

BUSINESS UPDATE – DECEMBER 2020

QUARTER 4, 2020

As I start out my note, I would like to wish you all a very happy 2021 and hope that it will be a very good year for you filled with good health, peace and prosperity. The year hasn't quite started out this way, however, I trust that things can only get better from where we are now. While reflecting on last year and the recent past, it reoccurred to me that one would assume that 2020 was a really terrible year from an investment market perspective. Interestingly enough though, this was not the case as most South African balanced funds ended the year with returns close to or above inflation. Not what we would have expected considering where we were at in March 2020. What is interesting is that while 2018 was a good year worldwide from an economics perspective, virtually every index was negative for the 12 months ending December 2018. I had already forgotten how bad a year 2018 was returns-wise.

Looking at our own fund performance, the investment team has done a sterling job during the course of the year and decisions made in 2019 and 2020 regarding manager selection and asset allocation have really paid off. In addition, I believe that there is still upside from the fixed income building block as the long duration bonds held should deliver performance as yields come down. Already the start of this year has shown that our positioning is on point and hope that it stays that way.

I have heard that the most important chart of 2021 will be the vaccination rate for the countries across the world. In the UK the markets rebounded on the day that the vaccine roll-out was announced. Locally, this will be a statistic that we will probably all be following.

It may well be that 2021 will end with the world taking a breather again, hopefully with the world getting closer to herd immunity from COVID-19, a post-Trump USA, a post-Brexit UK and a South Africa on a renewed growth path. My hope regarding the last point is based on a very good webcast that my colleague Dave Mohr delivered late last year where he looked at the topic "How to stay positive after 5 tough years". There are a number of things that, if they fall into place, can lead to sustainable growth locally. You can access talk on the BrightTALK.com website and search for [How do you stay positive after 5 tough years?](#)

Having taken a breather myself over the past 3 weeks I am looking forward to a good year ahead. I expect a lot of foundational work done in 2020 will hold us in good stead for the years ahead. Our approvals are pretty much in place to market our top performing retail offshore funds, the Ease of Doing business enhancements across the Wealth business, the positioning of our Funds and the relationships created in our Tailored Fund Portfolio business all support the prospects of a good year and excellent client service.

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

TREVOR PASCOE
MANAGING DIRECTOR
OLD MUTUAL MULTI-MANAGERS

