



IN RESPECT OF OLD MUTUAL MULTI MANAGERS FOR THE OMEGS FUND

INSTITUTIONAL  
31 DECEMBER 2023

**FUND INFORMATION**

<b>BENCHMARK:</b>	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
<b>SIZE OF FUND:</b>	R166 million
<b>VEHICLE:</b>	This Portfolio invests through Class B1 Units in the Old Mutual Albaraka Balanced Fund (JSE Code: OMAB1) and the Old Mutual Albaraka Equity Fund (JSE Code: OAEB1)

**SHARI'AH COMPLIANCE:** An independent Shari'ah Supervisory Board oversees adherence to the applicable Shari'ah principals.

**INVESTMENT DESCRIPTION**

The 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 optimally manage portfolio volatility. Interest income is stripped out of the portfolio as impermissible income on a daily basis and is paid to the SA Muslim Charitable Trust.

**INVESTMENT STRATEGY**

Asset allocation is determined using a proprietary model that measures the relative attractiveness of equities versus cash compared to its long term history. We use an objective and repeatable model driven framework that allows us to determine when to change our equity allocation. Our investment decisions are a direct result of our objective investment processes and not varying subjective opinions.

We believe superior investment performance comes from a combination of stock selection and portfolio construction. Our stock selection process seeks to systematically invest in high quality, attractively valued companies with favorable long-term growth prospects. Viewed from a portfolio construction lens, we believe that outperformance can be obtained by actively managing the portfolio's volatility via portfolio construction.

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.



**MAAHIR JAKOET**  
Portfolio Manager



**FAWAZ FAKIER**  
Portfolio Manager



**MARIO FISHER**  
Investment Research Head

**FUND PERFORMANCE AS AT 31/12/2023**

	3 months	1 Year	3 Years	5 Years	Since Inception (August 2018)
Fund*	6.4%	12.9%	11.7%	9.0%	6.8%
Benchmark	4.3%	7.3%	8.7%	9.1%	7.9%

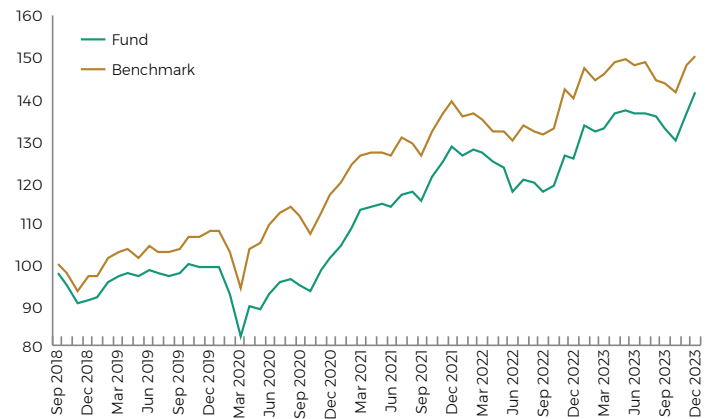
\* Performance is calculated net of fees. Note: Performance shown above is based on the amended mandate (higher equity exposure) and not for periods prior to 31 August 2018.

**RISK STATISTICS SINCE INCEPTION AS AT 31/12/2023**

Measure	Portfolio	Benchmark
Standard Deviation	9.1%	8.6%
Tracking Error	3.7%	
Information Ratio	0.8	

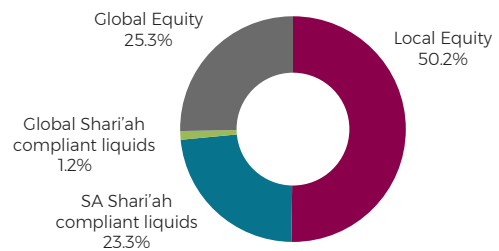
Source: Old Mutual Investment Group

**CUMULATIVE RETURNS TO 31/12/2023**



Performance is calculated net of fees  
Sources: Old Mutual Investment Group, Bloomberg and SAFEX

**ASSET ALLOCATION**



Portfolio holdings are available on a quarterly basis upon request.  
Source: Old Mutual Investment Group

**PRINCIPAL HOLDINGS AS AT 31/12/2023**

COMPANY	% OF FUND
GOLD FIELDS LIMITED	3.4%
BHP GROUP LIMITED	3.2%
MTN GROUP LIMITED	2.7%
ANGLO AMERICAN PLC	2.4%
SOUTH32 LIMITED	2.1%
MR PRICE GROUP LIMITED	2.0%
AVI LIMITED	1.9%
MONDI LIMITED	1.7%
VODACOM GROUP LIMITED	1.6%
A E C I LIMITED	1.4%

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (31 DECEMBER 2023)**

Risk assets remained under pressure at the start of the last quarter of 2023. However, they recovered in November and December as markets started to position for a more accommodative US Federal Reserve in 2024. This view was driven by several factors: the continued decline in inflation (though still well above target); softening in the labour market through slower wage growth and a small uptick in unemployment from the trough seen earlier in the year; and tighter financial conditions, which would likely weigh on the strong quarter three growth print. This resulted in global equities delivering 11% for the quarter and nearly 23% for the year (both in US dollars). With inflation concerns evaporating, peak rates now seemingly confirmed and the expectation of rate cuts growing, global bonds performed well (nearly 5% higher for the quarter). Commodities such as copper, platinum and gold performed well too in the quarter. Oil fell almost 20% with the Israel-Hamas war having little to no impact on the price as many may have feared.

Having languished for most of the year, South African assets participated in this recovery. Equity and property erased their dismal year-to-date performances to deliver more pleasing returns for the full year. Bonds also rallied returning 8% in the quarter (very similar to equity) as yields fell nearly a full percentage point. This performance took the return for the year to 9.7%, which compares favourably with the 8% return achieved by equity and cash. The currency weakened from R17.02 against the US dollar to R19.82 at the worst point in the first half of the year but has been able to recover somewhat and traded nearly 3% stronger in the fourth quarter to end the year at R18.29.

**Performance**

Against this backdrop, the portfolio's benchmark delivered 4.3% for the quarter while the fund returned 6.4% (gross) ending December 2023. Among the asset classes, the overweight in global equity and underweight in local equity were the clear alpha drivers for the quarter.

**Positioning**

Our macroeconomic indicators show that we are moving out of a recessionary into a reflationary environment in the SA market and that we are already in a reflationary market in the global space. The positive sentiment is driven by factors such as interest rates potentially peaking, inflation coming down steadily, unemployment and housing numbers remaining resilient and financial markets across the globe continuing to enjoy healthy positive returns. China's economic recovery remains precarious, weighing on SA equities. Another potential downside risk is corporate earnings, which will continue to exhibit downward pressure given tighter monetary policy across the globe, especially in more cyclical industries such as materials, consumer discretionary, communication services and IT.

Domestically, we still face challenges with fiscal risks, political uncertainty, and poor governance. This will affect SA GDP growth, however, our model continues to observe some value in SA Inc. counters.

The fund benefited from both local and global equities over the quarter. From a style perspective, various market cycle indicators appear to be favouring "defensive value" and easing into "defensive growth" as more positive sentiment enters the market as recession fears become subtly subdued. Within the allowable Shariah universe, there was no forced selling regarding stocks that have become non-Shari'ah-compliant over the quarter ending December 2023.

The fund's asset allocation currently comprises roughly 25% in global equity, 50.2% in local equity, and the balance in Sukuk (Shari'ah fixed-income instruments). In the current market environment, we prefer high-quality defensive characteristics within our equity opportunity set.

**CONTACT DETAILS**

Mutualpark, Jan Smuts Drive, Pinelands 7405. PO Box 878, Cape Town 8000, South Africa.

Tel: +27 21 509 5022, Fax: +27 21 509 4663, Email: ClientService@oldmutualinvest.com, Website: www.oldmutualinvest.com

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