



# INVEST WITH FAITH OLD MUTUAL ALBARAKA INCOME FUND

AUGUST 2020

## FUND INFORMATION

### RISK PROFILE



### RECOMMENDED MINIMUM INVESTMENT TERM



### FUND OBJECTIVE

The fund aims to offer investors an ethical investment vehicle providing income and relative capital stability over time. Income will be provided to clients through investment in Shari'ah compliant short- and longer-term SA and global non-equity securities.

The Shari'ah Supervisory board oversees adherence to the applicable Shari'ah principles. This fund specifically adheres to the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as guided by the Shari'ah Supervisory Board.

### WHO IS THIS FUND FOR?

This fund is for investors wanting capital stability from underlying Shari'ah investments, as well as income which will be provided to clients through Shari'ah compliant short-term and long-term local and offshore securities.

### NON-PERMISSIBLE INCOME

Incidental income deemed to be non-permissible is paid to the charitable trust elected by the Shari'ah Supervisory Board in line with the principles of Shari'ah. Non-permissible income does not form part of the investor's income.

### INVESTMENT MANDATE

The fund is a Shari'ah compliant multi-asset income fund that offers investors access to local and international asset classes including equity, liquid assets and non-equity securities, such as sukuks (Islamic bonds) and equity conduits. It may also invest in the portfolios of other unit trusts, both locally and those registered in countries with acceptable regulatory environments. This fund may have a maximum effective equity exposure (including international equity) of 10% and a maximum effective property exposure (including international property) of 25% of the market value of the portfolio. The fund will have a combined exposure minimum of 7.5% of net asset value to listed equity and listed property securities.

### REGULATION 28 COMPLIANCE

The fund complies with retirement fund legislation. It is therefore suitable as a stand-alone fund in retirement products where Regulation 28 compliance is specifically required.

**BENCHMARK:** STeFI Composite Index

**ASISA CATEGORY:** South African - Multi-Asset - Income

**FUND MANAGER(S):** Maahir Jakoet & Saliegh Salaam  
(Customised Solutions (Pty) Ltd)

**LAUNCH DATE:** 31/03/2020

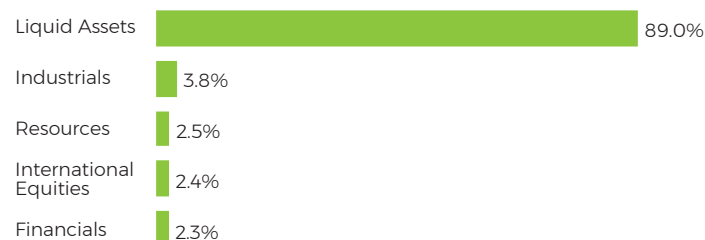
**SIZE OF FUND:** R605m

### DISTRIBUTIONS: (Quarterly)\*

Date	Dividend	Shari'ah Permissible Income	Total	Total %
30/06/2020	0.19c	3.13c	3.32c	1.62%

## FUND COMPOSITION

### ASSET & PERCENTAGE ALLOCATION



### PRINCIPAL HOLDINGS AS AT 30/06/2020

HOLDING	% OF FUND
FirstRand Ltd 8.75% 09/03/2021	6.6%
ABSA Ltd 9.9% 07/11/2024	5.9%
ABSA Ltd 9.12% 08/11/2023	5.9%
ABSA Ltd 8.45% 24/10/2022	5.8%
Standard Ltd 8.554% 02/04/2024	5.6%
Standard Ltd 9.781% 02/04/2025	5.3%
ABSA Ltd 9.7% 21/06/2023	4.1%
FirstRand Ltd 8.258% 16/09/2022	3.9%
FirstRand Ltd 7.95% 10/12/2021	3.8%
FirstRand Ltd 7.60% 09/12/2020	3.8%



## FUND MANAGER INFORMATION

**MAAHIR JAKOET |**

PORTFOLIO MANAGER

- BCom (Hons) UCT
- 6 years of investment experience

**SALIEGH SALAAM |**

PORTFOLIO MANAGER

- BCom, CFA Charterholder
- 23 years of investment experience

The magnitude of the crisis was presented in the Supplementary Budget by Finance Minister Tito Mboweni, alluding to the damage of the South African economy resulting in bad headline numbers and no tax increases yet. Plans of fiscal consolidation were no surprise, mostly through expenditure reductions. However, no new policy measures were announced, apart from a focus on infrastructure needing desperate involvement of the private sector.

The domestic equity market (ALSI) was up 23.18% for the quarter as the economy rebounded, with all GICS industry sectors contributing positively. There was a push and pull in global equities due to economic activity and consumer fears. The S&P 500 Index rose 1.8%.

Stimulus package assistance, together with monetary policy, caused local bond yields to move marginally. The popular R186 returned 0.45% for the month as the yield curve got steeper at the end of the quarter.

The US dollar weakened against the ZAR ending at R17.35 for the quarter, which detracts from performance for South African investors. The rand

strengthened against the sterling and euro gaining 2.83% and 1.10% respectively.

The portfolio aims to offer investors income and relative capital stability over time. Income will be provided to clients through investment in Shari'ah-compliant short- and longer-term SA and global non-equity securities. The Old Mutual Albaraka Income Fund is suitable for investors seeking an income, as the fund pays out a distribution every quarter. The fund is available on multiple platforms for investments in pension funds, retirement annuities, preservation and provident funds. This fund is also suited to investors saving for a specific purpose where the investment cannot stomach market volatility. It's a stable investment for all.

As a fundamentally weighted index, the RAFI® methodology favours stocks with a value bias and within the South African context the methodology favours the resources sector as a source of value.

Source: Old Mutual Investment Group as at 30/06/2020

## FUND COMMENTARY AS AT 30/06/2020

As countries reopened, there has been a positive response to the news. Given the noticeable economic activity, the market's risk-on enthusiasm was curtailed at the end of the month by data on a possible second wave of Covid-19. Subject to health and safety regulations, most of the South African industries have opened under lockdown level three.

## OTHER INVESTMENT CONSIDERATIONS

## MINIMUM INVESTMENTS:

• Monthly: R500 • Lump sum: R10 000 • Ad hoc: R500

## INITIAL CHARGES (Incl. VAT)\*:

There is no initial administration charge for investment transactions of R500 and above. Initial adviser fee will be between 0% and 3.45%.

Investment transactions below the R500 fund minimum incur a 2.30% administration charge.

\* Please note: Initial charges do not apply to the Class B funds.

## EXIT FEE:

Old Mutual Unit Trusts will charge an exit fee of 2.30% if exiting within 2 weeks of entry and reserves the right to charge this fee if exiting within 6 months of entry. The exit fee will not apply to investments in the fund via the Old Mutual Unit Trusts Tax-Free Investment.

## ONGOING

	Class A	Class B1*
Annual service fees (excl. VAT)	0.60%	0.50%

\* Please note: The Class B1 fund is available through investment platforms such as Old Mutual Wealth.

The fee is accrued daily and paid to the management company on a monthly basis. Other charges incurred by the fund, and deducted from its portfolio, are included in the TER. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

ISIN CODES:	Class A	ZAE000278172
	Class B1	ZAE000278206

Total Expenses (Incl. Annual Service Fee) (30/06/2020)	36 Months		12 Months	
	Class A	Class B1*	Class A	Class B1*
Total Expense Ratio (TER) Incl. VAT	0.74%	0.61%	0.74%	0.61%
Transaction Cost (TC)	0.03%	0.03%	0.03%	0.03%
Total Investment Charge	0.77%	0.64%	0.77%	0.64%

\* Please note: The Class B1 fund is available through investment platforms such as Old Mutual Wealth.

TER is a historic measure of the impact the deduction of management and operating costs has on a fund's value. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER, which includes the annual service fee, may not necessarily be an accurate indication of future TERs. Transaction Cost (TC) is a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

THIS IS THE MINIMUM DISCLOSURE DOCUMENT AS REQUIRED BY BOARD NOTICE 92

Funds are also available via Old Mutual Wealth and MAX Investments.

Helpline 0860 234 234 Fax +27 21 509 7100 Internet [www.oldmutualinvest.com](http://www.oldmutualinvest.com) Email [unittrusts@oldmutual.com](mailto:unittrusts@oldmutual.com)



We aim to treat our clients fairly by giving you the information you need in as simple a way as possible, to enable you to make informed decisions about your investments.

- We believe in the value of sound advice and so recommend that you consult a financial planner before buying or selling unit trusts. You may, however, buy and sell without the help of a financial planner. If you do use a planner, we remind you that they are entitled to certain negotiable planner fees or commissions.
- You should ideally see unit trusts as a medium- to long-term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, we cannot guarantee the investment capital or return of your investment. How a fund has performed in the past does not necessarily indicate how it will perform in the future.
- The fund fees and costs that we charge for managing your investment are disclosed in this Minimum Disclosure Document (MDD) and in the table of fees and charges, both of which are available on our public website or from our contact centre.
- Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained, free of charge, from Old Mutual Unit Trust Managers (RF) (Pty) Ltd, from our public website at [www.oldmutualinvest.com](http://www.oldmutualinvest.com) or our contact centre on 0860 234 234.
- Our cut-off time for client instructions (e.g. buying and selling) is at 15:00 each working day for all our funds, except the Money Market Funds, the price of which is set at 13:00. These are also the times we value our funds to determine the daily ruling price (other than at month-end when we value the Old Mutual Index Funds and Old Mutual Multi-Managers Fund of Funds range at 17:00 close). Daily prices are available on the public website and in the media.
- Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in scrip lending. The daily ruling price is based on the current market value of the fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue.
- This fund holds assets in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information.
- Income funds derive their income primarily from interest-bearing instruments as defined. The yield is a current yield and is calculated daily.
- The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured. Performances are in ZAR and as at 31 August 2020. Sources: Morningstar and Old Mutual Investment Group (FSP no. 604).

Old Mutual Customised Solutions (Pty) Ltd is a Licensed Financial Services Provider.

Old Mutual Unit Trust Managers (RF) (Pty) Ltd, registration number 1965 008 47107, is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA). Old Mutual Unit Trust Managers has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

Trustee: Standard Bank, PO Box 54, Cape Town 8000. Tel: +27 21 401 2002, Fax: +27 21 401 3887.

Issued: September 2020