



# MACRO STRATEGY INVESTMENTS

*"Sun Tzu: Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."*

Peter Brooke | Boutique Head



## OUR BUSINESS

We manage a range of asset allocation funds that span the risk/return spectrum and offer a proven ability to deliver consistently strong performance, which attests to the depth of skill inherent in this team.

We invest in the widest range of global asset classes and combine these building blocks into integrated multi-asset class portfolios.

### AN EXTENSIVE OFFERING ACROSS THE RISK SPECTRUM

We manage:

- ▲ Funds ranging from very conservative to aggressive;
- ▲ Unit trusts and life wrapped funds;
- ▲ Institutional pooled and segregated funds; and
- ▲ Offshore, SA and combined offshore and SA asset allocation funds, depending on the mandate.

## INVESTMENT PHILOSOPHY

We believe markets are inefficient and that high prices alter the supply/demand balance, ultimately creating low prices. These shifts in markets are driven by large secular (long-term) themes and fundamental macro-economic trends – the “big picture” drivers of performance. Using this crucial long-term perspective, we actively allocate assets to our global and local multi-asset class portfolios. Hence we will make material changes to our portfolios based on our expectations for the long-term prospects of particular asset classes.

Importantly, we go beyond the general asset class view and break these down into clusters of assets that will be equally impacted by these “big picture” themes. By combining our in-house capabilities and our specialist security selection expertise with those of other global and local Old Mutual boutiques, all within the framework of our top-down macro view, we offer investors a range of optimal solutions in terms of generating excess returns and risk control.

## MACRO STRATEGY TEAM

### Portfolio Managers

**Peter Brooke**  
(16 Years)



**Denzil Burger**  
(28 Years)



**Anil Thakersee**  
(9 Years) CFA



**Urvesh Desai**  
(8 Years) FIA



### Equity Manager

**Alida Jordaan**  
(17 Years) CFA



### COO & Head: Marketing & Distribution



**Sathyen Mahabeer**  
(16 Years) FIA

### Business Development Team



**Merrelyn Diale**  
(13 Years)



**Dharmesh Dayal**  
(14 Years)

### Asset Allocation Voting Process



**Graham Tucker**  
(10 Years) CFA



**Warren van der Westhuizen**  
(13 Years) CFA



**Vanessa Eckles**  
(10 Years)



**Rian le Roux**  
(31 Years)

### Quantitative Research Team

### Economist



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Investments

## WHY ASSET ALLOCATION MATTERS

The closest thing to a free lunch in investing is diversification between – and within – asset classes. This is well encapsulated in the old adage “don’t put all your eggs in one basket”. Done correctly, diversification lowers a portfolio’s risk without lowering its performance potential.

By leaving asset allocation decisions to fund managers with proven expertise, investors can avoid making common investor mistakes, such as:

- ▲ Trying to time the markets – buying at the top, selling at the bottom;
- ▲ Forgetting the bigger picture and making short-term investment decisions based on fear or greed.

## CATERING FOR DIFFERENT RISK/RETURN APPETITES

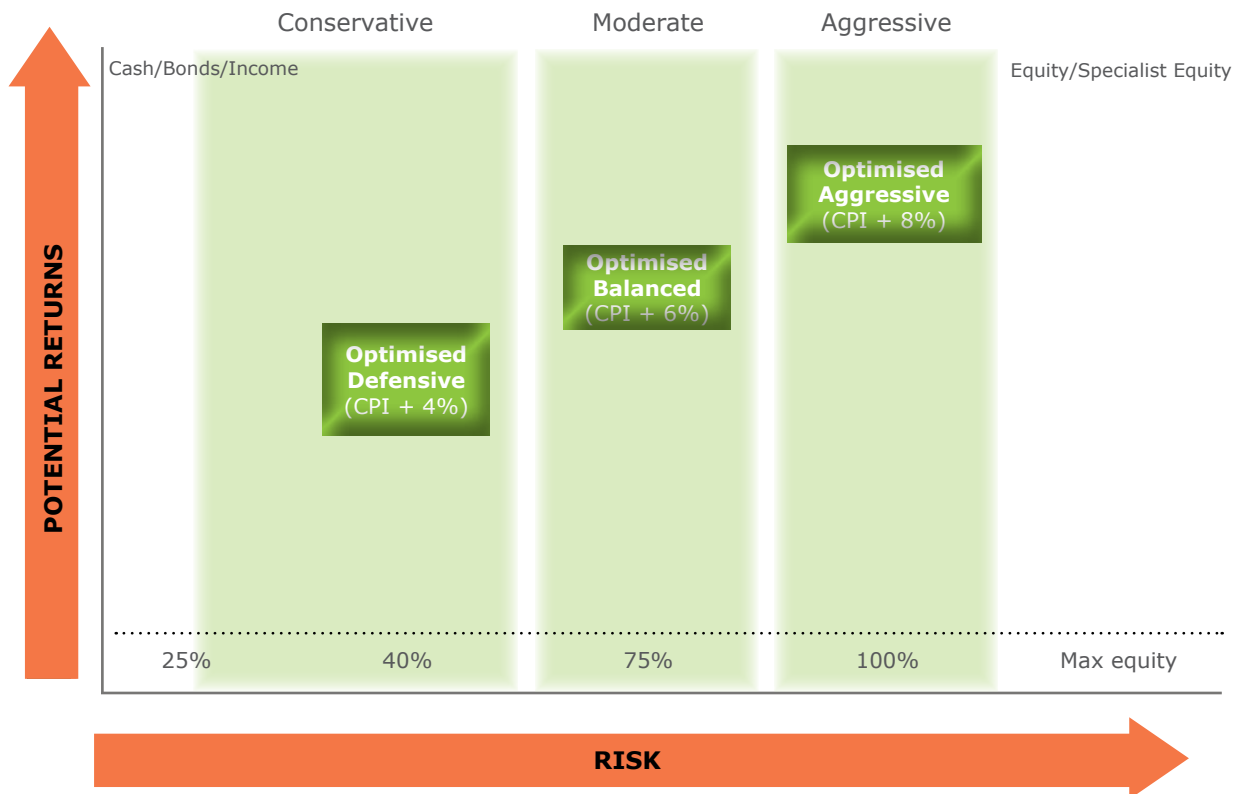
We are dedicated to providing the best multi-asset class solutions across the risk/return spectrum. We manage a range of funds that caters for investors who require conservative, moderate or aggressively managed portfolios. All these funds are driven by the same rigorous investment process, but differ in their asset class ranges and predetermined risk boundaries. The diagram below illustrates how a selection of our funds fit into this risk/return spectrum.

First along the risk/return spectrum is the Optimised Defensive Fund, with a performance target of CPI + 4% (gross of fees). As a conservatively managed fund, it has a maximum equity exposure of 40% and a risk rating of 2. It is regulation 28 compliant, making it suitable for retirement savings.

The Optimised Balanced Fund, with a target return of CPI + 6%, has a moderate risk profile of 3 and a maximum equity exposure of 75%. It is regulation 28 compliant, making it suitable for retirement savings. Balanced funds are tried and tested investment vehicles that have proved popular for many decades because of their moderate risk/return profile.

Finally, for investors who are happy to allow more investment flexibility and who have a longer-term horizon, the Optimised Aggressive Fund targets CPI + 8% and, with a risk rating of 5, can invest up to 100% in equities. This fund is growth-oriented but is likely to have a lower volatility than a pure equity fund, as the fund benefits from diversifying into other asset classes.

## OPTIMAL SOLUTIONS ACROSS THE RISK/RETURN SPECTRUM: LIFE WRAPPED FUNDS



## LIFE STAGES – CHANGING INCOME VERSUS CAPITAL GROWTH PRIORITIES

Investors have different needs at the various stages of their lives, which tend to determine their focus on capital growth versus income generation.

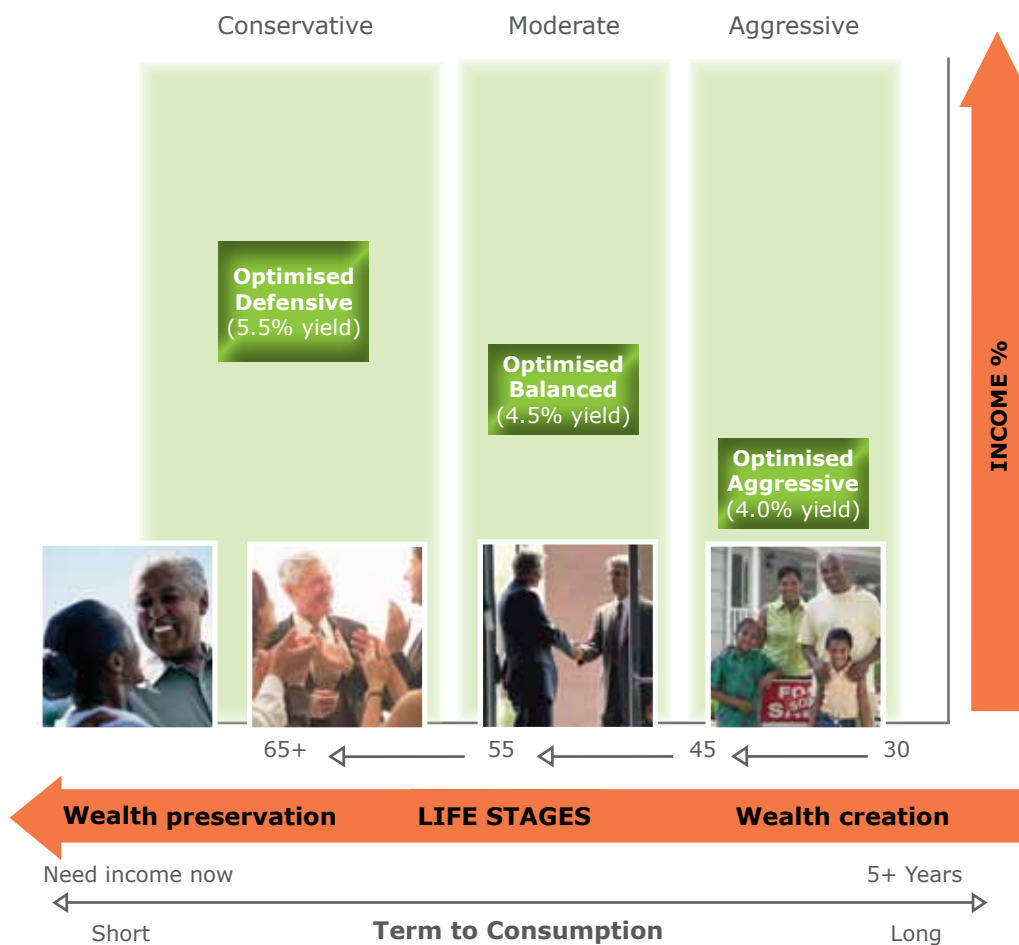
- ▲ The 30-something investor is generally predominantly focused on wealth creation and therefore more inclined to invest in funds that offer capital growth rather than income generation. Income is less important as investors have a long time horizon before retirement when they will begin to rely on income. The Optimised Aggressive Fund may suit their needs with its target of CPI + 8%.
- ▲ For investors in their mid- to late-40s, capital generation is still the major priority, but they do not have the same risk appetite as new investors. Here the Optimised Balanced Fund is the cornerstone of most individuals' savings plans.
- ▲ 55-plus investors focus on wealth preservation, but they still need real growth in their investments to build their capital. The Optimised Defensive Fund, with a CPI + 4% target and a more conservative asset allocation, may be appropriate.

Macro Strategy Investments manages a range of multi-asset class funds that cater for most of the investor's life stages, other than funds that have no equity and higher risk, equity-only funds.

As the diagram below shows, the Optimised Defensive Fund caters for investors who are nearing retirement and are focused on preserving their savings while still needing some real growth. The fund aims to deliver a forecast yield of about 5.5%.

Meanwhile, the Optimised Balanced and Optimised Aggressive Funds are better suited to investors who are in the wealth creation phase of their lives. Surprisingly though, the yields of these funds grow to about 4% in the medium term due to the expected growth in dividends.

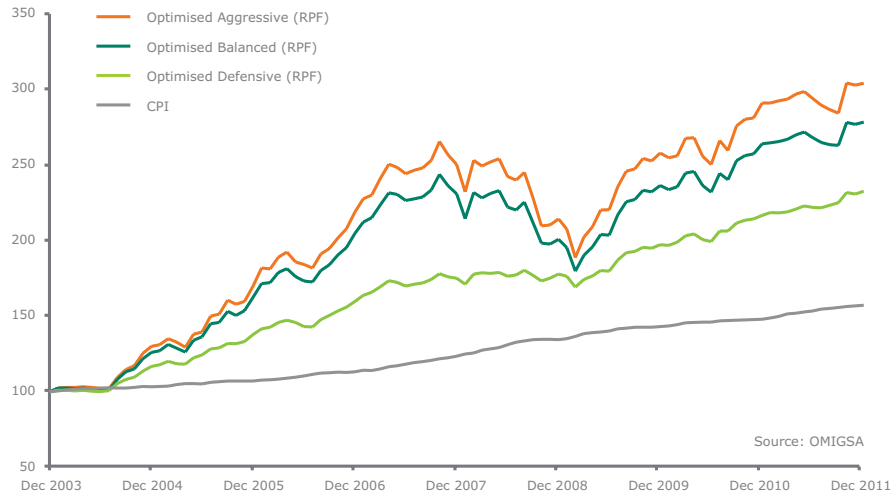
## LIFE STAGES – INCOME VERSUS TIME LINE



## PERFORMANCE TRACK RECORD

Macro Strategy Investments (MSI) manages both retail and institutional funds using the same central investment process, while recognising the benchmarks of the different risk/return profiles of the funds.

### OPTIMISED FUNDS VS CPI (31 DECEMBER 2003 TO 31 DECEMBER 2011)



### OPTIMISED FUNDS: ANNUALISED PERFORMANCE TO 31 DECEMBER 2011

	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Optimised Aggressive-RPF	4.5%	12.3%	6.8%	12.8%	13.1%	18.2%
Optimised Balanced-RPF	5.5%	11.5%	6.3%	11.9%	12.1%	15.1%
Optimised Defensive-RPF	7.4%	9.3%	7.8%	10.3%	10.3%	11.0%

Source: OMIGSA

## INVESTMENT OFFERINGS

	Very conservative	Conservative	Moderate	Aggressive
Institutional Pooled	Profile Capital	Profile Stable Growth Med-aid Stable Growth	Profile Balanced	Profile Pinnacle
Segregated	Capital Portfolio	Stable Growth Portfolio	Balanced Portfolio	Flexible Portfolio
Retail Life Wrapped		Optimised Defensive	Optimised Balanced	Optimised Aggressive
Unit Trusts	Real Income	Stable Growth	Balanced	Flexible

Past performance is no indication of future growth. It is important that you are prepared for some shorter term fluctuations as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Collective Investment Schemes in securities (unit trusts) are generally medium- to long-term investments. Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees and charges and maximum commissions is available from the management company/intermediary. Commission and incentives may be paid and if so, are included in the overall costs. The fund's total expense ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio, divided by the number of units in issue. You can easily sell your investment at the ruling price of the day (calculated on a forward pricing basis). Old Mutual Unit Trusts is a member of the Association of Collective Investments, SA.

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January 2012

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