



**FUND INFORMATION**

**BENCHMARK:** 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

**SIZE OF FUND:** R181 million

**VEHICLE:** 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-halaal 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.

**INVESTMENT TEAM**



**MAAHIR JAKOET**  
Portfolio Manager



**FAWAZ FAKIER**  
Portfolio Manager



**MARIO FISHER**  
Investment Research Head

**FUND PERFORMANCE AS AT 30/06/2024**

|           | 3 months | 1 Year | 3 Years | 5 Years | Since Inception (August 2018) |
|-----------|----------|--------|---------|---------|-------------------------------|
| Fund*     | 3.1%     | 8.6%   | 9.2%    | 8.5%    | 7.1%                          |
| Benchmark | 2.4%     | 4.2%   | 6.9%    | 8.1%    | 7.8%                          |

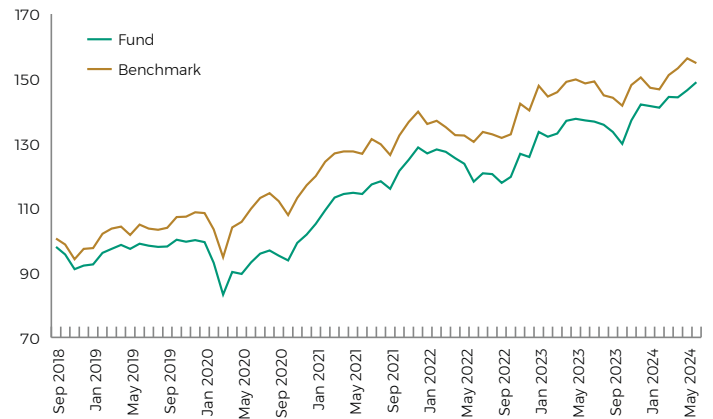
\* Performance is calculated net of fees. Note: Performance shown above is based on the amended mandate (higher equity exposure) and not for periods prior to 31 August 2018.

**RISK STATISTICS SINCE INCEPTION AS AT 30/06/2024**

| Measure            | Portfolio | Benchmark |
|--------------------|-----------|-----------|
| Standard Deviation | 8.7%      | 8.7%      |
| Tracking Error     | 4.2%      |           |
| Information Ratio  | 0.5       |           |

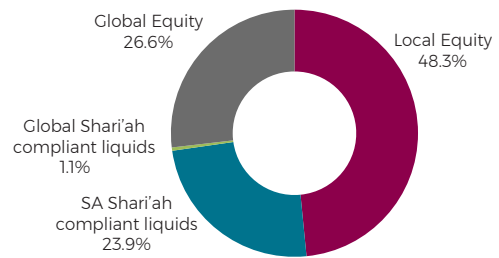
Source: Old Mutual Investment Group

**CUMULATIVE RETURNS TO 30/06/2024**



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 30/06/2024**

| COMPANY                  | % OF FUND |
|--------------------------|-----------|
| ANGLO AMERICAN PLC       | 3.0%      |
| MTN GROUP LIMITED        | 2.6%      |
| MR PRICE GROUP LIMITED   | 2.5%      |
| GOLD FIELDS LIMITED      | 2.3%      |
| SOUTH32 LIMITED          | 2.2%      |
| BHP GROUP LIMITED        | 2.1%      |
| VODACOM GROUP LIMITED    | 1.9%      |
| META PLATFORMS A         | 1.8%      |
| PAN AFRICAN RESOURCE PLC | 1.8%      |
| NOVO NORDISK B           | 1.8%      |

Source: Old Mutual Investment Group

**QUARTERLY COMMENTARY (30 JUNE 2024)**

This is a heavy election year, with nearly half the world's population either having voted or still expected to vote. During the quarter, elections in India and Mexico saw markets sell off. In South Africa, elections also had a significant impact on markets, with initial trepidation, giving way to relief as markets cheered the African National Congress (ANC) decision to form a Government of National Unity (GNU). South African assets rallied strongly in June with the rand firming 3% against the US dollar. South African equities delivered a return of 8.2% in the quarter and bonds delivered a return of 7.5%. Locally oriented equities, including banks and retailers, led the overall market higher, while rand hedge stocks and mining stocks lagged the overall index.

Global equities continued to outperform global bonds, rising 3.1% in US dollar terms, compared to the global bonds, which were down -1.9% during the quarter. Global equity performance continues to be driven by the US and within that by the performance of a handful of mega tech stocks. The S&P 500 was up 4.3% in the quarter significantly outpacing the equally weighted S&P 500 Index, which was down -2.6%. Year-to-date just six stocks (MSFT, NVDA, AAPL, GOOGL, AMZN, META) have contributed 62% of the S&P 500's 15% rise. During the quarter commodity price performance was mixed. Precious metals including silver, platinum and gold were up 19.7%, 10.4% and 5.3% respectively. Copper was also up close to 10% but iron ore, crude oil and palladium were all down in the quarter in dollar terms.

Against this backdrop, the portfolio's benchmark delivered 2.44% for the quarter, while the portfolio returned 3.01% (gross) ending June 2024. Among the asset classes, the underweight in domestic equity was the clear alpha driver for the quarter. The portfolio's local underweight positions in materials and global overweight in healthcare were the largest contributors on a sector level, while our local overweight to consumer staples and global underweight to information technology detracted from performance. On a security level, the portfolio's underweight positions in Anglo Plats and BHP Group contributed to performance, while the underweight in Anglo American and overweight in Metair detracted most from performance.

The SA economic growth landscape has some green shoots, following the formation of the GNU and lower loadshedding. Furthermore, there is an ongoing recovery in tourism and the two-pot system reform should aid in additional growth, not without some upside risk. A further benefit to mention is that we might see a South African Reserve Bank (SARB) response to an improved inflation outlook before the end of the year. The portfolio is positioned to benefit from the increased value unlock in SA Inc. Moreover, we will also be placing out longer duration Sukuk (Shari'ah fixed-income instruments), which benefits in the future should the SARB decide to cut rates. Within the allowable Shari'ah universe, there was a forced selling of Equites Property, which became non-Shari'ah-compliant over the quarter ending June 2024.

The next key election is that of US to be held on 5 November, where current polls favour Donald Trump over Joe Biden. Global markets remain focused on the outlook for growth and inflation. Inflation continues to moderate in major developed economies but remains well above target in the US and Europe. Our global model continues to underweight the US and overweight Europe.

Unsurprisingly, China data suggest the stalling of consumer confidence and household consumption, as the housing sector continues to deteriorate, diversified miners are offering some value. We need to observe with caution as the proprietary inhouse quantitative Macro Economic Indicators point us to a reflationary mid to late cycle, globally. Locally, our indicators show a late-cycle recession.

The portfolio's asset allocation currently comprises roughly 26% in global equity, 48% in local equity, and the balance in Sukuk. In the current market environment, we prefer high-quality shares with good growth prospects in our equity opportunity set.

**CONTACT DETAILS**

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