



BUSINESS UPDATE – JUNE 2020

QUARTER 2, 2020

When I wrote my last business update, I had indicated that we were in the middle of lockdown, or so I hoped. Little did we know that we would now be wondering whether lockdown will ever end? What is apparent though is that there are no clear answers and many problems don't seem to have a win-win solution – save lives or save the economy; ban alcohol sales or flood the trauma units of hospitals; and the uncertain debate about selling tobacco products or protecting one's health.

It is very clear that the Wisdom of Solomon is required to navigate the tough decisions that need to be made. We definitely don't want the outcome to be one where the baby is cut in half and nobody wins. Our government definitely needs to take some bold decisions, and I really hope there is urgency around what needs to be done with regard to SOEs, policies that will facilitate growth and labour policies that encourage investment from both domestic and international players.

What I am pleased about is that Liverpool has eventually won the English Premier League again, and I hope I don't have to mention anything about Liverpool again. However, I would like to take a few learnings out of their success that is important for us as a multi-manager. As asset manager selection is critical for us, we need to appoint a team (underlying asset manager) that has good leadership; a team where each member brings a different skill, but benefits the other members; a strategy that works for the team and that will bring about the investment performance that is targeted.

Sometimes there is the temptation to sell an under-performing player; but if they bring something special to the team that will enhance the long-term performance, being patient is often worth the wait. I saw this with the Liverpool captain who had struggled

in previous seasons, but was a giant this season. Likewise one or two of our asset managers did struggle in recent years, but have now recovered well and are lifting our overall performance.

Bringing in critical changes to the team is also important. Knowing one's weaknesses and fixing this is crucial in achieving success. Liverpool knew that they needed to fix their central defence and goalkeeper and brought in the right talent to do this. In a similar vein, our local and, to a lesser extent, our offshore equity in the inflation plus funds has struggled. The changes that we made last year are already paying benefits. What we have is a great line-up and we are well positioned tactically with our asset allocation to make the most of the current market environment.

In conclusion, I think that we should pray for our president and his cabinet to have the Wisdom of Solomon to lead the country forward. I also think that some of the answers come from taking a leaf out of Liverpool's book in making changes that will lead to a greater consistency in outcomes, getting the right team members on board and making the right decisions (applying good tactics) to make us a winning nation.

Thanks once again for all your support. If there is any way in which we can support you better, please let us know.

All the best and stay well,

Trevor



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OLD MUTUAL MULTI-MANAGERS