



QUARTER 4, 2016

OLD MUTUAL MULTI-MANAGERS BUSINESS UPDATE

TREVOR PASCOE, CEO

As 2017 starts, there seems to be a general sense that this year will be a good one; which may stem from the view that nothing can be worse than 2016. Fortunately, markets rallied during the last two weeks of 2016 leaving equity indices ending the year slightly positive. This year is likely to be more positive for markets, however, investors will continue to face uncertainties including:

- What Trump's presidency will bring
- How Brexit will affect the UK
- The future of the euro; other potential exits from the EU; and leadership changes in Europe
- Changes to the local political landscape; especially who the ANC will elect as its successor at their national conference in December
- Other key market pointers such as the rand, oil price, China's economy and a possible ratings downgrade.

There are no signs that investment markets will deliver spectacular returns this year and anything close to a double-digit return will be a great outcome. This means that it will be a difficult year for achieving real return targets. The levers we can pull to influence our investment outcomes include asset allocation and manager selection. Any extra alpha that we can possibly generate from these two options will help us to get closer to our investment targets.

As a result, our investment team is drilling down even further into the existing asset manager line-up as well as the optimal asset allocation. I am impressed by the level of debate taking place within the team, and to a certain extent feel sorry for the asset managers we will be engaging with this year. The team has also been doing quite a bit of research into industry trends and you will see some of this in future editions of our quarterly report.

Since the renaming of our business to Old Mutual Multi-Managers, we have not done much on the marketing front in the public space and spent more time supporting the marketing efforts of Old Mutual Wealth and Old Mutual Corporate. Behind the scenes our teams spent countless hours discussing what positioning territory would work best for our business. As a result, we unveiled our marketing campaign and key strap line called FutureFocus at the end of September 2016. The rationale behind this positioning is that, from an investment perspective, we manage money to achieve our clients' future investment goals. Short-term noise and relative returns don't determine our day-to-day investment decisions – our decisions are based over the longer term to help you reach your goals and get you where you need to be, ensuring peace of mind along the way. Watch the press as we continue to publish editorials and advertorials over the next few months.

We greatly appreciate any feedback, so please let us know what we are doing well or where we can improve.

As always, thank you for your continued support and I trust that you will have a really great 2017 with outcomes that far exceed your expectations!

All the best

Trevor