

# Investment Managers' Conference

October 2011

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[www.omigsa.com/msi](http://www.omigsa.com/msi)



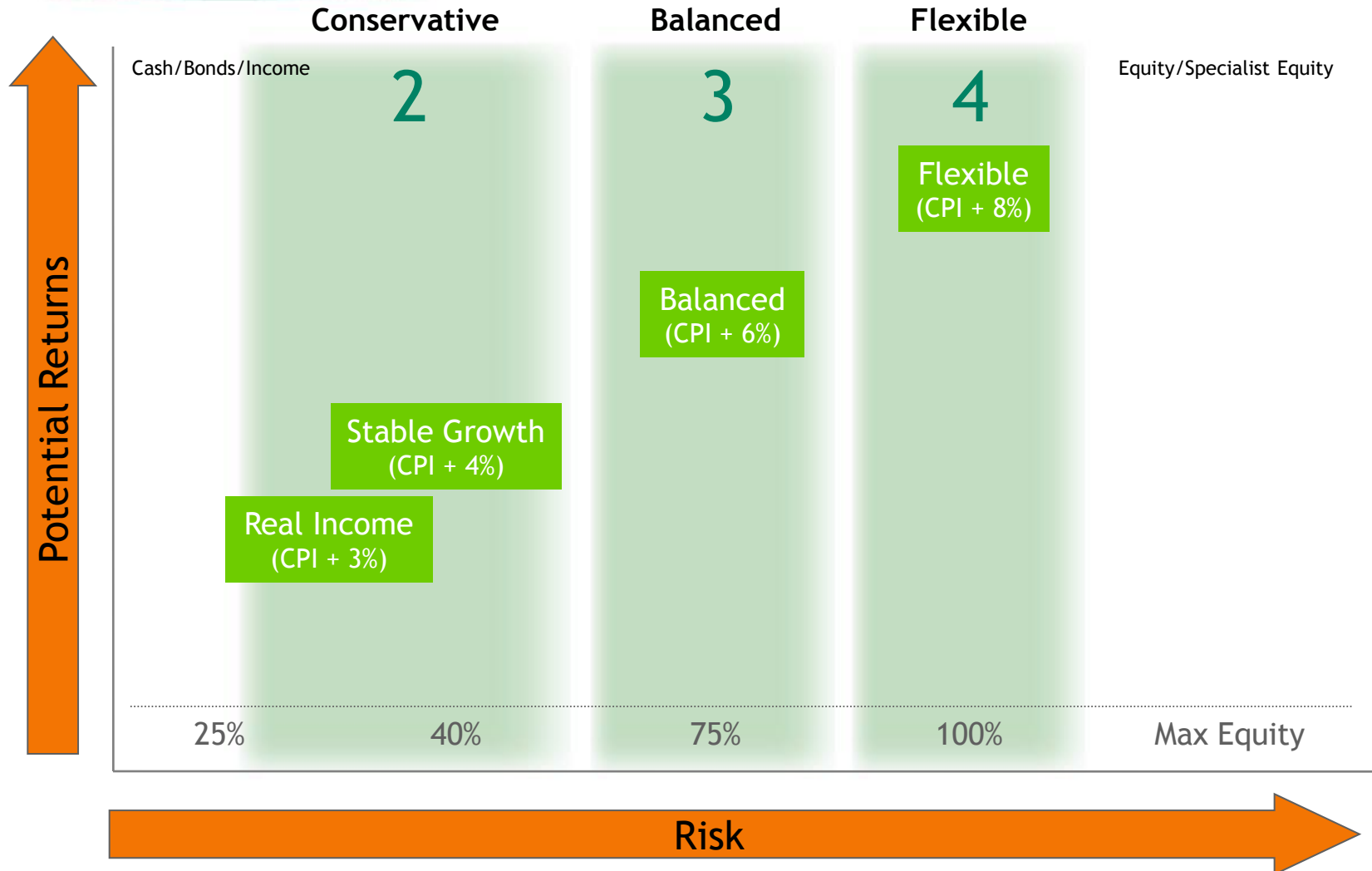
Integrated multi-asset class solutions



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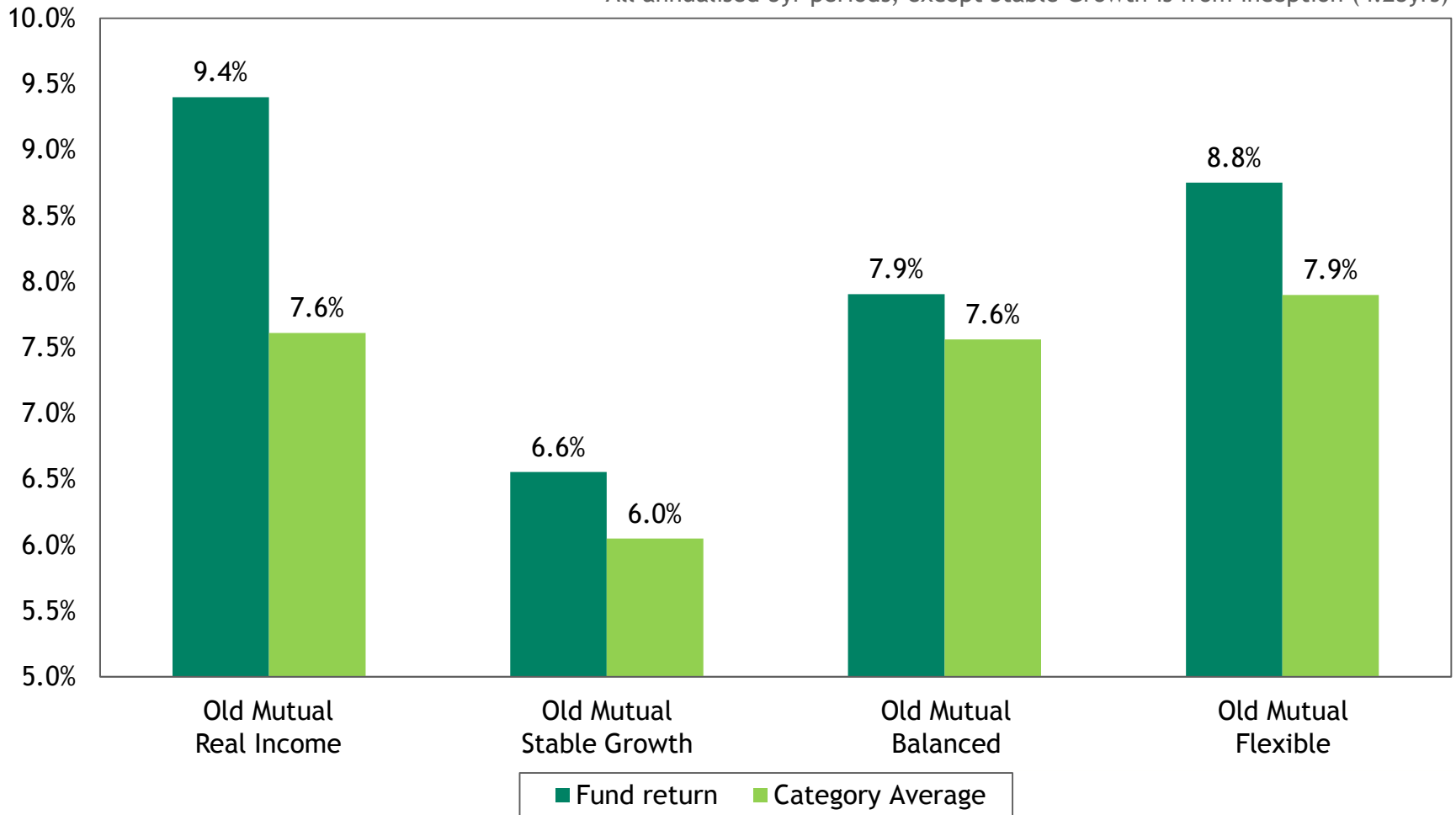
# Optimal Solutions across the Risk/Return Spectrum



\* Expected real returns in the Medium Term  
Real return is the target on a rolling 3-year basis, gross of fees

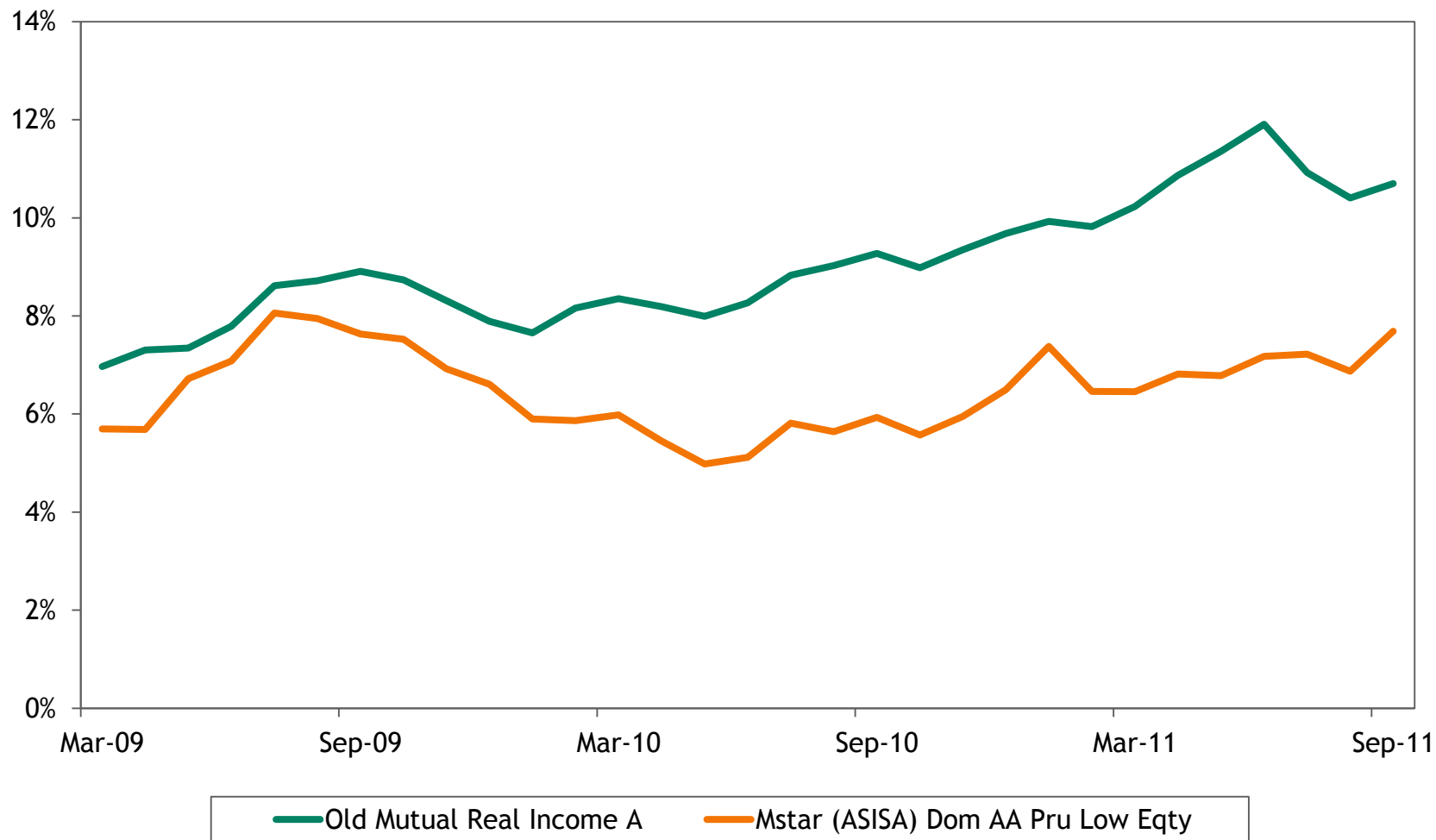
# Superior returns relative to peers

All annualised 5yr periods, except Stable Growth is from inception (4.25yrs)



Source: OMIGSA Macro Strategy Investments

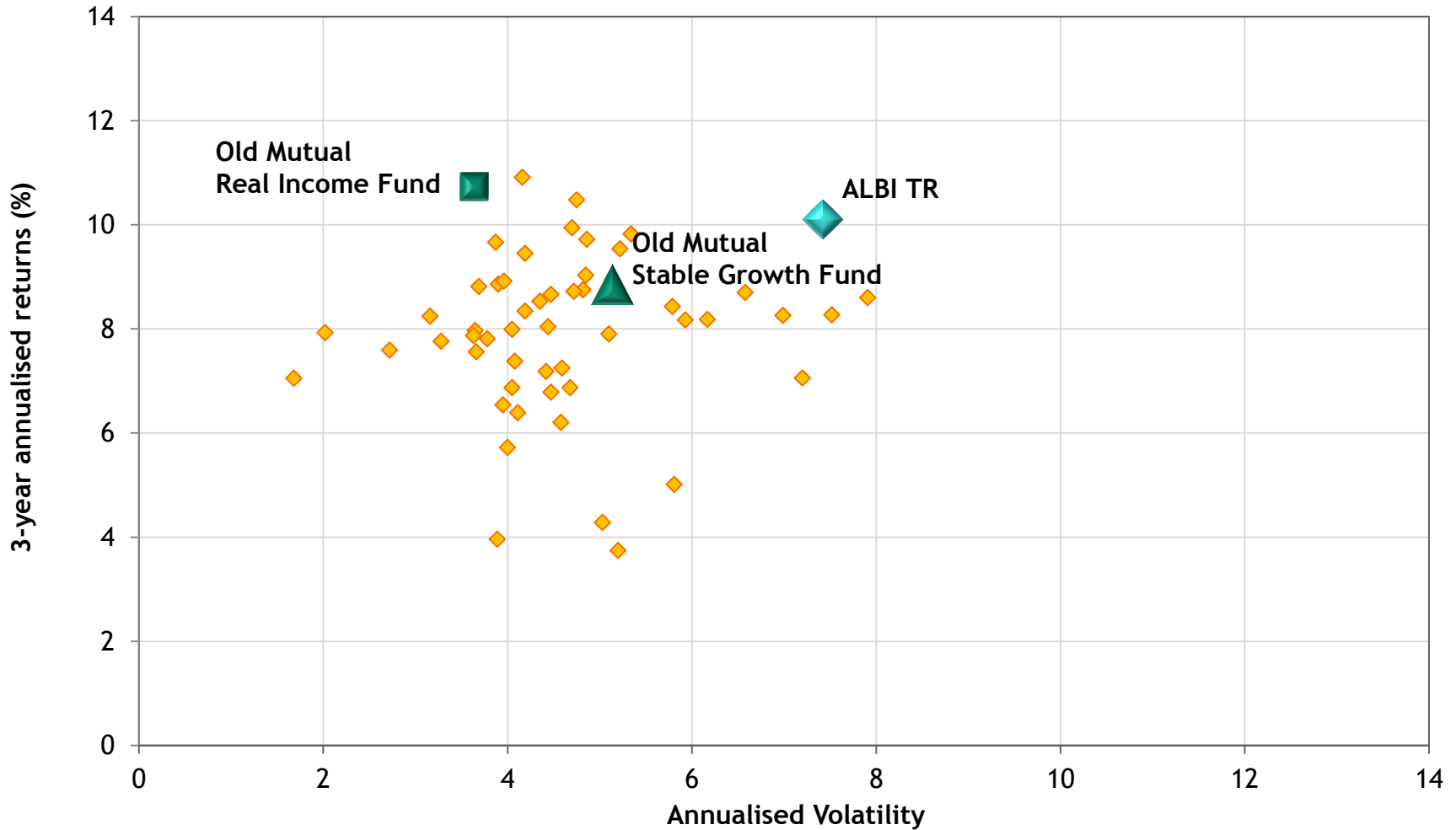
# Real Income: Rolling three year returns



Source: Morningstar

# Old Mutual Real Income Fund in Prudential low equity category

Risk/Return analysis - 3 years to 30.09.11



Source: OMIGSA Macro Strategy Investments

# Process: Trade email

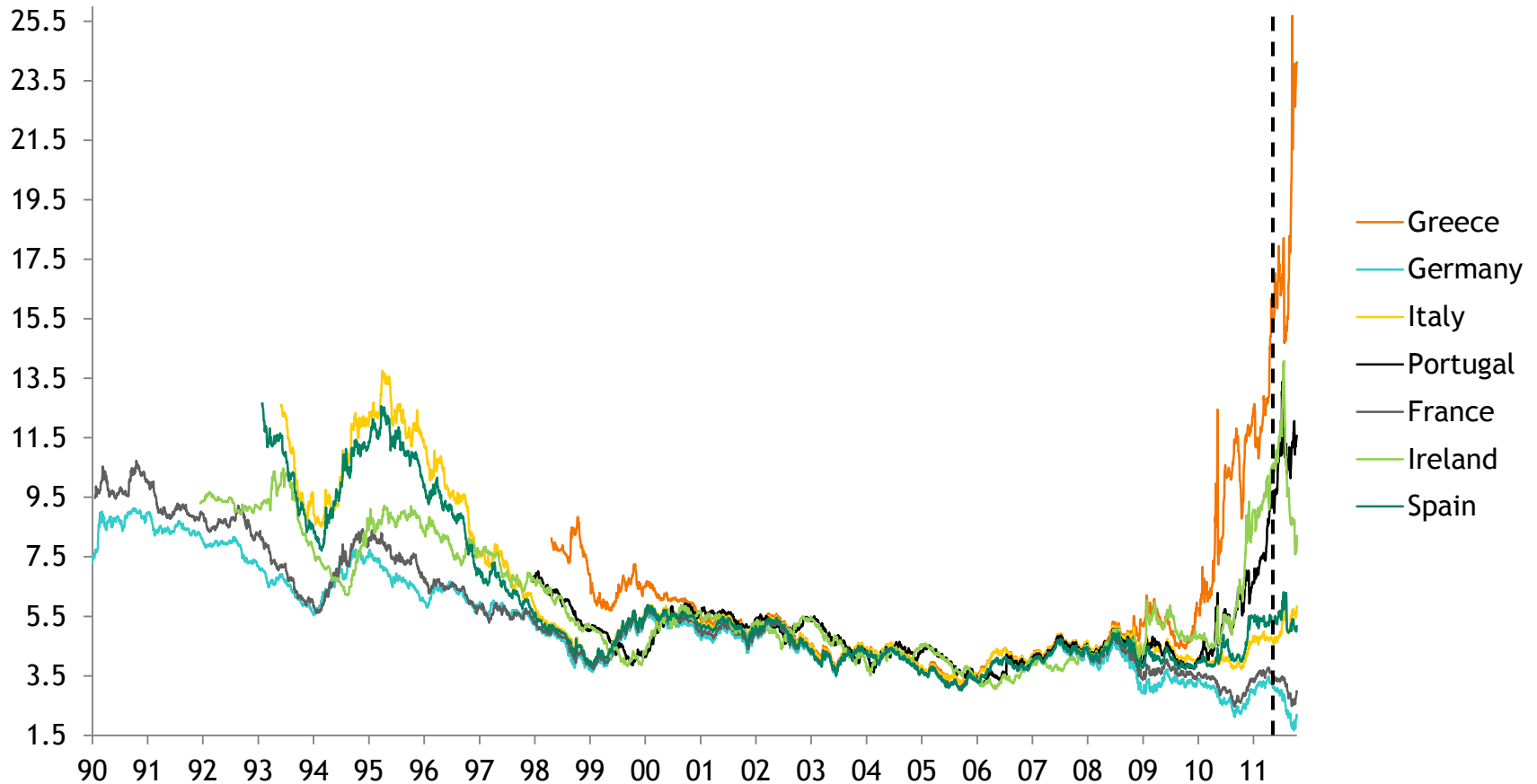
- ▲ Theme
- ▲ Price
- ▲ Roadmap
- ▲ Risk
- ▲ Position size

# Themes

- ▲ Big government
- ▲ Cash is trash
- ▲ Low return world
- ▲ Quest for yield
- ▲ Emerging markets

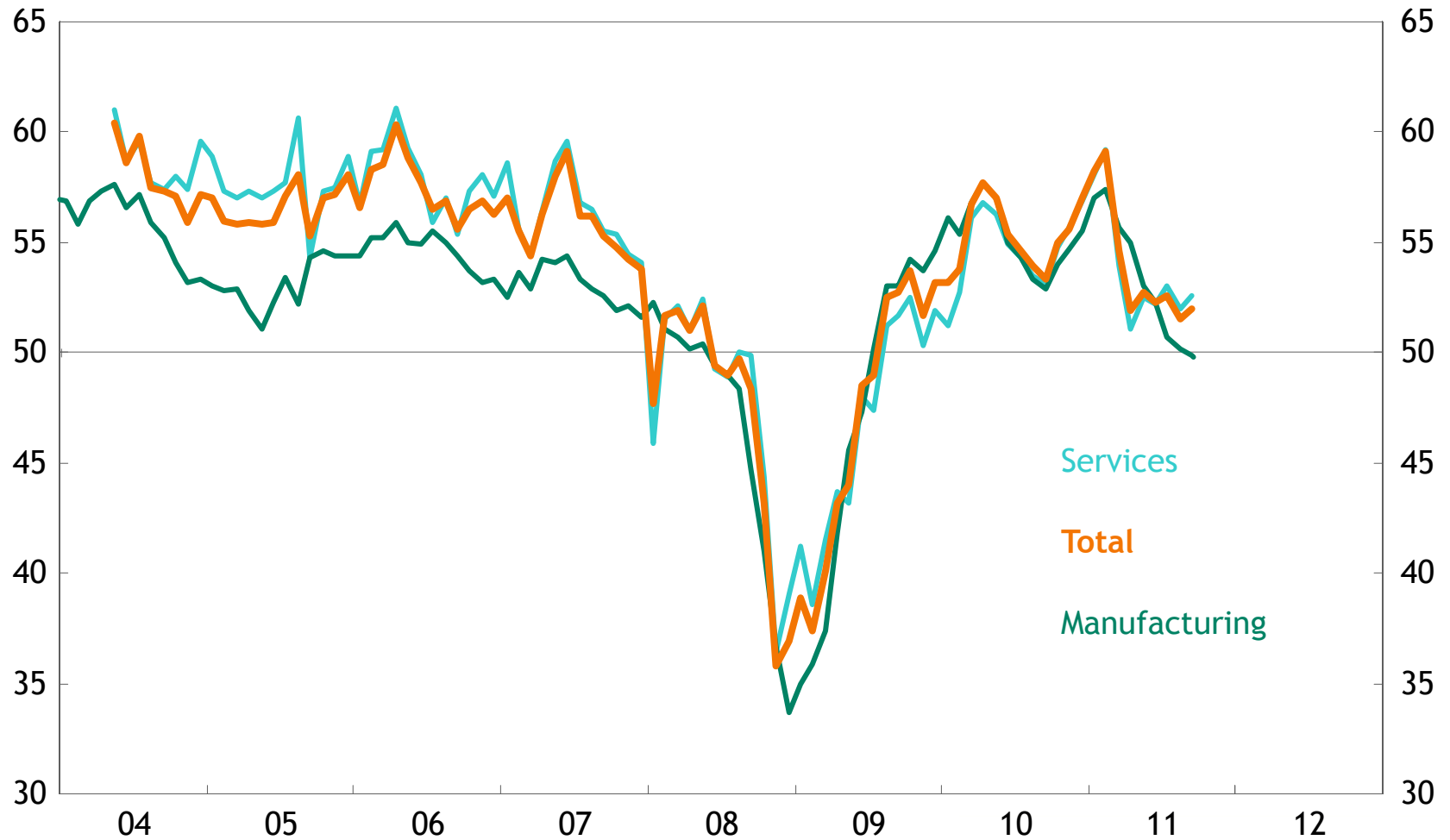
# Theme: Big government

## European government bond yields since 1990



Source: Bloomberg

# Theme: Global growth rolling over



Source: JPM Global All-Industry PMI

# Price: Global Equity



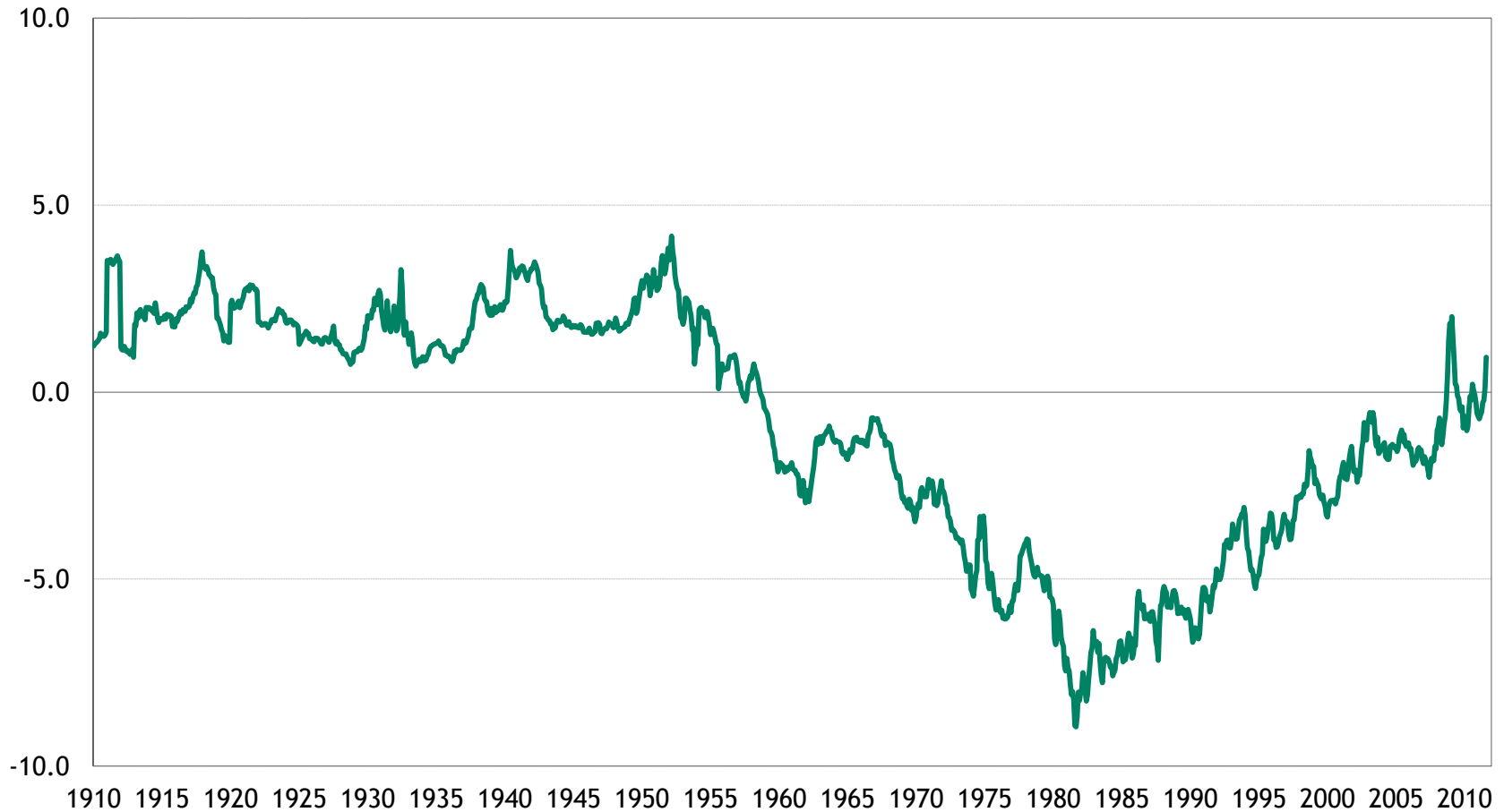
Source: OMIGSA Macro Strategy Investments

# Price: Global Equity vs Global Bonds



Source: OMIGSA Macro Strategy Investments

# Price: Dividend yield minus bond yield



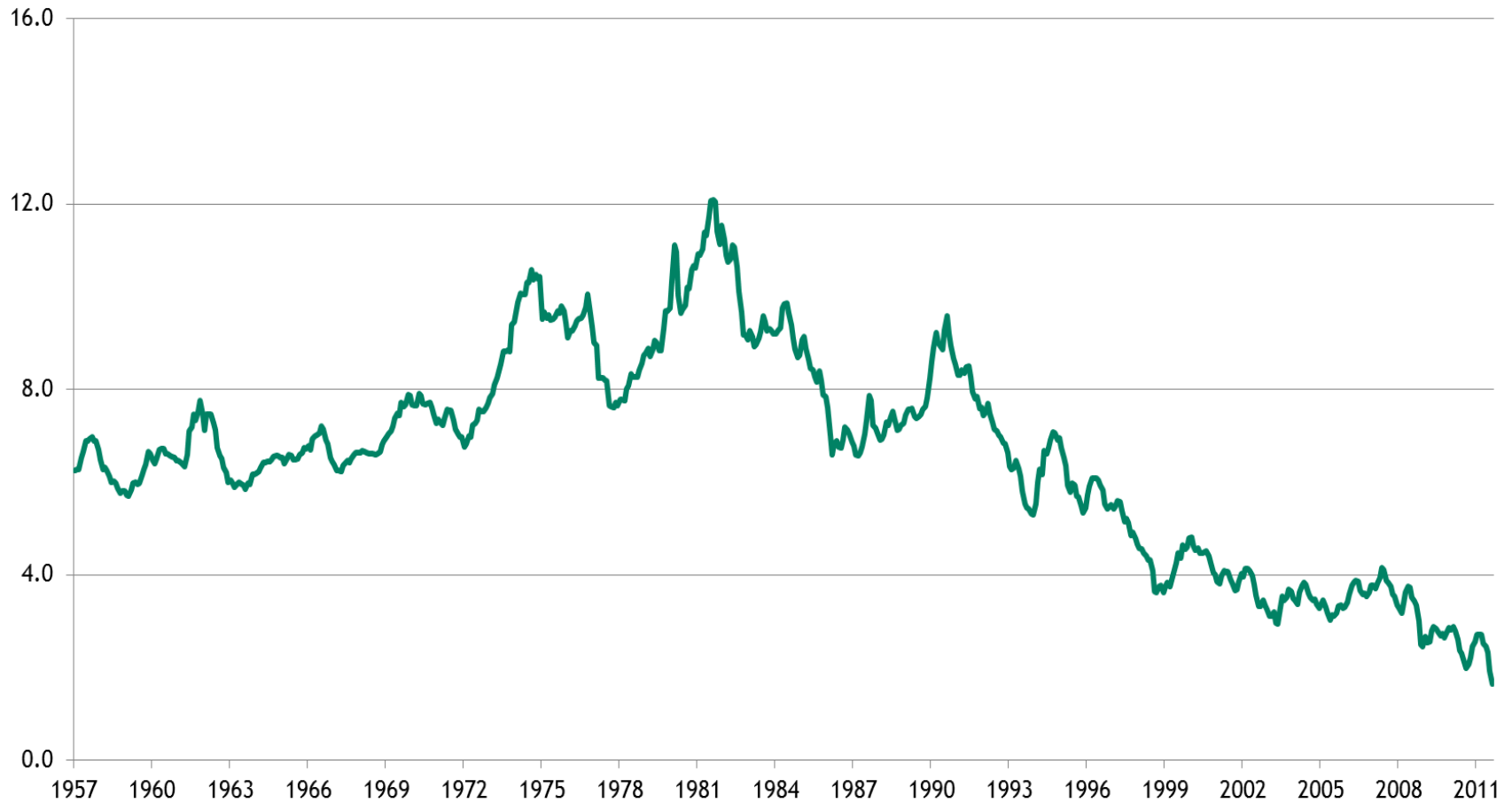
# The average is a flat average of the US, UK, Japan and Australian yield



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# Price: Bond yield



# The average is a flat average of the US, UK, Japan and German yield



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# Price: Long-term expected returns

	Real return	View	Comment
SA		<b>N</b>	Long-term real depreciation
Equity	6.5%	<b>+</b>	De-rated in last six months. Expect a better H2
Property	5.5%	<b>N</b>	Should produce steady real returns backed by yield
Bonds	2.5%	<b>N</b>	Limited potential for capital gains but attractive carry vs. cash
Cash	1.0%	<b>-</b>	Lower rates for longer means lower returns
Int'l*		<b>N</b>	Diversification is valuable
Equity	7.0%	<b>+</b>	Preferred risk-adjusted asset class
Bonds	0.0%	<b>-</b>	Longer-term bearish
Cash	-1.0%	<b>-</b>	Cash is still unattractive

NB: These are long-term, real returns expected over the next five years, as at 15 August 2011



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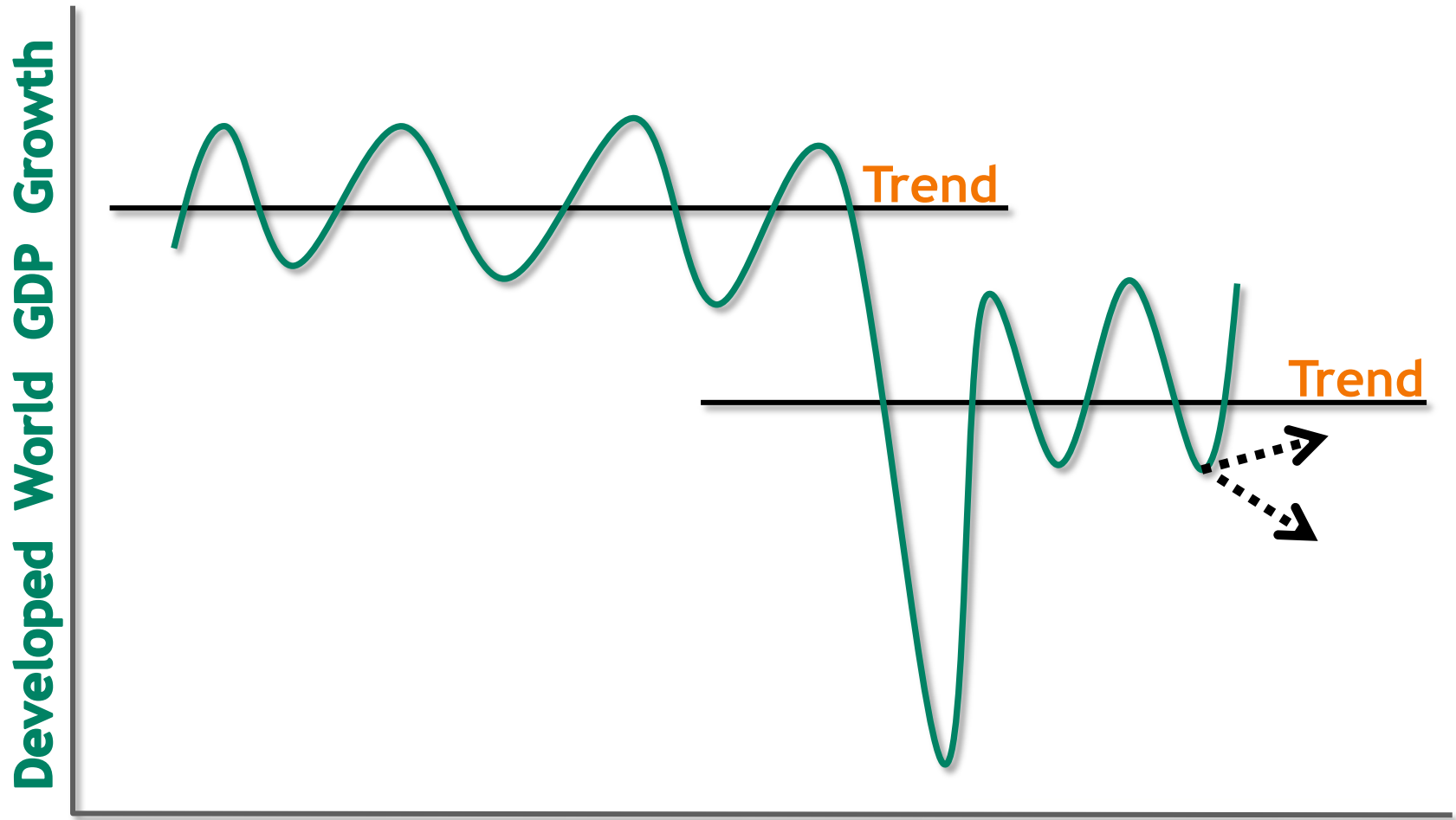
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# Philosophy: Theme & price

“Integrating top down  
& bottom up”



# Roadmap



# Risk



- ▲ Global risk environment is high
  - Independent factors
  - Political element
  - Limited monetary and fiscal tools
- ▲ Greater emphasis on risk management
  - Derivatives
  - Diversification
  - International > Local
- ▲ Position size

# Positioning & Risk: Profile Pinnacle

(Aggressive mandate)



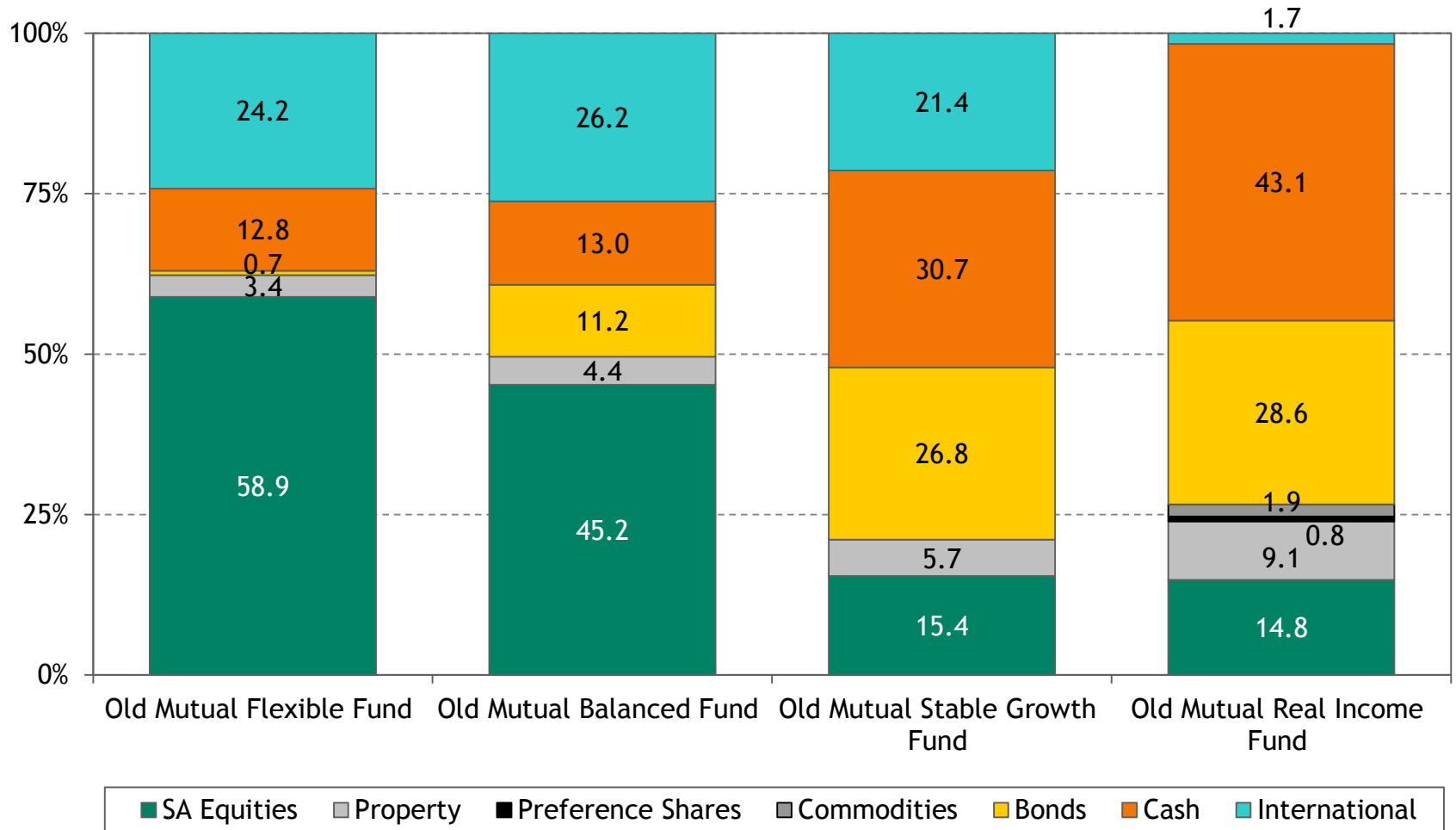
Source: OMIGSA Macro Strategy Investments



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# Position as at 30.09.11



Source: OMIGSA

# Process: Trade email

- ▲ Theme
- ▲ Price
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- ▲ Risk
- ▲ Position size

# Regulatory Information

Old Mutual Investment Group (South Africa) (Pty) Limited

Physical Address: Mutualpark, Jan Smuts Drive, Pinelands, 7405

Telephone number: +27 21 509 5022

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The investment portfolios may be market-linked or policy based. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.

Personal trading by staff is restricted to ensure that there is no conflict of interest. All directors and those staff who are likely to have access to price sensitive and unpublished information in relation to the Old Mutual Group are further restricted in their dealings in Old Mutual shares.

All employees of Old Mutual Investment Group are remunerated with salaries and standard short-term and long-term incentives. No commission or incentives are paid by Old Mutual Investment Group to any persons. All inter-group transactions are done on an arms lengths basis.

In respect of pooled, life wrapped products, the underlying assets are owned by Old Mutual Life Assurance Company (South Africa) Limited who may elect to exercise any votes on these underlying assets independently of Old Mutual Investment Group.

In respect of these products, no fees or charges will be deducted if the policy is terminated within the first 30 days. Returns on these products depend on the performance of the underlying assets.

Old Mutual Investment Group has comprehensive crime and professional indemnity insurance. For more detail, as well as for information on how to contact us and on how to access information please visit [www.omigsa.com](http://www.omigsa.com).



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