



TREVOR PASCOE, CEO

QUARTER 2, 2017

OLD MUTUAL MULTI-MANAGERS BUSINESS UPDATE

This quarter, I am not going to comment on the markets or the macro-economic/political environment that we find ourselves in. Dave Mohr and Izak Odendaal's weekly Market Matters note does a fantastic job in not only keeping our clients and advisers up to date, but also expressing valuable investment insights around the implications of current affairs. If you don't get a copy of this note, please let me know.

I have realised that changing our name from SYmmetry to Old Mutual Multi-Managers in 2014 has cost us brand awareness. In addition, the change in investment process early in 2015 did not help our cause with two significant changes coming so close after another. Speaking to advisers around the country, I have found that there are a number of misperceptions about our unit trust funds. Below are a few key points regarding our funds:

1. We have an investment team that manage our assets independently of the Old Mutual Investment Group. In our targeted return funds such as the Old Mutual Multi-Managers Balanced Fund of Funds, we use 18 different asset managers, some of which we use in more than one asset class.
2. Our investment team manages the asset allocation process. This means that in addition to setting the strategic asset allocation that, over the long term, will achieve the targeted return outcome (e.g. Old Mutual Multi-Managers Balanced Fund of Funds targets a real return of between 4% and 5%), the team also does tactical asset allocation to allow for short to medium-term changes in the valuation of each asset class. Over the long term, the asset allocation process has provided the greatest value to our clients.
3. The long-term performance of the funds is not a reflection of how the funds have been managed since inception. As indicated above, the investment approach changed in February 2015 to the same way that the SIS funds have been managed. A truer reflection on the long-term performance is that of the SIS Inflation Plus 1-3%, 3-5% and 5-7% Fund of Funds. These funds sit in the top quartile over one, five and 10 years.

4. The short-term performance of the Old Mutual Multi-Managers funds has been very good with the one-year performance of the funds sitting in the top quartile, as it has for the past six months or so. This, together with the long-term performance of the investment approach, proves that the funds are well managed and compete very favourably with the large balanced fund managers.
5. Despite the comments on relative performance, our main focus remains the investment outcome, i.e. peer performance is a consequence of our approach. Our main aim is to achieve the targeted real returns. While investment markets play the most important role in achieving these outcomes, our asset allocation and manager selection remain the critical levers in managing the funds towards the real return objectives. The funds have a proven history of value-add from these levers.

While we believe that our funds should sell themselves, we have realised that focused support from our investment team is needed to drive the future growth and retention of our funds. Fred Liebenberg did a fantastic job when he supported the various distribution teams in taking out the retail SYmmetry fund message. We have lost momentum by not replacing Fred when he moved into a new role and as a result we have appointed Stephen Brierley, who managed the very successful Old Mutual Multi-Managers hedge funds to drive our retail distribution initiative. Stephen is already up and running and engaging with advisers across the country. It is great to have Stephen play this role for us and we do anticipate even greater success for the Old Mutual Multi-Managers funds as a result of his insight and support.

Thank you once again for your support. Please make contact with me should you have any queries.

All the best

Trevor