INVESTMENT GROUP

OLD MUTUAL SHARI'AH EQUITY PORTFOLIO

INSTITUTIONAL
31 AUGUST 2022

FUND INFORMATION

BENCHMARK:	85% Customised SA Shari'ah Equity Index & 15% S&P Developed Markets Large and Mid-Cap Shari'ah Index
LAUNCH DATE:	1 June 1992
STRATEGY ASSETS:	R2.3bn
VEHICLE:	This Portfolio invests through Class B1 Units (JSE code: OAEB1) in the Old Mutual Albaraka Equity Fund.
SHARI'AH COMPLIANCE:	An independent Shari'ah Supervisory Board oversees adherence to the applicable Shari'ah PRINCIPALs within the Old Mutual Albaraka Equity Fund.
NUMBER OF STOCKS:	Local (40-50), International (60-80).

INVESTMENT DESCRIPTION

The Shari'ah Equity Portfolio is a Shari'ah compliant equity fund that offers investors access to a broad spectrum of local and international listed shares. The Portfolio excludes companies whose core business involves dealing in alcohol, gambling, non-halaal foodstuffs or interest-bearing instruments. The Portfolio adheres to the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as interpreted by the Shari'ah Supervisory Board.

This portfolio is suitable for investors seeking an ethical, diversified investment, who have a moderate risk profile in an equity context and a time horizon longer than three years.

INVESTMENT STRATEGY

The Portfolio aims to provide investors with a valuable source of alternative alpha, along with a low correlation to other equity strategies.

We believe superior investment performance comes from a combination of stock selection and portfolio construction. Our stock selection process seeks to systematically invest in high quality, attractively valued companies with favorable long-term growth prospects. Viewed from a portfolio construction lens, we believe that outperformance can be obtained by actively managing the portfolio's volatility via portfolio construction.

SUITABLE INVESTORS

Retirement funds, corporates, asset aggregators, medical aids
· With a time horizon greater than 3 years
· And a moderate risk profile in an equity context

MAAHIR JAKOET
Portfolio Manager

FAWAZ FAKIER
Portfolio Manager

FUND PERFORMANCE AS AT 31/08/2022

	Portfolio (%)	Benchmark (%)	Alpha (%)
3 Months	-3.3%	-1.9%	-1.4%
Year to Date	-8.2%	-11.7%	3.6%
1 Year	2.8%	-1.0%	3.8%
3 Years	9.6%	10.7%	-1.1%
5 Years	6.4%	7.6%	-1.1%
10 Years	9.6%	10.0%	-0.4%
Since Inception	11.8%	12.3%	-0.5%

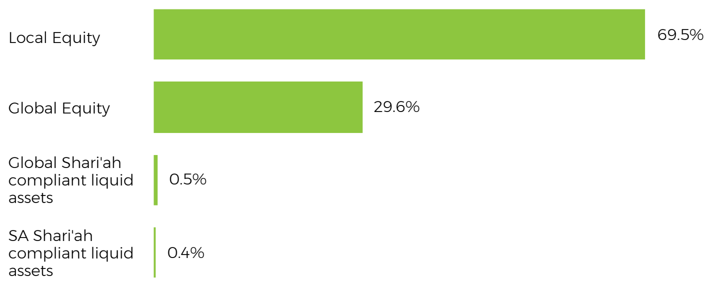
Sources: Old Mutual Investment Group, Bloomberg, S&P. Returns greater than 12 months are annualised.

RISK STATISTICS AS AT 31/08/2022 – 3 YEARS (ANNUALISED)

Measure	Portfolio	Benchmark
Tracking Error	8.3%	
Information Ratio (Ann.)	-0.13	
Standard Deviation	15.7%	21.4%

Sources: Old Mutual Investment Group, JSE.

SECTOR ALLOCATION AS AT 31/08/2022



Source: Old Mutual Investment Group

PRINCIPAL EQUITY HOLDINGS AS AT 31/08/2022

Company	% of Portfolio
NASPERS LIMITED	10.2
COMPAGNIE FIN RICHEMONT	4.1
MTN GROUP LIMITED	3.6
ANGLO AMERICAN PLC	3.4
GOLD FIELDS LIMITED	3.2
MR PRICE GROUP LIMITED	2.9
ALVIVA HOLDINGS LIMITED	2.9
SOUTH32 LIMITED	2.8
METAIR INVESTMENTS LIMITED	2.8
BHP GROUP LIMITED	2.6

Source: Old Mutual Investment Group

QUARTERLY COMMENTARY (30 JUNE 2022)

Global equities fell sharply in the second quarter as US markets slid into bear market territory. The MSCI World Index fell 14.3% in the second quarter and 18.3% in the first half of 2022. Over the same periods, the S&P 500 tumbled by 16.1% and 20% respectively. Regional returns were diverse, with relatively modest declines in the UK and Japan, while emerging market losses were offset by gains in Chinese stocks. These performances made the first half of 2022 the weakest start for global equities in nearly 50 years. The JSE All Share Index fell 11.7% during Q2 and 8.3% in H1 of 2022.

Market activity over the first half of the year reflects unexpectedly high inflation in several regions, which has fostered uncertainty and policy differences around the world. The European Central Bank is preparing for its first interest rate hike in more than a decade, and in the UK, stagflation seems to be taking root. In contrast, inflation remains low in Japan, as it continues to stay the course with its loose monetary policy contributing towards dramatic moves in the yen in the second quarter. China looks somewhat countercyclical to developed economies, as it eases policy to help achieve the government's GDP growth target of 5.5%, while enforcing a Zero-Covid agenda that has stifled economic activity and negatively impacted commodity prices. With no end seemingly in sight to the Russia/Ukraine war, geopolitical instability continues to cloud the global outlook.

Against this challenging backdrop, the fund fell 9.92% for the quarter.

Looking ahead, it is clear that US interest rates are going up, and the Purchasing Managers' Index (PMI), an important signal of economic conditions, is pointing downward. In previous economic slowdowns and inflationary periods, corporate margins and earnings revisions came down significantly as the PMI bottomed. Earnings expectations have not yet adjusted to an economic slowdown.

Companies with attractive free cash flow yields, pricing power and healthy balance sheets have historically performed better through economic slowdowns and recessions. Pricing power helps companies maintain margins in inflationary times while fortress balance sheets and low debt levels offer protection from a rising interest rate cycle and allow astute company management to invest countercyclically when valuations are depressed. From an asset allocation perspective, we are 40% invested in Islamic income instruments, 21.6% in global equity and 38% in local equity.

Amidst the market turbulence, the good news is that investors should remember that nothing lasts forever, including downturns. 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. Following recent market falls, current valuations point to improved future expected returns. We are confident that the portfolio is well positioned to navigate the market uncertainty and to create long-term wealth for our clients.

CONTACT DETAILS
Mutualpark, Jan Smuts Drive, Pinelands 7405. PO Box 878, Cape Town 8000, South Africa.
Tel: +27 21 509 5022, Fax: +27 21 509 4663, Email: futurematters@oldmutualinvest.com, Website: www.oldmutualinvest.com