



# BUSINESS UPDATE – MARCH 2020

QUARTER 1, 2020

As I write this update, we all find ourselves in the middle (I hope) of lockdown. I mentioned in my last note that I won't be making any predictions for 2020. Fortunately I didn't because I would definitely have been wrong by a country mile. The COVID-19 pandemic has really turned the world on its head. I don't think the word unprecedented has been used as much as it is now. While we all are in the phase of sharing joke memes and video clips, reality is soon going to hit home as jobs are lost and possibly many people start dying as a result of the virus.

When our very academic masters statistician makes comments that the US unemployment rate two weeks back was 37 standard deviations outside the norm, the enormity of the change does hit home. Especially when we get really worried about being two standard deviations outside the norm. The US lost more jobs in three weeks than the total SA formal employed population. We are in NEW and very serious times. I can't really add to the thought-provoking articles that Dave and Izak have been producing and really appreciate the insight they bring in their weekly Market Matters note. It is, however, incumbent on me to make sure that we don't just research and add to our clients' knowledge base, but that I manage a team that remains focused on managing probably the largest asset that many people own.

The OMMM operations team who have been working from home for over four weeks now, have managed despite a few technical problems to maintain a high level of servicing. Our Chief Investment Strategist, CIO and Head of Business Development have conducted 45 advisor/client engagements since the lockdown where the number of attendees has ranged from two to over 50. The video conferencing facilities have made the work from home environment a relatively easy way of engaging. I have been extremely pleased by the feedback we've received following these engagements.

The OMMM investment team has probably had more asset manager engagements during lockdown than ever before. Their task is to make sense of the overload of information and make

critical investment decisions. This is not an easy job considering that a week brings about a host of changes in market sentiment, market data, COVID-19 data and government interventions. Making forecasts tends to pray on either our own sense of optimism or pessimism leading to an alphabet soup of market recoveries. Everyone is hoping for a V-shaped recovery, while others indicate a more drawn out U-shaped recovery and possibly an even worse L-shaped recovery. I highly recommend that you read our quarterly investment note to understand what has happened over the last three months and what has worked and not worked. While we are making changes to the portfolios looking forward, we are not making any drastic changes in an environment where most asset classes show great value – it is the huge uncertain future that removes the gloss on valuation.

In closing, I do hope and pray that you stay healthy, safe and strong through these trying times. I want to emphasise that we are doing all we can to ensure that assets are managed well despite the market fall. I would welcome any suggestions or questions that you may have. Thank you once again for your support.

All the best

Trevor



**TREVOR PASCOE**  
MANAGING DIRECTOR  
OLD MUTUAL MULTI-MANAGERS