



OLDMUTUAL

# FINANCIALLY TALKING

DECEMBER 2022



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**2022 has been a challenging year for investors. South Africa has experienced rising inflation, interest rate increases and ongoing load-shedding. The Russia/Ukraine crisis and unrest in Iran has had a knock-on effect across the globe, which has been compounded by difficult global macro-economic conditions resulting in increased financial pressure on investors.**

Amidst the clouds, there appears to be a silver lining. I am pleased to share that, despite ongoing volatility in financial markets worldwide, South African Unit Trusts saw their assets under management (AUM) climb back above the R3-trillion mark in the third quarter thanks to net inflows of R39bn. This is a promising outlook for the local Unit Trust industry, once again reinforcing the sentiment that unit trusts are an important part of helping investors achieve their financial goals.

Between an unprecedented pandemic, immense changes in our political landscape, and climate change causing extreme weather conditions, from floods in Pakistan to record heatwaves and wildfires in the UK, we are also faced with the everyday struggles of existing in these challenging times. I would like to share this thought by Lauren Manning which I hope inspires you to keep moving forward. "The lesson is not how strong we may have been in the past; it is about how strong we are right now. This is our unmeasured strength. This is the power we have inside us, to persevere and prevail." As we prepare to enter a new year, now is the time for us to refocus on our goals and remain optimistic about the future.

**"The lesson is not how strong we may have been in the past; it is about how strong we are right now. This is our unmeasured strength. This is the power we have inside us, to persevere and prevail".**

In this last issue of Financially Talking for 2022, Izak Odendaal, Investment Strategist at Old Mutual Wealth, shares his thoughts on what the new year will hold for investors. We also share some money management tips for the festive season and highlight the benefits of using the Old Mutual Wealth and Unit Trusts secure client website.

### **LAUNCH OF THE OLD MUTUAL GLOBAL ISLAMIC EQUITY FEEDER FUND**

In an effort to make investing accessible and provide cost-efficient investment solutions to clients, we are proud to announce that Old Mutual Unit Trusts has launched the Old Mutual Global Islamic Equity Feeder Fund. This offshore fund has been very popular and now enables rand denominated investments from South African unit trust holders to be converted to foreign exchange through Old Mutual's asset swap capacity. It aims to maximise the



**KERWYN WILLIAMS –  
MANAGING DIRECTOR  
OLD MUTUAL UNIT TRUSTS**

total return for investors by primarily gaining exposure to shares in the Old Mutual Global Islamic Equity Fund such as Novo Nordisk, Microsoft, Meta and others. The fund was launched in March 2016 for investment in United States Dollars (USD).

The Old Mutual Global Islamic Equity Feeder Fund is managed by our Shari'ah team, comprising Fawaz Fakier and Maahir Jakoet, portfolio managers at Old Mutual Investment Group, Mario Fisher, Head of Research and Kieyam Gamielien, Head of Customised Solutions. The fund complements the Old Mutual Shari'ah range and is aligned to Old Mutual Investment Group's ethos of responsible investing adhering to environmental, social and governance (ESG) principles. Our combination of Shari'ah (a religious law) and ethical investing (an investment strategy that seeks to bring about positive change through considered investment decisions) results in an approach that is moral, sustainable, and socially conscious. This philosophy inspires the way we work – mindful of how we manage our investment process and our clients' portfolios. [Click here](#) for more information on this fund.

### **THANK YOU FOR PARTNERING WITH US ON YOUR INVESTMENT JOURNEY**

As the year draws to a close, I would like to thank you, our valued clients, for your support. We are grateful for the opportunity to partner with you to align your dreams with your financial goals. Our passion for helping our clients achieve financial freedom remains strong and we look forward to enabling you to make your goals a reality in 2023.

Wishing you and your loved ones good health, hope and happiness over the festive season and may 2023 be filled with wonderful possibilities!

# STAY UPDATED

## TRANSITIONING FROM POST TO ELECTRONIC COMMUNICATION

With the ever-increasing use of technology, Old Mutual believes in the benefits of sending correspondence via email as opposed to post. We also encourage you to register on our secure client website, so that you can transact safely and securely online from the comfort of your home. This will ensure that you can access all communication, including quarterly statements and other important investment information at your convenience, your data remains secure and there is no postal delay.

Therefore, we need you to register for electronic communication by updating your details on our app or client portal. Alternatively, you can email us at [unitrusts@oldmutual.com](mailto:unitrusts@oldmutual.com). This will ensure that you continue receiving your investment information timeously.



## SWITCH TO DIGITAL COMMUNICATION AND EARN 1 000 OLD MUTUAL REWARDS POINTS!

Not yet registered for electronic communication? Switch your communication preference from post to digital today and earn 1 000 Old Mutual Rewards points. By switching to electronic communication, you will receive quick, secure and timeous delivery of correspondence, with a lower carbon footprint when compared to post. Switch today by calling us at 0860 234 234 or +27 21 503 1770 or emailing [unitrusts@oldmutual.com](mailto:unitrusts@oldmutual.com), and start redeeming your rewards points at our designated partners.



## REMEMBER TO DOWNLOAD THE OLD MUTUAL APP

It's now simpler and easier than ever to access your portfolio and products using the Old Mutual App. The app offers a seamless experience where you can view your products and investment portfolio, easily download policy documents and tax certificates, update your details, and do so much more.

The Old Mutual App is available for download from the various app stores. Search for the name **Old Mutual** from your mobile device's app store, click on your app store link and install the Old Mutual App.

## OLD MUTUAL WEALTH AND UNIT TRUSTS SECURE CLIENT WEBSITE

At Old Mutual Unit Trusts, we are committed to delivering a seamless online investment experience. We offer you the convenience of being able to transact safely and securely online from the comfort of your home through our secure client website. Have you registered yet?

[REGISTER](#)

[LOGIN](#)





# WHAT CAN WE EXPECT NEXT YEAR?

IZAK ODENDAAL | INVESTMENT STRATEGIST AT OLD MUTUAL WEALTH



**Leon Trotsky is said to have once remarked that “we may not be interested in war, but war is interested in us”, meaning that the chaos of war inevitably eventually affects everyone around it.**

Well, you may not be interested in inflation, but inflation is interested in your portfolio returns. Looking ahead to 2023, it remains the key variable that will determine if it is going to be a good year or a bad year. Needless to say,

the war in Ukraine will play a role through its impact on energy and grain prices.

If inflation can recede from its current elevated levels in key developed economies, most notably the US, then central banks don't need to raise interest rates further. Already, the US Federal Reserve (the Fed) has hiked its rate from 0% to 4% this year, the fastest increase since the 1980s. The Fed and other central banks have made it clear that

getting inflation under control is the priority, even if it means causing a recession. It is a case of short-term pain for long-term gain.

If they let inflation run loose, it can become entrenched causing permanent disruption. This is not an option.

The immediate impact – the first bomb to drop, as it were – of the increase in interest rates across the world was a sharp drop in global bond and equity markets this year, and a surge in the US dollar (with a corresponding decline in the rand). This is more or less priced in now. The next bomb to drop will be the economic impact of the higher rates.

It always takes time for the impact of interest rate changes to filter through an economy and achieve the goal. People tend not to respond to each individual rate hike, but after a while they realise that interest payments have gone up a lot and that they will need to cut spending somewhere else. By cutting spending elsewhere, usually on big ticket items like homes, cars and furniture or discretionary splurges like holidays, downward pressure is placed on prices. At the extreme, people lose their jobs, and the economy goes into a recession.

Clearly, this process works with lags across different sectors and is a very imprecise and potentially damaging way

of achieving the goal of lower inflation. It is like using a cannon to kill a rodent, but this is the way it is going to be. So again, the key question is whether inflation can return to acceptable levels without central banks having to pull out the big guns.

As for South Africa, we're shielded somewhat in the sense that our inflation rate has not been extreme by historical standards and is mostly the result of global food and fuel price movements, not strong domestic demand. Therefore, the local interest rate cycle has been relatively mild, though the Reserve Bank will probably still raise the repo rate early next year.

**“We may not be interested in war, but war is interested in us.”**  
– Leon Trotsky

However, South Africa is a small open economy that is highly reliant on global capital flows and commodity demand. We will never be unaffected by global economic and financial conditions. In particular, when the US Fed is hiking rates and the dollar is surging, it causes problems across the world. Whether you are interested in the Fed or not, it is interested in you.





# INVESTING ABROAD IS AS EASY AS SHOPPING AND TRAVELLING INTERNATIONALLY

**GONTSE TSATSI** | HEAD OF RETAIL CLIENT MANAGEMENT AT OLD MUTUAL  
INVESTMENT GROUP



People often think that investing abroad is only for the high-flying, jet-setting few. In reality, investing globally is for everyone and it is a lot easier than you think. It's also an excellent way to grow your wealth from the comfort of your home in sunny SA – but without the jet lag, language barrier, and grumpy weather challenges of being elsewhere.

### WHY INVEST GLOBALLY?

Investing globally gives you access to investment opportunities that may not exist locally. The South African market represents only 1% of the global investment opportunity, meaning 99% of investment opportunities available to grow your portfolio, or range of assets, are across the globe. Knowing this, the question is, “Why aren't you investing abroad?”

Investing globally also helps diversify your portfolio: you get to enjoy more investment opportunities while hedging currency risk so you can protect your investment against choking inflation.

### HOW TO GET STARTED

Two words: unit trusts – that's all you need to give your funds global exposure. No passport, no visa – just unit trusts, which are simple and flexible investment vehicles that require a low minimum investment.

Old Mutual's unit trusts are managed by qualified, highly skilled, and well-experienced investment managers who make the necessary decisions about where your money should be allocated. In the same way you wouldn't perform brain surgery on yourself, investment managers are the specialists you need to maintain the life of your investment(s).

Our unit trusts are fit for purpose – meaning you can find one for your investment needs based on your goals and your appetite for risk.

### OPTIONS, OPTIONS, OPTIONS

Our global investing options include the Old Mutual Global Equity Fund, which aims to deliver superior returns by investing in shares from developed countries globally, and the Old Mutual MSCI Emerging Markets ESG Index Feeder Fund, an index tracking solution offering exposure to emerging market companies with better ESG scores than their sector peers. The Old Mutual MSCI World ESG Index Feeder Fund is similar, albeit with exposure to companies of developed economies.

Old Mutual recently launched the Old Mutual Global Islamic Equity Feeder Fund, which combines the religious precepts of Shari'ah with ethical investing (an investment strategy that seeks to bring about positive change through considered investment decisions) to achieve attractive returns through an approach that is moral, sustainable and socially conscious. This provides a unique opportunity for your money to go globetrotting while supporting your beliefs and values.

### WE CARE

While each of these unit trusts is structured to capitalise on different investment themes, opportunities and geographic dynamics, responsible investing is the foundation of our investment process. It ensures that through well-considered capital allocation, we can foster a positive tomorrow and build a sustainable society – all while generating positive returns for our valued clients.

In other words, our approach is based on caring for you, your investments, and the world we live in.

To start your global investment journey contact Old Mutual via our secure site [oldmutualinvest.com/offshore](https://oldmutualinvest.com/offshore) or speak to an accredited financial adviser by calling 0860 50 60 70.



# FESTIVE SEASON MONEY MANAGEMENT 101: **GETTING YOU THROUGH TO JANUARY WITH NO WORRY!**



**Hello December! Hello summer! Hello festive season! It's officially the best time of the year – when we get to relax, unwind and enjoy time with our loved ones. We know that now is when the social invites come in thick and fast (and boy, are they hard to resist!) and the summer sales are everywhere you look (they're also very hard to resist), making this wonderful and jolly time of the year a particularly prickly one to cope with moneywise. That's why we're helping you get ahead of the trouble by bringing you Festive Season Money Management 101, so you can get to – and get through – January with no worry!**

## MODULE 1

Let's start with the basics.

- Don't get distracted. Summer is a fun and busy season (we love this about it), but it's also full of distractions and temptations (we don't love this about it). This means you have to be really intentional about being money smart and savvy – especially in December, a.k.a. The Danger Zone. With that said, do yourself a favour and write these three tips somewhere you'll see them often:
  1. Stick to your budget for the month
  2. Stick to your budget for the month
  3. Stick to your budget for the month

Granted, it's a little easier said than done, but sticking with the basics – the fundamentals that have helped get you through 2022 – is key to surviving the festive season. You can also use tech to assist you. 22seven is a free budgeting and investing app from Old Mutual that helps you budget, track your spending on all your accounts and invest for your life goals.

Remember, when drawing up your budget, make provisions for entertainment and fun, even frivolous stuff. Working on a budget doesn't mean there's no pleasure, it just means you prepare and make room for it in advance.

- If you'll be getting your December salary earlier than usual, consider putting this money aside and only accessing it on the day you would've been paid ordinarily. Why? If you can't access it, you can't spend it, giving you a fighting chance of getting through the months ahead. It'll be tough to resist, but when your friends and family moan that they have more month than money in January, you'll be glad you acted fast.
- For those that will be getting a year-end bonus or 13th cheque, consider investing this in an Old Mutual unit trust before you get tempted to spend it. It could go towards your retirement savings or towards beefing up your ever-necessary emergency fund, both of which play an important role in securing your financial future.

- Remember the reason. This could be “the reason for the season” or it could be the awful feeling of stress and anxiety not knowing how you'll make it through the month. That's the real toll of living beyond your means: it robs you of peaceful nights and overshadows the joyous moments that should be meant for making everlasting memories. That's no way to live – remember *that*.

Some practical ways of getting around overspending include:

- Organising a bring-and-share afternoon with your family, as opposed to eating out.
- Find your nearest public swimming pool or beach and enjoy a day in the water. Pack a book or some games for added fun, rather than going on an expensive outing to an entertainment centre.
- Gather bits and bobs from around the house and tap into your DIY craft side. You'll be surprised at what décor and/or gifts you're able to whip up when you let the creative juices flow.

## MODULE 2

Now that you've got the basics covered, you're ready for the next lesson: Shooting the lights out in 2023! That's right, getting yourself on track for financial success in the new year means starting on this side of 2023.

### • Write down your goals

Writing down what you are working towards, or would like to work towards, will help crystallise your thinking and garner greater psychological momentum. If you put them up on your fridge, for example, you'll be more accountable and driven to take action. Try to keep your goals to a maximum of five, and don't be afraid to include non-financial ambitions.

### • Get ready for action

Take the important step of moving your dreams to actionable goals that are supported by a detailed how-to plan and a realistic deadline. Having clarity on these will give you the focus you need to make an impact. For example, if your goal is to increase your contribution

to your retirement investment, you may need to trim down on how much you spend on, say, eating out.

- **Go for gold**

There's nothing stopping you now. Go for gold and put your all into activating the detailed plan you've laid out. Remember to celebrate milestones and small victories along the way. If your goal is to save and invest R10 000 in 2023 so you can, for example, pay your child's university registration fee with ease, don't be afraid to congratulate your efforts when you reach the R2 000, R5 000 and R8 000 marks!

- **Prepare for anything**

Preparing for the unforeseen or unexpected ahead of time is a surprising way to achieve financial health. That's because an emergency fund helps you to avoid debt or taking out a loan under pressure, which will leave you more vulnerable than before.

For your emergency fund, a unit trust is ideal because it is an affordable way to grow wealth. Plus, you can find one that suits your life goals and open it with ease (visit [oldmutualinvest.com/individual](https://oldmutualinvest.com/individual)). From as little as R500 a month, an Old Mutual unit trust gives you access to investment assets such as property and shares in leading companies, so your money is safe while growing. You can access your unit trust with no fuss, making it an ideal place for your emergency stash.

- **Check in with yourself**

Schedule check-ins throughout the year – perhaps every quarter, although monthly or bimonthly is also good if you feel that will be more beneficial to you – to review

and assess if you are on track. If you're not, reviews will help you to course-correct and make any adjustments necessary to ensure that you reach your set goals.

If holding yourself accountable is a challenge for you, consider roping in a trusted family member, friend or colleague to help you. Take this a step further by partnering with a reputable financial planner.

### REMEMBER:

- It's never too late to start investing in your financial future. Start now, with what you have!
- Financial freedom is a life-long journey. Don't be discouraged when it seems you're not making any progress. Keep at it and you will start to see the fruit of your labour.
- Investing is for everyone, and it's also the only way to truly catapult your money efforts.

Your goals, no matter how incredible and inspired they are, will not achieve themselves. That's up to you. Whether your ambition is to build your parents a home they can be proud of, to enrol yourself into that dream course you've always desired to complete, to celebrate your milestone birthday or anniversary in grand style, or to finally attain the financial freedom you have treasured for so long — 2023 can be the year.

### See you at graduation!

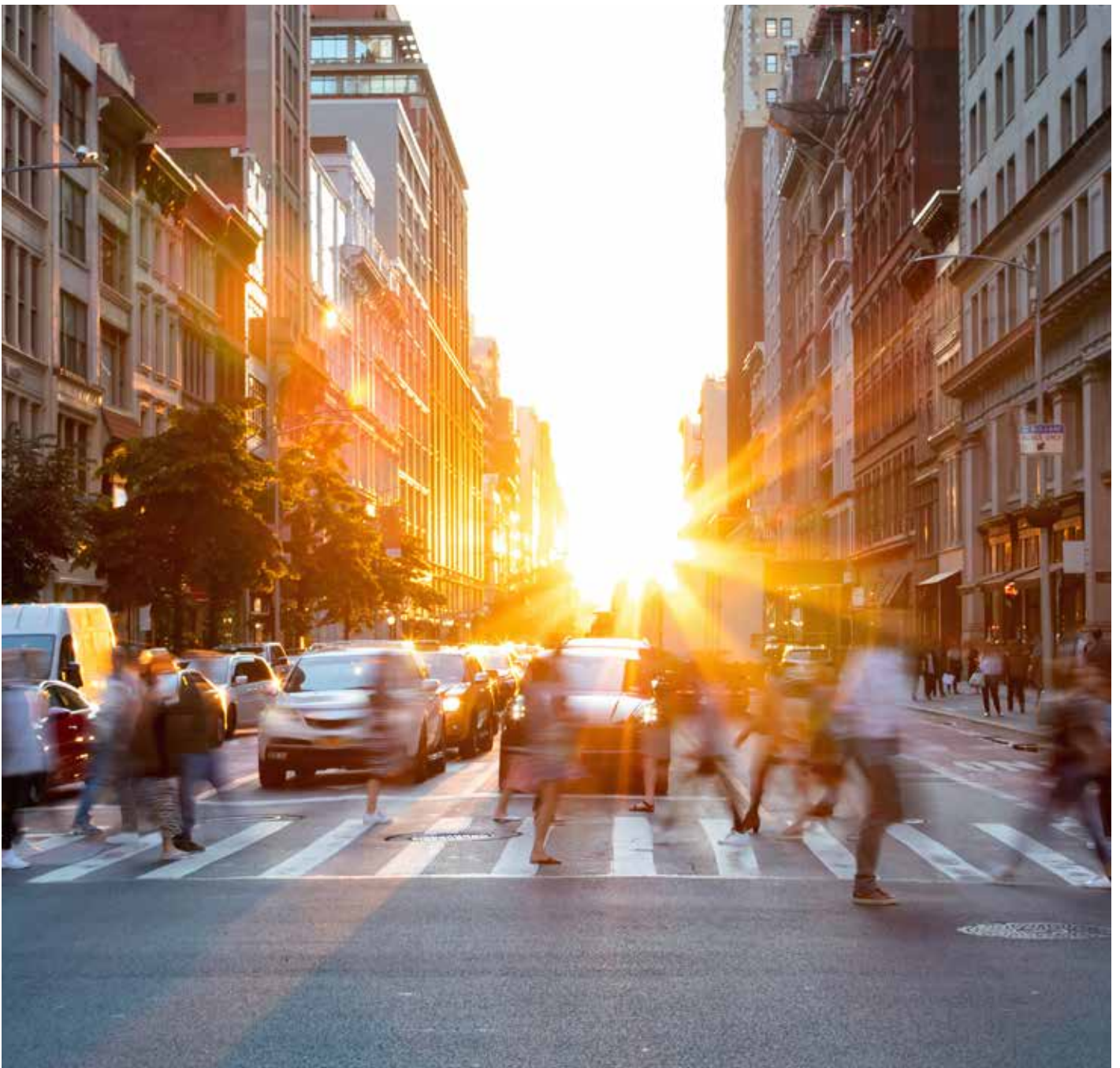
Visit [oldmutualinvest.com/individual](https://oldmutualinvest.com/individual) to find out more.



# LAUNCH OF THE **OLD MUTUAL GLOBAL ISLAMIC EQUITY FEEDER FUND**

**MAHIR JAKOET** | PORTFOLIO MANAGER, OLD MUTUAL INVESTMENT GROUP

**FAWAZ FAKIER** | PORTFOLIO MANAGER, OLD MUTUAL INVESTMENT GROUP



**In an effort to make investing accessible and provide cost-efficient investment solutions to clients, Old Mutual Unit Trusts has launched the Old Mutual Global Islamic Equity Feeder Fund. The feeder fund enables rand investments from South African unit trust holders to be converted to foreign exchange through Old Mutual's asset swap capacity. The fund aims to maximise the total return for investors by primarily gaining exposure to shares in the Old Mutual Global Islamic Equity Fund such as Novo Nordisk, Microsoft, Meta and others. It is co-managed by Fawaz Fakier and Maahir Jakoet, portfolio managers at Old Mutual Investment Group.**

"The Old Mutual Global Islamic Equity Fund was launched in March 2016 and has only been available for investment in United States Dollars (USD)," says Maahir Jakoet. "The fund is Shari'ah compliant, and therefore excludes companies whose core business involves dealing in alcohol, gambling, non-halal foodstuffs or interest-bearing instruments, among other exclusions. It complements the Old Mutual Shari'ah range, which consists of the Old Mutual Albaraka Balanced Fund, Old Mutual Albaraka Equity Fund, Old Mutual Albaraka Income Fund and Old Mutual Global Islamic Fund."

While the portfolio is not Regulation 28 compliant, it is suitable for retirement investors with a moderate to high risk appetite for equity investing and a time horizon greater than five years.

"The portfolio is aligned to Old Mutual Investment Group's ethos of responsible investing, as Environmental, Social, and Governance (ESG) principles are adhered to. Our combination of Shari'ah (a religious law) and ethical investing (an investment strategy that seeks to bring about positive change through considered investment decisions) results in an approach that is moral, sustainable and socially conscious. This ties in perfectly with our investment philosophy of seeking out high quality businesses with good cash flow

and profit generation and healthy balance sheets, as we find that there is strong commonality between these types of companies and Shari'ah/ethical investing. This philosophy inspires the way we work – mindful of how we manage our investment process and our clients' portfolios," says Fawaz Fakier.

In an ESG Asset Manager Survey recently published by 27four Investment Managers, Old Mutual Investment Group was named in the top three asset managers – as measured on Policy, Resources and Governance; ESG implementation; Active stewardship; Transparency and disclosure, and Climate change – among 53 South African asset managers.

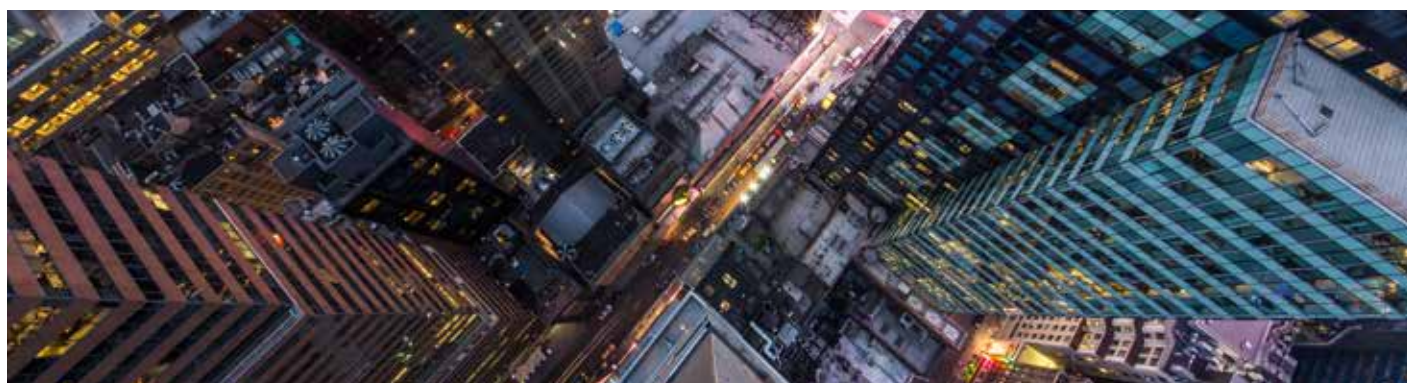
Jakoet continues, "As a global offering, the Old Mutual Global Islamic Equity Fund is predominantly exposed to the US market (65.3% as at the end of July 2022) followed by the UK and Canada, at 7.8% and 4.7%, respectively."

The portfolio's largest sector allocations include the information and technology sector at 29.2%, while consumer discretionary accounts for 18.1%, healthcare for 17.7%, and energy for 12.4%.

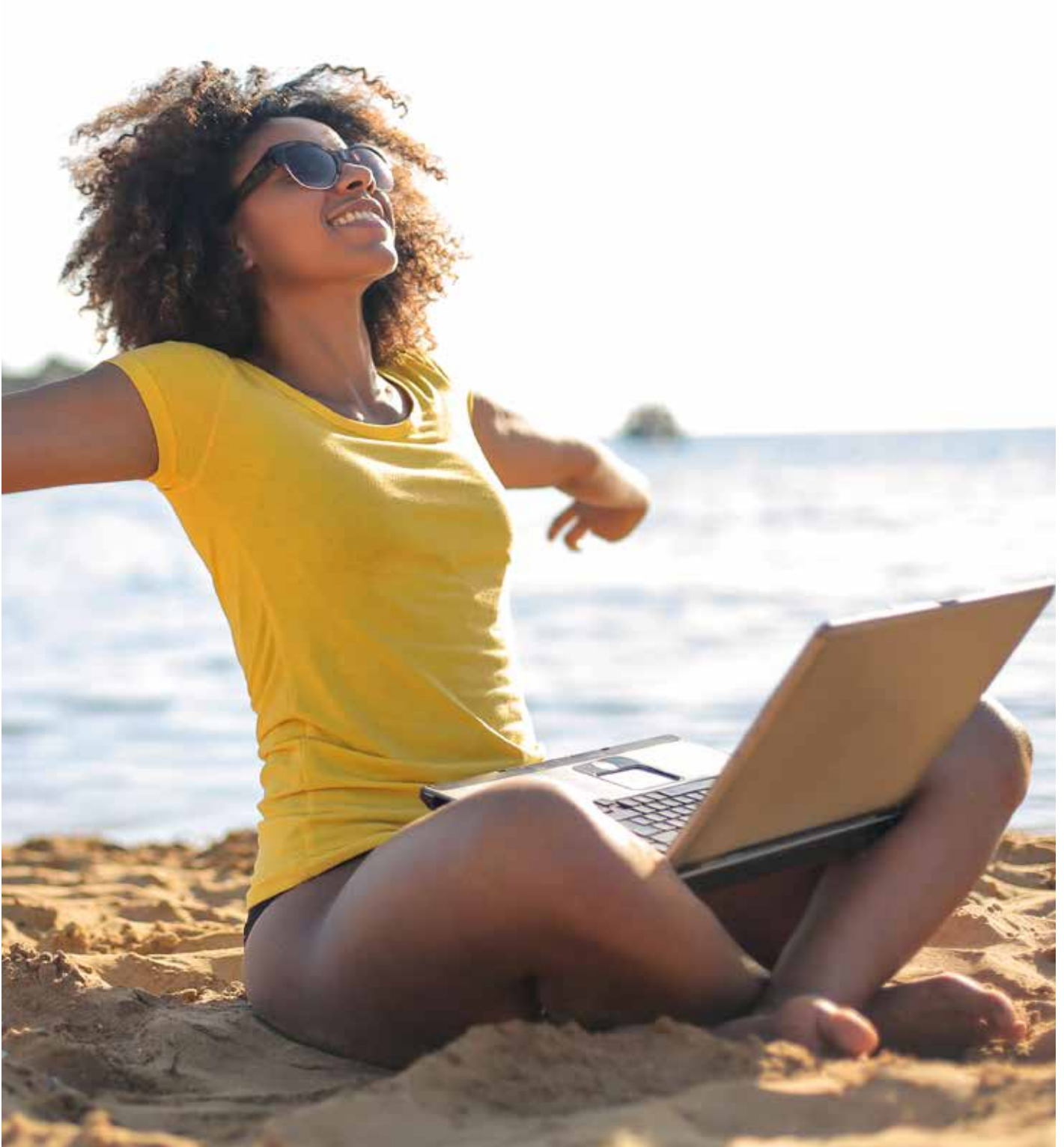
"The portfolio is positioned for a slowing market in terms of it being invested in resilient businesses but "investors should remember that nothing lasts forever – including downturns," adds Jakoet.

"As an asset class, equities remain a key source of long-term returns, diversification and inflation hedging even in economically challenging periods with elevated market volatility, so we are confident that the portfolio is well positioned to navigate market uncertainty and create long-term value for our clients," concludes Fakier.

The Old Mutual Global Islamic Equity Feeder Fund is now available for investors via Old Mutual Unit Trusts, the Old Mutual Wealth platform and other South African investment platforms that may host the fund.



# ONLINE SAFETY DURING THE **HOLIDAY SEASON**



We are all excited about taking a break – but before you “kick back on that lounge”, it would be wise to set up a few safety measures to keep you and your family cyber safe so that they can enjoy surfing, shopping and all the other benefits of the internet.



### 1 CREATE COMPLEX PASSWORDS

Use a password manager to help you store and create strong passwords for all of your personal accounts. Always create a strong password by using a passphrase that contains a combination of capital and lowercase letters, numbers and special characters. If your online accounts offer multi-factor authentication activate it, as an additional layer of protection.



### 2 THINK BEFORE YOU CLICK

Be aware of the dangers of phishing and spam emails and avoid being tricked into revealing personal or sensitive information. Spam emails, phony “free” offers, click bait, online quizzes and more, all use these tactics to entice you to click on dangerous links or attachments or to reveal your personal information.



### 3 BE A SELECTIVE SHARER

There are a lot of opportunities to share your personal information online. Be cautious about what you share and whom you share it with, especially your identity information. This can potentially be used to impersonate you, or guess your passwords and logins. This applies to all social media accounts like Facebook and Twitter.



### 4 PROTECT YOUR MOBILE LIFE

Your mobile devices are just as vulnerable to online threats as your laptop. Mobile devices face new risks, such as risky apps and dangerous links sent by text message. Be careful where you click, don't respond to messages from strangers, and only download apps from official app stores after reading other users' reviews first. Enable security software on your mobile, just like your computers and other devices.



### 5 PRACTISE SAFE SURFING AND SHOPPING

When shopping online or visiting websites for online banking or other sensitive transactions, always make sure that the site's address starts with “https”, instead of just “http”, and has a padlock icon in the URL field. This indicates that the website is secure and uses encryption to scramble your data so that it can't be intercepted by others.



### 6 KEEP UP TO DATE

Keep all your software updated so you have the latest security patches. Turn on automatic updates and make sure that your security software is set to run regular scans



### 7 LOOK OUT FOR THE LATEST SCAMS

Online threats are evolving all the time. Most of them are sent by email, so make sure you know what to look out for. Currently, “ransomware” is on the rise. This is when a hacker threatens to lock you out of all your files unless you agree to pay a ransom.



### 8 KEEP YOUR GUARD UP

Always be cautious about what you do online, which sites you visit, and what you share. Use comprehensive security software, and ensure that you back up your data on a regular basis in case something goes wrong.



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**About Old Mutual Unit Trusts**

Old Mutual Unit Trust Managers (RF) (Pty) Ltd is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. The fund fees and costs that we charge for managing your investment are set out in the relevant fund's minimum disclosure document (MDD) or table of fees and charges, both available on our public website, or from our contact centre. Collective Investment Schemes are generally medium- to long-term investments; the value of participatory interests or the investment may go down as well as up; past performance is not necessarily a guide to future performance. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA).

**Important information**

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