OLD MUTUAL SHARI'AH COMPOSITE PORTFOLIO

IN RESPECT OF OLD MUTUAL MULTI MANAGERS FOR THE OMEGS FUND

INSTITUTIONAL
28 FEBRUARY 2025

PORTFOLIO 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:	R190 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:	Independent Shari'ah Supervisory Board

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. It adheres to the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions as interpreted by the Shari'ah Supervisory Board.

The portfolio aims to outperform the benchmark over rolling three year periods, while seeking to optimaly 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.

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
BCom (Hons), MBA

FAWAZ FAKIER
Portfolio Manager
BCom Fin (Hons), CFA, FRM, CSAA

MARIO FISHER
Head: Investment Research
B Com, MSc

PORTFOLIO PERFORMANCE (Net of fees)

	3 months	1 Year	3 Years	5 Years	Since Inception (August 2018)
Portfolio*	0.2%	9.3%	6.4%	10.6%	6.9%
Benchmark	4.1%	9.2%	5.4%	9.2%	7.5%

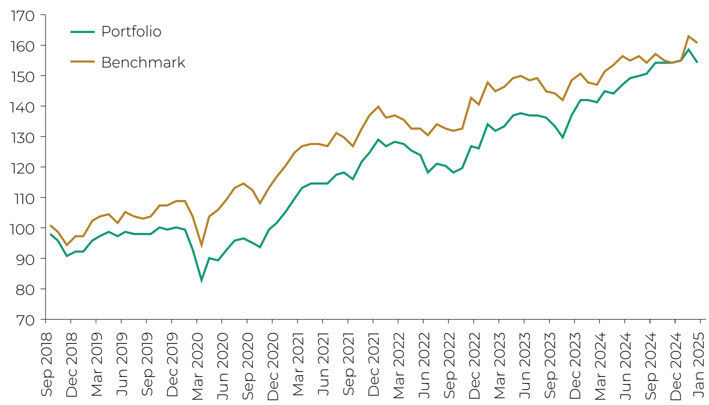
* Performance is calculated net of fees. Note: Performance shown above is based on the amended mandate (higher equity exposure) and not for periods prior to 31 August 2018.

RISK STATISTICS (Annualised, three years)

Measure	Portfolio	Benchmark
Standard Deviation	8.2%	8.2%
Tracking Error	4.6%	
Information Ratio	0.2	

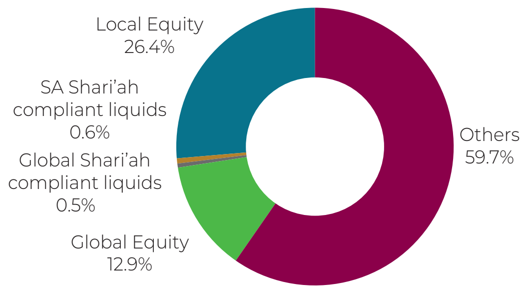
Source: Old Mutual Investment Group

CUMULATIVE RETURNS



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

Company	% of Portfolio
OM Albaraka Bal B1	59.7
Anglo American PLC	1.9
Mtn Group Limited	1.6
Gold Fields Limited	1.5
Compagnie Fin Richemont	1.5
Mr Price Group Limited	1.4
Pan African Resource Plc	1.3
BHP Group Limited	1.3
Vodacom Group Limited	1.3
Glencore Plc	1.1

Source: Old Mutual Investment Group

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QUARTERLY COMMENTARY (31 DECEMBER 2024)

Market overview

In 2024, Global equities were up 17.5% (in US dollar) despite losing ground over the quarter (down 1% in US dollar). This was led by the US, which gained 24.5% (in US dollar) over the year and follows last year's 20% plus return from the index. The last time this occurred in two consecutive years was the late 1990s. While interest rate cuts around the world meant financials did well, a large part of the performance is due to a surging Magnificent Seven. These US mega caps were up 67% (in US dollar) this year. This meant Growth outperformed Value significantly again (24% vs 11% in US dollar) and the US dollar had another year of strength against most currencies.

Over the quarter, as Trump started to take the lead in and eventually be elected the next US president, global bonds sold off significantly (Bloomberg Global Aggregate down 5% in US dollar) given his likely inflationary policies. For the year, even though global credit spreads tightened over the year, global bonds were down 1.7% in US dollar for the year.

In South Africa, the local Capped Swix index gave up 2% (in rand) over the quarter to bring the full year return to 13.4%.

The strong US dollar during the quarter hurt local resources counters and these were down over 9%, excluding dividends. This brought their price return to -11% in ZAR over the year. In addition, the Naspers/Prosus complex was up 35% in rand over the year. During the year, bond yields dropped post the formation of the Government of National Unity and then held at lower levels. Interest rate sensitive sectors benefitted strongly from this over the year with the SA REIT index up 36%. Excluding dividends, South African financials were up over 16% and South African retailers were up over 36% in 2024.

South African bonds outperformed South African equities in aggregate and, while flat over the quarter, were up over 17% in rand for 2024.

Performance review

Against this backdrop, the portfolio outperformed its benchmark over the quarter ending December 2024. Among the asset classes, the underweight in domestic equity was the clear alpha driver over the period.

The portfolio's underweight positions in materials and overweight in communication services were the largest contributors on a sector level, contrastingly, the portfolio's underweight to consumer staples detracted from performance relative to the benchmark. On a security level, the portfolio's underweight positions in BHP and Kumba were the largest contribution to performance, while the underweight to Richemont and AngloGold detracted most from performance.

Strategy and positioning

The portfolio's asset allocation currently comprises roughly 25% in global equity, 34% in local equity, and the balance in Sukuk (Shari'ah fixed-income instruments). The fund's mandate allows for a maximum of 60% in total equity, excluding property that is placed in the ASISA medium equity balanced fund category.

Our asset allocation remains overweight global, and underweight local equity relative to the benchmark. Given a constrained local universe, we find a lot more breadth and diversification in our allowable global opportunity set. Local equities remain the largest absolute allocation, with a natural bias to small and mid-caps, this should benefit from rate cuts and improved growth. While the outlook in China remains challenging, its data suggests policymakers continue to show commitment to supporting the national budget deficit through various levers. The portfolio remains underweight materials relative to the benchmark, however, we continue to narrow the portfolio's underweight in materials as the model is showing value in miners, which should benefit if China delivers some upside surprises in 2025. Within the portfolio's global exposure, it remains underweight the US and underweight tech. However, the portfolio has an overweight exposure to the communication services sector. The US stock market sentiment has become stretched as the S&P 500 trades at above 21x forward earnings, this is more than 25% pre-pandemic levels. This sky-high optimism warrants caution and, furthermore, a quality portfolio. A large portion of the fund is exposed to Sukuk (Islamic fixed income), which provides stability and diversification. In the current rate-cutting environment, we continue to buy longer-duration Sukuk.

Macroeconomic indicators point us to early slowdown; therefore, we remain cautious about global growth. The portfolio's dominant style exposure is to quality, which is more defensive and should hold up well in an environment of higher volatility.

Within the allowable Shari'ah universe, there was no forced selling of shares that breached Shari'ah-compliant rules over the quarter ending December 2024.

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