

# FUNDAMENTALS

OMAM INVESTMENT PERSPECTIVES FOR INSTITUTIONAL INVESTORS

## Top comment



Thabo Dloti - Chief Executive Officer

"The investment world is changing as clients seek new products that match their changing needs." See page 6

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ALWAYS  
THINKING  
INVESTMENT



**OLD MUTUAL**  
Asset Managers



Commentary for the period ending 4 AUGUST 2006.

## GLOBAL ECONOMY

### In Brief

- **Market nervousness about global economic outlook flares again**
- **Global growth remains strong, but growing evidence of slowdown in the US**
- **Oil price risk to the global outlook remains high**

The past month has seen a renewed flare-up in concerns over the health of the world economy. The combination of a renewed surge in the oil price to an all-time high and more signs of building inflation pressures has raised concerns that the up-cycle in global interest rates may have further to run than was expected previously. What's more, with both interest rates and energy costs on the up, the risk of a more severe global economic downturn over the next twelve months or so has also increased.

While concerns and risks over the outlook for the world economy have undoubtedly increased, actual activity data still paints a picture of buoyant overall global economic growth. Although growth is slowing in the US, it is being offset by strengthening activity elsewhere, especially the Euro-area and still booming growth in China (11% up in Q2). Second quarter GDP growth in the USA slowed sharply to 2.5% annualised, although the weakness was at least partly 'pay-back' for the very strong 5.5% annualised growth in Q1. Nevertheless, the sharp slowdown in the second quarter has raised concerns that a more severe downturn than previously expected may be on the cards, especially as the full effect of higher interest rates and surging energy costs is yet to be reflected in activity data.

With growth indicators diverging between the USA and most of the rest of the world, interest rate expectations are doing so too. The Fed has recently softened its previously hawkish tone, suggesting that there may soon be a pause in interest rate tightening, to give it time to assess underlying growth trends, as it clearly does not want to cause an unnecessarily sharp growth slowdown, or even a recession. The same does not apply to the European Central Bank, which has sent a clear signal that a further tightening in policy is required. With rate expectations diverging, the dollar has softened, lending support to metal prices - especially precious metals.

While further rate hikes unquestionably raise risks for the global growth outlook and financial market behaviour, we remain optimistic that central banks will not drive the global economy into a severe downturn later this year or in 2007. This, of course, assumes that oil prices soften, at least moderately, from their recent record highs. The possibility of even higher oil prices holds a serious risk to the global economic outlook.

## LOCAL ECONOMY

### In Brief

- **Reserve Bank raises rates a further 50 basis points**
- **Data releases over the past month support the SARB's action**
- **Tightening cycle not over yet, but sharp rise in rates not expected**

As was widely expected, the Reserve Bank raised the repo rate by a further 50 basis points early in August. The move was supported by both international and local economic developments. On the

international front, the renewed surge in the oil price, as well as the further tightening by other central banks, supported the SARB's move. Local developments included the still booming domestic demand conditions, a sharp rise in producer price inflation in June and a still large deficit on the current account of the balance of payments in the second quarter.

Perhaps the most important data release over the past month that supported the Bank's decision was an unexpectedly strong rise in producer price inflation from 5.9% in May to 7.5% in June. The rise was driven largely by a surge in the commodity based components of the index, reflecting both higher commodity prices and the weaker rand. This indicates that pipeline inflation pressure in the production process is rising and there is a risk that this may feed through into retail prices.

The trade numbers for June were also not encouraging. Although the monthly trade deficit narrowed from about R7bn in May to R4.2bn in June, the deficit remained large in the second quarter and we estimate that the overall current account deficit narrowed only marginally from the large 6.4% of GDP deficit recorded in the first quarter. Such a sustained deficit could hold risks for the rand exchange rate and, by implication, inflation.

A combination of indicators pointed to sustained very strong domestic demand growth. Car sales remained very buoyant in July and credit use by households continued to grow rapidly in June. Sustained strong demand growth could potentially also raise inflation risks as producers will find it easier to pass cost increases on to consumers in an environment of strong demand. On a more positive note, it would appear as if the recent softening of the rand has lifted confidence in the manufacturing sector. This is evident from the rise (to an all-time high) during July in the Bureau for Economic Research/Investec purchasing managers' index. Faster production growth in this key sector of the economy is to be welcomed, not only in terms of employment prospects, but also from a balance of payments perspective through an increase in exports and some reclaim of market share from imports.

It is still too early to say how far rates will have to rise in the cycle to contain the build-up of domestic inflation pressures. Nevertheless, we remain confident that the local rate up-cycle will be muted, provided, of course, that the rand does not sharply weaken further and/or oil prices do not continue their upward march. If so, we would not expect more than one or, possibly, two more 50 basis point hikes by the Bank.

## GLOBAL EQUITY MARKETS

### In Brief

- **International equity market volatility continues**
- **Sanity returns to emerging markets**
- **Broadly benign environment for world equity markets**

The volatility in international equity markets continued during July. On the face of it, these markets appeared to have settled following a period of volatile equity price behaviour during the second quarter. However, the general trend for global equities was materially down in the first two weeks of the month, only to be followed by an equally steep recovery later in the month. The net result of the pattern was essentially flat markets as measured from the beginning to the end of the month.

This trend was evident both in developed and emerging markets. Wall Street, as measured by the S&P 500 index, ended the month 0.5% higher. The European markets were generally stronger. The Stoxx 50 index – an index measuring the 50 largest shares both in Europe and the UK – gained a healthy 2.1% in the month. The movement of the individual bourses does not reflect the same bullish story. The FTSE 100 closed 1.6% higher in London and the DAX and CAC closed flat for the month. Japanese equities, after being under severe pressure, closed the month marginally lower with a decline of 0.3%.

Following a decline of 5% in emerging market equities in the second quarter, sanity has returned to these markets. They have followed the same pattern as the developed markets. The decent recovery in the second half of the month undoubtedly calmed the nerves of emerging markets investors as they might have feared a repeat of the 1998 emerging market meltdown. Most of these markets closed the month unchanged from their opening levels.

The primary driver of the direction of the markets remained sentiment in response to the likely action expected from the US Federal Reserve Bank. Equity investors are still concerned about the risk of a policy error by the FOMC. The release of the Beige Book – a summary of economic activity in the US

– indicated that there are clear signs of the US economic activity slowing and that labour and price pressures are being regarded as moderate. These numbers triggered the recovery in the second half of the month. In fact, the markets largely ignored the stubbornly high oil price and outbreak of a full-blown military battle between Israel and Lebanon. Reporting season in the US provided a few surprises, but hardly gave any direction to the market.

While recent economic data releases might be confusing to the market, our base case view still points to robust global growth, with the US the exception and likely to experience a more noticeable slowdown during the second half of the year. The general economic strength in other parts of the world is likely to support earnings numbers and, hence, global equity valuations do not look stretched. Earnings momentum will, however, slow from current levels in the developed countries. This creates a broadly benign environment for world equity markets.

The market volatility reflects concerns about central banks' overreaction to inflation scares. The inconsistent messages from Fed Chairman Ben Bernanke did not help either. His more dovish statement at the last FOMC meeting brought some comfort back to equity markets. However, as future data releases send mixed signals, volatility is likely to continue. Markets currently reflect extreme discomfort with prospective interest rates. This discomfort is largely discounted in the ratings of international equity markets.

## LOCAL EQUITY MARKET

### In Brief

- Local equities continue to perform relatively well despite pressure late in the quarter
- Stronger currency brings measure of calm to market
- Equities still to reward investors over the medium term

Local equities initially continued to perform well following the strong ending late in the second quarter. However, the market came under pressure later in the month and closed 1.4% down. True to their recent dualistic nature, resource share prices and non-resource prices went in opposite directions. Resources recorded a negative return of just under 5%, while financial and industrial shares recorded a positive return of 1.4%.

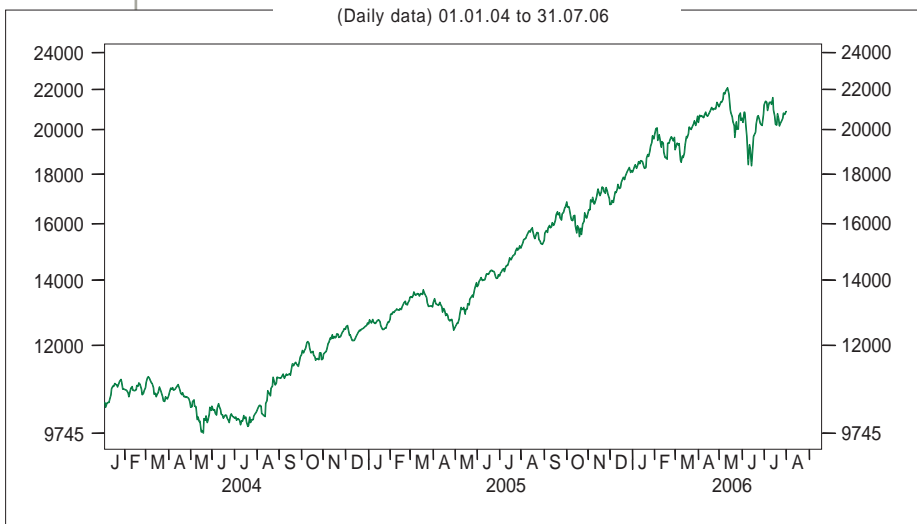
Dollar commodity prices remained firm, but the currency strengthened from its lows of R7.40/\$. The strength in the rand has put some pressure on the commodity counters. Even the stars of the 2006 show, the platinum counters, lost 3.8% in the month. The big loser, however, was Sasol, which lost more than 8% in the month. Industrial counters generally bounced following a significant sell-off in Q2. The quoted property sector could not reverse the losing streak and closed another month in the red.

Generally, local equities benefited from the calmness that returned to emerging equity markets. The stronger currency might have had a negative impact on the performance of resource shares, but it was

undoubtedly extremely positive for the rest of the market. It did a lot for the sentiment of investors who feared that a weaker currency might trigger a vicious cycle that could ultimately end in significantly higher interest rates, a weaker currency and slower economic growth. Although we have seen some recovery in these shares, investors were quite prepared to buy at lower levels and did not chase these counters unrealistically higher.

We warned investors that the strong run in equities this year was not sustainable. Following the strong, positive re-rating of SA equities over the past few years, the country's sensitivity to other emerging market developments has risen and external events are likely to have a greater impact on our markets than

FTSE/JSE All Share Index  
(Daily data) 01.01.04 to 31.07.06



would have been the case a year ago. Hence, the market's reaction to the hike in local interest rates and the rising global interest rates was not a surprise.

Although the outlook for the economy has certainly deteriorated, we do not believe that the local economy faces a boom-bust scenario. Underlying economic conditions are still favourable: we don't expect the inflation rate to spiral out of control; interest rates are likely to remain lower and more stable than they have been for the last few years; and growth should continue to be above 4%.

The recent two 50-basis point rate hikes are not likely to be a prelude to an interest rate shock. Although analysts may lower their earnings forecasts for industrial companies, share prices of interest sensitive shares have already corrected significantly. As we expect monetary policy to remain balanced going forward, we maintain that equities will reward investors over the medium term. However, we don't expect the same level of returns or the same smooth ride that we have experienced over the last three years.

## GLOBAL & LOCAL BOND MARKETS

### In Brief

- Bond and money market priced for a total repo rate increase of 150bps
- Global risk appetite improves
- Liquidity to tighten further

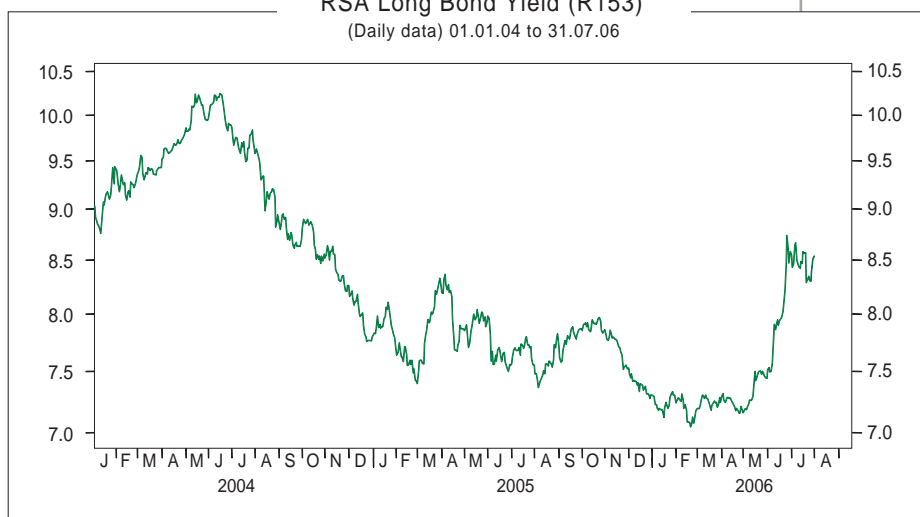
The local bond market experienced a fair amount of volatility in July. The yield of the benchmark R157 government bond gyrated within the trading band of 8.46% and 8.78%, before closing the month at 8.65%, exactly in line with the previous month's close. A nervous market, still reeling from the June spike of 91 bps (calculated using monthly closing yields), was caught between some improvement in global risk appetite and rising concern about local pipeline price pressures. PPI data surprised the market for a second consecutive month by accelerating at a much faster rate than anticipated, raising concerns about second round inflation and the extent of monetary policy tightening. The current shape of the yield curve, and absolute level of medium-dated bond yields, suggest that the market is anticipating an increase in the repo rate of another 100bps. This view is also reflected in both the spot and forward money markets.

The improvement in global investor sentiment mainly centres on the generally-held view that the US Federal Reserve Board has either finished, or is very close to finishing, its tightening cycle. This, together with the market correction that started in May, supported emerging currency and debt markets in particular. In the US, the yield of the benchmark 10-year Treasury note declined by 19bps to 5.0%, thus trading well below the Federal Reserve's target rate of 5.25%. This implies that the market believes the tightening cycle is indeed close to an end, with emphasis on an expected slowdown in economic activity, but less of a concern regarding inflation. However, markets may underestimate the fact that global policy tightening (outside of the US) will further rein in liquidity, thereby possibly causing risk appetite to wane again.

### View

The local bond market, at current levels, is pricing consumer inflation as measured by the CPIX measure to peak at around 6.0%. This assumes limited second round inflation and a total repo rate increase of 150bps. However, this outcome remains at the mercy of the three traditional drivers of inflation volatility, namely crude oil prices, the rand exchange rate and food prices. An added, and more important, risk is the manifestation of higher inflation expectations due to the relative price changes, especially if these first round price increases are sustained. Ongoing tension in the Middle-East, the upcoming hurricane season and other seasonal factors hold significant risks to oil prices, even at current elevated levels, while the risk remains that food prices surprise on the upside. We therefore maintain a cautious stance in the near term.

RSA Long Bond Yield (R153)  
(Daily data) 01.01.04 to 31.07.06





## MARKET INDICATORS

| AS AT 31 JULY 2006      | DY% | PE RATIO | ZAR               |      | USD                 |       |
|-------------------------|-----|----------|-------------------|------|---------------------|-------|
|                         |     |          | ZAR               | USD  | ZAR                 | USD   |
| JSE EQUITIES            |     |          | 1 MONTH % CHANGE* |      | 12 MONTHS % CHANGE* |       |
| All Share Index         | 2.3 | 16.5     | -1.7              | 1.1  | 37.9                | 30.6  |
| Fin & Ind Index         | 3.5 | 14.5     | 1.0               | 3.9  | 23.3                | 16.8  |
| All Gold Index          | 0.6 | 51.9     | -9.7              | -7.1 | 76.3                | 67.0  |
|                         |     |          | Last month        |      | Last 12 months      |       |
| Value Traded (billions) |     |          | 199.8             | 20.3 | 1581.4              | 226.8 |

\* Price index only. Dividends excluded.

## ECONOMIC INDICATORS

|   | LATEST DATA |           | PREVIOUS YEAR |
|---|-------------|-----------|---------------|
| <b>EXCHANGE RATES:</b>                                    |             |           |               |
| Rand/USD  | July - 06   | 6.92      | 6.56          |
| Rand/UK Pound   | July - 06   | 12.92     | 11.54         |
| Rand/Euro   | July - 06   | 8.84      | 7.97          |
| Rand/Aus\$  | July - 06   | 5.30      | 4.98          |
| <b>INTEREST RATES:</b>                                    |             |           |               |
| Prime Overdraft   | July - 06   | 11.00%    | 10.50%        |
| 3-Month NCD   | July - 06   | 7.85%     | 6.90%         |
| R153 Long-bond Yield                                      | July - 06   | 8.54%     | 7.56%         |
| <b>INFLATION:</b>   |             |           |               |
| CPI (y-o-y)   | June - 06   | 4.9%      | 2.8%          |
| CPIX (y-o-y)  | June - 06   | 4.8%      | 3.5%          |
| <b>NATIONAL ACCOUNTS:</b>                                 |             |           |               |
| GDP Growth (y-o-y)  | Q1 2006     | 4.2%      | 5.5%          |
| GDP Growth (q-o-q, annualised)                            | Q1 2006     | 4.2%      | 4.6%          |
| HCE Growth (y-o-y)<br>(Household Consumption Expenditure) | Q1 2006     | 6.7%      | 7.2%          |
| GFCF Growth (y-o-y)<br>(Gross Fixed Capital Formation)    | Q1 2006     | 8.2%      | 10.6%         |
| <b>BALANCE OF PAYMENTS:</b>                               |             |           |               |
| Trade Balance (12 mth cumulative)                         | June - 06   | -\$6.48bn | -\$2.35bn     |
| Current Account (% of GDP)                                | Q1 2006     | -6.4%     | -4.3%         |
| Capital Account (% of GDP)                                | Q1 2006     | 8.3%      | 4.5%          |
| Forex Reserves (incl. gold)                               | June - 06   | \$24.70bn | \$18.59bn     |
| <b>OTHER:</b>   |             |           |               |
| Manufacturing Production (y-o-y)<br>(seasonally adjusted) | June - 06   | 6.2%      | 3.1%          |

(All information relates to month end.)

## Changing dynamics of the investment world



Thabo Dloti - Chief Executive Officer

**The local and international investment world is changing profoundly, as clients seek new products that match their changing needs and demand better value for money all along the investment chain. Asset managers are responding by changing the way they manage money and the products they offer. Globally, these trends are far advanced and SA is catching up quickly.**

### CHANGING INVESTMENT NEEDS

Clients' needs have changed significantly over the past decade because they have had to live with a great deal more uncertainty than they did in the past, particularly when it comes to their retirement. Internationally and locally, there has been a wholesale move away from the comfort of defined benefit pension funds, where your retirement income was guaranteed, to defined contribution funds, where the financial responsibility in providing for retirement falls squarely on the member's shoulders.

This has changed the way investors view the world, exacerbated by the significant amount of market uncertainty that has dominated global equity markets since the beginning of this decade, following the boom times of the late nineties when investors became used to ever-rising share prices.

In a more volatile investment environment, investors have understandably begun to focus on the cost of investing and how this ultimately impacts on the value of their investment. Sharp scrutiny by regulators has given impetus to this focus on costs and on the actual benefits offered by different investment products.

Of most concern to the investor is how much they are actually paying for a product, because some costs are not determined upfront, but do have a significant impact on the overall performance of the investment. These are the costs incurred in the fund's day-to-day trading activities, such as transaction costs, transition trades, commissions paid to service providers and the market impact of trading.

To account for these costs, there has been a recent global move towards publishing Total Expense Ratios (TERs), which capture all these costs, including upfront and annual management fees. It has been a required reporting standard in the UK mutual fund industry since last year and the SA unit trust industry is in the process of adopting TERs as well.

Ultimately, the focus on costs and value offered by investment products, in addition to the traditional client emphasis on a product's risk/return dynamics, has triggered a huge shift in the products clients are now demanding.

### RETURNS FROM THE MARKET VERSUS RETURNS FROM THE MANAGER

Perhaps the most profound shift is the client's differentiation between investment products that deliver market-related returns (beta) and those that offer returns in excess of the market (alpha). Investors seeking low-cost exposure to the equity market are doing so through passive funds, such as index funds and Exchange Traded Funds. Meanwhile, those who want to invest with a manager who has a strong track record of outperforming the market and providing alpha are willing to pay for that expertise.

The split between alpha- and beta-generating investments is particularly apparent in the retirement

“ huge shift in the products the clients are now demanding ”

fund environment, where institutional investors are increasingly choosing a combination of alpha and beta investment products and moving away from the traditional balanced fund, which offers a blend of the two.

In a recent research report titled "The Asset Management Industry in 2010", McKinsey & Company note: "No longer are pension sponsors awarding mandates along the lines of traditional equity and fixed income asset classes. Instead, they are selecting managers on their ability either to generate alpha consistently or provide cheap sources of beta."

### MOVE TOWARDS OFFERING INVESTMENT SPECIALISATION

Asset managers have responded to these changing needs by moving towards investment specialisation, usually provided through small boutique investment teams. Investors like the boutique model because it gives them access to the best investment professionals whose sole focus is on delivering superior returns in their area of specialisation. The professionals also have a stake in the business and share in the performance they generate, which means their interests are directly aligned with those of the client.

Internationally, many successful large asset managers have adopted a multi-boutique model, which offers clients access to smaller boutique businesses, but with the added benefit of being backed by a reputable, solid and sustainable investment business and all its operational resources.

In SA, the larger investment houses have also responded by moving towards multi-boutiques, where they offer a range of specialist capabilities alongside their traditional balanced funds. Last week, we at OMAM(SA) took the next logical step in the process by [announcing our intention](#) to become the first local asset management company to fully transform our specialist investment capabilities into a range of independently-run investment boutiques. These will give investment professionals autonomy and give clients access to the best of both investment worlds: the advantages of size, as well as access to the focused investment expertise of small, nimble, boutique investment teams.



Peter Linley - Chief Investment Officer

## OMAM (SA) Performance Review - 2nd Quarter 2006

Following the equity market's recent volatility, the SA Reserve Bank's decision to raise rates twice by 50 basis points and the sharp depreciation in the rand, investors are understandably unsure about what lies ahead.

### RIDING THE WAVE

The equity market experienced extreme volatility over recent months, falling almost 17% in only four weeks during the middle of the quarter. It recovered, however, delivering 4.9% for the quarter and 18.8% up for the year to end June.

Our view is that, in the short-term, volatility could continue and there may well be further market losses. As past experience has shown, it is impossible to pinpoint an exact bottom. But we are confident that on a longer-term view, the outlook for the SA economy and equity market remains favourable.

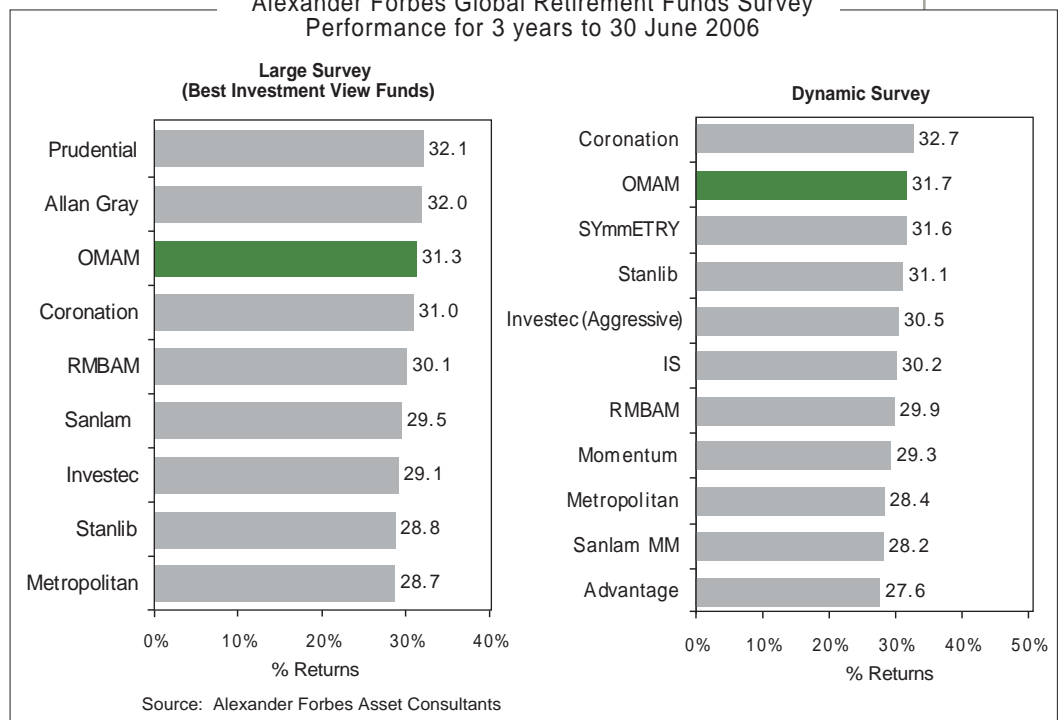
Although the risks that interest rates may move higher on the local and international front have undoubtedly risen, the SA Reserve Bank's decision to raise interest rates pre-emptively is further confirmation that it is serious about containing inflation within the target range. With the real prime rate already at about 8%, it is unlikely that interest rates will rise to levels experienced in previous interest rate cycles, given the central bank's commitment to maintaining inflation within the target band of 3% to 6%.

### RETIREMENT FUND PERFORMANCE CONTINUES TO DELIVER

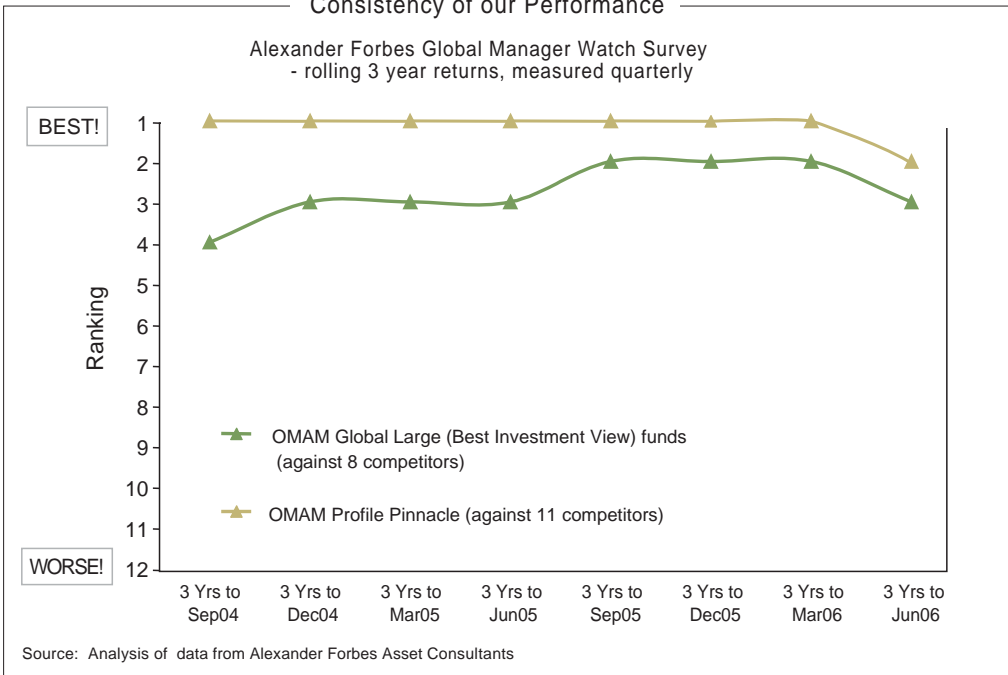
The performance of OMAM's Global Peer Average Retirement funds are a good representation of OMAM's overall investment skill in stock picking and asset allocation. Our typically higher weighting towards equities rather than bonds in these funds over the longer term, continued to work in our favour as the equity market returns outstripped those of the bond market.

It is pleasing to note that these funds, despite experiencing a relatively poorer quarter, continued to

Alexander Forbes Global Retirement Funds Survey Performance for 3 years to 30 June 2006



### Consistency of our Performance



rank amongst the top three best performing institutional asset managers in the Alexander Forbes (AF) Global Large Manager Watch survey over three years and outperformed the average competitor over 12 months to June 2006. The absolute returns remained excellent at 33.8% over one year and 31.3% over three years respectively.

In addition, OMAM's more aggressively managed pooled retirement fund, Profile Pinnacle, continued to hold its top spot in the AF Global Manager Watch (Dynamic) category over five years to June 2006, while ranking second over three years.

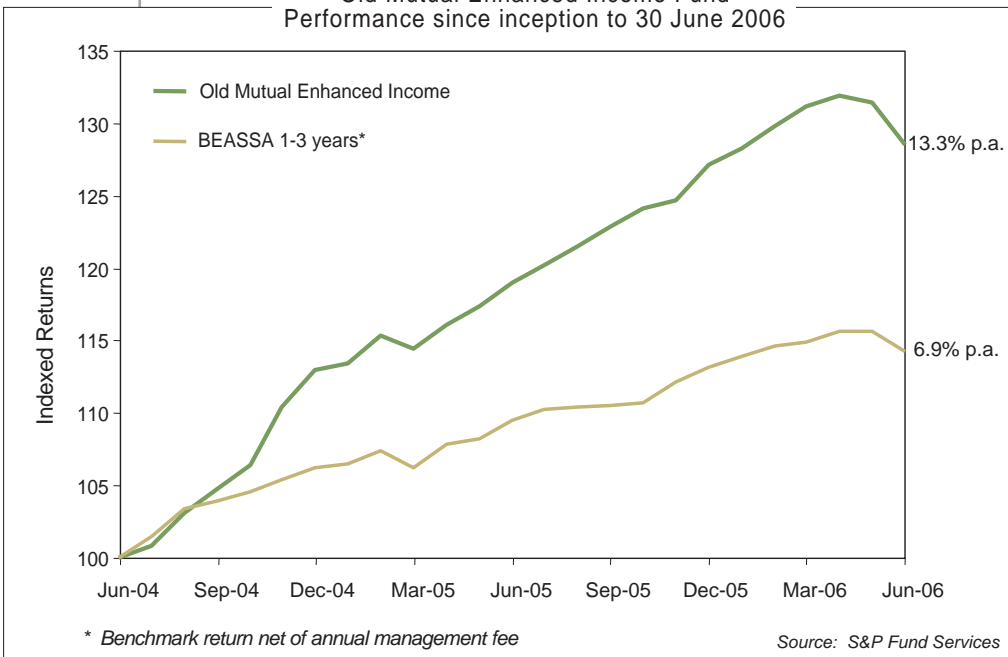
It is especially pleasing to note that both these OMAM funds consistently rank amongst the top performing funds in their respective categories. As indicated by the rolling three year performance ranking graph, measured on a quarterly basis, the OMAM Global Full Discretionary Segregated funds have moved up from fifth position to third position during the past two years. Pinnacle has remained at the top of its game since September 2004, only dropping to second position over the last measurement period.

### IMPACT OF RECENT MARKET EVENTS ON UNIT TRUST PERFORMANCE

#### Fixed Income Fund

The recent interest rate hikes were not altogether a surprise, with the money market pricing the increases in, ahead of the announcements. The bond market responded negatively to these events, with the All Bond Index falling 3.6% in June and down 2.1% for the first half of the year.

#### Old Mutual Enhanced Income Fund Performance since inception to 30 June 2006



Despite our fixed income peer group funds having lost some ground over the quarter, they continued to outperform competitors and benchmarks over one, two and three years and maintained most of their top quartile positions over these periods.

Although the Old Mutual Enhanced Income Fund underperformed its benchmark (BEASSA 1 – 3 years) over the quarter, it continued to deliver almost twice the rate of its benchmark over one and two years and outperformed the average competitor fund returns in the Income, Money Market and Bond Unit Trust categories.

It remained one of the most popular funds over the past quarter, accounting for 10% of the total unit trust industry's net inflows by attracting more than R500m net and growing to a high of R5bn in just two years. It remains a good solution for investors seeking a regular income source as it has been

delivering far better returns than money market assets at an acceptable risk level and is able to target multiple interest bearing asset classes.

### Equity Funds

Equity funds were not unscathed by the recent market volatility, with almost all equity funds in the industry underperforming the FTSE/JSE All Share Index over the past quarter and even the past year. Only some resources-orientated and index tracker-type funds were resilient.

However, all the Old Mutual specialist equity funds, except for the Industrial Fund, continued to convincingly outperform their peer group medians over one and two years. The Industrial Fund's (previously named Consumer Fund) mandate change has recently been approved to allow the fund to invest in the broader range of industrial shares in addition to the retail-orientated shares. This should bring its returns more in line with its peers.

Our general equity funds' performance lagged that of their peers. This can be attributed to our higher exposure to interest rate sensitive shares that came under pressure following the rate hike. Furthermore, we were overweight local industrial shares as opposed to the rand hedge industrial shares that benefited from the rand's depreciation.

Our view is that SA will not experience such dramatic rate hikes as experienced with the 1998 interest rate shock, and we therefore do not expect a material impact on company earnings or economic prospects. We have not strategically altered our view on equities being the top performing asset class over the longer term. We continue to view the valuations of the local industrial counters as attractive. While this positioning has hurt us in the short term, we believe we will benefit by it over the longer term.

### Asset Allocation Funds

The performance of our asset allocation peer group funds also came under pressure over the quarter, but remained ahead of their median competitor over one, two and three years. Our typically higher weighting towards equities than bonds over the longer term relative to most of our competitors, continued to stand us in good stead as the equity market returns outstripped those of the bond market.

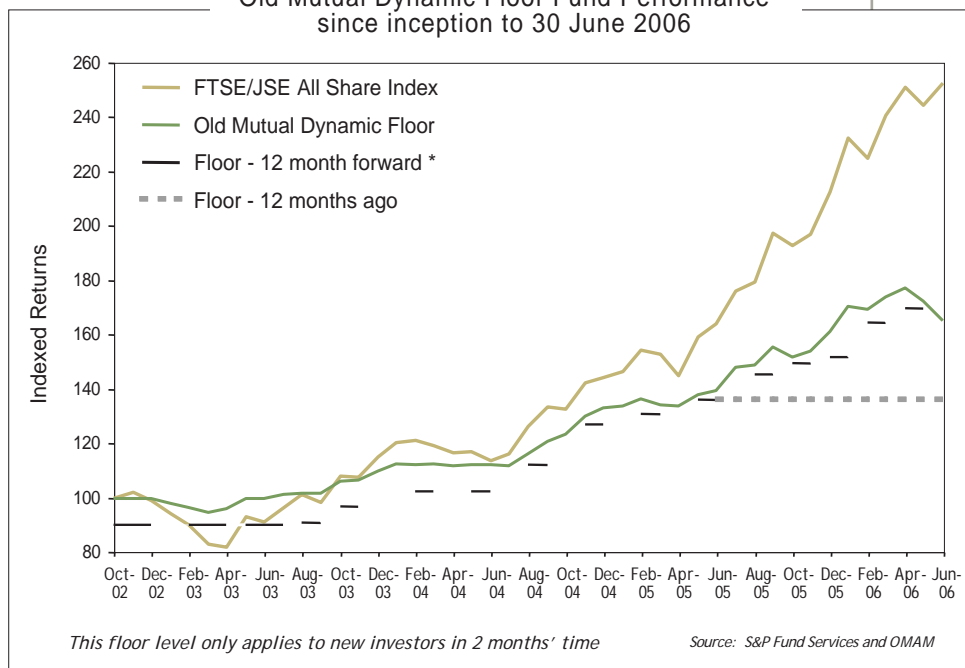
The Old Mutual Dynamic Floor Fund's performance levelled out with the recent extreme volatile behaviour of the market. As the immediate focus of the fund has shifted to capital protection rather than growth, the fund will show a slow recovery. The floor level of the fund is set at 90% of the fund's

value in 12 months time and we are confident that the floor levels that have been put in place to date are not at risk.

Since inception, the fund has delivered an impressive 14.7% return per annum, which should be pleasing for its investors seeking to preserve capital as it delivered more than double the rate of its benchmark (CPI+4%). It enjoyed the largest net inflow of all the industry's Targeted and Absolute Return funds over the quarter, which at R556m amounted to 11% of the total unit trust industry's net inflows.

Another of our funds in this category that has proven popular, is the recently launched Real Income Fund. With a net inflow of R144m, it attracted some of the biggest inflows into this category. This

Old Mutual Dynamic Floor Fund Performance since inception to 30 June 2006



## CONTACT OMAM

fund aims to provide both a growing income and some level of capital appreciation by investing in a range of interest bearing securities and up to a combined maximum of 35% in listed property and equities.

### FOCUS ON THE LONGER TERM

Given the level of uncertainty in local and global markets, a rational and balanced approach to investing is advised at this point. Investors should identify the strategic long-term equity exposure that best suits their risk profile and investment objective - whether they are seeking income, capital preservation, or need to accumulate capital.



**Mike van Heerden**  
Senior Executive  
Business Development (SA)

Tel: (021) 509-5082

[mvheerden@omam.com](mailto:mvheerden@omam.com)



**Thabo Dloti**  
Chief Executive Officer

Tel: (021) 504-7375

[tdloti@omam.com](mailto:tdloti@omam.com)



**Jerry Mnisi**  
Senior Executive  
Business Development (SA)

Tel: (011) 217-1751

[jmnisi@omam.com](mailto:jmnisi@omam.com)

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