



**A medical aid portfolio that offers you access to international and local asset classes – actively managed across regions, sectors and economies.**

**INVESTMENT PARTNER OF CHOICE**

As a specialist in active asset allocation and multi-asset class solutions, MacroSolutions tailors risk-adjusted portfolios to meet the specific needs of its clients – including navigating the restrictions laid out in Regulation 30 of the Medical Schemes Act 131 of 1998.

We integrate a top-down analysis of the macroeconomic environment with bottom-up valuation analyses in order to identify, and take advantage of, opportunities in the market while managing downside risk.

The flexibility to move freely between asset classes as and when market conditions change means that we have the agility to strategically and tactically address the pressing issue of medical aid inflation, within the conservative mandates of these investments. We currently manage over R1 billion of assets in segregated funds specifically for medical scheme-related clients.

good value in South African government bonds with both nominal and inflation-linked bonds offering attractive real yields. Bonds should materially outperform cash even if short rates rise modestly over the next year. The fund has some exposure to defensive global equities like British American Tobacco and Anheuser-Busch, and some US dollar exposure as a hedge against the risk of rand weakness.

**PORTFOLIO MANAGERS**



**JOHN ORFORD**

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

**COMMENTARY AS AT 30/09/2021**

The Medical Aid Fund delivered an excellent return in the quarter and has returned 21.5% over the last year compared to inflation of 4.9% and cash yielding 3.3%. The fund's returns were largely driven by excellent equity selection. The fund is underweight the Naspers/Prosus complex, which underperformed in the quarter on the back of concerns about changing regulations in China. The fund is also underweight mining stocks but overweight Sasol. This benefited the fund in the quarter, with mining companies' share prices falling in sympathy with lower iron ore and platinum group metal prices on concerns about peaking global growth and slowing Chinese metal demand. In contrast, oil prices have risen on the back of concerns about a medium-term shortage of oil as decarbonisation drives limited investment in the sector. This has benefited Sasol's share price as well as other businesses like MTN with indirect exposure to oil. In the case of MTN, this is due to their significant exposure to Nigeria, which is an economy that benefits when the oil price is strong. The fund's overweight exposure to banking shares benefited performance, as the banks enjoyed a strong quarter. However, the overweight position in bonds detracted from performance, as bond yields rose in sympathy with higher US bond yields in the quarter. Nevertheless, the selection within bonds added value. The fund has a meaningful position in inflation-linked bonds, which performed relatively well during the quarter as global inflation concerns came to the fore. Looking forward, we remain constructive on South African equities. We are underweight resources and the Naspers/Prosus complex, and overweight domestically focused businesses which should benefit from an ongoing recovery in the local economy. We continue to see



ADDITIONAL INFORMATION

Benchmark:

Static allocation benchmark

Risk category:

Conservative

Investment objective

The portfolio targets returns of CPI + 4% per annum (gross of fees) over the long term, while aiming to minimise capital loss over rolling 18-month periods. Investment objectives are not guaranteed.

Minimum investment: R200 million

Fees (including VAT)

Domestic assets: 0.45% p.a.

International bonds: 0.70% p.a.

International cash: 0.60% p.a.

Liquidity

The portfolio can accommodate daily inflows and outflows of pre-agreed maximum amounts. One month's notice is required for full termination.

PRINCIPAL HOLDINGS AS AT 30/09/2021

HOLDING	SECTOR	% OF FUND
Firststrand	Banks	3.2%
Prosus	Media	2.8%
Mtn	Mobile Telecommunications	2.6%
Sasol	Oil & Gas	2.4%
Anglo	Basic Resources	2.1%
Stanbank	Banks	1.9%
Bats	Consumer Goods	1.8%
Absag	Banks	1.5%
Shoprite	SA Consumer	1.2%
Foschini	Consumer Goods	1.2%

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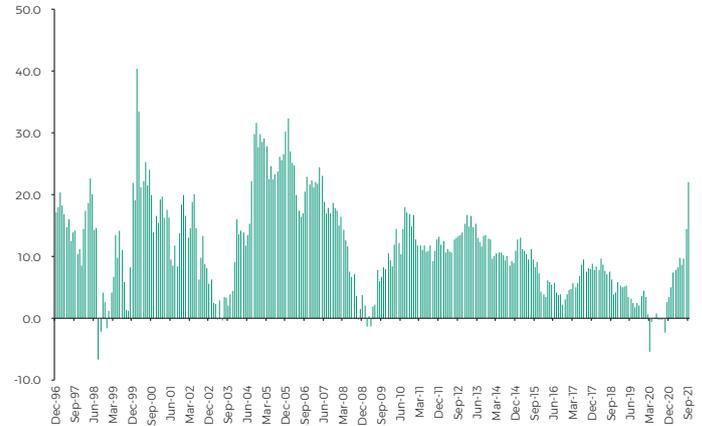
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CAPITAL PRESERVATION

Over rolling 18-month periods capital has been protected over 95% of the periods reviewed.

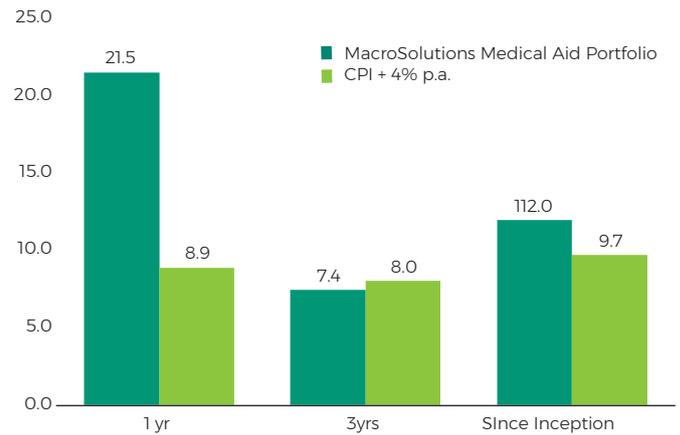
Rolling 18-month returns

(non-annualised): 30 September 1996 - 30 September 2021



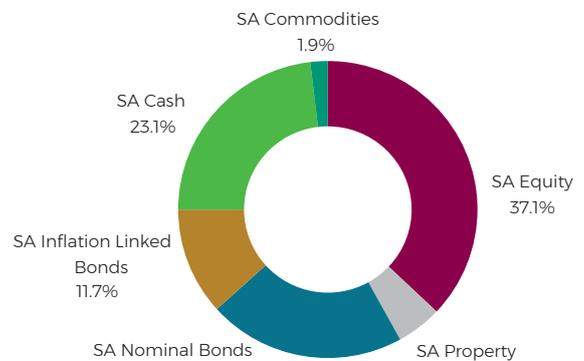
Source: Old Mutual Investment Group

PERFORMANCE AS AT 30/09/2021



Source: Old Mutual Investment Group(IRIS)

ASSET ANALYSIS AS AT 30/09/2021



Source: Old Mutual Investment Group

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The investment portfolios are market linked. Pooled products may either be policy based via a linked policy of insurance issued by Old Mutual Life Assurance Company of South Africa Ltd, which is a registered Long Term Insurer, or unitized in collective investment schemes. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.