


Disclosure of FSP:

Old Mutual Equities is an equity boutique within Old Mutual Investment Group (Pty) Ltd, which is a Licensed Financial Services Provider, FSP 604.

MARKET COMMENTARY

Global risk-on sentiment buoyed equity markets at the start of the third quarter, as expectations had shifted from a US recession towards a soft-landing scenario. This sentiment soured early in August as signs of slowing growth in the UK, Europe and China and the Federal Reserve (Fed)'s hawkish rhetoric outweighed any optimism. Ultimately, global equities delivered poor returns for the quarter with the MSCI All Country World Index (ACWI) down 3.4% in US dollars and emerging market shares down 2.9%.

US government bond yields continued to soar, offering investment competition to shares and exerting pressure on longer-duration equities. The 10-year US Treasury yield reached a 16-year high of 4.6%. Fiscal concerns and monetary policy expectations have been a key driver, with the Fed's renewed hawkishness surprising investors. Similarly, the European Central Bank raised its key interest rate to 4% and emphasised its intention to keep rates high for longer to quell inflation. Oil prices have climbed closer to US\$100 a barrel on expectations of tighter supply – a 28% increase this quarter, which poses a significant risk to inflation, and therefore bond yields.

A subdued Chinese recovery relative to expectations has negatively impacted global growth, driven by a depressed property market and slowing demand. This was reflected in equity returns, which declined by 3.7% in US dollars over the quarter. Officials have resorted to policy support measures to aid the economic recovery and improve liquidity in the financial system.

The South African economy surpassed expectations with real gross domestic product expanding by 0.6% in quarter two. While encouraging, there remains a myriad of known challenges constraining economic growth, including energy and logistical constraints. Consequently, and with inflation within the South African Reserve Bank's (SARB) target range, the Monetary Policy Committee voted to keep the repurchase rate unchanged at 8.25% in September.

Commodity price weakness hindered returns from resource counters, which, along with industrial shares, dragged down the local equity index. The FTSE/JSE Capped SWIX delivered -3.8% for the quarter, bringing the year-to-date return to -0.3%. Financial shares outperformed the local equity market. Returns from bonds were muted with the FTSE/JSE All Bond Index (ALBI) delivering -0.4%, underperforming both inflation-linked bonds and cash. The rand made a strong recovery in July before erasing all gains as concerns over global growth and risk-off sentiment lifted the safe-haven US currency. The rand ended the quarter 0.4% weaker against the US dollar.

PORTFOLIO COMMENTARY

Top performing investments included Spar, while precious metal miners lagged. Underweight positions in telecoms and listed property contributed to outperformance.

The fund has added to clothing retail holdings, as these businesses will benefit from an eventual cut in interest rates. The position in Quilter was sold, as the company struggles to make headway in a tough UK wealth management environment.

Markets are focused chiefly on the trajectory of US policy rates and the strength of the Chinese economy. Sentiment towards domestic shares is generally negative and has been exacerbated by the ongoing reduction of SA weightings by local funds taking advantage of the regulatory increase in permitted offshore holdings. The fund remains defensively positioned while we invest for long-term growth.

Source: Old Mutual Investment Group as at 30 September 2023

FUND INFORMATION
FUND INFORMATION
RISK PROFILE

LOW

LOW TO MODERATE

MODERATE

MODERATE TO HIGH

HIGH

FUND OBJECTIVE

To provide long-term capital growth and returns in excess of inflation while promoting social responsibility investing. The fund invests in companies that are concerned with job creation, training and skills development, employment equity, economic and social empowerment, high health and safety standards, sound environmental practices and effective corporate governance.

RECOMMENDED MINIMUM INVESTMENT TERM

1 YEAR+

3 YEAR+

5 YEAR+

INVESTMENT MANDATE

South African listed securities that comply with socially responsible criteria. All investments in SA equity must be approved by Unity Incorporation according to SRI guidelines. The fund maintains 75% equity exposure at all times.

CHARACTERISTICS OF THE FUND AND RISKS

This fund is suited to investors seeking long-term capital growth while investing in socially responsible investments.

FUND INFORMATION

FUND MANAGER	Meryl Pick
FUND CATEGORY	South African - Equity - General
FUND BENCHMARK	FTSE/JSE All Share Index
FUND SIZE	CGMG R34.3 million . CGMGI R163.3 million
FUND CODE	NAV
DEALING PRICE	CGMG • CGMGI
DISTRIBUTIONS	Declared in February 2023 • February 2023-1537.21 c per unit • CGMGI • February 2023: 1541.96 c per unit • CGMG
MINIMUM INVESTMENT	R5000 lump sum. Monthly debit order R500.
INITIAL CHARGE	No initial administration charge. Initial adviser fee will be between 0% to 3.45% (incl. VAT).
SERVICE FEE	0.5% p.a.
NAV PRICE (CENTS/UNIT)	1509.5c CGMG • 1509.65c CGMGI
TOTAL EXPENSE RATIO (TER)*	0.71% (Annualised) CGMG • 0.61% (Annualised) CGMGI

FUND PERFORMANCE as at 30 September 2023
FUND PERFORMANCE [% PERFORMANCE (ANNUALISED)]

YEARS	FUND	FUND BENCHMARK %	CATEGORY RANKINGS
1	13.8	11.7	46/173
3	15,1	13,1	41/153
5	8,5	6,7	36/136
7	6,6	5,5	48/112
10	7,7	6,1	23/73

*Past performance is no indication of future performance.

FUND (SINCE INCEPTION)	HIGHEST %	AVERAGE %	LOWEST %
12-month return	53.56%	13,37%	-34,68%

FUND COMPOSITION

CONCENTRATION - TOP 10 LONG POSITIONS	NAV%
NASPERM L LTD	12.09
ANGLO AMERICAN PLC	9.94
FIRSTRAND	8.01
BHP GROUP LIMITED	6.36
SASOL	6.28
MTN GROUP LIMITED	5.87
STANDARD BANK GROUP LTD	5.76
GOLD FIELDS	4.48
SHOPRITE HOLDINGS	4.18
ANHEUSER BUSCH INBEV SAVNV	4.07

SECTOR ALLOCATIONS
MARKET VALUE %

BASIC MATERIALS - Paper	1.1
BASIC MATERIALS - General Mining	16.1
BASIC MATERIALS - Gold Mining	7.4
BASIC MATERIALS - Platinum	1.2
BASIC MATERIALS - Brewers	14.0
CONSUMER GOODS - Brewers	4.0
CONSUMER GOODS - Food Products	1.9
CONSUMER SERVICES - Broadcasting	11.9
CONSUMER SERVICES - Apparel Retailers	3.1
CONSUMER SERVICES - Food & Drug Retailer	7.8
CONSUMER SERVICES - Specialised	2.1
FINANCIALS - Banks	19.3
FINANCIALS - Life Insurance	1.9
FINANCIALS - Property & Casualty	1.4
FINANCIALS - Investment Service	1.5
HEALTH CARE - Health Care Providers	1.5
INDUSTRIALS - Diversified	2.6
OIL & GAS - Oil & Gas-Integrated	6.2
South African - Money Market	3.0
TELECOMMUNICATIONS - Mobile	5.8
TOTAL	100

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STATUTORY INFORMATION

Collective Investment Schemes in Securities (unit trusts) are generally medium- to longterm investments. Past performance is no indication of future growth. Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Each fund's total expense ratio (TER) reflects the percentage of the average Net Asset Value of each portfolio that was incurred as charges, levies and fees related to the management of the portfolio. Instructions to withdraw must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value.

The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date NAV price. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Additional information is available free of charge and you could email: invest@comanco.co.za

Trustees: The Standard Bank of South Africa Limited, PO Box 54, Cape Town, 8000. Tel: +2721 401 2002, Fax: +27 24 401 3887 Community Growth Management Company (RF) (Pty) Ltd (COMANCO) is a licensed Management Company approved by the Registrar of Collective Investment Schemes, (Registration no. 1992/002327/07), 3RD FLOOR, BLOCK D, Sunnyside Office Park, 32 Princess of Wales Terrace, PARKTOWN 2193, Johannesburg