarily from interest-bearing instruments as defined. The yield is a current yield and is calculated daily.
- 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 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 October 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.

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