

# DSV FLEXI RETIREMENT FUND

## DSV AGGRESSIVE FUND

**OLD MUTUAL MULTI-MANAGERS**  
FACT SHEET AUGUST 2018

**INCEPTION DATE:** July 2017 (Old Mutual Multi-Managers)

### ASSETS UNDER MANAGEMENT:

Aggressive fund R676 804 604  
DSV Aggressive fund R439 907 813

**RISK PROFILE:** High

### FUND OBJECTIVE AND DESCRIPTION

This investment strategy seeks to grow your capital and income at a reasonable pace. It invests in a range of portfolios diversified across various asset classes, asset managers and high-quality instruments, including South African and international cash, fixed interest securities, listed property and listed shares. It aims to achieve a return in the range of 7% plus above inflation. Investment returns are not guaranteed.

**BENCHMARK:** CPI + 7%

### FUND RETURNS

	DSV Aggressive Fund	CPI + 7%
1 Month	3.4%	1.4%
3 Months	5.4%	3.1%
6 Months	5.3%	6.8%
12 Months	6.8%	12.1%
3 Years	7.0%	12.2%
5 Years	10.0%	12.4%
Since inception	12.4%	12.5%

- Returns reflected are net of all fees.
  - Historic returns were managed by a third party up from 28 February 2009 up until 27 July 2017.
- \* CPI refers to the CPI (all urban areas) as provided by Statistics South Africa, effective 1 January 2009. Prior to January 2009, the CPIX (all metropolitan and urban areas) was used as the measure for inflation for our funds.

The benchmark returns shown here are a composite of the two measures. The previous month's change in inflation is used as an estimate for the current month (since inflation numbers are released one month in arrears).

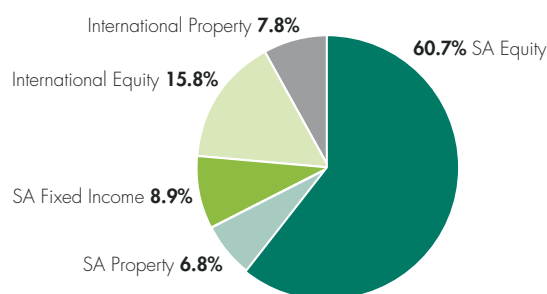
Source: Old Mutual Multi-Managers

### MANAGER RETURNS

	1 Month	3 Months	6 Months	12 Months	Since inception
OMMM Satellite Equity	1.2%	2.5%	-4.0%		-4.0%
Prudential Sat Equity	1.0%	3.2%	0.6%	8.2%	11.4%
Visio Cap Sat Equity	1.7%	1.9%	-1.4%	2.0%	3.4%
Coronation Equity	0.4%	1.5%	-1.6%	-0.3%	1.8%
Catalyst Property Fund	3.2%	-1.1%	0.3%	-8.6%	-7.7%
Sesfikile Property Fund	1.9%	-2.7%	-2.1%	-6.5%	-6.0%
Coronation Income Fund	-1.6%	-0.8%	0.3%	9.0%	9.7%
Prudential Income Fund	-1.0%	0.2%	1.2%	8.4%	9.2%
Futuregrowth Infrastructure & Development Bond	-1.8%	-0.4%	-0.5%	9.8%	11.5%
Prudential Inflation Linked Bonds	-0.5%	-1.5%	0.2%	2.7%	3.5%
Prescient ILB	-0.1%	-1.0%	0.5%	3.8%	4.5%
Coronation Global Emerging Market	4.9%	10.4%	5.4%	1.5%	3.1%
Old Mutual MsciWorld Esg Index	13.1%	20.9%	29.1%	27.2%	23.1%
Global Property Building Block	15.1%	21.4%	36.8%	23.1%	22.9%

Source: Old Mutual Multi-Managers

### ASSET ALLOCATION AS AT 31 AUGUST 2018



Source: Old Mutual Multi-Managers

### MANAGER ALLOCATION AS AT 31 AUGUST 2018

Local Equity	Coronation	19.1%
	Visio Capital	8.9%
	OMMM Satellite equity	5.3%
	Prudential	27.4%
Local Property	Sesfikile	3.5%
	Catalyst	3.3%
Fixed Income	Coronation	4.0%
	Prudential	4.1%
	Futuregrowth	0.8%
International Equity	Coronation	3.4%
	Old Mutual	12.4%
International Property	Global Property Building Block	
	Catalyst	1.9%
	BlackRock	3.9%
	Resolution	2.0%

Source: Old Mutual Multi-Managers

**COMMENTARY****Global**

Global stocks were positive in August, but with a divergence between the US and the rest. The MSCI All Countries World Index returned 0.8% in August, lifting year-to-date returns to 3.7% and 12-month returns to 12% in dollars.

Despite the uncertain global macro backdrop, the US equity market has moved higher with the benchmark S&P 500 breaching 2900 points for the first time on the way to a 3% return in August. The 19.7% 12-month return means the S&P 500 continues to outperform other developed markets. Depending on how one chooses to define bull and bear markets, the S&P 500's current run from March 2009 now exceeds the great 1990s bull market in length (but not in total returns).

In Europe, stocks were negative and the Eurostoxx 600 lost 2.3% in August, reducing year-to-date returns to 1.1%. Returns over the past year was only 5.7% in euros.

The Japanese Nikkei 225 Index was positive in local currency terms in August, returning 1.4%. Though the Nikkei is only marginally positive in 2018, it is up 18.6% over 12 months due to the strong rally in the last quarter of 2017.

Unsurprisingly with all the turmoil in emerging markets, the MSCI Emerging Market Index lost 2.7% in the month of August in dollar terms and is 7% in the red year to date. Currency weakness explains much of the poor 2018 returns as the Index is down only 1.4% year to date in local currency terms. Among the major emerging markets, South Africa and Brazil have been the weakest in 2018 with double digit losses in dollars, but China and Korea have also been struggling.

Global listed property was positive in August. The FTSE EPRA/NAREIT Developed Index delivered 1% in August, raising 2018 returns to 2.8% and one-year returns to 6.5%.

Developed market bonds were marginally positive in August in dollars, but the Citigroup World Government Bond Index has not been able to claw back year-to-date losses. The 10-year US Treasury yield retraced from 3% to 2.85% during the month, and the equivalent German Bund yield from 0.5% to 0.3%. However, the Italian 10-year rose from 2.7% to 3.2% as investors worry that the new coalition government plans on throwing fiscal consolidation plans out the window. Emerging market bonds were negative in dollar and local currency terms, as the Turkish and Argentinian currency crises spilled over to other markets.

While the dollar surged against emerging market currencies, it was only 0.5% stronger against the euro during the month, and 1% weaker against the yen.

Commodities were generally negative in August, apart from oil. The latter rallied 4% to close at \$77 per barrel on renewed supply concerns ahead of Iran being frozen out of global markets in November. Platinum, gold, iron ore and coal – South Africa's main export items – were all negative in August (though palladium rallied 5%). Over 12 months, the difference is stark with oil having rallied 48% while platinum has lost 19%. Copper, often seen as a barometer for global economic activity, lost 5% in August and was down 12% over the previous 12 months.

**Local**

It was a positive month for the local market, but the divergence between benchmarks has again been quite large. The FTSE/JSE All Share Index returned 2.3% in August and is positive year to date. Over 12 months, its return of 6.8% is ahead of inflation, if marginally so. The FTSE/JSE Capped SWIX, our preferred equity benchmark, returned 1.2% in August. This time, the Naspers impact has been smaller since it was basically flat in the month. But the All Share index has a higher weight to Anglo American and BHP Billiton (the

general mining sector has rallied 24% year to date) and a smaller weight to MTN. The Nigerian central bank wants MTN to return dividends taken out of the country between 2007 and 2015, illegally in its opinion. This amounts to some \$8bn, and MTN's share price fell to a nine-year low. Over 12 months, the Capped SWIX returned 2.8%.

Resources continues to lead the pack among the main economic sectors, and it in turn has been led by general mining (as noted above) as well as chemicals (Sasol) and the paper producers (Sappi and Mondi). The gold and platinum mining sectors are still deeply negative year to date. Overall, resources returned 5.6% in August, 19% year to date and 24% over 12 months. However, it has yet to fully make up for the 58% collapse between July 2014 and early 2016 (or for that matter, the 2008 crash).

Industrials returned 1.8% in August, despite the MTN-related slump in telecommunication shares. The weak rand supported Richemont (up 13%) and cushioned the blow of a lower global BAT price (-1.87%). The healthcare sector also performed well during the month. On a year-to-date basis, industrials are still in the red (-4.5%), with declines in Naspers, BAT, food producers, retailers and cell phone companies outweighing a strong performance from personal goods (Richemont) and a positive contribution from health care.

Financials was flat in August and therefore still negative year to date. Over 12 months, financials returned 8%. Much of this weakness is due to listed property companies; banks and life insurers are marginally positive year to date and up strongly over 12 months.

Listed property had a better month in August, with the FTSE/JSE All Property Index, our new preferred benchmark, returning 2.5%. However, this only made a small dent in the year-to-date decline, limiting it to 17.9%.

Local bonds did not escape the turmoil in emerging market bonds. The All Bond Index lost 1.8% in August, and the year-to-date return of 4.5% is slightly behind cash. The 12-month return of 8% is still marginally ahead of cash. The yields on money market instruments have generally crept up as would the market prices in the likelihood of interest rate hikes within the next year. The 10-year government bond yield started the year at 8.6% and rallied on positive local political developments to 7.9% in late March. Emerging market risk, however, returned as the main driver, and foreigners pulled out in the region of R80bn. As the price fell, the yield rose to 9% at month end.

Inflation-linked bonds were marginally positive in the month, but the year-to-date return is still marginally negative. Over 12 months, the return from this asset class is a meagre 1.4%.

The rand lost 11% against the US dollar in August. This was in line with the Brazilian real and the Russian rouble, but worse than the Indian rupee's 4% decline (though the rupee fell to a record low against the greenback). The lira, in contrast, slumped 37% and the peso by a similar amount. The rand suffered a similar loss against the euro and pound during the month, closing at R14.65/\$, R17.05/€ and R19.04/£. Over 12 months, the rand is 12% weaker against the dollar, and this boosts the return from global assets for local investors. By the same token, the foreign investors' dollar return from local assets from the last year or so has largely been wiped out.



# DSV FLEXI RETIREMENT FUND

## DSV GROWTH FUND

OLD MUTUAL MULTI-MANAGERS  
FACT SHEET AUGUST 2018

**INCEPTION DATE:** July 2017 (Old Mutual Multi-Managers)

### ASSETS UNDER MANAGEMENT:

Growth fund R1 409 870 381  
DSV Growth fund R460 282 154

**RISK PROFILE:** Moderate to High

### FUND OBJECTIVE AND DESCRIPTION

This investment strategy seeks to grow your capital and income at a reasonable pace. It invests in a range of portfolios diversified across various asset classes, asset managers and high-quality instruments, including South African and international cash, fixed interest securities, listed property and listed shares. It aims to achieve a return in the range of 5%-7% above inflation. Investment returns are not guaranteed.

**BENCHMARK:** CPI + 6%

### FUND RETURNS

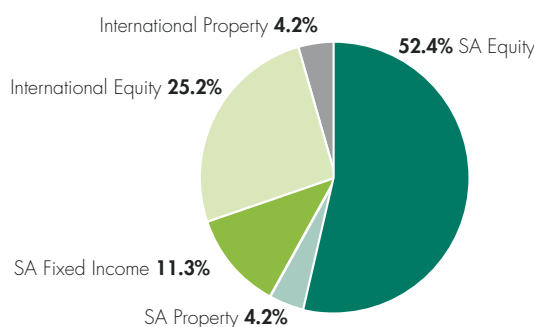
	DSV Growth Fund	CPI + 6%
1 Month	3.6%	1.3%
3 Months	6.0%	2.9%
6 Months	6.0%	6.3%
12 Months	8.2%	11.1%
3 Years	7.4%	11.2%
5 Years	10.1%	11.4%
Since inception	11.5%	11.5%

- Returns reflected are net of all fees.
- Historic returns were managed by a third party from 28 February 2009 up until 27 July 2017.
- \* CPI refers to the CPI (all urban areas) as provided by Statistics South Africa, effective 1 January 2009. Prior to January 2009, the CPIX (all metropolitan and urban areas) was used as the measure for inflation for our funds.

The benchmark returns shown here are a composite of the two measures. The previous month's change in inflation is used as an estimate for the current month (since inflation numbers are released one month in arrears).

Source: Old Mutual Multi-Managers

### ASSET ALLOCATION AS AT 31 AUGUST 2018



Source: Old Mutual Multi-Managers

### MANAGER ALLOCATION AS AT 31 AUGUST 2018

Local Equity	Coronation	16.2%	
	Visio Capital	8.0%	
	OMMM Satellite equity	4.7%	
	Prudential	23.5%	
Local Property	Sesfikile	2.1%	
	Catalyst	2.1%	
Fixed Income	Coronation	3.8%	
	Prudential	2.4%	
	Futuregrowth	5.1%	
Index Linked Bonds	Prescient	1.4%	
	Prudential	1.4%	
International Equity	Coronation	5.6%	
	Old Mutual	19.6%	
International Property	Global Property Building Block	Catalyst	1.0%
		BlackRock	2.1%
		Resolution	1.1%

Source: Old Mutual Multi-Managers

### MANAGER RETURNS

	1 Month	3 Months	6 Months	12 Months	Since inception
OMMM Satellite Equity	1.2%	2.5%	-4.0%		-4.0%
Prudential Sat Equity	1.0%	3.2%	0.6%	8.2%	11.4%
Visio Cap Sat Equity	1.7%	1.9%	-1.4%	2.0%	3.4%
Coronation Equity	0.4%	1.5%	-1.6%	-0.3%	1.8%
Catalyst Property Fund	3.2%	-1.1%	0.3%	-8.6%	-7.7%
Sesfikile Property Fund	1.9%	-2.7%	-2.1%	-6.5%	-6.0%
Coronation Income Fund	-1.6%	-0.8%	0.3%	9.0%	9.7%
Prudential Income Fund	-1.0%	0.2%	1.2%	8.4%	9.2%
Futuregrowth Infrastructure & Development Bond	-1.8%	-0.4%	-0.5%	9.8%	11.5%
Prudential Inflation Linked Bonds	-0.5%	-1.5%	0.2%	2.7%	3.5%
Prescient ILB	-0.1%	-1.0%	0.5%	3.8%	4.5%
Coronation Global Emerging Market	4.9%	10.4%	5.4%	1.5%	3.1%
Old Mutual MsciWorld Esg Index	13.1%	20.9%	29.1%	27.2%	23.1%
Global Property Building Block	15.1%	21.4%	36.8%	23.1%	22.9%

Source: Old Mutual Multi-Managers



**COMMENTARY****Global**

Global stocks were positive in August, but with a divergence between the US and the rest. The MSCI All Countries World Index returned 0.8% in August, lifting year-to-date returns to 3.7% and 12-month returns to 12% in dollars.

Despite the uncertain global macro backdrop, the US equity market has moved higher with the benchmark S&P 500 breaching 2900 points for the first time on the way to a 3% return in August. The 19.7% 12-month return means the S&P 500 continues to outperform other developed markets. Depending on how one chooses to define bull and bear markets, the S&P 500's current run from March 2009 now exceeds the great 1990s bull market in length (but not in total returns).

In Europe, stocks were negative and the Eurostoxx 600 lost 2.3% in August, reducing year-to-date returns to 1.1%. Returns over the past year was only 5.7% in euros.

The Japanese Nikkei 225 Index was positive in local currency terms in August, returning 1.4%. Though the Nikkei is only marginally positive in 2018, it is up 18.6% over 12 months due to the strong rally in the last quarter of 2017.

Unsurprisingly with all the turmoil in emerging markets, the MSCI Emerging Market Index lost 2.7% in the month of August in dollar terms and is 7% in the red year to date. Currency weakness explains much of the poor 2018 returns as the Index is down only 1.4% year to date in local currency terms. Among the major emerging markets, South Africa and Brazil have been the weakest in 2018 with double digit losses in dollars, but China and Korea have also been struggling.

Global listed property was positive in August. The FTSE EPRA/NAREIT Developed Index delivered 1% in August, raising 2018 returns to 2.8% and one-year returns to 6.5%.

Developed market bonds were marginally positive in August in dollars, but the Citigroup World Government Bond Index has not been able to claw back year-to-date losses. The 10-year US Treasury yield retraced from 3% to 2.85% during the month, and the equivalent German Bund yield from 0.5% to 0.3%. However, the Italian 10-year rose from 2.7% to 3.2% as investors worry that the new coalition government plans on throwing fiscal consolidation plans out the window. Emerging market bonds were negative in dollar and local currency terms, as the Turkish and Argentinian currency crises spilled over to other markets.

While the dollar surged against emerging market currencies, it was only 0.5% stronger against the euro during the month, and 1% weaker against the yen.

Commodities were generally negative in August, apart from oil. The latter rallied 4% to close at \$77 per barrel on renewed supply concerns ahead of Iran being frozen out of global markets in November. Platinum, gold, iron ore and coal – South Africa's main export items – were all negative in August (though palladium rallied 5%). Over 12 months, the difference is stark with oil having rallied 48% while platinum has lost 19%. Copper, often seen as a barometer for global economic activity, lost 5% in August and was down 12% over the previous 12 months.

**Local**

It was a positive month for the local market, but the divergence between benchmarks has again been quite large. The FTSE/JSE All Share Index returned 2.3% in August and is positive year to date. Over 12 months, its return of 6.8% is ahead of inflation, if marginally so. The FTSE/JSE Capped SWIX, our preferred equity benchmark, returned 1.2% in August. This time, the Naspers impact has been smaller since it was basically flat in the month. But the All Share index has a higher weight to Anglo American and BHP Billiton (the

general mining sector has rallied 24% year to date) and a smaller weight to MTN. The Nigerian central bank wants MTN to return dividends taken out of the country between 2007 and 2015, illegally in its opinion. This amounts to some \$8bn, and MTN's share price fell to a nine-year low. Over 12 months, the Capped SWIX returned 2.8%.

Resources continues to lead the pack among the main economic sectors, and it in turn has been led by general mining (as noted above) as well as chemicals (Sasol) and the paper producers (Sappi and Mondi). The gold and platinum mining sectors are still deeply negative year to date. Overall, resources returned 5.6% in August, 19% year to date and 24% over 12 months. However, it has yet to fully make up for the 58% collapse between July 2014 and early 2016 (or for that matter, the 2008 crash).

Industrials returned 1.8% in August, despite the MTN-related slump in telecommunication shares. The weak rand supported Richemont (up 13%) and cushioned the blow of a lower global BAT price (-1.87%). The healthcare sector also performed well during the month. On a year-to-date basis, industrials are still in the red (-4.5%), with declines in Naspers, BAT, food producers, retailers and cell phone companies outweighing a strong performance from personal goods (Richemont) and a positive contribution from health care.

Financials was flat in August and therefore still negative year to date. Over 12 months, financials returned 8%. Much of this weakness is due to listed property companies; banks and life insurers are marginally positive year to date and up strongly over 12 months.

Listed property had a better month in August, with the FTSE/JSE All Property Index, our new preferred benchmark, returning 2.5%. However, this only made a small dent in the year-to-date decline, limiting it to 17.9%.

Local bonds did not escape the turmoil in emerging market bonds. The All Bond Index lost 1.8% in August, and the year-to-date return of 4.5% is slightly behind cash. The 12-month return of 8% is still marginally ahead of cash. The yields on money market instruments have generally crept up as would the market prices in the likelihood of interest rate hikes within the next year. The 10-year government bond yield started the year at 8.6% and rallied on positive local political developments to 7.9% in late March. Emerging market risk, however, returned as the main driver, and foreigners pulled out in the region of R80bn. As the price fell, the yield rose to 9% at month end.

Inflation-linked bonds were marginally positive in the month, but the year-to-date return is still marginally negative. Over 12 months, the return from this asset class is a meagre 1.4%.

The rand lost 11% against the US dollar in August. This was in line with the Brazilian real and the Russian rouble, but worse than the Indian rupee's 4% decline (though the rupee fell to a record low against the greenback). The lira, in contrast, slumped 37% and the peso by a similar amount. The rand suffered a similar loss against the euro and pound during the month, closing at R14.65/\$, R17.05/€ and R19.04/£. Over 12 months, the rand is 12% weaker against the dollar, and this boosts the return from global assets for local investors. By the same token, the foreign investors' dollar return from local assets from the last year or so has largely been wiped out.



# DSV FLEXI RETIREMENT FUND

## DSV CONSERVATIVE FUND

OLD MUTUAL MULTI-MANAGERS  
FACT SHEET AUGUST 2018

**INCEPTION DATE:** July 2017 (Old Mutual Multi-Managers)

### ASSETS UNDER MANAGEMENT:

Conservative fund R152 829 627  
DSV Conservative fund R57 103 635

**RISK PROFILE:** Moderate

### FUND OBJECTIVE AND DESCRIPTION

This investment strategy seeks to grow your capital and income at a reasonable pace. It invests in a range of portfolios diversified across various asset classes, asset managers and high-quality instruments, including South African and international cash, fixed interest securities, listed property and listed shares. It aims to achieve a return in the range of 3%-5% above inflation. Investment returns are not guaranteed.

**BENCHMARK:** CPI + 4%

### FUND RETURNS

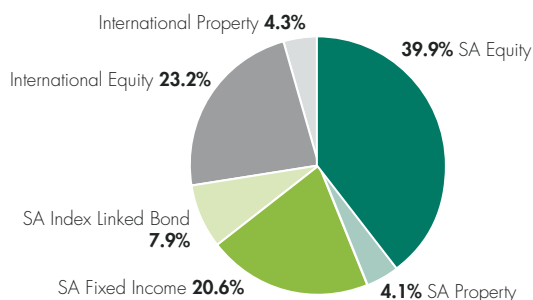
	DSV Conservative Fund	CPI + 4%
1 Month	3.1%	1.2%
3 Months	5.1%	2.4%
6 Months	5.8%	5.3%
12 Months	8.6%	9.1%
3 Years	7.6%	9.2%
5 Years	8.8%	9.4%
Since inception	9.6%	9.5%

- Returns reflected are net of all fees.
- Historic returns were managed by a third party from 28 February 2009 up until 27 July 2017.
- \* CPI refers to the CPI (all urban areas) as provided by Statistics South Africa, effective 1 January 2009. Prior to January 2009, the CPIX (all metropolitan and urban areas) was used as the measure for inflation for our funds.

The benchmark returns shown here are a composite of the two measures. The previous month's change in inflation is used as an estimate for the current month (since inflation numbers are released one month in arrears).

Source: Old Mutual Multi-Managers

### ASSET ALLOCATION AS AT 31 AUGUST 2018



Source: Old Mutual Multi-Managers

### MANAGER ALLOCATION AS AT 31 AUGUST 2018

Local Equity	Coronation	11.8%
	Visio Capital	6.8%
	Prudential	17.5%
	OMMM Satellite equity	3.7%
Local Property	Sesfikile	2.1%
	Catalyst	2.0%
Fixed Income	Coronation	7.7%
	Prudential	8.6%
	Futuregrowth	4.3%
Index Linked Bonds	Prescient	3.7%
	Prudential	4.2%
International Equity	Coronation	5.3%
	Old Mutual	17.9%
International Property	Global Property Building Block	Catalyst 1.1%
		BlackRock 2.1%
		Resolution 1.1%

Source: Old Mutual Multi-Managers

### MANAGER RETURNS

	1 Month	3 Months	6 Months	12 Months	Since inception
OMMM Satellite Equity	1.2%	2.5%	-4.0%	-4.0%	-4.0%
Prudential Sat Equity	1.0%	3.2%	0.6%	8.2%	11.4%
Visio Cap Sat Equity	1.7%	1.9%	-1.4%	2.0%	3.4%
Coronation Equity	0.4%	1.5%	-1.6%	-0.3%	1.8%
Catalyst Property Fund	3.2%	-1.1%	0.3%	-8.6%	-7.7%
Sesfikile Property Fund	1.9%	-2.7%	-2.1%	-6.5%	-6.0%
Coronation Income Fund	-1.6%	-0.8%	0.3%	9.0%	9.7%
Prudential Income Fund	-1.0%	0.2%	1.2%	8.4%	9.2%
Futuregrowth Infrastructure & Development Bond	-1.8%	-0.4%	-0.5%	9.8%	11.5%
Prudential Inflation Linked Bonds	-0.5%	-1.5%	0.2%	2.7%	3.5%
Prescient ILB	-0.1%	-1.0%	0.5%	3.8%	4.5%
Coronation Global Emerging Market	4.9%	10.4%	5.4%	1.5%	3.1%
Old Mutual MsciWorld Esg Index	13.1%	20.9%	29.1%	27.2%	23.1%
Global Property Building Block	15.1%	21.4%	36.8%	23.1%	22.9%

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## COMMENTARY

### Global

Global stocks were positive in August, but with a divergence between the US and the rest. The MSCI All Countries World Index returned 0.8% in August, lifting year-to-date returns to 3.7% and 12-month returns to 12% in dollars.

Despite the uncertain global macro backdrop, the US equity market has moved higher with the benchmark S&P 500 breaching 2900 points for the first time on the way to a 3% return in August. The 19.7% 12-month return means the S&P 500 continues to outperform other developed markets. Depending on how one chooses to define bull and bear markets, the S&P 500's current run from March 2009 now exceeds the great 1990s bull market in length (but not in total returns).

In Europe, stocks were negative and the Eurostoxx 600 lost 2.3% in August, reducing year-to-date returns to 1.1%. Returns over the past year was only 5.7% in euros.

The Japanese Nikkei 225 Index was positive in local currency terms in August, returning 1.4%. Though the Nikkei is only marginally positive in 2018, it is up 18.6% over 12 months due to the strong rally in the last quarter of 2017.

Unsurprisingly with all the turmoil in emerging markets, the MSCI Emerging Market Index lost 2.7% in the month of August in dollar terms and is 7% in the red year to date. Currency weakness explains much of the poor 2018 returns as the Index is down only 1.4% year to date in local currency terms. Among the major emerging markets, South Africa and Brazil have been the weakest in 2018 with double digit losses in dollars, but China and Korea have also been struggling.

Global listed property was positive in August. The FTSE EPRA/NAREIT Developed Index delivered 1% in August, raising 2018 returns to 2.8% and one-year returns to 6.5%.

Developed market bonds were marginally positive in August in dollars, but the Citigroup World Government Bond Index has not been able to claw back year-to-date losses. The 10-year US Treasury yield retraced from 3% to 2.85% during the month, and the equivalent German Bund yield from 0.5% to 0.3%. However, the Italian 10-year rose from 2.7% to 3.2% as investors worry that the new coalition government plans on throwing fiscal consolidation plans out the window. Emerging market bonds were negative in dollar and local currency terms, as the Turkish and Argentinian currency crises spilled over to other markets.

While the dollar surged against emerging market currencies, it was only 0.5% stronger against the euro during the month, and 1% weaker against the yen.

Commodities were generally negative in August, apart from oil. The latter rallied 4% to close at \$77 per barrel on renewed supply concerns ahead of Iran being frozen out of global markets in November. Platinum, gold, iron ore and coal – South Africa's main export items – were all negative in August (though palladium rallied 5%). Over 12 months, the difference is stark with oil having rallied 48% while platinum has lost 19%. Copper, often seen as a barometer for global economic activity, lost 5% in August and was down 12% over the previous 12 months.

### Local

It was a positive month for the local market, but the divergence between benchmarks has again been quite large. The FTSE/JSE All Share Index returned 2.3% in August and is positive year to date. Over 12 months, its return of 6.8% is ahead of inflation, if marginally so. The FTSE/JSE Capped SWIX, our preferred equity benchmark, returned 1.2% in August. This time, the Naspers impact has been smaller since it was basically flat in the month. But the All Share index has a higher weight to Anglo American and BHP Billiton (the

general mining sector has rallied 24% year to date) and a smaller weight to MTN. The Nigerian central bank wants MTN to return dividends taken out of the country between 2007 and 2015, illegally in its opinion. This amounts to some \$8bn, and MTN's share price fell to a nine-year low. Over 12 months, the Capped SWIX returned 2.8%.

Resources continues to lead the pack among the main economic sectors, and it in turn has been led by general mining (as noted above) as well as chemicals (Sasol) and the paper producers (Sappi and Mondi). The gold and platinum mining sectors are still deeply negative year to date. Overall, resources returned 5.6% in August, 19% year to date and 24% over 12 months. However, it has yet to fully make up for the 58% collapse between July 2014 and early 2016 (or for that matter, the 2008 crash).

Industrials returned 1.8% in August, despite the MTN-related slump in telecommunication shares. The weak rand supported Richemont (up 13%) and cushioned the blow of a lower global BAT price (-1.87%). The healthcare sector also performed well during the month. On a year-to-date basis, industrials are still in the red (-4.5%), with declines in Naspers, BAT, food producers, retailers and cell phone companies outweighing a strong performance from personal goods (Richemont) and a positive contribution from health care.

Financials was flat in August and therefore still negative year to date. Over 12 months, financials returned 8%. Much of this weakness is due to listed property companies; banks and life insurers are marginally positive year to date and up strongly over 12 months.

Listed property had a better month in August, with the FTSE/JSE All Property Index, our new preferred benchmark, returning 2.5%. However, this only made a small dent in the year-to-date decline, limiting it to 17.9%.

Local bonds did not escape the turmoil in emerging market bonds. The All Bond Index lost 1.8% in August, and the year-to-date return of 4.5% is slightly behind cash. The 12-month return of 8% is still marginally ahead of cash. The yields on money market instruments have generally crept up as would the market prices in the likelihood of interest rate hikes within the next year. The 10-year government bond yield started the year at 8.6% and rallied on positive local political developments to 7.9% in late March. Emerging market risk, however, returned as the main driver, and foreigners pulled out in the region of R80bn. As the price fell, the yield rose to 9% at month end.

Inflation-linked bonds were marginally positive in the month, but the year-to-date return is still marginally negative. Over 12 months, the return from this asset class is a meagre 1.4%.

The rand lost 11% against the US dollar in August. This was in line with the Brazilian real and the Russian rouble, but worse than the Indian rupee's 4% decline (though the rupee fell to a record low against the greenback). The lira, in contrast, slumped 37% and the peso by a similar amount. The rand suffered a similar loss against the euro and pound during the month, closing at R14.65/\$, R17.05/€ and R19.04/£. Over 12 months, the rand is 12% weaker against the dollar, and this boosts the return from global assets for local investors. By the same token, the foreign investors' dollar return from local assets from the last year or so has largely been wiped out.



# DSV FLEXI RETIREMENT FUND

## DSV MONEY MARKET FUND

OLD MUTUAL MULTI-MANAGERS  
FACT SHEET AUGUST 2018

**INCEPTION DATE:** July 2017 (Old Mutual Multi-Managers)

### ASSET ALLOCATION AS AT 31 AUGUST 2018

#### ASSETS UNDER MANAGEMENT:

Money market fund	R71 459 742
DSV Money Market fund	R37 540 122

**RISK PROFILE:** Low

#### FUND OBJECTIVE AND DESCRIPTION

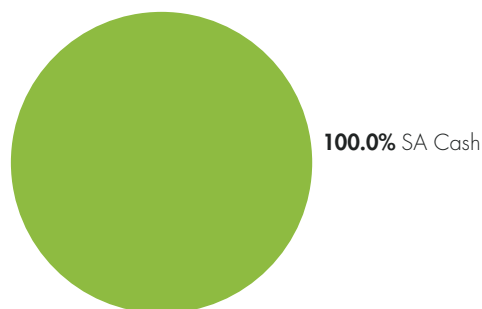
The Fund is an investment policy wrapped portfolio (in terms of the Long-Term Insurance Act) aimed to target 50 basis points (before fees) above inflation over the medium to long term. This policy-based investment is specifically designed for institutional investors and is managed to comply with Regulation 28 of the Pension funds Act of South Africa.

**BENCHMARK:** STeFI 3 Month

#### MANAGER ALLOCATION AS AT 31 AUGUST 2018

Local Cash	Prescient	46.8%
	SIM	53.2%

Source: Old Mutual Multi-Managers



Source: Old Mutual Multi-Managers

#### FUND RETURNS

	DSV Money Market Fund	DSV Money Market Fund (Cost Reserve)	DSV Money Market Fund (DB monies)	DSV Money Market Fund (Fidelity Reserve)	STeFI 3 Month
1 Month	0.6%	0.6%	0.6%	0.6%	0.6%
3 Months	1.9%	1.9%	1.9%	1.9%	1.7%
6 Months	3.8%	3.8%	3.9%	3.9%	3.4%
12 Months	7.8%	7.8%	7.8%	7.8%	6.9%
3 Years	8.1%	8.1%	8.1%	8.1%	7.0%
5 Years	7.4%	7.4%	7.4%	7.4%	6.5%
Since inception	7.0%	7.0%	7.0%	7.0%	6.4%

- Returns reflected are net of all fees.
- Historic returns were managed by a third party from 28 February 2009 up until 27 July 2017.

Source: Old Mutual Multi-Managers

#### MANAGER RETURNS

	1 Month	3 Months	6 Months	12 Months	Since inception
Prescient Money Market Fund	0.7%	1.9%	3.9%	8.0%	8.8%
SIM Money Market Fund	0.6%	2.0%	3.9%	8.0%	8.9%

Source: Old Mutual Multi-Managers

#### MANAGER COMMENTARY

The investments are diversified across a number of issuers and instruments and are therefore considered less risky than a deposit with any one bank. According to the most recently available data, the Strategy's weighted average maturity is 120 days. The Strategy's term exposure is biased towards the short-end of the money market curve with close to 75% of instruments within six months of maturity. More than 99% of the strategy was exposed to F1/F1+ rated investments.



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# SHARI'AH BALANCED PORTFOLIO

## FUND INFORMATION

**BENCHMARK:** 45% Customised SA Shari'ah Equity Index, 10% S&P Developed Markets Large & Mid-Cap Shari'ah Index, 40% STeFI Composite - 0.5% & 5% Three-month US Dollar LIBOR

**LAUNCH DATE:** 12 November 2010

**STRATEGY ASSETS:** R2.4bn (30 June 2018)

**VEHICLE:** This Portfolio invests through Class B1 Units (JSE code: OMAB1) in the Old Mutual Albaraka Balanced Fund.

**SHARI'AH COMPLIANCE:** An independent Shari'ah Supervisory Board oversees adherence to the applicable Shari'ah principles within the Old Mutual Albaraka Balanced Fund.

## INVESTMENT DESCRIPTION

The Shari'ah Balanced Portfolio is a Regulation 28 Shari'ah compliant asset allocation portfolio that offers investors access to local and international asset classes including equity and Shari'ah compliant cash investments. The Portfolio excludes companies whose core business involves dealing in alcohol, gambling, non-halal 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.

The Portfolio aims to outperform the benchmark over rolling three year periods, whilst seeking to reduce absolute portfolio volatility. Interest income is stripped out of the Fund as impermissible income on a daily basis and is paid to the SA Muslim Charitable Trust.

## INVESTMENT STRATEGY

Allocation to equities is important for delivering long-term real returns. We maintain our local equity portion at 40% of the Portfolio and the offshore equity portion at 20% of the Portfolio.

The equity investment process applies our Managed Volatility strategy in conjunction with the principles of Shari'ah investing. This strategy strives to ensure a smoother return path for investors through opportunities created by the mispricing of risk. In addition, this strategy will provide you with an alternative source of outperformance as well as a low correlation with other active equity strategies.

The Portfolio has exposure to Shari'ah compliant cash investments or conduits as a substitute for traditional fixed income instruments. These instruments give investors much needed exposure to non-equities, thereby allowing us to offer investors a Shari'ah compliant balanced portfolio.

## 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

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**GRANT WATSON**

PORTFOLIO MANAGER

**SALIEGH SALAAM**

PORTFOLIO MANAGER

**WARREN MCLEOD**

PORTFOLIO MANAGER

## FUND PERFORMANCE as at 31/08/2018

### Gross Composite Returns

	3 months	1 Year	3 Years	5 Years	Since Inception
Fund	5.7%	8.4%	8.8%	9.5%	9.8%
Benchmark	6.0%	7.9%	7.7%	8.1%	9.4%

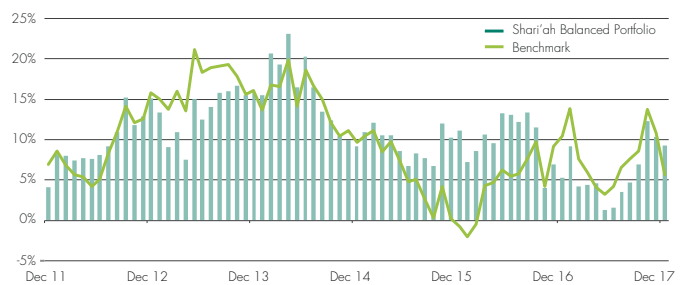
Sources: Old Mutual Investment Group, Bloomberg, S&P. Returns greater than 12 months are annualised.

## RISK STATISTICS as at 31/08/2018 – 3 years (annualised)

Measure	Portfolio	Benchmark
Standard Deviation	6.2%	7.5%
Tracking Error	4.4%	
Information Ratio	0.2	

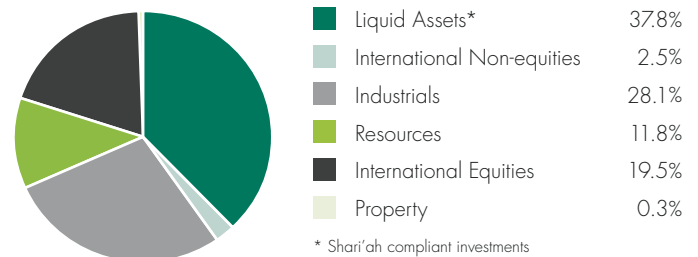
Sources: Old Mutual Investment Group, JSE.

## ROLLING ONE YEAR RETURNS TO 31/08/2018



Sources: Old Mutual Investment Group, Bloomberg and SAFEX.

## ASSET ALLOCATION



Source: Old Mutual Investment Group

## CONTACT DETAILS

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