



KEY FACTS

| | |
|----------------------------|---|
| Launch Date: | July 2012 |
| Product Vehicle: | Pooled, unitised fund policy as defined in the Long-term Insurance Act, 1988. |
| Target: | CPI + 5% over rolling three- to five-year periods |
| Benchmark* | Composite Asset Allocation Benchmark |
| Minimum Investment: | R10 million |
| Fees: | 30bps |

* The fund aims to track the components of the benchmark. Please refer to the table alongside for further details of the benchmark

INVESTMENT DESCRIPTION

The Balanced Index Fund is a fully diversified portfolio investing in a mix of local and offshore equities, listed property, interest bearing assets (including inflation linked bonds) and cash.

The fund invests in funds targeting the return of an index. Index funds offer the benefits of substantially lower fees and significantly reduce the uncertainty of fund performance relative to the market. Lower fees and efficient investment indexation processes minimise the tracking error on the overall returns.

INVESTMENT OBJECTIVE

Through a well-diversified mix of asset classes, this fund aims to deliver long-term growth while limiting the volatility in returns. The portfolio is Regulation 28 compliant and rebalanced, in line with its strategic allocation, in March every year. Rebalancing the portfolio annually keeps trading costs to a minimum while ensuring that the portfolio partakes in the intended combination of returns originating from each asset class. The fund has a long-term real return target of 5% (CPI+5%).

RISK CHARACTERISTICS

This is a moderate risk fund exposed to share price, interest-rate and currency fluctuations. A balanced, diversified portfolio across local and global asset classes helps lessen these fluctuations.

SUITABLE INVESTORS

This fund is suitable for investors wanting moderate to high long term growth with less volatility than pure equity.

INVESTMENT TEAM

The Fund is managed by the Indexation investment team.



BERNISHA LALA
Head of Indexation & Portfolio Manager



ANELISA BALFOUR
Portfolio Manager

FUND PERFORMANCE AS AT 31/03/2024

Gross Composite Returns

| | 3-Months | 1 Year | 3 Years | 5 Years | Since Inception |
|----------------|----------|--------|---------|---------|-----------------|
| Fund | 3.6% | 14.2% | 10.9% | 9.7% | 10.0% |
| Benchmark* | 3.7% | 14.6% | 11.1% | 9.6% | 10.1% |
| Target: CPI+5% | 3.0% | 10.3% | 11.1% | 10.1% | 10.3% |

* The Fund aims to track the components of the benchmark.

Source: Old Mutual Investment Group

ASSET ALLOCATION AS AT 31/03/2024

| Asset Class | Building Block/ Benchmark | Actual Asset Allocation |
|--------------------------------|--------------------------------|-------------------------|
| Domestic Equity excl. property | FTSE/JSECapped SWIX Index Fund | 37.3% |
| Domestic Property | SA Listed Property Index Fund | 5.0% |
| Domestic Bonds | All Bond Index Fund | 10.0% |
| Domestic Inflation-linked Bond | Domestic ILB Index Fund | 5.0% |
| Domestic Cash | OM Core Money Market Fund | 5.0% |
| Domestic Total | | 62.1% |
| International Equity (MSCI) | MSCI ACWI ESG Index Fund | 34.9% |
| International Bonds | Group-of-Seven (G7) Index | 3.0% |
| International Total | | 37.9% |

Source: Old Mutual Investment Group

BUILDING BLOCK RETURNS

| 1-year Annualised Returns | Fund | Benchmark | Differential |
|--------------------------------|------|-----------|--------------|
| FTSE/JSECapped SWIX Index Fund | 3.0 | 2.9 | 0.2 |
| SA Listed Property Index Fund | 20.3 | 20.5 | -0.2 |
| All Bond Index Fund | 4.1 | 4.2 | -0.1 |
| Domestic ILB Index Fund | 5.5 | 5.6 | -0.1 |
| OM Core Money Market Fund | 8.7 | 8.2 | 0.6 |
| MSCI ACWI ESG Index Fund | 32.0 | 32.7 | -0.6 |
| Group-of-Seven (G7) Index | 5.1 | 5.0 | 0.1 |

Source: Old Mutual Investment Group

TOP TEN SA EQUITY HOLDINGS AS AT 31/03/2024

| Holding | JSE Code | Sector | % of SA Equity |
|-------------------------------|----------|--------------------|----------------|
| Naspers Limited | NPN | Consumer Services | 10.1% |
| Firstrand Limited | FSR | Financials | 5.4% |
| Gold Fields Limited | GFI | Basic Materials | 4.7% |
| Standard Bank Group Limited | SBK | Financials | 4.3% |
| Anglo American Plc | AGL | Basic Materials | 3.3% |
| Prosus N.v. | PRX | Consumer Services | 3.3% |
| Compagnie Fin Richemont | CFR | Industrials | 3.1% |
| Capitec Bank Holdings Limited | CPI | Financials | 3.1% |
| Mtn Group Limited | MTN | Telecommunications | 3.0% |
| British American Tobacco Plc | BTI | Industrials | 2.7% |
| Total | | | 43.1% |

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (31 MARCH 2024)****Market Commentary:****Global Economy:**

After a strong first quarter of 2023, global equity markets continued their upward trajectory into the new year. As inflation continues to moderate globally, investors are keeping a close eye on central banks as expectations build around prospective rate cuts for the year. Developed market equities once again outperformed emerging markets, with the US and Japan recording robust gains.

The US stock market posted another remarkable quarter, rising 10% for the period. The S&P 500 has now recorded back-to-back 10%+ quarterly gains. Returns were more broad-based over this period; however, technology stocks still led the way. In its March meeting the US Federal Reserve (the Fed) kept rates steady, as was anticipated by the market. The US economy is proving to be far more resilient than the market anticipated, and despite solid recent economic data the Fed is still expected to cut rates this year.

European equities rose a respectable 5% over the first quarter of 2024. With inflation having fallen below 3% in 2024, consumer confidence is making a slow recovery. In the UK, growth forecasts have seen downgrades as sticky inflation is likely to limit a recovery. CPI currently stands at 3.4%, well above the Bank of England's 2% target.

The Chinese economy continues to battle with weaker consumer demand and a real estate crisis that has subsequently led to broad declines in its stock market. Over the first quarter of the year, Chinese equities lost 2% in USD terms. Despite the well-documented structural issues facing the region, the government still expects 4.5% GDP growth for 2024.

SA Economy:

Domestic economic activity was once again subdued. The March pickup in local markets wasn't enough to offset the losses realised early in the year. Headline inflation has accelerated with annual CPI reported to be 5.6% in February 2024, up from 5.3% in January. This has further eroded the purchasing power of local consumers. On a more positive note, load shedding has improved over the final month of the quarter following the return of six generating units.

Domestically, the FTSE/JSE All Share Index (ALSI) detracted by 2.30% in Q1. Weighing on the detraction were financials and resources while industrials made a positive contribution. The property sector was the standout performer for the quarter, with the FTSE/JSE All Property Index (ALPI) rising 3.85%, while the FTSE/JSE All Bond Index (ALBI) detracted by 1.80%.

Performance Commentary:

The broad South African equity market exposure in the fund is primarily through an allocation to the FTSE/JSE Capped SWIX All Share Index (Capped SWIX), which is intended to be a fairer reflection of the investment universe available to a South African investor. The Capped SWIX strategic weight is 37.00%. The index detracted by 2.3% for the quarter ended March 2024. Sector returns were mixed for the quarter with technology and real Estate being the strongest performers returning 6.88% and 3.87% respectively. Energy and telecommunications were the worst performing sectors detracting by 21.84% and 11.04% respectively.

In addition to the broad local equity market exposure, the fund also has exposure to SA listed property, which has a strategic weight of 5.00%. The JSE SA Listed Property Index returned 3.85% for the quarter ending March 2024.

The international equity exposure is invested in the MSCI ACWI ESG Index, which has a strategic weight of 35.00%. This index offers exposure to both developed and emerging markets globally and returned 8.98% in USD terms for the quarter. The rand depreciated by 2.2% against the US dollar over the quarter.

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

DISCLAIMER: Old Mutual Investment Group (Pty) Ltd (Reg No 1993/003023/07) (FSP 604) and Old Mutual Customised Solutions (Pty) Ltd (Reg No 2000/028675/07) (FSP721), jointly referred to as the Investment Manager, are licensed financial services providers, approved by the Financial Sector Conduct Authority (www.fsca.co.za) to provide advisory and/or intermediary services in terms of the Financial Advisory and Intermediary Services Act 37, 2002. The above entities are wholly owned subsidiaries of Old Mutual Investments (Pty) Ltd. Market fluctuations, changes in rates of exchange, or taxation may affect the value, price or income of underlying securities. The value of investments is dependent on the value of the underlying securities. Past performance is not necessarily a guide to future investment performance. Securities in certain markets and unlisted securities may have increased liquidity risks and may not be readily marketable. This may result in difficulty in obtaining reliable information about its value and/or exiting the security. Investors' rights and obligations are set out in the relevant agreements. Where investments comprise pooled, life wrapped products, the policies are issued, and underlying assets owned, by Old Mutual Life Assurance Company (South Africa) Ltd, who may elect to exercise any votes on these underlying assets independently of the Investment Manager. In respect of these products, no fees or charges will be deducted if the policy is terminated within the first 30 days. Personal trading by staff is restricted to ensure that there is no conflict of interest. Employees are remunerated with salaries and standard incentives. Unless disclosed to the client, no commission or incentives are paid by the Investment Manager to any persons other than its representatives. All intra-group transactions are done on an arm's length basis. Investment administration of our local funds is outsourced to Curo Fund Services (Pty) Ltd, 50% of which is owned by Old Mutual Investments (Pty) Ltd. The Investment Manager has comprehensive crime and professional indemnity insurance.