



**KEY FACTS**

<b>Launch Date:</b>	November 2008
<b>Portfolio Category:</b>	South African - Interest Bearing - Variable Term
<b>Product Vehicle:</b>	Pooled, unitised fund policy as defined in the Long-term Insurance Act, 1988.
<b>Benchmark:</b>	BEASA All Bond Index
<b>Minimum Investment:</b>	R5 million
<b>Fees:</b>	0.20% per annum (rebates for large investments exceeding R50 million apply). Fees exclude VAT.

**INVESTMENT DESCRIPTION**

The All Bond Index Fund is managed on an indexation basis. This ensures that the performance of the fund is in line with that of the BESA All Bond Index.

Given the limited number of investable South African bonds, active managers are forced to own a large proportion of the All Bond Index. This can result in a “de-facto” passive bond portfolio for which investors pay active fees. By combining active and passive bond portfolios using the All Bond Tracker Fund, an investor could potentially save on fees without giving up on possible benchmark outperformance.

**INVESTMENT OBJECTIVE**

The investment objective is to generate performance in line with the BESA All Bond Index.

**INVESTMENT COMPOSITION**

The fund invests in all of the bonds that comprise the official BESA All Bond Index.

**RISK CHARACTERISTICS**

This moderate risk fund is exposed to interest-rate fluctuations. Long-term bonds are more sensitive to rate changes. While short-term bonds experience more modest price movements. The holding of long- and short-dated stock in the fund is used to reduce these risks.

**SUITABLE INVESTORS**

The fund is aimed at cost-sensitive investors seeking returns in line with the All Bond Index.

**INVESTMENT TEAM**

The Fund is managed by the Indexation investment team within the Customised Solutions boutique.



**BERNISHA LALA**  
Head of Indexation & Portfolio Manager



**FRANK SIBIYA**  
Portfolio Manager

**PERFORMANCE AS AT 31/08/2022**  
**Gross Composite Returns**

	3-Months	1 Year	3 Years	5 Years	Since Inception
Portfolio	-0.4%	1.5%	6.6%	7.9%	8.1%
Benchmark	-0.4%	1.5%	6.7%	7.8%	8.1%

Source: Old Mutual Investment Group

**ALL BOND INDEX FUND NOVEMBER 2008 - AUGUST 2022**



Source: Old Mutual Investment Group

**TOP TEN HOLDINGS AS AT 31/08/2022**

Holding	JSE Code	Sector	% of Fund
RSA 10.5 211226	R186	3-7 YRS	17.8%
RSA 8.00 310130	R2030	7-12 YRS	12.9%
RSA 8.75% 280248	R2048	12+ YRS	12.3%
RSA 8.25 310332	R2032	7-12 YRS	10.0%
RSA 8.875 280235	R2035	12+ YRS	8.7%
RSA 8.50 310137	R2037	12+ YRS	8.6%
RSA 8.75 310144	R2044	12+ YRS	7.4%
RSA 9.00 310140	R2040	12+ YRS	6.4%
RSA 7.00 280231	R213	7-12 YRS	5.2%
RSA 6.25 2036	R209	12+ YRS	3.1%
<b>Total</b>			<b>92.5%</b>

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (30 JUNE 2022)****Market Commentary:**

The local economy had a very strong start to the year with an 8% annualised GDP growth rate in the first quarter (up from 5.6% in Q4 of last year). PMIs, leading indicators, car sales and credit extended to corporates and households, have all improved further.

While the rand/US dollar exchange rate weakened during the first part of the second quarter, some reversal of this weakening occurred from around mid-May into June. The rand slipped from R14.65 at the start of the quarter to R16.24 by 9 May and subsequently recovered to around R15.50 by early June. The local currency weakened again later in June as uncertainty around the global economy mounted.

Uncertainty around the Russia/Ukraine war and its impact on the global economy, as well as a stronger dollar as the US Federal Reserve (the Fed) became more aggressive with policy tightening, had an impact on all emerging market economies. Supportive commodity prices, the improved SA political and policy environment, better growth outlook and substantial reduction in fiscal risk will likely help to keep the rand relatively stable over the next year or two. S&P's revision of their outlook for SA's debt from "stable" to "positive" is reflective of less fiscal risk and will also be supportive of the rand.

Inflation has moved roughly sideways during the first few months of this year - from 5.9% in December 2021 to 5.9% by April 2022. Headline inflation will likely peak around 7.3% in June, July or August - the timing depends on the war and oil and petrol prices. The extension of the fuel levy will help, but the path of oil prices is unclear, and we might get another petrol price shock when the fuel levy holiday expires. Excluding petrol, inflation is more subdued at 5.1%.

The SA Reserve Bank's interest rate normalisation cycle that started in November last year accelerated when the Monetary Policy Committee (MPC) decided to hike by 50 basis points (bps) in May. While the reality is that there was only one MPC meeting in the second quarter and this may have played a role in the decision to hike by 50 instead of 25bps, there seems to be a clear effort by the MPC to get the interest rate increases front-loaded, as they are concerned that recent price pressures might lead to a strong uplift in inflation expectations.

South Africa's prospects are continuing to improve - albeit at a slow pace and despite all the global headwinds and local negatives. Higher commodity prices, decent growth, continued fiscal consolidation, under-control inflation, moderate rate hikes, a stable rand and a healthy surplus on the current account - and hopefully improved politics - will all help lift confidence this year.

**Performance Commentary:**

The JSE All Bond Index (ALBI) showed negative performance for the quarter returning -3.71%. The 1- to 3-year part of the curve returned 0.04% in June

while the 12+ years end of the curve returned -5.19%.

The fund has performed in line with the benchmark for the quarter ending June 2022. The index is rebalanced monthly and, in the quarter ended June 2022, there were no constituent deletions from or additions to the index.

**CONTACT DETAILS**

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