



# OLD MUTUAL ESG EQUITY FUND



AUGUST 2021

## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### ESG FUND RATING

The environmental, social and governance (ESG) fund ratings are based on the exposure of the underlying assets held to industry-specific ESG risks and the ability to manage those risks relative to peers.

### FUND OBJECTIVE

The fund aims to achieve long-term capital growth by primarily gaining exposure to companies with a superior Environmental, Social and Governance (ESG) score relative to their peers. The fund will target a lower carbon footprint and a higher ESG profile relative to its benchmark.

### WHO IS THIS FUND FOR?

The fund suits investors with a longer term horizon who primarily seek exposure to a South African General Equity Fund with a high ESG focus.

### INVESTMENT MANDATE

The fund invests in instruments included in the FTSE/JSE Capped Shareholder Weighted All Share Index. The fund primarily gains exposure to equity securities with a superior Environmental, Social and Governance (ESG) score, targeting a significantly lower carbon footprint and a higher ESG profile relative to the benchmark.

### REGULATION 28 COMPLIANCE

The fund aims to achieve long-term inflation-beating growth, and therefore may hold a higher allocation to equities than what is allowed in terms of Regulation 28 of the Pension Funds Act. This fund is therefore not Regulation 28 compliant.

<b>BENCHMARK:</b>	FTSE/JSE Capped Shareholder Weighted All Share Index
<b>ASISA CATEGORY:</b>	South African – Equity – General
<b>FUND MANAGER(S):</b>	Fawaz Fakier (Old Mutual Customised Solutions (Pty) Ltd)
<b>LAUNCH DATE:</b>	29/05/2020
<b>SIZE OF FUND:</b>	R160m

### DISTRIBUTIONS: (Half-yearly)\*

Date	Dividend	Interest	Total	Total %
30/06/2021	4.12c	0.11c	4.23c	1.71%
31/12/2020	1.18c	0.06c	1.24c	0.55%

\* Class A fund distributions

## FUND PERFORMANCE AS AT 31/08/2021

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception <sup>1</sup>
Fund (Class A)	28.2%	-	-	-	-	27.9%
Fund (Class B) <sup>2</sup>	28.6%	-	-	-	-	28.3%
Benchmark	30.8%	5.5%	5.1%	5.4%	10.4%	33.0%

<sup>1</sup> Performance since inception of the fund.

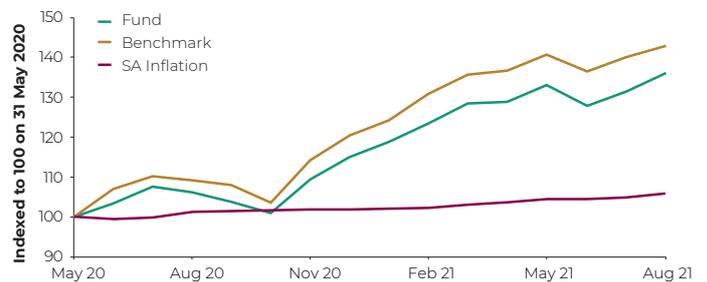
<sup>2</sup> Class B1 fund is available through investment platforms such as Old Mutual Wealth.

<sup>3</sup> Inception: 31 May 2019

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)	33.0%	26.8%	22.1%

### Performance Since Inception



Past performance is no indication of future performance.

### Risk Statistics (Since Inception)

Maximum Drawdown	-6.1%
Months to Recover	2
% Positive Months	73.3%
Annual Standard Deviation	11.6%

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

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION

Industrials	43.3%
Financials	26.0%
Resources	26.0%
SA Property	2.6%
Liquid Assets	2.1%

### PRINCIPAL HOLDINGS AS AT 30/06/2021

HOLDING	% OF FUND
Naspers Ltd	9.6%
FirstRand Ltd	5.8%
Anglo American Plc	5.4%
MTN Group Ltd	4.4%
Anglo American Platinum Ltd	4.3%
Standard Bank Group Ltd	4.1%
Impala Platinum Holdings Ltd	3.9%
Prosus NV	3.5%
Compagnie Financière Richemont	3.4%
Kumba Iron Ore Ltd	3.4%



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## FUND MANAGER INFORMATION



### FAWAZ FAKIER |

PORTFOLIO MANAGER

- CFA, FRM, BCom honours (Finance)
- 10 years of industry experience

to be strong, and we see consensus revisions of debt to GDP to be slightly better. CPI headline inflation accelerated to over 5% in May, led by higher fuel and food prices. Non-residents remained sellers in the SA bond market. The battle continues with the delta variant weighing in on sentiment and threatening economic recovery. The worst-hit area is Gauteng, where hospitals scramble for oxygen and hospital beds. The delays in procuring the Covid-19 vaccine convey sentiment of a lagged economic recovery for South Africa. We expect the South African Reserve Bank (SARB) to hike rates somewhere in 2022 and note that SA resources have always outperformed going into monetary tightening cycles, which are driven by a weaker rand and higher commodity prices.

Local equities ended the quarter just a tad higher, with the Capped SWIX up 0.63%, with real estate and industrials contributing most to the increase. Rand hedges had a significantly better quarter than SA Inc companies.

Against this backdrop, the Old Mutual ESG Equity Fund was slightly behind benchmark for the quarter.

The fund's overweight in information technology, and a slight overweight to resources detracted most from performance, while being overweight financials and communication services helped add to performance. Major contributors to performance were being overweight in Investec Ltd, Investec plc and Compagnie Financière Richemont. Our overweight positions in Anglo Plats, Cartrack and Prosus were the biggest performance detractors at a stock level. The fund has a premium of 20% more exposure to higher rated ESG companies, and more than a 40% reduction in carbon emissions relative to the Capped SWIX. The biggest overweights from a sector perspective are consumer discretionary and materials, while the biggest underweight is consumer staples. We continue to seek superior returns by looking for companies that generate responsible, sustainable, good quality returns, with good growth prospects at a good price, all while meeting our sustainability objectives in our quest to invest for a more sustainable future.

Source: Old Mutual Investment Group as at 30/06/2021

## FUND COMMENTARY AS AT 30/06/2021

The key to global growth continues to be the pandemic. US expansion and fiscal stimulus continue at a robust pace. US core inflation has increased and the Federal Reserve Board (the Fed) is looking hawkish. Whilst the Fed is not hiking yet, it has a close eye on unemployment to return to pre-Covid-19 levels. However, this leaves inflation to run ahead, and will most likely lead to the Fed hiking more aggressively. Locally, company results have surprised coming through slightly better than expected in the results season, whilst the daily infection rate continues to rise in South Africa, according to the National Institute of Communicable Diseases (NICD). SA government receipts continue

## OTHER INVESTMENT CONSIDERATIONS

### INVESTMENT CONTRACT MINIMUMS\*:

· Monthly: R500 · Lump sum: R10 000 · Ad hoc: R500

\* These investment minimums are not limited to this fund. They can be apportioned across the funds you have selected in your investment contract.

### INITIAL CHARGES (Incl. VAT):

Initial adviser fee will be between 0% and 3.45%.

### EXIT FEE:

Old Mutual Unit Trusts will charge an exit fee of 2.30% if exiting within 2 weeks of entry and reserves the right to charge this fee if exiting within 6 months of entry. The exit fee will not apply to investments in the fund via the Old Mutual Unit Trusts Tax-Free Investment.

## ONGOING

	Class A	Class B1*
Annual service fees (excl. VAT)	0.90%	0.65%

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

This 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, include audit, custodian and trustee charges and service fees of collective investment schemes in which the fund holds interests. These are included in the TER.

TAX REFERENCE NUMBER: 9150/330/25/7

ISIN CODES: Class A ZAE000285466

Class B1 ZAE000285482

Total Expenses (Incl. Annual Service Fee) (30/06/2021)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	0.97%	0.70%	1.04%	0.75%
Transaction Cost (TC)	0.46%	0.46%	0.18%	0.18%
Total Investment Charge	1.43%	1.16%	1.22%	0.93%

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

The TERs are estimated. They do not have a full history of information and are negatively impacted by fixed costs at the inception of the fund. TER is a historic measure and clients are expected to experience a significantly lower fee going forward.

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.

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

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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.oldmutualinvest.com 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 for our money market funds, where the cut-off is at 12:30.
- The valuation time is set at 15:00 each working day for all our funds, excluding our money market funds which is at 13:00, 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.
- 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 actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured.
- Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).
- MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings ("the information") provide environmental, social and governance data with respect to underlying securities within more than 31 000 multi-asset class mutual funds and ETFs globally. MSCI ESG is a registered investment adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from the US SEC or any other regulatory body. None of the information constitutes an offer to buy or sell, or a promotion or recommendation of any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the information can be used to determine which securities to buy or sell or when to buy or sell them. The information is provided "as is" and the user of the information assumes the entire risk of any use it may make or permit to be made of the information. Future Growth Asset Management (Pty) Ltd is a Licensed Financial Services Provider.

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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