



FUND INFORMATION

| | |
|-----------------------------|---|
| BENCHMARK: | STeFI Composite Index |
| LAUNCH DATE: | 01 April 2020 |
| STRATEGY ASSETS: | R1.9 billion |
| VEHICLE: | Segregated or UT Fund |
| SHARI'AH COMPLIANCE: | An independent Shari'ah Supervisory Board oversees adherence to the applicable Shari'ah principals within the Old Mutual Albaraka Income Fund |

INVESTMENT DESCRIPTION

The portfolio aims to offer investors an ethical investment vehicle providing income and relative capital stability over time. Income will be provided to clients through investment in Shari'ah compliant short- and longer term SA and global non-equity securities.

The Shari'ah Supervisory board oversees adherence to the applicable Shari'ah principles. The portfolio specifically adheres to the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions(AAOIFI) as guided by the Shari'ah Supervisory Board.

The portfolio is for investors wanting capital stability from underlying Shari'ah investments, as well as income which will be provided to clients through Shari'ah compliant short-term and long-term local and offshore securities.

INVESTMENT STRATEGY

The portfolio is a Shari'ah compliant multi-asset income portfolio that offers investors access to local and international asset classes including equity liquid assets and non-equity securities, such as sukuks (Islamic bonds)and equity conduits.

It may also invest in the portfolios of other unit trusts, both locally and those registered in countries with acceptable regulatory environments. This portfolio may have a maximum effective equity exposure (including international equity) of 10% and a maximum effective property exposure (including international property) of 25% of the market value of the portfolio. The portfolio will have a combined exposure minimum of 7.5% of net asset value to listed equity and listed property securities.

REGULATION 28 COMPLIANCE

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

INVESTMENT TEAM



MAAHIR JAKOET
Portfolio Manager



FAWAZ FAKIER
Portfolio Manager

FUND PERFORMANCE AS AT 31/08/2022

| | 3 months | 1 Year | 3 Years | 5 Years | Since Inception |
|-----------|----------|--------|---------|---------|-----------------|
| Fund* | 0.6% | 6.1% | - | - | 8.8% |
| Benchmark | 1.3% | 4.4% | - | - | 4.4% |

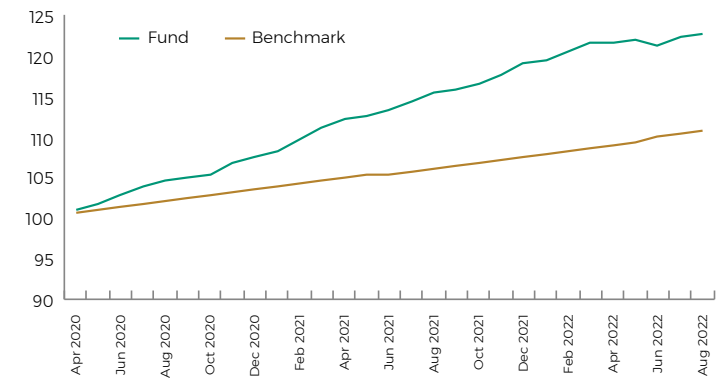
Source: Old Mutual Investment Group

RISK STATISTICS AS AT 31/08/2022 - SINCE INCEPTION

| Measure | Portfolio | Benchmark |
|--------------------|-----------|-----------|
| Standard Deviation | 1.6% | 0.2% |
| Tracking Error | 1.7% | |
| Information Ratio | 2.7 | |

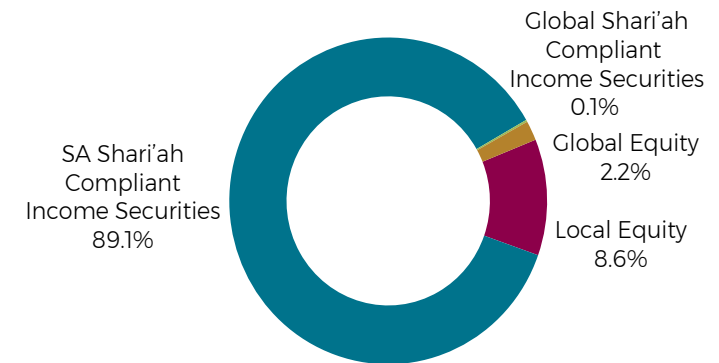
Source: Old Mutual Investment Group, JSE

CUMULATIVE RETURNS TO 31/08/2022



Performance is calculated net of fees.
Sources: Old Mutual Investment Group, Bloomberg and SAFEX

ASSET ALLOCATION



Source: Old Mutual Investment Group

PRINCIPAL HOLDINGS AS AT 31/08/2022

| COMPANY | % OF FUND |
|--------------------------------|-----------|
| STOR-AGE PROP REIT LTD | 1.3% |
| EQUITES PROP FUND LTD | 1.1% |
| TRANSPACO LTD | 0.6% |
| METAIR INVESTMENTS LIMITED | 0.5% |
| MTN GROUP LIMITED | 0.5% |
| ANGLO AMERICAN PLC | 0.4% |
| NETCARE LIMITED | 0.4% |
| AFRICAN RAINBOW MINERAL LIMITE | 0.4% |
| AVI LIMITED | 0.3% |
| VODACOM GROUP LIMITED | 0.3% |

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (30 JUNE 2022)**

With a pessimistic view, the only good news was that South Africa (SA)'s unemployment rate declined very slightly, though still an eyesore at 35.3%. CPI inflation in SA rose above the SA Reserve Bank (SARB)'s inflation target band for the first time, at 6.5%. We are currently witnessing the market pricing in aggressive rate hikes. The SA Reserve Bank's decision to hike will potentially be determined by higher wages and inflation, SA's negative output gap, and downside risks to GDP growth. SA also continues to battle with a roller-coaster schedule of load shedding.

Globally, the US Federal Reserve (Fed)'s front-loading of rate hikes should continue, and the US economy would be fortunate to escape with a soft landing. The Fed hiked the rate by 75 basis points and this came on the back of poor CPI inflation numbers, worsening inflation expectations, and quantitative tightening (QT) adding to the restrictiveness of the overall policy stance. Commodity price pressures are exacerbated by the Russia/Ukraine war, which continues with no end in sight.

Locally, the JSE All Share Index (ALSI) delivered -11.7% for the quarter. Small caps outperformed large caps returning -5.5% and -11.8% respectively. The US dollar has strengthened due to geopolitical uncertainty, a risk-off environment, and Fed tightening. The rand weakened by 11.5% against the US dollar. Furthermore, the local currency weakened by 3.3% and 5.6% against the sterling and euro respectively over the quarter. Globally, the S&P 500 Index decreased by 16.4% (USD) for the quarter ending June 2022.

Against this backdrop, the Old Mutual Albaraka Income Fund delivered top-quartile performance over the one-year and two-year periods within the ASISA Income Fund category.

The fund's asset allocation currently comprises roughly 2.5% in property, 2.5% in global equity, 8% in local equity, and the balance in Islamic cash instruments (Sukuk). The fund has delivered above-inflation returns over one year and since inception. We prefer stable companies with quality balance sheets and strong cash-generative abilities.

More volatility going forward is a given, which is currently driven by geopolitics, rate hikes and decreased stimulus. Having a quality and value factor bias can help through volatile markets.

We remain overweight to SA Inc and our asset allocation favours local equities as global growth slows. The portfolio has a cautious view on global growth, with resources exposure to a combination of lowest-cost producers and those expected to benefit from energy transition. MTN and Metair remain our largest holdings excluding property. Our property favourites are Stor-age and Equites. The investment in the Old Mutual Albaraka Income Fund provides an attractive yield to our investors with a duration of approximately two years.

CONTACT DETAILS

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