

QUARTER 1, 2016

OLD MUTUAL MULTI-MANAGERS BUSINESS UPDATE



TREVOR PASCOE, CEO

2016 is turning out to be one of the most interesting years from a number of perspectives. Locally and internationally, political events have provided media channels with more than sufficient material to fill their publications. When I write my next quarter update it will be interesting to see who is and who isn't in power. The release of the Panama Papers has also caused quite a stir, while the terrorist events in Europe present a great cause for concern.

Investment markets also illustrated the present time extremely well – volatility is high with negative markets in January and February while March turned the downward trend around reversing the earlier two months' losses. Hopefully there will be many more "Marches" for the remainder of the year. We at Old Mutual Multi-Managers most certainly hope so as the calls made paid off handsomely in March. After Global Emerging Markets have struggled for many months, March showed an incredible bounce back for this asset class, especially as Brazil led the charge.

As an asset management business, and especially so for a multi-manager, it is difficult when asset allocation calls and manager selection is not paying off despite an incredible amount of research, intellect and wisdom going into the decisions made. Deciding to stay with one's strategy is a hard call to make when things seem to be going against you. However, it is very rewarding to see the benefit of remaining confident in the decisions when markets turn favourably in support of the decisions. While March is only one month and not a trend, we are heartened when one looks at the long-term performance of the funds. The SIS funds still compare very favourably over the long term on a relative basis. The same investment approach is applied in the Wealth Old Mutual Multi-Manager Strategies.

We have however not done nothing over the past few months. On the retail funds we are including an equity building block that reflects the long only views of the hedge fund managers that we use in the institutional funds. We believe that these changes are appropriate in achieving the goals that clients have set.

In the next update I hope to inform you of other positive changes that we are implementing to make your lives easier. Thank you once again for your support.

All the best

Trevor