



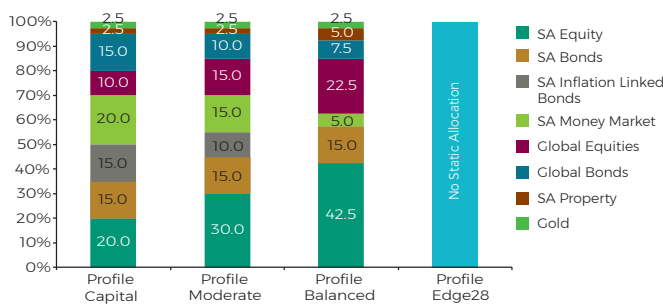
MULTI-ASSET CLASS SOLUTIONS: THE PROFILE RANGE

The suite of Profile portfolios is a comprehensive range of unitised, market-linked portfolios that span the risk/return spectrum. These policy-based investments are specifically designed for institutional investors and are compliant with Regulation 28 of the Pension Funds Act of South Africa. Within the parameters of their mandates, the Profile portfolios invest across a range of local and offshore asset classes including equity, interest-bearing instruments, property, convertibles, commodities and derivatives.

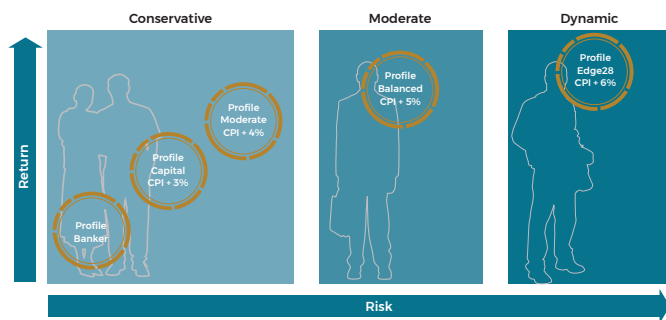
There are four portfolios in the Profile portfolio range, from very conservative to aggressive. The investor may also switch between these funds within the range on a seamless basis to correspond with their changing risk profile.

STATIC BENCHMARK ASSET ALLOCATION

The static benchmark represents our view of the optimal long-term asset allocation per portfolio.



LONG-TERM RISK AND RETURN OBJECTIVES



PORTFOLIO MANAGERS



JOHN ORFORD

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



URVESH DESAI

- BSc Hons, FIA, FASSA, CFA
- 16 years of investment experience

MARKET COMMENTARY AS AT 31/03/2021

Global equity markets posted a fourth consecutive quarter of gains post the market crash in Q1 2020, as the MSCI All Country World Index delivered 4.6% in US dollars. Accelerated global vaccinations and stronger growth expectations for 2021 were the primary drivers. There was some volatility during the quarter as the US 10-year government bond yield rose to 1.74% by quarter-end – 83 basis points higher than at the start of the year. Over and above the improved vaccine rollout and positive economic surprises, the US is also looking to embark on a substantial further government spending programme. This has stoked fears among global bond investors that US inflation will increase substantially, especially as the US Federal Reserve (the Fed) seems committed to look through what they see as a shorter-term inflation spike and concentrate on allowing the US to gain full employment. This has prompted a rotation in preference among equity investors for value-type shares over growth-type shares and for beneficiaries of reopening versus beneficiaries of Covid-related closures. The first quarter saw the Global Value Index beat the Global Growth Index by 8.3%, which is the highest return spread in 20 years. One area where evidence of rotation is less clear is regional returns. The US has continued to perform strongly while Europe’s returns moderated due to renewed lockdowns. The rise in US bond yields also put pressure on emerging markets, which underperformed – in particular China, which was led down by internet stocks.

The US bond yield move put pressure on SA bonds with the SA All Bond Index down 1.7% in the quarter (March return -2.5%). The rand had a volatile quarter ending slightly stronger versus the US dollar. The local equity market was up strongly over the quarter. The Capped SWIX was up 12.6% led by resources (+18.7%), followed by industrials (+13.0%) and then financials (+3.8%).

FUND PERFORMANCE COMMENTARY AS AT 31/03/2021

It has been 12 months since the Covid-related crash in Q1 2020. Over this period, Profile Moderate has increased its exposure to growth assets like property and equity – both domestically and offshore. This enabled the portfolio to participate in one of the fastest market recoveries on record and ensures continued participation as global economies reopen and recover from the ravages of Covid. In addition, the portfolio has benefited from the dramatic rotation seen in global equities by tilting the portfolio more in favour of value shares over growth shares.

Over the last year, local equity performance has been supported by the portfolio’s resources positioning, in particular the exposure to the platinum group metals (PGM) sector. These companies are set up to deliver healthy cash flows and strong balance sheets. Over the last quarter, we have rotated the portfolio out of Naspers into Sasol. Naspers was a clear winner during 2020, due to high engagement with gaming, social media and e-commerce platforms while consumers were under strict Covid lockdown conditions globally. The portfolio’s equity holdings are positioned to benefit from reopening post Covid and the resultant reflation of economies.

Befitting the portfolio’s slightly more cautious nature, a portion of the growth exposure of the portfolio has been protected against a fall in the equity market using derivatives. Valuations of global equity markets in particular are high, which warrant the caution. However, returns should continue to be reasonable as earnings continue to recover. The portfolio also has significant exposure to SA government bonds – both nominal and inflation protected – which, over time, will provide a significant additional real return over cash.

While nominal returns will definitely reduce from the previous 12-month 29% return experienced, Profile Moderate is well positioned to provide inflation-beating growth into the future.



This is an actively managed and a conservative portfolio which aims to provide investors with an attractive combination of stable capital growth and capital protection by investing in a well-diversified mix of local and global assets. A selection of quality shares helps to defend capital against inflation and provide valuable dividend payouts, while bonds, property and money market securities provide volatility protection and a steady income yield. All income is reinvested.

It is an ideal consideration for investors nearing retirement who want to preserve wealth while continuing to grow capital. Investors should note that investment objectives are not guaranteed.

The portfolio complies with Regulation 28 of the Pension Funds Act.

ADDITIONAL INFORMATION

Launch date:

January 1995

Benchmark:

Static asset allocation benchmark

Risk category:

Conservative

Investment objective

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

Fees

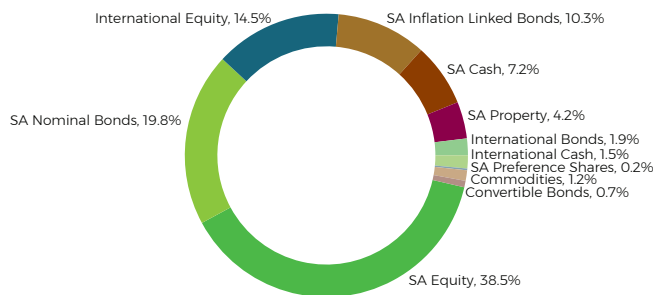
Domestic assets: 0.45% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: A performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. **(VAT is deemed not payable.)**

ASSET ANALYSIS AS 31/03/2021



Source: Old Mutual Investment Group (HiPortfolio)

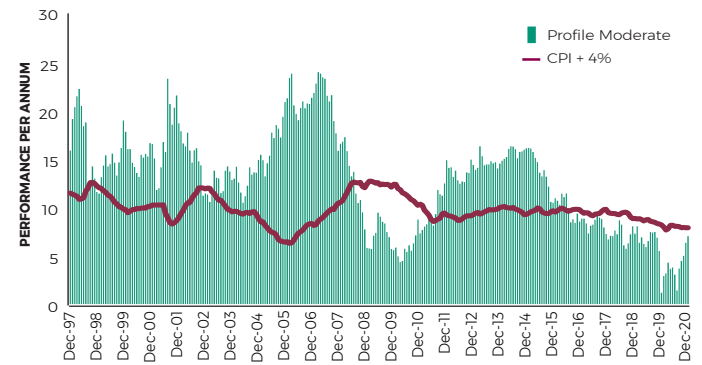
PRINCIPAL HOLDINGS AS AT 31/03/2021

HOLDING	SECTOR	% OF FUND
Naspers	Consumer Services	3.9
Firststrand Ltd	Financials	2.7
Anglo American Plc	Basic Materials	2.5
Standard Bank Group Ltd	Financials	2.1
British American Tobacco Plc	Industrials	2.0
Absa Group Ltd	Financials	1.9
Sasol Ltd	Oil & Gas	1.9
MTN Group Ltd	Telecommunications	1.9
Northam Platinum Ltd	Basic Materials	1.6
Sibanye Stillwater	Basic Materials	1.5
		22.1

DISCLAIMER: Old Mutual Investment Group (Pty) Ltd (Reg No 1993/003023/07) is a Licensed financial services provider, FSP 604, approved by the Financial Sector Conduct Authority (www.fsc.co.za) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. Old Mutual Investment Group (Pty) Ltd is wholly owned by the Old Mutual Investment Group Holdings (Pty) Ltd. 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. Unless disclosed to the client, no commission or incentives are paid by the Old Mutual Investment Group to any persons other than its representatives. Old Mutual Investment Group has comprehensive crime and professional indemnity insurance which is part of the Old Mutual Group cover.

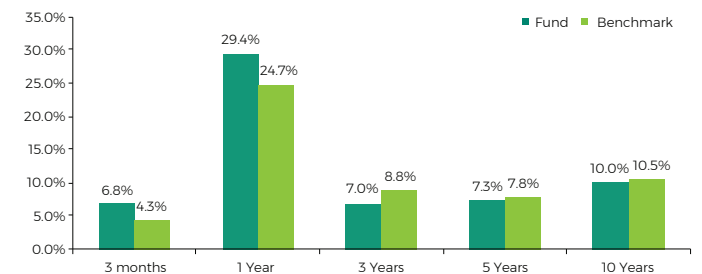
PERFORMANCE AS AT 31/03/2021

3-Year Rolling Returns



Source: Old Mutual Investment Group (IRIS)

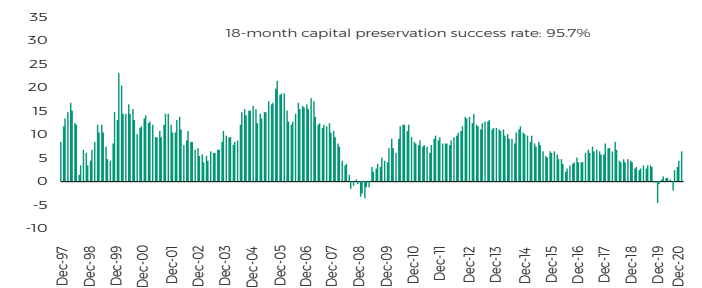
RETURNS AS AT 31/03/2021



Source: Old Mutual Investment Group (IRIS)

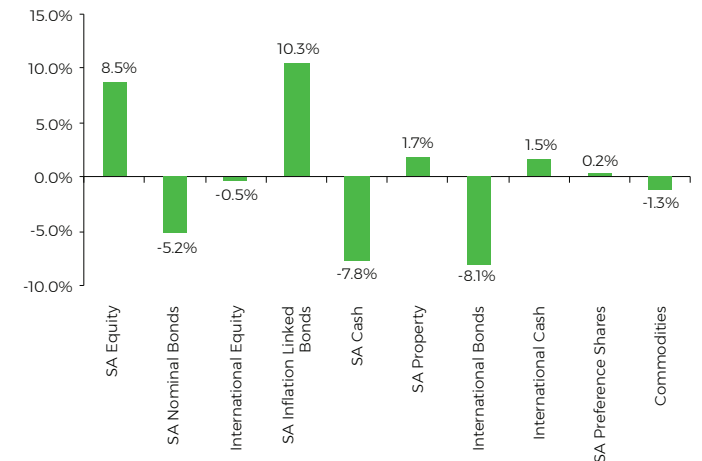
18-MONTH ROLLING RETURNS (ANNUALISED)

30/06/1996 TO 31/03/2021



Source: Old Mutual Investment Group (IRIS)

FUND TILT VS BENCHMARKS



Source: Old Mutual Investment Group (HiPortfolio)