INVESTMENT GROUP

OLD MUTUAL GLOBAL ISLAMIC EQUITY FUND

CLASS D | USD | HYBRID ACCUMULATION

FOR PROFESSIONAL INVESTORS AND AUTHORISED PROMOTERS ONLY
31 MARCH 2022

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:	$143m
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.

SALIEGH SALAAM
Portfolio Manager

MAAHIR JAKOET
Portfolio Manager

CONTACT DETAILS

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PERFORMANCE AS AT 31/03/2022

Net of Fees Fund Returns

	Fund	Benchmark*	Out/Under-Performance
3 months	-7.9%	-7.8%	-0.1%
6 months	-0.3%	1.9%	-2.1%
1 Year	4.5%	12.3%	-7.9%
3 Years	10.8%	19.1%	-8.3%
5 Years	9.6%	16.5%	-6.9%
Since Inception	9.5%	16.5%	-7.1%

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

RISK STATISTICS AS AT 31/03/2022 – 3 YEARS (ANNUALISED)

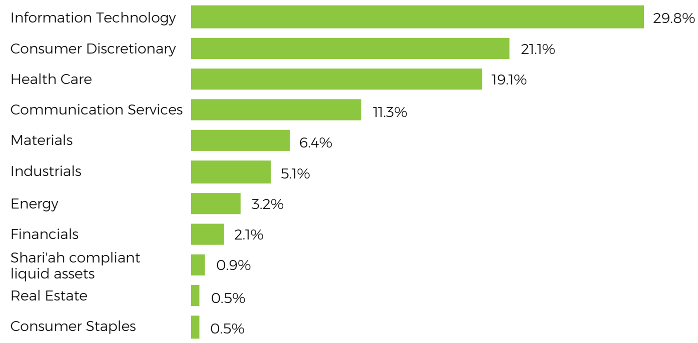
Measure	Portfolio	Benchmark
Standard Deviation	18.2%	17.5%
Tracking Error	6.3%	
Beta	1.0%	
Information Ratio	-1.3%	

Source: Old Mutual Investment Group

PRINCIPAL EQUITY HOLDINGS AS AT 31/03/2022

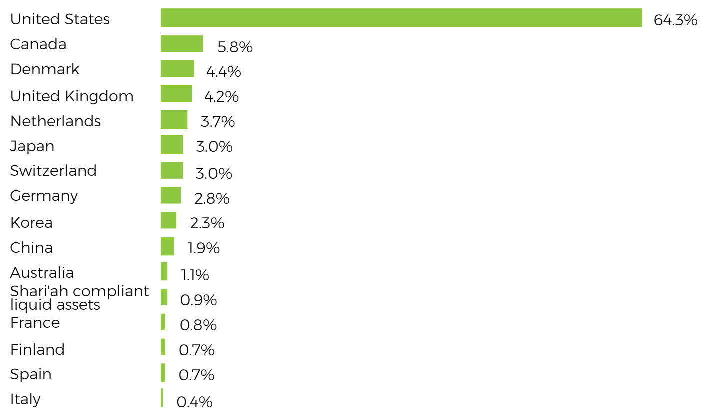
COMPANY	LISTED	SECTOR	% OF FUND
Alphabet A	United States	Communication Services	5.2%
Novo Nordisk B	Denmark	Health Care	4.5%
Meta Platforms A	United States	Communication Services	4.2%
Applied Materials	United States	Information Technology	3.5%
Autozone	United States	Consumer Discretionary	3.4%
Roche Holding Genuss	Switzerland	Health Care	3.0%
Microsoft Corp	United States	Information Technology	2.7%
Visa A	United States	Information Technology	2.6%
Vertex Pharmaceuticals	United States	Health Care	2.5%
Merck & Co	United States	Health Care	2.4%

SECTOR ALLOCATION AS AT 31/03/2022



Source: Old Mutual Investment Group

COUNTRY ALLOCATION AS AT 31/03/2022



Source: Old Mutual Investment Group

QUARTERLY COMMENTARY (31 MARCH 2022)

"There are decades where nothing happens; and there are weeks where decades happen." Lenin.

War, high inflation and the lingering impact of the pandemic made the first quarter a historically tough one for investors. The only major asset that performed well in the first quarter was commodities. From oil to copper to wheat, the prices of basic materials surged as a supply crunch was exacerbated by Russia's invasion of Ukraine. The Bloomberg Commodity Index jumped 25% to record its best quarter since 1990. The rand delivered its biggest gain of 8.8% against the US dollar for any first quarter in data going back to 1973.

Against this challenging backdrop, the fund outperformed its benchmark by approximately 20 basis points. The major contributors to the outperformance for the quarter were our overweight positions in BHP Group, EOG Resources (oil), Vertex Pharmaceuticals, Lundin Mining (copper) and Agnico Eagle (gold).

Recent market volatility has allowed us to acquire stakes in really great businesses, and to further "upgrade" the portfolio's quality, growth and valuation characteristics. Market volatility enabled us for the first time to purchase a stake in PayPal, a leading fintech business, as well as to increase our overweight position in Meta (Facebook). These leading businesses sold off heavily in the first quarter due to what we believe to be temporal factors that have not impacted their underlying structural or secular characteristics. PayPal, with its strong brand, global recognition and more than 400m users, is well positioned to benefit from secular e-commerce growth. Meta's ownership of leading social media brands, strong competitive moat and focus on the user experience position it to become an enduring blue-chip company built for the long term. Meta is in rarefied air across the combination of scale, growth and profitability, as the company's massive reach and engagement continue to drive network effects, and its targeting abilities provide significant value to advertisers. As a result of concerns around changes to the Apple IoS system as well as increased competition from TikTok, Meta sold off sharply in Q1 and we were able to increase our position in Meta at an attractive earnings yield of nearly 6.5%. Meta is now the most attractively valued stock among the so-called "Big Growers".

With rising inflation and monetary tightening, global markets are now at a stage where recession and even stagflation are within a range of plausible outcomes. Raising interest rates when there are signs of waning consumer and business confidence on both sides of the Atlantic increases the probabilities that central banks may hike interest rates too far and damage the economy, as reflected in the recent inversion of the US yield curve. Based upon data from JP Morgan, approximately 87% of the portfolio is invested in highly resilient businesses that will do well in an economic slowdown, whereas 13% of the portfolio is invested in businesses that will benefit from economic recovery and expansion. In addition, the businesses in our portfolio have superior gross profit margins and balance sheets that are in a net cash position, allowing them to weather inflation as well as rising interest rates. We believe that our exposure to high quality, growing and attractively valued stocks, coupled with thoughtful diversification, positions the portfolio well to navigate the range of potential market outcomes.

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