INVESTMENT GROUP

OLD MUTUAL GLOBAL ISLAMIC EQUITY FUND

CLASS D | USD | ACCUMULATION

FOR PROFESSIONAL INVESTORS AND AUTHORISED PROMOTERS ONLY

31 MARCH 2023

KEY FACTS

BLOOMBERG TICKER	OMGIEDH ID
ISIN CODE:	IE00BYMM2054
BENCHMARK:	S&P Developed Large Mid Cap Shari'ah Index
PUBLIC INCEPTION DATE:	12 April 2016
CURRENCY:	USD
FUND SIZE:	$144m
SUBSCRIPTION SETTLEMENT:	T+1
REDEMPTION SETTLEMENT:	T+3
DOMICILE:	Ireland
STRUCTURE:	Undertaking for Collective Investments in Transferable Securities (UCITS), Open-Ended Investment Company
INVESTMENT MANAGEMENT FEE:	160 basis points (bps)

INVESTMENT DESCRIPTION

The Old Mutual Global Islamic Equity Fund (the Fund) offers investors exposure to a broad spectrum of Developed Market shares. The Fund is a Shari'ah Compliant managed fund and excludes companies whose core business involves dealing in alcohol, gambling, non-halaal foodstuffs or interest-bearing instruments. The Fund adheres to the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as interpreted by the Shari'ah Supervisory Board. The Fund is suitable for investors seeking an ethical, diversified investment, who have a moderate risk profile in an equity context and a time horizon longer than three years.

INVESTMENT STRATEGY

The Fund aims to provide investors with a valuable source of alternative alpha, along with a low correlation to other equity strategies.

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.

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Portfolio Manager

MAAHIR JAKOET
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CONTACT DETAILS

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PERFORMANCE AS AT 31/03/2023

Net of Fees Fund Returns

	Fund	Benchmark*	Out/Under-Performance
3 months	10.9%	11.7%	-0.7%
6 months	23.2%	19.5%	3.7%
1 Year	-4.0%	-7.5%	3.6%
3 Years	15.5%	17.3%	-1.8%
5 Years	6.0%	11.3%	-5.3%
Since Inception	7.1%	12.2%	-5.1%

Source: Old Mutual Investment Group. Returns for periods greater than 1 year are annualised.

RISK STATISTICS AS AT 31/03/2023 – 3 YEARS (ANNUALISED)

Measure	Portfolio	Benchmark
Standard Deviation	19.1%	20.2%
Tracking Error	6.2%	
Beta	0.9%	
Information Ratio	-0.3%	

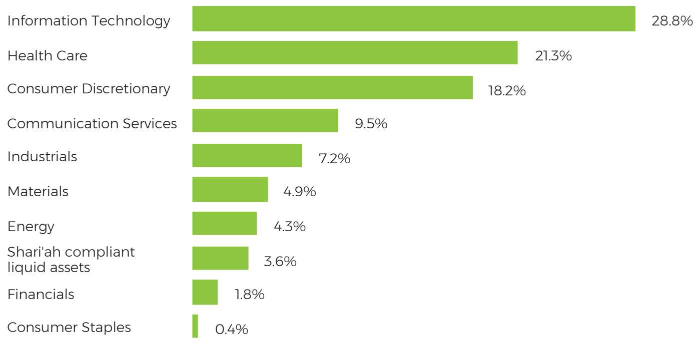
Source: Old Mutual Investment Group

PRINCIPAL EQUITY HOLDINGS AS AT 31/03/2023

COMPANY	LISTED	SECTOR	% OF FUND
NOVO NORDISK B	Denmark	Health Care	6.0%
APPLE	United States	Information Technology	4.2%
ALPHABET A	United States	Communication Services	4.2%
AUTOZONE	United States	Consumer Discretionary	3.9%
META PLATFORMS A	United States	Communication Services	3.9%
APPLIED MATERIALS	United States	Information Technology	3.1%
MICROSOFT CORP	United States	Information Technology	3.1%
MERCK & CO	United States	Health Care	2.9%
VERTEX PHARMACEUTICALS	United States	Health Care	2.8%
VISA A	United States	Information Technology	2.6%

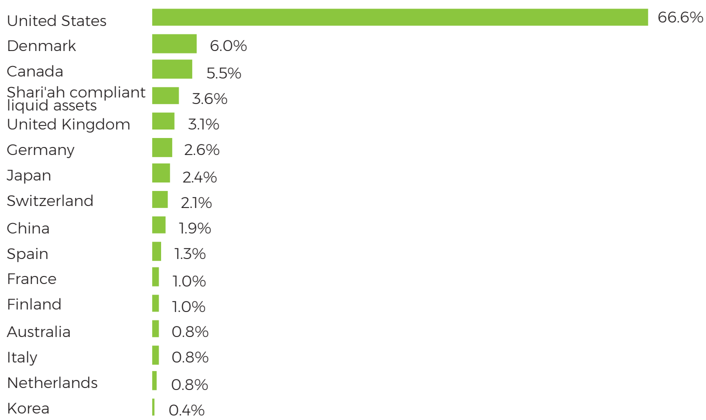
Source: Old Mutual Investment Group

SECTOR ALLOCATION AS AT 31/03/2023



Source: Old Mutual Investment Group

COUNTRY ALLOCATION AS AT 31/03/2023



Source: Old Mutual Investment Group

QUARTERLY COMMENTARY 31 MARCH 2023

Calendar 2022 was a wild ride for markets caused by war, inflation and interest rates. Just looking at the top-level index returns for the first quarter, 2023 seems to have gotten off to a slightly more optimistic start. Global equities were up 7.3% in US dollars. Even global bonds rose 3% in US dollars. This was a reversal of the largely negative year experienced by both asset classes last year.

However, given the events of the past quarter, one is forced to question some of the perceived optimism. The significant rate hikes in the US claimed more victims. Two bank failures in the US sent markets and global financials into a tailspin. This would eventually result in another major move – the regulator-"enforced" takeover of Credit Suisse by UBS. This meant, in the month of March, US banks were down almost 19% and European banks lost almost 14%. Global value (which, traditionally, has a large weight in banks and financials) was therefore barely up 1.2% in the quarter. What drove the market was global growth gaining almost 14% in the quarter. Contributors were US communication services and IT going up 20% over the period.

US and global growth stocks have rerated on the back of US and global bond yields coming down. The US 10-year yield hit a high of around 4.24% last year but ended this March at below 3.5%. The bank crisis had a big part to play in this, as it likely means these institutions will have to further tighten lending into the economy. The market has interpreted this as a positive, as it may mean rate hikes coming to an end (with maybe even the start of rate cuts). Regionally, Europe provided strong returns, up more than 10% in USD, bouncing back from the energy crisis-induced slowing. Emerging market and Chinese equities delivered positive but tepid 4% to 5% returns in USD.

Performance

The Old Mutual Global Islamic Fund significantly outperformed its benchmark over 12 months. Top contributors were the overweight positions in the healthcare and consumer discretionary sectors. Star performers within these sectors were Novo Nordisk, which we believe is delivering cutting-edge technology regarding obesity management, and AutoZone, a quality retailer with its DIY segment (~75% of sales) being defensively positioned for any recession. The fund's underweight exposure to staples caused a drag on performance.

Fund positioning

The fund is currently underweight to the US and overweight to Europe. While there were numerous drivers for Europe's performance there are risks of some pullback. The fund continues to be overweight to healthcare and we have a preference for pharma on defensive exposure, which historically outperformed during volatile market conditions. We are relatively underweight to information technology, with a preference for high profitability companies with application software such as Adobe and SAP.

Looking forward

The fund is well positioned for the year ahead, with a good mix of long-term winners and defensive companies. We will keep a close eye on inflation and how monetary policies evolve. We do believe that earnings will fall due to higher inflation, weaker demand and high inventories as core goods cool. This will result in lower global growth. Having quality companies helps to preserve capital through volatile market conditions

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