



TREVOR PASCOE, CEO

QUARTER 3, 2017

## OLD MUTUAL MULTI-MANAGERS BUSINESS UPDATE

This year has been one where weather has taken centre stage after 2016's year of political surprises. It seems that nature is reminding us of Who is really in control of the world. We cannot deny that the hurricanes, flooding, mudslides, raging fires and drought have had a significant impact internationally, nationally and locally. Many lives, homes and businesses have been impacted. It will be interesting to see short-term insurers' reports for 2017. Here in the Western Cape, the thought of no water is a likely reality that we are not sure how we will cope with.

On the investment front, the markets have at least given us a bit of a boost over the last quarter. As an asset management business that seeks to achieve targeted real returns for clients/retirement fund members, we need equity markets in the main to perform strongly. Fortunately, after an almost three-year period of stagnant equity markets, local and international markets have achieved new record highs. We hope that despite the many risks, this uptick will be sustained.

I am pleased to announce that Busi Ngqondoyi joined our investment team on 1 October 2017. Busi's main responsibility will be the management of our hedge fund portfolios. Busi takes on this role as Stephen Brierley is now responsible for growing our retail footprint. Busi joins us from Novare where she was responsible for manager research with a focus on hedge fund managers. It is great to have Busi join us and she has already shown great energy. I can see that she will be a great asset to the team.

As a team, we have been busy reviewing our asset manager line-ups and fee structures. Where we have employed hedge fund managers, we have managed to reduce the performance fee component to make the fees a lot more appropriate. The investment team did a great job on this and managed the negotiations very professionally.

In addition, we also changed the fee structure on one of our equity managers where we felt that a performance fee arrangement would be more beneficial than the flat fee. More information and effective dates will be communicated to you in due course. Watch your inbox.

Monene Watson and Andreea Bunea have just returned from visiting our offshore asset managers and have been very impressed by their interactions and are confident that these asset managers remain our top picks to run our offshore equity building block. They also visited a few prospective asset managers to possibly add to our reserve list or even add to the line-up from a diversification perspective. The team still needs to complete their analysis of these asset managers before any decision will be made.

I am also very pleased to announce that Old Mutual Multi-Managers has been selected as one of two finalists for the Batseta Imbasa Yegolide Manager of Managers Award. The winner will be announced early in 2018. We have won this award for the last two years and hope that our dedication to continuous improvement, focused investment management and client service will stand us in good stead again.

I close, as always, with my thanks to you, our loyal supporters, for the continued trust that you place in us. We continue to strive to deliver on our promises and provide the peace of mind that you require in the roles that you play.

All the best

Trevor