



**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.

#### PORTFOLIO MANAGERS



##### JOHN ORFORD

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

#### COMMENTARY AS AT 31/03/2021

The portfolio had a good quarter and has now returned 25% over the last year. This compares to inflation of 2.9% over the same period. Over the last year we took advantage of opportunities to add to equities, property and bonds. These actions have benefitted the portfolio's performance as we have seen a strong rebound in these assets from their lows in 2020.

One of the key drivers of the portfolio's performance over the last year has been our equity selection. Equity selection had been a detractor from performance leading into the March 2020 bear market but has turned around strongly since then. A key contributor to our equity performance has been exposure to cyclical mining companies such as platinum miners Northam and Impala Platinum which have benefitted from surging commodity prices. During the most recent quarter we reduced our exposure to Naspers and added to Sasol. Naspers through its holding in Tencent was a key beneficiary during COVID-19 lockdowns. It remains a very attractive investment, but its strong share price performance reflects a high earnings base from which further outperformance in 2021 will prove much harder. Sasol on the other hand had been a significant laggard as the oil price had, until recently lagged other industrial commodities. The market was also concerned about the ability of Sasol to reduce its debt. We thought oil should benefit from the cyclical recovery and that Sasol had a clear path to reducing debt and avoiding a rights issue. In addition to the cyclical resource exposure the portfolio benefitted from a strong rebound in some of the cyclical industrial companies we hold. Companies like Omnia, Super Group and KAP which were

significant detractors in 2019 and early 2020, have rebounded strongly over the last year contributing positively to portfolio performance. One of the main detractors from performance over the last year was our holding in British American Tobacco. However, at current levels we think it offers considerable value. Overall, the portfolio continues to favor resource companies such as miners exposed to the strong commodity cycle and domestic companies likely to benefit from a recovery in the local economy from last year's deep recession.

Outside of equities the portfolio has a significant holding in government bonds including inflation linked bonds. South Africa does face considerable fiscal risks but, with growth improving, tax revenue collection has improved and this is driving some fiscal consolidation. Furthermore, investors in government bonds are richly compensated for the risk they take with the steep yield curve and high real yields benefitting those investors willing to take duration risk.



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 31/03/2021

HOLDING	SECTOR	% OF FUND
Naspers Ltd	Media	3.8%
FirstRand Ltd	Banks	2.6%
Anglo American Plc	Basic Resources	2.4%
Standard Bank Group Ltd	Banks	2.0%
British American Tobacco Plc	Consumer Goods	2.0%
Sasol Ltd	Oil & Gas	1.9%
Absa Group Ltd	Banks	1.9%
MTN Group Ltd	Mobile Telecommunications	1.8%
Northam Platinum Ltd	Basic Resources	1.6%
Sibanye Stillwater	Basic Resources	1.5%

CONTACT

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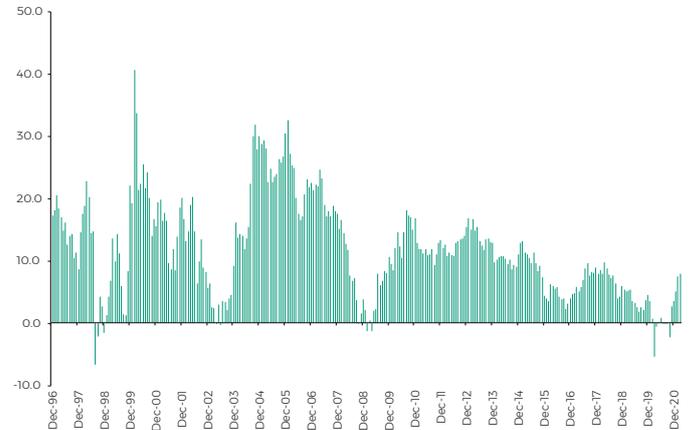
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CAPITAL PRESERVATION

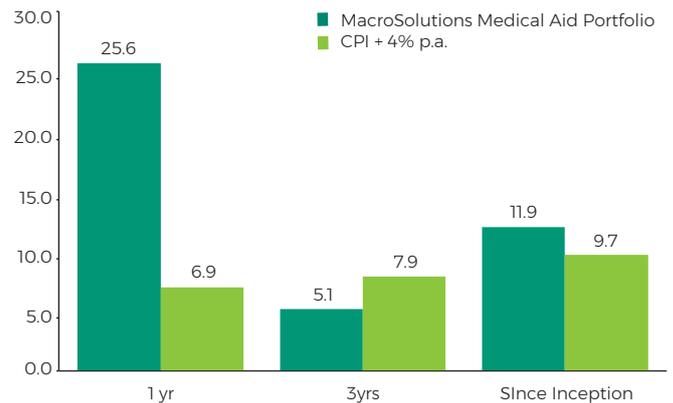
Over rolling 18-month periods capital has been protected over 97% of the periods reviewed.

Rolling 18-month returns (non-annualised): 30 September 1996 - 31 March 2021



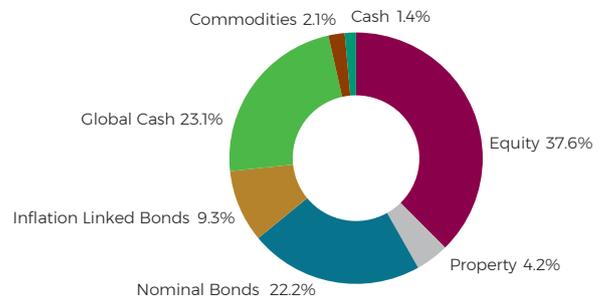
Source: Old Mutual Investment Group

PERFORMANCE AS AT 31/03/2021



Source: Old Mutual Investment Group(IRIS)

ASSET ANALYSIS AS AT 31/03/2021



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.