OLD MUTUAL
EMPLOYEE GROUP IN SUPERFUND

QUARTERLY INVESTMENT UPDATE

JULY 2021 - Q2

IN THIS EDITION WE

- Provide you with a Market overview;
- Provide an investment performance update as at 30 June 2021; and
- Share a link to a Mindspace article "What makes a good investment?"

MARKET OVERVIEW

Market Outlook

Global economic activity continues to steadily recover from the COVID-19 economic shock, although there is likely to be an uneven restoration of economic activity. This is due to the risk of further rounds of infection from different strains of the virus as we have seen in the current third wave and delays in the vaccine roll-out. The roll-out of vaccines should provide meaningful support for Developed Markets in the second part of this year and Emerging Markets in the subsequent six to twelve months.

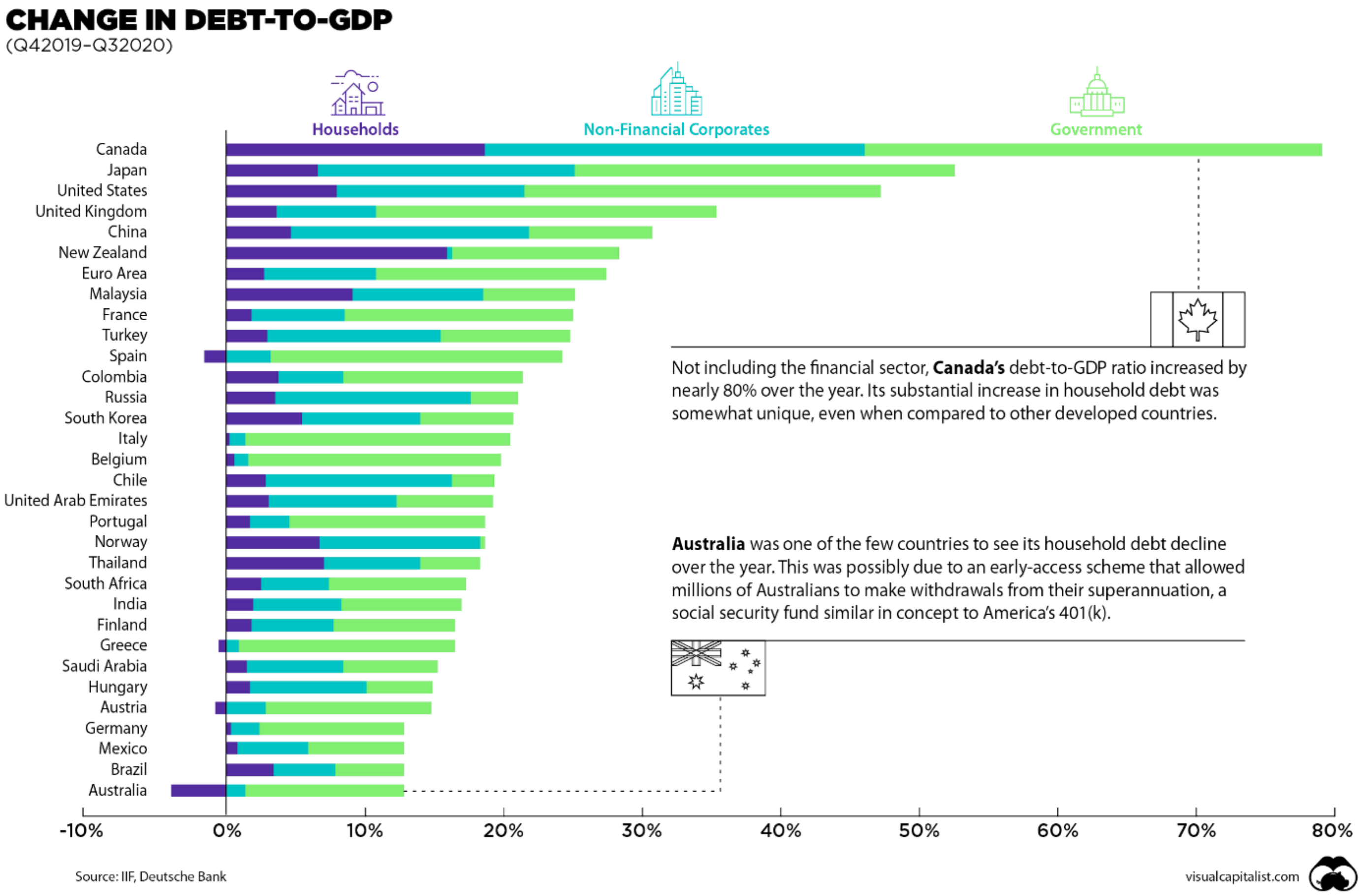
A risk to a sustained and long-term recovery in global growth is the amount of debt that has been assumed by households, non-financial corporates, and governments around the world, given the extraordinary monetary and fiscal stimulus we have seen. The graph below shows how debt to GDP levels increased during the pandemic. If interest rates start to normalise and rise again, then higher debt servicing costs could be a drag on medium-term and long-term growth prospects.

The extraordinary and unprecedented fiscal and monetary stimulus is expected to be maintained well into 2022. This should support risk assets such as equities, even though there may be bouts of weakness and certain sectors remain overvalued. The fiscal cost of procuring and dispensing vaccines to build herd immunity is inescapable and will impact Emerging Markets in particular, where there is a constant tension between austerity to try and keep debt low but at the same time spending requirements to facilitate economic growth. The increase in the US fiscal stimulus will, in particular, play an important role in pushing the US economy ahead in the global recovery and will also contribute to the expected global reflation.

Local inflation is expected to rise at a faster pace in 2021 due to extreme base effects and higher oil prices but, according to the South African Reserve Bank, will broadly remain below the targeted levels over the longer term. The financial markets, however, are still concerned that higher inflation over the short term will not be transitory and that higher inflation will be a natural consequence of the unprecedented stimulus we have witnessed.

The second quarter of 2021 was therefore characterised by the financial markets trying to balance an encouraging global economic restart against inflation worries and the potential scaling back of ultra-accommodative monetary policy in subsequent years. Local equities came under pressure in

June 2021 after recording a seven-month streak of positive gains to the end of May 2021. The Rand remains one of the best performing currencies year to date due to high commodity prices, which has helped South Africa achieve a significant trade surplus of 8.1% of GDP in the recent quarter! However, the Rand remains vulnerable over the short-term due to recent social unrest, sparked by the imprisonment of Mr Jacob Zuma, the former South African president. This is likely to dampen foreign investor confidence. Higher tax receipts from the mining companies should help to ease concerns about our debt dynamics, at least over the short term, but investment confidence and sustained economic growth is required to stabilise our debt situation.



Commodity prices look extended and could experience some short-term weakness. However, they could remain supported by the ongoing global economic recovery, greater infrastructure spend and the shift to clean energy. The "greening" of the global economy could lead to structural demand for metals such as copper.

While uncertainty and short-term risks remain, we would encourage OMEGS members to stick to your long-term strategy and select portfolios appropriate to your needs, risk tolerance and time horizon. Speak to a trusted financial advisor if you are in doubt.

Produced by: **Shainal Sukha** and **Claire Rentzke**
Sukha & Associates - **Primary Asset Consultant to OMEGS**

INVESTMENT PERFORMANCE SUMMARY AS AT 30 JUNE 2021

The table below provides the gross return of each portfolio over the 1-, 3- and 5- year periods ending 30 June 2021.

Category	Portfolio	1 Year	3 Years	5 Years
Default	Old Mutual Absolute Smooth Growth	12.0%	5.6%	6.7%
	Target: Inflation + 6%	**11.2%**	**10.1%**	**10.5%**
Market-Linked	Old Mutual Multi-Managers Inflation Plus 5 - 7%	25.8%	9.2%	8.3%
	Old Mutual Investment Group Profile Edge 28	29.5%	7.8%	7.6%
	Coronation Managed	26.4%	9.4%	8.6%
	Target: Inflation + 6%	**11.2%**	**10.1%**	**10.5%**
	Prudential Global Balanced	21.8%	7.3%	8.1%
	Old Mutual Balanced Index Fund	19.4%	6.6%	6.3%
	Target: Inflation + 5%	**10.1%**	**9.0%**	**9.5%**
Smooth Bonus	Old Mutual Absolute Smooth Growth[2]	12.0%	5.6%	6.7%
	Target: Inflation + 6%	**11.2%**	**10.1%**	**10.5%**
	Old Mutual Coregrowth 100	7.0%	6.6%	7.5%
	Target: Inflation + 3%	**8.0%**	**7.0%**	**7.4%**
Shari'ah	Old Mutual Investment Group Shari'ah Composite Fund	23.7%	6.8%	6.4%
	Target: Inflation + 4.5%	**9.6%**	**8.5%**	**8.9%**
Money Market	Old Mutual SA Money Market	3.9%	6.4%	7.1%
	Target: Inflation	**4.9%**	**3.8%**	**4.2%**

The above summary reflects the gross performance of the underlying investment options available to OMEGS members. This performance is not necessarily an indication of future performance. Saving for retirement is part of a long-term financial planning process and we encourage you to seek financial advice before making any investment-related decisions.

MINDSPACE ARTICLE

What makes a good investment?

How often do we hear advertisers refer to a product – sometimes a car, sometimes a pair of shoes – as an investment? But is it really? We separate the real investments, assets and just plain expenses.

Click here to access the short article.

REMEMBER TO SAVE THE OLD MUTUAL WHATSAPP NUMBER!

You now have access to valuable information about your retirement benefits and many other Old Mutual products, right at your fingertips!

The new WhatsApp service puts you in control of your retirement journey by giving you instant, 24/ 7 information about your fund benefits and claims.

Scan the QR code with your phone.

OR

Save the Old Mutual WhatsApp number below to your phone as a contact.

0860 933 333

Then simply type the word 'Hi' in WhatsApp and choose your menu item.
Feel free to browse around, but be sure to have a look at menu item 4 to get your fund benefit information. To return to the main menu, simply type "retire".

OLD MUTUAL
EMPLOYEE GROUP IN SUPERFUND

QUARTERLY INVESTMENT UPDATE