

Old Mutual Investment Funds Series III

Authorised Corporate Director's Interim Report

For the Period Ended 31 October 2012



- Select Managed Fund

Contents

Management and Professional Services. 3

Information about the Company during the period. 4

Old Mutual Select Managed Fund 5

Other Significant Information 11

Management and Professional Services

Authorised Corporate Director (ACD) and Registrar

Old Mutual Global Investors Limited
2 Lambeth Hill
London
EC4V 4AD

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

Directors

Paul Feeney, Julian Ide and Paul Nathan

Investment Adviser

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

Authorised and regulated by the Financial Services Authority

Administrators

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

Depository

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

Authorised and regulated by the Financial Services 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 Services 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 FSA 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 Limited.



J. Ide
Chief Executive Officer
Old Mutual Global Investors Limited
31 October 2012



P. Nathan
Chief Operating Officer
Old Mutual Global Investors Limited
31 October 2012

Old Mutual Investment Funds Series III

Old Mutual Select Managed Fund

Investment Adviser's Report For the period ended 31 October 2012

Performance

1 year to	31 October 2012	31 October 2011	31 October 2010	31 October 2009	31 October 2008
Old Mutual Select Managed Fund**	11.15%	1.46%	12.50%	31.29%	-36.70%
IMA Mixed investment 40 - 85% Shares	6.13%	0.36%*	12.30%*	22.65%*	-27.46%*
Quartile	1	2	2	1	4
FTSE/APCIMS Balanced Portfolio Index	8.19%	2.85%	13.80%	15.84%	-22.24%
**Accumulation Shares					
*Restated due to new benchmark					
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

Equities started the period weakly as economic data deteriorated, particularly in the Eurozone, and 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 the end of the period, 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. UK & US equity indices ended close to their starting levels, while Eurozone equities outperformed and the Japanese market continued to sink.

Major sovereign bond yields drifted lower for much of the period as interest rates remained firmly anchored near zero. In addition, corporate bond spreads narrowed steadily, producing strong gains for corporate bond portfolios. The euro weakened in the first half of the period, and the yen strengthened, but these moves subsequently reversed, leaving the major currencies relatively unchanged over the period as a whole.

The fund gained 4.8% over the period, outperforming both the peer group average (+2.7%) and the FTSE/APCIMS balanced portfolio (+3.2%). The biggest gain came from the corporate bond holdings, and there were also strong gains from European and Pacific ex-Japan equities. Japanese and North American equities lost money.

The fund entered the period slightly overweight equities, with significant exposure to corporate bonds and partial hedges in place for euro and yen exposure. Within equities, Pacific ex-Japan was the largest overweight, with Europe ex-UK and Japan slightly underweight. This positioning was maintained broadly constant over the period.

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 Asset Managers (UK) Limited include MSCI, Datastream and FactSet.

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.

31 October 2012
Old Mutual Asset Managers (UK) Limited

Old Mutual Investment Funds Series III

Old Mutual Select Managed Fund

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 £	Net asset value per share (pence)	Equivalent number of shares in issue
30 April 2010 Class A Inc	31,688,999	2,127.04	1,489,818
30 April 2010 Class A Acc	51,623,133	3,201.33	1,612,552
30 April 2010 Class C Acc	12,897,477	3,243.85	397,598
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 C 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 C Acc	10,767,807	3,625.81	296,977
31 October 2012 Class A Inc	29,398,203	2,409.31	1,220,193
31 October 2012 Class A Acc	41,992,060	3,707.47	1,132,633
31 October 2012 Class C Acc	10,663,267	3,806.52	280,132

Old Mutual Investment Funds Series III

Old Mutual Select Managed Fund

Other Information

Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 11.

Ongoing Charges

	As at 31 October 2012	As at 30 April 2012
Share Class A	<u>1.65</u>	<u>1.65</u>
Share Class C	<u>1.15</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 Select Managed Fund

Portfolio Statement

As at 31 October 2012

	Holding	Fair value £000	Percentage of total net assets %
Investment Funds (30 April 2012 96.79%)			
Old Mutual (Dublin) Global Equity Absolute Return	7,334,583	8,969	10.93
Old Mutual (Dublin) UK Dynamic Equity	4,515,959	8,321	10.14
Old Mutual (Dublin) UK Opportunities Institutional (Acc)	2,000,000	2,180	2.66
Old Mutual Asian Select Class A (Acc)	3,374,570	8,464	10.31
Old Mutual Dynamic Bond Class A (Inc)	18,245,282	7,524	9.17
Old Mutual Equity Income Class A (Inc)	1,120,320	7,403	9.02
Old Mutual European Equity Class A (Acc)	5,799,912	8,215	10.01
Old Mutual Global Strategic Bond Class A (Inc)	3,506,869	7,342	8.95
Old Mutual Japanese Select Class A (Acc)	2,555,792	2,140	2.61
Old Mutual North American Equity Class A (Acc)	2,637,988	10,573	12.89
Old Mutual UK Select Equity Class A (Inc)	4,148,466	9,758	11.89
		80,889	98.58
Forward Currency Contracts (30 April 2012 0.21%)			
Bought GBP Sold EUR		(10)	(0.01)
Bought GBP Sold JPY		17	0.02
		7	0.01
Portfolio of Investments		80,896	98.59
Net Current Assets (30 April 2012 3.00%)		1,158	1.41
Net Assets		82,054	100.00

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 Select Managed Fund

Statement of Total Return (unaudited) For the Period ended 31 October 2012

	1 May 2012 - 31 October 2012		1 May 2011 - 31 October 2011	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		3,330		(5,736)
Revenue	835		700	
Expenses	(353)		(383)	
Net revenue before taxation	482		317	
Taxation	(41)		(19)	
Net revenue after taxation		441		298
Total return before distributions		3,771		(5,438)
Finance costs: Distributions		(439)		(298)
Change in net assets attributable to shareholders from investment activities		3,332		(5,736)

Statement of Change in Net Assets Attributable to Shareholders (unaudited) For the Period ended 31 October 2012

	1 May 2012 - 31 October 2012		1 May 2011 - 31 October 2011	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		82,523		92,166
Amounts receivable on issue of shares	3,066		2,260	
Amounts payable on cancellation of shares	(7,151)		(6,127)	
		(4,085)		(3,867)
SDRT (see page 11)		(3)		(2)
Change in net assets attributable to shareholders from investment activities		3,332		(5,736)
Unclaimed distribution		1		1
Retained distribution on accumulation shares		286		198
Closing net assets attributable to shareholders		82,054		82,760

Balance Sheet (unaudited) As at 31 October 2012

	As at 31 October 2012	As at 30 April 2012
	£000	£000
Assets		
Investment assets	80,896	80,047
Debtors	145	239
Cash and bank balances	1,295	2,470
Total other assets	1,440	2,709
Total assets	82,336	82,756
Liabilities		
Creditors	237	198
Distribution payable on income shares	45	35
Total other liabilities	282	233
Total liabilities	282	233
Net assets attributable to shareholders	82,054	82,523

Old Mutual Investment Funds Series III

Old Mutual Select Managed Fund

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, Select Managed 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 C. 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.

Old Mutual Investment Funds Series III

Other Significant Information

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 Asset Managers' UK-domiciled funds effective as from 16 September 2011. This has been approved by the Financial Services Authority. There is no change in duties or responsibilities and no impact on the funds is anticipated.

Contact Details

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

Authorised and regulated by the Financial Services Authority

Telephone: 020 7332 7500.

Calls may be recorded for security purposes and to improve customer service.

Fax: 020 7489 5252.

www.omam.co.uk



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