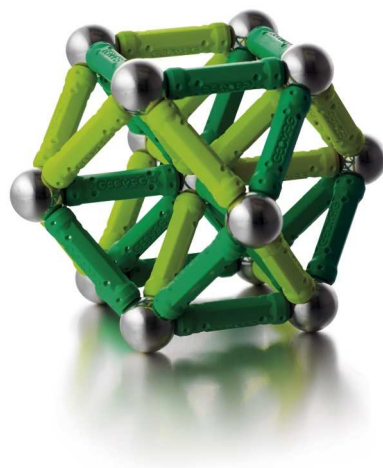


# **Old Mutual Investment Funds Series III Authorised Corporate Director's Final Report For the Year Ended 30 April 2013**



- Managed Fund

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### Management and Professional Services

**Authorised Corporate Director (ACD)**

Old Mutual Fund Managers Limited  
2 Lambeth Hill  
London  
EC4V 4AD

Authorised and regulated by the Financial Conduct Authority  
A member of the IMA

**Directors**

Paul Nathan, Mitchell Dean and Julian Ide

**Investment Adviser**

Old Mutual Global Investors (UK) Limited  
2 Lambeth Hill  
London  
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority

**Transfer Agent**

International Financial Data Services (IFDS)  
PO Box 10278  
Chelmsford  
CM99 2AR

**Administrator**

RBC Investor Services Trust  
Riverbank House  
2 Swan Lane  
London EC4R 3AF

**Depository**

National Westminster Bank Plc  
Trustee & Depository Services  
135 Bishopsgate  
London  
EC2M 3UR

Authorised and regulated by the Financial Conduct Authority

**Auditors**

KPMG Audit Plc  
15 Canada Square  
London  
E14 5GL

### Information About the Company During the Period

Old Mutual Investment Funds Series III is an investment company with variable capital incorporated in England and Wales under registration number IC76 and authorised by the Financial Conduct Authority under Regulation 12 of the Open Ended Investment Companies Regulations 2001.

The Company is an umbrella company. The assets of each fund are treated as separate from those of every other fund and will be invested in accordance with that fund's own investment objective and policy.

Each sub fund of the company belongs to the type of UCITS scheme of the FCA Collective Investment Schemes Sourcebook 2004 ("COLL Sourcebook").

#### **Liability**

The shareholders of the Company have no liability for the debts of the Company.

Sub funds are not legal entities in themselves but form part of the Company. Should the assets attributed to any sub fund be insufficient to meet the liabilities attributable to it, the shortfall cannot be met out of the assets attributed to one or more of the other sub funds.

We hereby certify the financial statements on behalf of Old Mutual Global Investors.



J. Ide  
Chief Executive Officer  
Old Mutual Global Investors  
20 August 2013



P. Nathan  
Chief Operating Officer  
Old Mutual Global Investors  
20 August 2013

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Investment Adviser's Report For the year ended 30 April 2013

##### Performance

| 1 year to  | 30 April<br>2013 | 30 April<br>2012 | 30 April<br>2011 | 30 April<br>2010 | 30 April<br>2009 |
|--|------------------|------------------|------------------|------------------|------------------|
| Old Mutual Managed Fund*   | 12.80%           | 20.40%           | 20.10%           | 32.80%           | 37.20%           |
| IMA Mixed investment 40 - 85% Shares                                     | 9.30%            | 14.70%           | 12.10%           | 21.60%           | 26.20%           |
| Quartile   | 1                | 1                | 1                | 1                | 1                |
| FTSE/APCIMS Balanced Portfolio Index                                     | 9.40%            | 15.10%           | 16.20%           | 27.80%           | 33.60%           |
| *Accumulation Shares   |                  |                  |                  |                  |                  |
|  |                  |                  |                  |                  |                  |
| Data Source - © Morningstar, bid to bid, net income reinvested, sterling |                  |                  |                  |                  |                  |

##### Investment Objectives, Policy and Strategy

The fund aims to provide long term capital growth through the active management of a diversified portfolio. It will invest primarily, either directly or indirectly, in bond and equity investments, generally by investing in other Old Mutual collective investment schemes. There are no specific restrictions as to the economic sectors or geographic regions in which the fund may invest.

Subject to the regulations, the property of the fund may include transferable securities, units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

As the fund will be permitted to use derivatives for investment purposes; the net asset value of this fund may therefore, at times, be highly volatile and the risk profile of this fund may change.

The fund aims to achieve long term capital growth through a sensible risk averse policy, with the underlying investments spread internationally to take account of the outlook for world economies and currencies, incorporating a wide range of equity and bond investments.

##### Review

Twelve months to end-April saw government bond, corporate credit and equity markets rally. In reflection two events dominated. First, the effect of ECB President Mario Draghi's supportive comments in late summer continued to carry mass. Second, "Abenomics" – an aphorism for expected shock-and-awe policies of Japan's newly elected Prime Minister. In the euro area, tail-risk of breakup and currency redenomination all but diminished and Japan saw gathering optimism.

Equities started the period weakly as economic data deteriorated, particularly in the eurozone. Rising European peripheral debt yields threatened to precipitate another crisis. US employment showed meagre gains, and China began loosening monetary policy as activity slowed. But markets began rising again from June onwards as Eurozone political developments, including the Greek election, avoided disaster, and rising peripheral yields eventually provoked decisive action from the ECB.

By October US & Chinese growth appeared to be getting back on track, although conditions in the Eurozone and Japan had deteriorated. The UK data, distorted by the 'Jubilympic' summer, remained mixed. The US fiscal cliff provided some noise into year-end and Federal Reserve minutes placed doubt in investors' mind regarding when and how the FOMC would reduce its purchasing of government and mortgage-backed securities. Between October 2012 and February 2013 government bond yields in the US, UK, Germany rose (prices fell); however a disorderly Italian election resulted in a reversal. Bank of Japan's quantitative easing programme unleashed a hunt for yield with global government bonds rising further – also supported by central bank rate cuts globally.

Economic data in the US improved with the housing market leading the way together with payroll growth. Rates of decline in Europe eased although remained weak. Data from Asia was mixed, skewed by the timing of the Chinese New Year however remained growing. Commodity prices fell sharply with industrial metals on overstocking concerns and gold entering a bear market. In currencies sterling fell trade-weighted.

The fund returned 20.4% net (bid-to-bid, retail accumulation units) outperforming the benchmark and majority of peers by a significant margin. All allocations delivered positively. Equity returns dominated performance with a marginal overweight in equities and underweight fixed income delivering alpha.

##### Outlook

The fund is fractionally overweight equities compared to the peer group. It is moderately overweight Asia Pacific ex-Japan, which has the greatest upside as the global economy recovers. Tactically the eurozone (via blue-chips only) is marginally overweight versus underweight North America on a relative valuation basis. Lower fiscal burdens in eurozone should provide less drag on growth looking forward. Overall, strong corporate profits and reasonable valuations balance concerns about the sustainability of the global economic recovery however socio-political risks and the prospects for future monetary policy continue to favour a relatively cautious stance.

##### Risk Warning

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

##### Note:

External sources of underlying economic data used by Old Mutual Global Investors include MSCI, Datastream and FactSet.

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

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#### Investment Adviser's Report For the year ended 30 April 2013 (continued)

*Market performance data is sourced from Morningstar / Factset. Each quoted index or stock return is based on the price movement between the market close on 31 October 2008 and the close on 31 October 2012. Returns quoted are sterling or local currency returns as specified.*

30 April 2013  
Old Mutual Global Investors

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

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#### Net Asset Value per Share and Comparative Tables

The fund was launched on 28 November 1985. Income units were first issued on that date at 50p per unit. Accumulation units were first available on 10 April 1986.

##### Fund size

| Date                      | Net asset value<br>£ | Net asset value<br>per share<br>(pence) | Equivalent number<br>of shares<br>in issue |
|---------------------------|----------------------|---|--|
| 30 April 2011 Class A Inc | 31,643,522           | 2,335.20                                | 1,355,065                                  |
| 30 April 2011 Class A Acc | 48,179,415           | 3,547.99                                | 1,357,934                                  |
| 30 April 2011 Class R Acc | 12,342,746           | 3,609.94                                | 341,910                                    |
| 30 April 2012 Class A Inc | 29,034,563           | 2,311.37                                | 1,256,161                                  |
| 30 April 2012 Class A Acc | 42,720,490           | 3,538.97                                | 1,207,146                                  |
| 30 April 2012 Class R Acc | 10,767,807           | 3,625.81                                | 296,977                                    |
| 30 April 2013 Class A Inc | 32,341,658           | 2,745.91                                | 1,177,811                                  |
| 30 April 2013 Class A Acc | 47,092,306           | 4,258.17                                | 1,105,929                                  |
| 30 April 2013 Class R Acc | 13,634,758           | 4,379.97                                | 311,298                                    |

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

| Calendar year  | Income shares             |                           | Accumulation shares       |                           |
|----------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                | Highest buying<br>(pence) | Lowest selling<br>(pence) | Highest buying<br>(pence) | Lowest selling<br>(pence) |
| 2008 Class A   | 2,406.09                  | 1,476.61                  | 3,466.62                  | 2,141.93                  |
| 2008 Class R   | -                         | -                         | 3,346.20                  | 2,157.01                  |
| 2009 Class A   | 1,777.70                  | 1,430.02                  | 2,592.51                  | 2,094.27                  |
| 2009 Class R   | -                         | -                         | 2,512.61                  | 2,112.37                  |
| 2010 Class A   | 2,389.73                  | 1,639.51                  | 3,610.56                  | 2,427.61                  |
| 2010 Class R   | -                         | -                         | 3,527.60                  | 2,450.01                  |
| 2011 Class A   | 2,489.46                  | 1,996.59                  | 3,782.37                  | 3,038.65                  |
| 2011 Class R   | -                         | -                         | 3,703.18                  | 3,105.73                  |
| 2012 Class A   | 2,579.65                  | 2,165.53                  | 3,969.58                  | 3,300.43                  |
| 2012 Class R   | -                         | -                         | 3,921.23                  | 3,376.87                  |
| 2013** Class A | 2,869.29                  | 2,477.80                  | 4,448.33                  | 3,812.84                  |
| 2013* Class R  | -                         | -                         | 4,400.75                  | 3,917.65                  |

\*To 30 April 2013

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

| Calendar year   | Income shares (pence) | Per £1,000 invested 02 January 2008 (£) | Accumulation shares (pence) | Per £1,000 invested 02 January 2008 (£) |
|-----------------|-----------------------|---|-----------------------------|---|
| 2008 Class A    | 22.4151               | 9.32                                    | 32.4059                     | 9.35                                    |
| 2008 Class R    | -                     | -                                       | 45.0752                     | 13.47                                   |
| 2009 Class A    | 40.1423               | 16.68                                   | 57.0153                     | 16.45                                   |
| 2009 Class R    | -                     | -                                       | 69.7589                     | 20.76                                   |
| 2010 Class A    | 24.7855               | 10.30                                   | 38.1844                     | 11.01                                   |
| 2010** Class R  | -                     | -                                       | 51.0681                     | 15.20                                   |
| 2011 Class A    | 19.7975               | 8.23                                    | 29.9888                     | 8.65                                    |
| 2011 Class R    | -                     | -                                       | 45.0672                     | 13.41                                   |
| 2012 Class A    | 22.2390               | 9.24                                    | 34.2577                     | 9.88                                    |
| 2012 Class R    | -                     | -                                       | 50.5734                     | 15.05                                   |
| 2013*** Class A | 24.2037               | 10.06                                   | 37.3070                     | 10.76                                   |
| 2013*** Class R | -                     | -                                       | 47.1570                     | 14.03                                   |

\*To 30 June 2013

#### Other Information

#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 19.

#### Ongoing Charges

|               | As at<br>30 April 2013 | As at<br>30 April 2012 |
|---------------|------------------------|------------------------|
| Share Class A | <u>1.72</u>            | <u>1.65</u>            |
| Share Class R | <u>1.22</u>            | <u>1.15</u>            |

The Ongoing Charges take into account the ACD fee and all other operating expenses over the relevant financial period.



## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Portfolio Statement As at 30 April 2013

|   | Holding    | Fair<br>value<br>£000 | Percentage of<br>total net assets<br>% |
|---|------------|-----------------------|--|
| <b>Investment Funds (30 April 2012 96.79%)</b>            |            |                       |  |
| Old Mutual (Dublin) Global Equity Absolute Return         | 7,334,583  | 9,628                 | 10.35                                  |
| Old Mutual (Dublin) UK Dynamic Equity                     | 4,515,959  | 9,936                 | 10.68                                  |
| Old Mutual (Dublin) UK Opportunities Institutional (Acc)  | 2,000,000  | 2,297                 | 2.47                                   |
| Old Mutual Asian Pacific Class A (Acc)                    | 3,374,570  | 10,340                | 11.11                                  |
| Old Mutual European Equity (ex UK) Class A (Acc)          | 4,757,276  | 7,919                 | 8.51                                   |
| Old Mutual Global Strategic Bond Onshore Class A (Inc)    | 3,506,869  | 7,569                 | 8.13                                   |
| Old Mutual Japanese Equity Class A (Acc)                  | 2,366,067  | 2,710                 | 2.91                                   |
| Old Mutual Monthly Income Bond Class A (Inc)              | 18,245,282 | 7,942                 | 8.53                                   |
| Old Mutual North American Equity Class A (Acc)            | 2,823,922  | 13,677                | 14.70                                  |
| Old Mutual UK Equity Class A (Inc)                        | 4,032,447  | 10,789                | 11.59                                  |
| Old Mutual UK Equity Income Class A (Inc)                 | 1,079,074  | 8,259                 | 8.87                                   |
|   |            | <b>91,066</b>         | <b>97.85</b>                           |
| <b>Forward Currency Contracts (30 April 2012 0.21%)</b>   |            |                       |  |
| Bought EUR Sold GBP                                       |            | (24)                  | (0.03)                                 |
| Bought GBP Sold EUR                                       |            | (1)                   | -                                      |
| Bought GBP Sold USD                                       |            | 1                     | -                                      |
| Bought USD Sold GBP                                       |            | (40)                  | (0.04)                                 |
|   |            | <b>(64)</b>           | <b>(0.07)</b>                          |
| <b>Futures (30 April 2012 0.00%)</b>                      |            |                       |  |
| Euro Stoxx 50 PR  | 207        | 84                    | 0.09                                   |
| Futures S&P 500   | (19)       | (28)                  | (0.03)                                 |
|   |            | <b>56</b>             | <b>0.06</b>                            |
| <b>Portfolio of Investments</b>                           |            | <b>91,058</b>         | <b>97.84</b>                           |
| <b>Net Current Assets</b><br><b>(30 April 2012 3.00%)</b> |            | <b>2,011</b>          | <b>2.16</b>                            |
| <b>Net Assets</b>   |            | <b>93,069</b>         | <b>100.00</b>                          |

All the above investments are denominated in sterling.

Unless otherwise stated, all investments are listed or traded on an eligible exchange.

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Statement of Total Return For the Year ended 30 April 2013

|   |      | 1 May 2012 -<br>30 April 2013 | 1 May 2011 -<br>30 April 2012 |
|---|------|-------------------------------|-------------------------------|
| Income  | £000 | £000                          | £000                          |
| Net capital gains/(losses)  | 2    | 14,610                        | (1,239)                       |
| Revenue   | 3    | 2,117                         | 1,506                         |
| Expenses  | 4    | (725)                         | (743)                         |
| Finance costs: Interest   | 6    | (1)                           | -                             |
| Net revenue before taxation   |      | 1,391                         | 763                           |
| Taxation  | 5    | (100)                         | (48)                          |
| Net revenue after taxation  |      | 1,291                         | 715                           |
| <b>Total return before distributions</b>  |      | 15,901                        | (524)                         |
| Finance costs: Distributions  | 6    | (1,292)                       | (715)                         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      | <b>14,609</b>                 | <b>(1,239)</b>                |

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 30 April 2013

|  |          | 1 May 2012 -<br>30 April 2013 | 1 May 2011 -<br>30 April 2012 |
|--|----------|-------------------------------|-------------------------------|
|  | £000     | £000                          | £000                          |
| <b>Opening net assets attributable to shareholders</b>                       |          | 82,523                        | 92,166                        |
| Amounts receivable on issue of shares  | 11,084   |                               | 7,614                         |
| Amounts payable on cancellation of shares                                    | (15,975) |                               | (16,486)                      |
|  |          | (4,891)                       | (8,872)                       |
| SDRT (see page 19)   |          | (15)                          | (4)                           |
| Change in net assets attributable to shareholders from investment activities |          | 14,609                        | (1,239)                       |
| Unclaimed distribution   |          | 2                             | 2                             |
| Retained distribution on accumulation shares                                 |          | 841                           | 470                           |
| <b>Closing net assets attributable to shareholders</b>                       |          | <b>93,069</b>                 | <b>82,523</b>                 |

#### Balance Sheet As at 30 April 2013

|  |      | As at<br>30 April 2013 | As at<br>30 April 2012 |
|--|------|------------------------|------------------------|
|  | £000 | £000                   | £000                   |
| <b>Assets</b>                                  |      |                        |                        |
| Investment assets                              |      | 91,058                 | 80,047                 |
| Debtors  | 7    | 376                    | 239                    |
| Cash and bank balances                         |      | 1,924                  | 2,470                  |
| Total other assets                             |      | 2,300                  | 2,709                  |
| Total assets                                   |      | 93,358                 | 82,756                 |
| <b>Liabilities</b>                             |      |                        |                        |
| Creditors                                      | 8    | 230                    | 198                    |
| Distribution payable on income shares          |      | 59                     | 35                     |
| Total other liabilities                        |      | 289                    | 233                    |
| Total liabilities                              |      | 289                    | 233                    |
| <b>Net assets attributable to shareholders</b> |      | <b>93,069</b>          | <b>82,523</b>          |

# Old Mutual Investment Funds Series III

## Old Mutual Managed Fund

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### Notes to the Financial Statements

#### 1. Accounting Policies

##### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, in compliance with the Financial Service Authority's Collective Investment Schemes Sourcebook. They have been prepared in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the IMA in October 2010.

##### Aggregated statements

Aggregated financial statements are no longer required, Old Mutual Managed Fund represents the sum of the only remaining fund within Old Mutual's series III OEIC.

##### Revenue

Dividends on equities and distributions on unit trust holdings are recognised when the relevant securities are quoted ex-dividend or ex-distribution. Interest and other income are accounted for on an accruals basis and the rules for Effective Interest Rate (EIR) accounting as outlined in the SORP. Underwriting commission is recognised when the issue takes place.

##### Special dividends

Special dividends are treated as repayments of capital or revenue depending on the circumstances surrounding the dividend. Where special dividends are taken to capital they are disclosed as realised gains on investments during the period.

##### Scrip dividends

The ordinary element of stocks received in lieu of cash are recognised as revenue. Any enhancement above the cash dividend is taken to capital and disclosed as realised gains on investments.

##### Management expenses

Management expenses are accounted for on an accruals basis.

##### Distributions

Amounts distributable are calculated after charging all of the ACD's periodic charge and all other expenses except those of a capital nature. Interest distributions will be made on an Effective Interest Rate (EIR) basis.

##### Basis of valuation of investments

The valuation point is 12.00 noon on the last business day of the accounting period. Quoted investments are valued at the market bid price net of any accrued interest which is included in the balance sheet as an income-related item.

##### Foreign currencies

Assets and liabilities have been translated into sterling at the mid-market exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date. Where forward positions in currencies are held, these are translated at the appropriate forward rate. Any resulting exchange differences are disclosed as Other gains/(losses) in the Statement of Total Return.

##### Deferred tax

Deferred tax is provided for on a full liability basis for all timing differences. Deferred tax assets are only recognised to the extent that it can be regarded as more likely than not that there will be sufficient suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### Forward foreign exchange contracts

Forward foreign exchange contracts are used in order to hedge against currency exchange rate movements on underlying investments in overseas bonds. The difference between the forward and spot and movement in the spot rate are taken to the capital account.

##### Taxation

Corporation tax is charged at 20% of the income liable to Corporation tax less expenses.

##### Shares

There are currently two share classes: Class A and Class R. Where a Fund has more than one share class, each class may incur different expenses. Consequently the level of net revenue available to each share class may differ.

##### Allocation of Revenue and Expenses to Multiple Share Classes

With the exception of the annual management charge, which is directly attributable to individual Share Classes, all revenue and expenses are allocated to Share Classes pro rata to the value of the net assets of the relevant Shares Class on the day the revenue or expense is recognised.

#### 2. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

|  | 1 May 2012 -<br>30 April 2013<br>£000 | 1 May 2011 -<br>30 April 2012<br>£000 |
|--|---------------------------------------|---------------------------------------|
| Non-derivative securities              | 14,706                                | (1,480)                               |
| Derivative contracts                   | 56                                    | -                                     |
| Forward currency contracts             | (176)                                 | 220                                   |
| Currency gains                         | 28                                    | 22                                    |
| Transaction costs and handling charges | (4)                                   | (1)                                   |
| <b>Net capital gains/(losses)</b>      | <b>14,610</b>                         | <b>(1,239)</b>                        |

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

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#### Notes to the Financial Statements (continued)

##### 3. Revenue

|                             | 1 May 2012 -<br>30 April 2013<br>£000 | 1 May 2011 -<br>30 April 2012<br>£000 |
|-----------------------------|---------------------------------------|---------------------------------------|
| UK dividends                | 917                                   | 537                                   |
| Overseas income             | -                                     | 33                                    |
| Interest on debt securities | 561                                   | 260                                   |
| EIR adjustment              | -                                     | 1                                     |
| Management fee rebates      | 639                                   | 669                                   |
| Securitised interest        | -                                     | 6                                     |
|                             | <u>2,117</u>                          | <u>1,506</u>                          |

##### 4. Expenses

|   | 1 May 2012 -<br>30 April 2013<br>£000 | 1 May 2011 -<br>30 April 2012<br>£000 |
|---|---------------------------------------|---------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:       |                                       |                                       |
| ACD's periodic charge   | 569                                   | 585                                   |
| Administration fees   | <u>125</u>                            | <u>127</u>                            |
|   | <u>694</u>                            | <u>712</u>                            |
| Payable to the Depositary, associates of the Depositary and agents of either: |                                       |                                       |
| Depositary's fee  | 16                                    | 16                                    |
| Safe custody fees   | <u>4</u>                              | <u>5</u>                              |
|   | <u>20</u>                             | <u>21</u>                             |
| Other expenses:   |                                       |                                       |
| Audit fees  | <u>11</u>                             | <u>10</u>                             |
|   | <u>11</u>                             | <u>10</u>                             |
| <b>Total expenses</b>   | <u><b>725</b></u>                     | <u><b>743</b></u>                     |

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Notes to the Financial Statements (continued)

##### 5. Taxation

###### a) Analysis of the charge for the year:

|                               | 1 May 2012 -<br>30 April 2013<br>£000 | 1 May 2011 -<br>30 April 2012<br>£000 |
|-------------------------------|---------------------------------------|---------------------------------------|
| UK corporation tax            | 100                                   | 42                                    |
| Overseas tax                  | -                                     | 6                                     |
| <b>Total current taxation</b> | <b>100</b>                            | <b>48</b>                             |
| <b>Total taxation</b>         | <b>100</b>                            | <b>48</b>                             |

###### b) Factors affecting current tax charge for year:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised fund (20%). The differences are explained below.

|  |            |           |
|--|------------|-----------|
| Net revenue before taxation            | 1,391      | 763       |
| Corporation tax at 20%                 | 278        | 153       |
| Effects of:                            |            |           |
| Revenue not subject to taxation        | (183)      | (107)     |
| Overseas tax                           | -          | 5         |
| Movement in excess management expenses | 5          | (3)       |
| <b>Actual tax charge</b>               | <b>100</b> | <b>48</b> |

##### 6. Finance Costs

###### Distributions

Income will normally be distributed quarterly on the last day of March, June, September and December. The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares and comprise:

|  | 1 May 2012 -<br>30 April 2013<br>£000 | 1 May 2011 -<br>30 April 2012<br>£000 |
|--|---------------------------------------|---------------------------------------|
| Net revenue after taxation                 | 1,291                                 | 715                                   |
|  | <b>1,291</b>                          | <b>715</b>                            |
| 1st interim distribution                   | 100                                   | 53                                    |
| 2nd interim distribution                   | 45                                    | 40                                    |
| 3rd interim distribution                   | 231                                   | 99                                    |
| Final distribution                         | 59                                    | 35                                    |
| 1st interim accumulation                   | 192                                   | 112                                   |
| 2nd interim accumulation                   | 95                                    | 86                                    |
| 3rd interim accumulation                   | 428                                   | 195                                   |
| Final accumulation                         | 126                                   | 77                                    |
|  | 1,276                                 | 697                                   |
| Add: Revenue paid on shares cancelled      | 59                                    | 32                                    |
| Deduct: Revenue received on shares created | (44)                                  | (14)                                  |
| Net distribution for the year              | 1,291                                 | 715                                   |
| Interest                                   | 1                                     | -                                     |
| <b>Total finance costs: Distributions</b>  | <b>1,292</b>                          | <b>715</b>                            |

##### 7. Debtors

|  | 30 April 2013<br>£000 | 30 April 2012<br>£000 |
|--|-----------------------|-----------------------|
| Amounts receivable from the ACD for creation of shares | 122                   | 55                    |

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Notes to the Financial Statements (continued)

##### 7. Debtors (continued)

|                             | 30 April 2013 | 30 April 2012 |
|-----------------------------|---------------|---------------|
|                             | £000          | £000          |
| Accrued income              | 142           | 134           |
| Withholding tax recoverable | 110           | 48            |
| Prepayment of expenses      | 2             | 2             |
|                             | <u>376</u>    | <u>239</u>    |

##### 8. Creditors

|   | 30 April 2013 | 30 April 2012 |
|---|---------------|---------------|
|   | £000          | £000          |
| Amounts payable to the ACD for cancellation of shares | 117           | 148           |
| Accrued expenses                                      | 13            | 8             |
| UK Corporation tax payable                            | 100           | 42            |
|   | <u>230</u>    | <u>198</u>    |

##### 9. Related Party Transactions

The ACD, Old Mutual Global Investors, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the fund and are considered related parties of the fund. Transactions between the ACD and the fund are included in the Statement of Change in Net Assets attributable to Shareholders and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in notes 4 and 8.

##### 10. Contingent Liabilities and Commitments

The Fund had the following contingent liability as at the balance sheet date £28,834 in respect of 19 S&P 500 futures contracts (30 April 2011: Nil).

##### 11. Financial Instruments and the Management of Risk

###### Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors, and includes currency risk, interest rate risk and other price risk.

The fund's strategy on the management of investment risk is driven by its objectives as stated on page 5.

The fund's market risk is monitored on a daily basis by an independent risk team of the Investment Adviser.

The Fund's overall market positions are monitored daily by the Fund's Investment Adviser and reviewed by the ACD on a quarterly basis.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on page 9.

###### Currency risk

Currency risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. The Fund is not exposed to significant currency risk because the majority of the Fund's assets or liabilities are denominated in Sterling.

###### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through the surplus cash placed on short term deposits. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates received.

###### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The objective of the Fund is to maintain a diversified portfolio by investing in different sectors and limiting its exposure to a particular sector and in relation to the whole portfolio.

###### Credit risk

Credit risk is the risk that revenue and capital of the Fund will be adversely affected by inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to various financial instruments failing to discharge an obligation or commitment they have entered into with the Fund.

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

## Notes to the Financial Statements (continued)

### **11. Financial Instruments and the Management of Risk (continued)**

#### **Liquidity risk**

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the potential redemption of any shares that investors wish to sell. This risk is managed through a combination of active management of cash balances within defined limits and investment in liquid securities.

The fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from timing differences in the transactions of the fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate.

Interest receivable on cash is at floating rates linked to short dated money market rates.

### **12. Portfolio Transaction Costs**

There are no portfolio transaction costs for this fund.

## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Distribution on 30 June 2013 for the period ended 30 April 2013

Group 1: Shares purchased prior to 1 February 2013

Group 2: Shares purchased on or after 1 February 2013

|                            | Net<br>Income<br>2013<br>pence per<br>share | Equalisation<br>2013<br>pence per<br>share | Distribution<br>Payable<br>2013<br>pence per<br>share | Distribution<br>Paid<br>2012<br>pence per<br>share |
|----------------------------|---|--|---|--|
| <b>Class A</b>             |   |  |   |  |
| Group 1                    | 5.0252                                      | -  | 5.0252  | 2.8124   |
| <b>Income shares</b>       |   |  |   |  |
| Group 2                    | 0.6439                                      | 4.3813                                     | 5.0252  | 2.8124   |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 7.8111                                      | -  | 7.8111  | 4.3011   |
| Group 2                    | 0.9132                                      | 6.8979                                     | 7.8111  | 4.3011   |
| <b>Class R</b>             |   |  |   |  |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 12.6783                                     | -  | 12.6783   | 8.2815   |
| Group 2                    | 2.7012                                      | 9.9771                                     | 12.6783   | 8.2815   |

Equalisation applies only to shares purchased since 1 February 2013 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 March 2013 for the period ended 31 January 2013

Group 1: Shares purchased prior to 1 November 2012

Group 2: Shares purchased on or after 1 November 2012

|                            | Net<br>Income<br>2013<br>pence per<br>share | Equalisation<br>2013<br>pence per<br>share | Distribution<br>Payable<br>2013<br>pence per<br>share | Distribution<br>Paid<br>2012<br>pence per<br>share |
|----------------------------|---|--|---|--|
| <b>Class A</b>             |   |  |   |  |
| <b>Income shares</b>       |   |  |   |  |
| Group 1                    | 19.1784                                     | -  | 19.1784   | 7.7141   |
| Group 2                    | 0.8203                                      | 18.3581                                    | 19.1784   | 7.7141   |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 29.4959                                     | -  | 29.4959   | 11.7552  |
| Group 2                    | 0.4745                                      | 29.0214                                    | 29.4959   | 11.7552  |
| <b>Class R</b>             |   |  |   |  |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 34.4787                                     | -  | 34.4781   | 15.7041  |
| Group 2                    | 5.3653                                      | 29.1134                                    | 34.4787   | 15.7041  |

Equalisation applies only to shares purchased since 1 November 2012 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.



## Old Mutual Investment Funds Series III

### Old Mutual Managed Fund

#### Distribution on 31 December 2012 for the period ended 31 October 2012

Group 1: Shares purchased prior to 1 August 2012

Group 2: Shares purchased on or after 1 August 2012

|                            | Net<br>Income<br>2012<br>pence per<br>share | Equalisation<br>2012<br>pence per<br>share | Distribution<br>Payable<br>2012<br>pence per<br>share | Distribution<br>Paid<br>2011<br>pence per<br>share |
|----------------------------|---|--|---|--|
| <b>Class A</b>             |   |  |   |  |
| <b>Income shares</b>       |   |  |   |  |
| Group 1                    | 3.6660                                      | -  | 3.6660  | 3.0407   |
| Group 2                    | -   | 3.6660                                     | 3.6660  | 3.0407   |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 5.8819                                      | -  | 5.8819  | 4.6282   |
| Group 2                    | 0.4705                                      | 5.4114                                     | 5.8819  | 4.6282   |
| <b>Class R</b>             |   |  |   |  |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 10.1234                                     | -  | 10.1234   | 8.3381   |
| Group 2                    | 2.1214                                      | 8.0020                                     | 10.1234   | 8.3381   |

Equalisation applies only to shares purchased since 1 August 2012 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 30 September 2012 for the period ended 31 July 2012

Group 1: Shares purchased prior to 1 May 2012

Group 2: Shares purchased on or after 1 May 2012

|                            | Net<br>Income<br>2012<br>pence per<br>share | Equalisation<br>2012<br>pence per<br>share | Distribution<br>Payable<br>2012<br>pence per<br>share | Distribution<br>Paid<br>2011<br>pence per<br>share |
|----------------------------|---|--|---|--|
| <b>Class A</b>             |   |  |   |  |
| <b>Income shares</b>       |   |  |   |  |
| Group 1                    | 8.0465                                      | -  | 8.0465  | 3.9646   |
| Group 2                    | 1.0559                                      | 6.9896                                     | 8.0465  | 3.9646   |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 12.3195                                     | -  | 12.3195   | 6.0236   |
| Group 2                    | 3.9189                                      | 8.4006                                     | 12.3195   | 6.0236   |
| <b>Class R</b>             |   |  |   |  |
| <b>Accumulation shares</b> |   |  |   |  |
| Group 1                    | 34.4787                                     | -  | 34.4787   | 9.9169   |
| Group 2                    | 5.3653                                      | 29.1134                                    | 34.4787   | 9.9169   |

Equalisation applies only to shares purchased since 1 May 2012 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

### Statement of Responsibilities

#### **Authorised Corporate Director's Responsibilities**

The ACD is responsible for the management of the Company in accordance with its prospectus and the rules in the Collective Investment Schemes Sourcebook ("COLL") published by the Financial Conduct Authority. These regulations require the ACD to prepare Financial Statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of the net revenue and the net gains/(losses) on the property of the fund for the period. In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice on Authorised Funds 2010 issued by the Investment Management Association in November 2010;
- follow generally accepted UK accounting principles and practice and UK applicable accounting standards (UK GAAP);
- keep proper accounting records which enable it to demonstrate that the Financial Statements as prepared comply with the above requirements;
- take reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Depositary's Responsibilities**

The depositary is responsible for the safekeeping of all of the property of the company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulation 2001 (SI 2001/1228), as amended ('the OEIC Regulations'), the company's instruments of incorporation and prospectus, in relation to the pricing of, and dealings in, shares in the company; the application of revenue of the company; and the investment and borrowing powers applicable to the company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the company, acting through the authorised corporate director:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the company's shares and the application of the company's revenue in accordance with COLL and, where applicable, the OEIC Regulations and the instrument of incorporation and prospectus of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the company.

NatWest Bank Plc  
Edinburgh  
20 August 2013

## Old Mutual Investment Funds Series III

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### **Individual Savings Accounts**

From 6 April 1999, each fund has been managed so as to ensure that it is a qualifying investment for the stocks and shares component of an Individual Savings Account, within the Individual Savings Account ('ISA') Regulations 1999.

### **Stamp Duty Reserve Tax (SDRT)**

#### **What is SDRT?**

SDRT is a tax charge levied by HM Revenue & Customs on the disposal or switching of shares in an OEIC. The tax is charged when shares are sold back to the ACD (Authorised Corporate Director), or when there is a non-exempt transfer of an investment. SDRT is charged at the maximum rate of 0.5% on eligible investments (although this figure may be reduced depending on the investments in and number of issues and surrenders applicable to the fund). If applicable, SDRT is paid to HM Revenue & Customs on the 14th of the month following the monthly charging period.

#### **When is SDRT charged?**

SDRT will be charged to redemptions of shares where the transaction is 2% or greater of the value of the fund as at the date of the transaction. The charge will be at a rate appropriate to the fund concerned, by reference to the proportion of exempt and non-exempt assets used in the calculation for the previous month.

#### **ACD's policy on charging SDRT**

Except for SDRT on larger deals and on non-exempt transfers between third parties OMFM intends that any liability to SDRT will be borne by the fund concerned.

For further information on the application of SDRT please refer to the full prospectus which is available on request from the ACD.

### **Capital Gains Tax**

Capital gains within the fund are not liable to tax. You may be liable to capital gains tax when you sell some of your shares if the total gains in the relevant tax year exceed the annual exemption. For the tax year 2011/2012, the first £10,600 is exempt. This is the personal allowance for all your investments. If you have any queries regarding your tax position, you should contact your financial adviser.

### **Depository**

As part of an internal restructuring in 2011 the Royal Bank of Scotland Group plc transferred its Trustee and Depository Services to its subsidiary, National Westminster Bank plc. Consequently, National Westminster Bank was appointed depository of all Old Mutual Global Investors' UK-domiciled funds effective as from 16 September 2011. This has been approved by the Financial Conduct Authority. There is no change in duties or responsibilities and no impact on the funds is anticipated.

### Independent auditors' report to the shareholders of Old Mutual Investment Funds Series III ("the Company")

We have audited the financial statements of the Company for the year ended 30 April 2013, which comprise the Statement of Total Return, the Statement of Change in Shareholders' Net Assets, the Balance Sheet together with the related notes, including the Portfolio Statement and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the Authorised Corporate Director ("the ACD") Old Mutual Global Investors and Auditors**

As explained more fully in the statement of ACD's responsibility set out on page 18 the ACD is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Company as at 30 April 2013 and of the net revenue and the net capital gains on the property of the Company for the year then ended;
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

#### **Opinion on other matters prescribed by the COLL Rules**

In our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

**N Palmer**

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square, London E14 5GL

London

20 August 2013

#### Contact Details

Old Mutual Global Investors,  
2 Lambeth Hill, London, EC4V 4AD.

Authorised and regulated by the Financial Conduct Authority

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