INVESTMENT GROUP

OLD MUTUAL
SA QUOTED PROPERTY PORTFOLIO

31 MARCH 2021

ADDITIONAL INFORMATION

LAUNCH DATE: October 2003

BENCHMARK: FTSE/JSE All Property Index (J803)

RISK CATEGORY: Medium

INVESTMENT OBJECTIVE:
The portfolio's performance objective is to outperform the FTSE/JSE Listed Property Index and achieve top quartile total returns relative to competitor funds over the medium and long term.

FEE SCALE:
First R100m = 0.65% p.a., next R100m up to R200m = 0.55% p.a., next R100m up to R300m = 0.50% p.a., next R200m up to R500m = 0.45% p.a., over R500m = negotiable.

PORTFOLIO MANAGER

EVAN ROBINS |
BBusSc (Hons), MA (Research Psychology), MBA (Distinction), CFA

- 16 years of investment experience

COMMENTARY AS AT 31/03/2021

The FTSE/JSE All Property Total Return Index (ALPI) rose 8.1% during the first quarter. This was despite a fall in the All Bond Index (-1.7%). The ALPI underperformed the All Share Index (+13.1%) and general retailers (+24.2%).

Over the past 12 months, the ALPI total return has been +34.2%. While above the All Bond Index's +17%, this is well below the All Share Index's +54% and general retailers' +87.4%. This high 12-month ALPI return is in the context of a low base due to Covid. The return over the 18 months from 31 December 2019, a period which includes the start of Covid, is -30.3%.

The fund outperformed its benchmark over the past 12 months. It has been positioned conservatively for economic and consumer stress and avoided high gearing, financing and operational risk. The fund will continue to hold meaningful positions in a diversified selection of property shares we believe offer the most long-term value, with consideration of the relative outlook and risk.

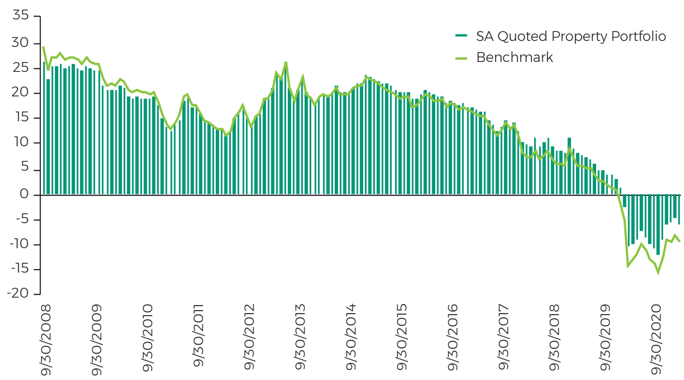
While conditions are stabilising, the lingering impact of the coronavirus on the economy will remain a challenge for property companies, especially those with weaker balance sheets. Some tenants will fail, downsize or require rent reductions to remain operational. Pre-existing sector negative trends like online shopping and work from home may be exacerbated. We maintain direct property valuations were overstated even before the crisis, and while there have been continued devaluations there remains scope for more. Low interest rates are supportive of potential new direct property buyers.

On traditional valuation metrics like yield, yield spread to bonds and discount to NAV, the sector remains cheap. On an implied value per metre squared basis, domestic property is well below replacement cost. There is long-term value in the sector, but conditions will remain tough for some time, so investors need a long-term perspective.

PERFORMANCE AS AT 31/03/2021

Source: Old Mutual Investment Group

ROLLING 5-YEAR RETURNS



Source: Old Mutual Investment Group

PRINCIPAL HOLDINGS

CODE	COUNTER	UT HOLDING
GRT	Growthpoint Properties Ltd	16.8
NRP	NEPI Rockcastle Plc	16.3
SRE	Sirius Real Estate Ltd	9.9
RDF	Redefine Properties Ltd	9.5
EQU	Equites Prop Fund Ltd	8.3
SSS	Stor-Age Prop REIT Ltd	6.9
SAC	SA Corp Real Estate Ltd	5.2
VKE	Vukile Property Fund Ltd	4.5
EPP	EPP N.V.	4.1
HYP	Hyprop Investments Ltd	4.0

The performance data refers to exposure held within the Profile Range.