

# OMIGSA takes a considered approach to finding a new CEO



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Acting CEO, Old Mutual Investment Group (SA)

The year started with me once again taking up the reins at OMIGSA. As many of you know, Thabo Dloti resigned in December 2009. Thabo was the Chief Executive Officer (CEO) for nearly five years and has been associated with Old Mutual since 1987 – first as a bursary student and then as an employee. He will be missed and we wish him well in his new role at Stanlib.

It was this turn of events that brought me back to the OMIGSA offices, albeit in a temporary role that includes helping to appoint a new CEO. I first joined Old Mutual Asset Managers (OMAM), now OMIGSA, as CEO in 1998. My role was to develop and build OMAM (SA), which had recently split off from Old Mutual's Life division. Five years later I was seconded to OMAM (US) and formed part of their Executive Management team responsible for formulating the strategies to grow this recently acquired boutique asset management business. My specific focus was on developing alternative capabilities, as well as seeking synergies for cooperation with the separate Old Mutual US Life Company.

After OMAM (US) I did strategic review work for Skandia, before returning to SA as Managing Director: Old Mutual Corporate and as a director of Old Mutual (SA). Two years ago I became Group Strategy Director, a position I will resume more fully again once my services at OMIGSA are no longer required.

## Finding OMIGSA's new leader

While Old Mutual prides itself on its depth of management skills and investment expertise, Kuseni Dlamini, CEO of Old Mutual (SA), has decided that to find the very best person for the job he wants time to consult with key stakeholders (boutique heads, OMIGSA clients and Old Mutual shareholders) as well as considering both internal and external candidates.

When he asked me to step in at OMIGSA, I leapt at the opportunity to re-engage with this business and hopefully impart some of the knowledge I've gained in the US, rather than simply filling a "caretaker" role.

## Growing the boutique model

OMIGSA's boutique structure has been modelled on the OMAM (US) business. This comprises 18 well-established, independent and individually branded investment businesses, offering actively managed investment solutions in all the major asset classes and investment styles. With OMIGSA's boutique structure marking only its third anniversary this year, my role is to drive and direct some of the few remaining incomplete processes, as well as bed-down existing structures. I am confident that the valuable insights I've gained into the key conditions for success in running a multi-boutique model in the US will greatly assist me, and hopefully I bring a fresh perspective in taking OMIGSA forward into 2010.

One of OMIGSA's key attributes that has impressed me since my arrival is how much more apparent OMIGSA's strength of expertise and depth of resources have become under this new business model. The boutique structure actively showcases the unique expertise of individuals within each boutique, as well as our comprehensive shared services. In fact, OMIGSA openly lives the OMAM (US) credo of "*Strength of Diversity. Power of Focus*".

Another impressive development has been the growth in our non-conventional, alternative asset management capabilities – an area of the business that was in its infancy when I first joined OMAM. While we are generally known for our strength in equities and bonds, it's pleasing to see the tremendous growth in areas like private equity, infrastructure investments and specialised finance, in terms of both assets under management and expertise.

Mining & Resources  
Fund is SA's top  
performing unit  
trust over five years

Turning to investment performance, it was unfortunate that 22 months after launching OMIGSA the markets crashed, taking fund performance down with them. The effects of this crash will be with us for a long time, as reflected in our three-year performance figures.

We are, however, delighted with the returns from the portfolios we manage, despite a volatile 2009. Showcasing our investment performance are four of our general equity unit trusts – each claiming a place in the top 10 performers within a category that houses 76 funds. These funds are the Old Mutual RAFI® 40 Tracker Fund (4th), the Old Mutual Growth Fund (7th), the Old Mutual High Yield Opportunity Fund (8th) and the Old Mutual Top Companies Fund (10th).

We are delighted, too, with the Old Mutual Mining and Resources Fund being the best-performing unit trust in South Africa over five years, the second best performer over three years and fifth over one year.

To quote fund manager, Anwaar Wagner: “This performance illustrates the benefits of the fund’s focus on buying undervalued shares and not chasing ‘hot stocks’, but rather opting to take a longer-term perspective on both risk and return.”

Similarly, the performance of our institutional funds, represented alongside by Macro Strategy Investments (MSI)’s portfolio returns, shows subdued three-year performance, while superior asset allocation decisions are reflective of improved shorter term returns. To get a longer-term perspective on how MSI will be managing their portfolios, read Peter Brooke’s article on page 5.

I will continue to keep you abreast of developments within OMIGSA in the next edition of Fundamentals. It appears that, in all likelihood, we’re facing another volatile year,

so remember to keep a cool investing head with a long-term perspective... while the FTSE/JSE All Share Index delivered 20.2%\* a year over the past five years, had you missed out on just the top 10 trading days you would have lost a whopping 43.1% of your investment value. Food for thought!

\* Source: Morningstar to end of December 2009

