



OLD MUTUAL

Investment Group

**Absolute Return
Investments**



Portfolio Manager |
Saul Burman

Absolute Return Portfolio

INVESTMENT DESCRIPTION

The Absolute Return Portfolio targets stable absolute returns in excess of inflation. The Portfolio places strong emphasis on the disciplined use of investment and risk control processes so as to generate returns that have low volatility. The risk objective of the portfolio is to minimise downside returns, and thereby generate absolute or positive returns on a consistent basis.

The portfolio aims to maintain a diversified exposure to domestic asset classes that have the potential to beat inflation over three-year rolling periods. In addition, the portfolio manager uses a risk management overlay to reduce downside risk, and lock in positive returns as they are earned. Although the risk management overlay targets capital protection, a guarantee of 100% of capital invested, is not provided. The portfolio is compliant with Regulation 28 of the Pension Funds Act, 1956.

INVESTMENT OBJECTIVE

The performance objective of the portfolio is to deliver absolute returns of CPI + 6% over rolling three-year periods, with reduced risk of capital loss in any one year,

INVESTMENT COMPOSITION

The portfolio will generally have a diversified exposure to inflation-beating asset classes. However, the portfolio manager has substantial flexibility to vary asset composition in such a manner as to manage downside risk.

The portfolio asset class composition will therefore vary depending on market conditions, as follows:

Asset Class	Range	Bear Market*	Bull Market*
Equities	0 - 75%	15%	60%
Inflation-linked Bonds	0 - 30%	20%	10%
Fixed Bonds	0 - 30%	0%	0%
Cash & Money Market**	0 - 100%	40%	15%
Quoted Property	0 - 25%	5%	5%
Alternative Assets	0 - 20%	10%	10%

* Example allocation – actual allocation may vary.

** This includes cash assets, and equity that has been hedged.

SUITABLE INVESTORS

The portfolio aims to satisfy lower risk investors who seek a real return in excess of inflation and require reduced volatility through active risk management.

INVESTMENT TEAM

Garth is portfolio manager of the Absolute Return Portfolio and is supported by the dedicated Absolute Return Investments Boutique of nine investment professionals. In addition, Saul co-manages the Old Mutual Dynamic Floor and Namibia Dynamic Floor Unit Trust funds with Hanno Niehaus. The underlying asset classes are managed by the specialist boutiques.

On-going informal communication allows for the team to discuss economic developments and their impact on a daily basis. The Macro Strategy Investments Boutique may also provide specialist input into further formal discussions on asset allocation.

Launch Date

April 2002

Fund Category

Absolute Return

Product Vehicle

The client is the beneficial owner of the assets.

Minimum Investment

R100 million

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