



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:

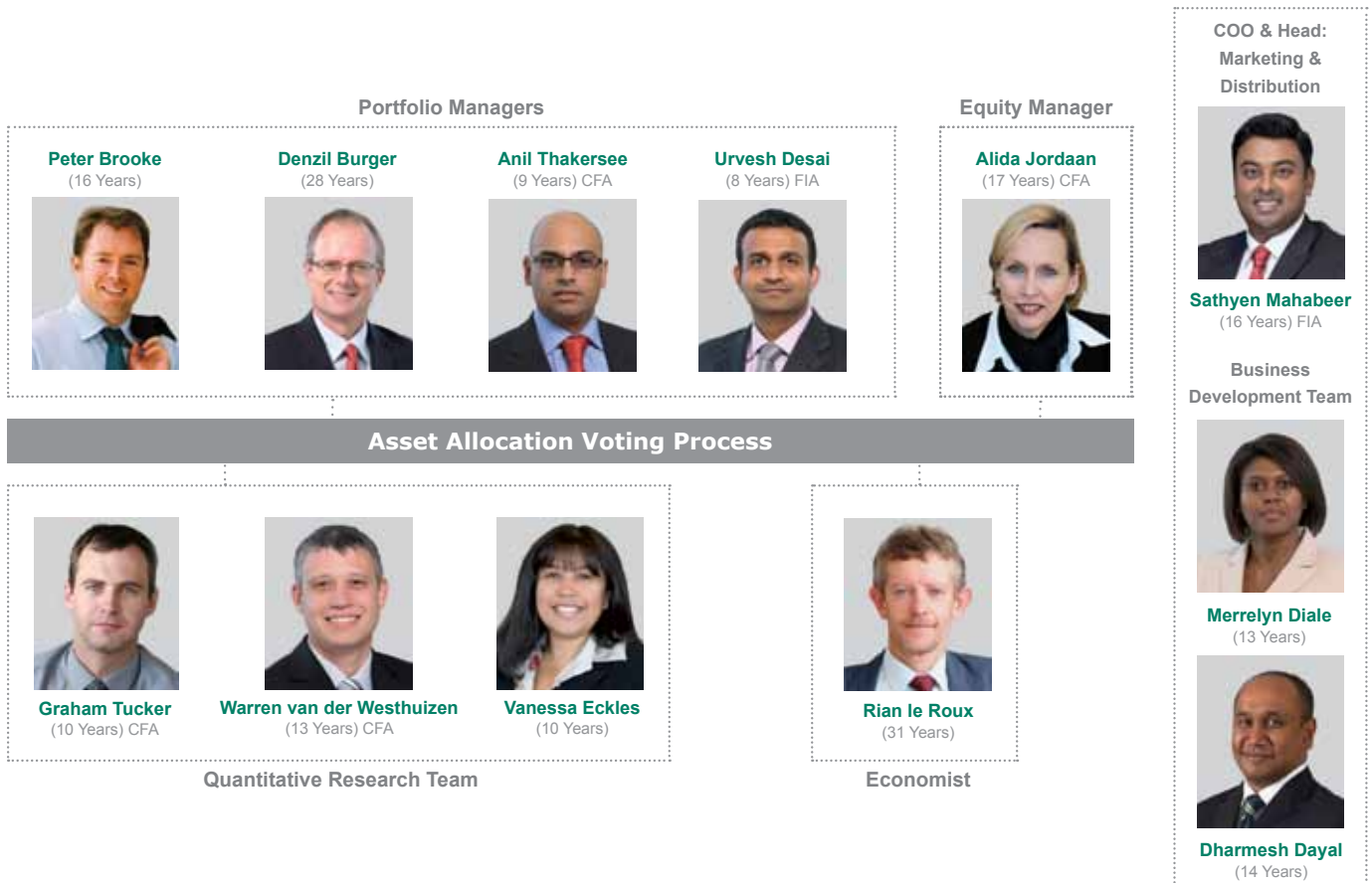
- ▲ Funds ranging from very conservative to aggressive;
- ▲ Institutional pooled and segregated funds;
- ▲ Hedge funds;
- ▲ Unit trusts and life wrapped funds; and
- ▲ Offshore, SA and combined offshore and SA asset allocation funds, depending on the mandate.

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 that 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



WHY ASSET ALLOCATION MATTERS

The closest thing to a free lunch in investing is diversification between – and within – asset classes. This approach 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

Our range of Profile portfolios is a comprehensive range of pooled (umbrella) unitised, market-linked portfolios. These policy-based portfolios are specifically designed for institutional investors and are compliant with Regulation 28 of the Pension Funds Act of South Africa.

The range comprises a suite of portfolios that caters to the full spectrum of risk and return requirements. Each portfolio is able to invest across a range of local and offshore asset classes including equity, bonds, property, preference shares and commodities, as well as derivatives – against static asset allocation benchmarks within the constructs of their mandates.

The most conservative in the range, **the Profile Capital Portfolio** has a long-term real return target of CPI + 3%, and aims to offer returns in excess of returns on cash over the medium term.

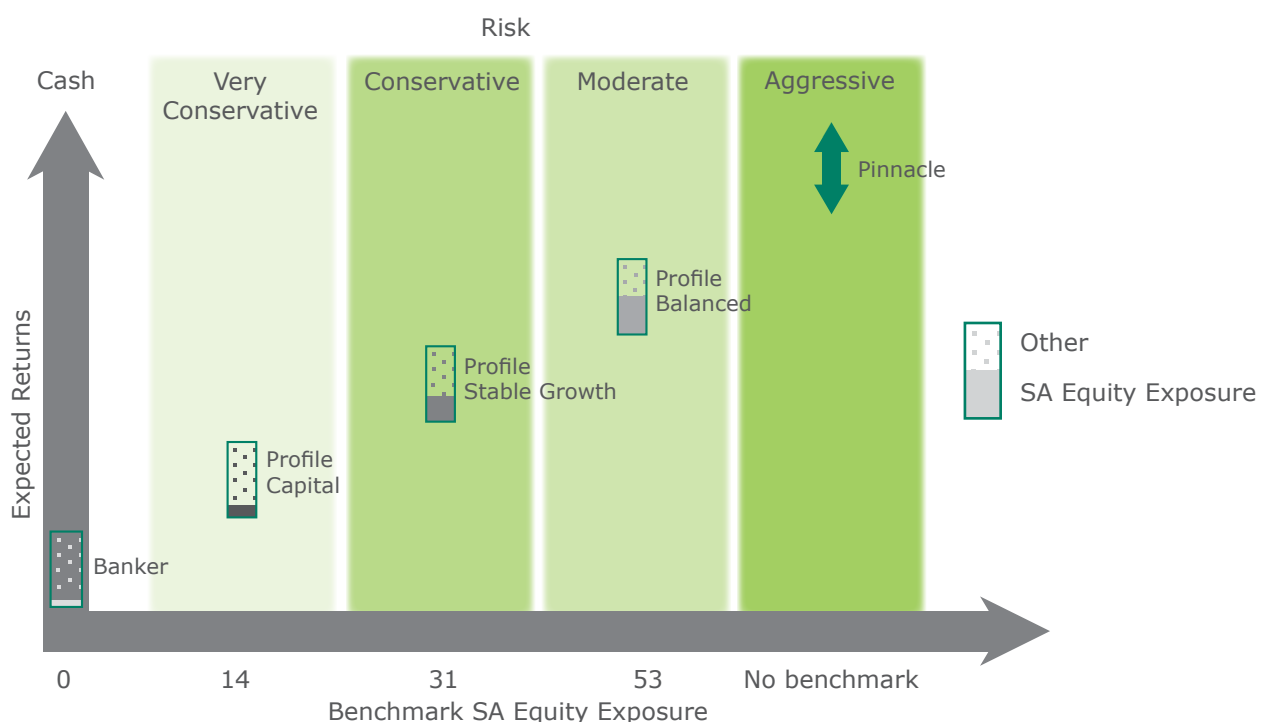
The Profile Stable Growth Portfolio is also conservatively managed and seeks to provide stable capital growth (CPI + 4%) of over rolling 12-month periods, and to minimise capital loss over rolling 18-month periods.

For investors seeking higher growth the **Profile Balanced Portfolio** is managed in alignment with our Best Investment View. It has a long-term real return target of CPI + 5%.

The most aggressive fund in the range is the **Profile Pinnacle Portfolio** with a long-term real return target of CPI + 7%. It is an actively managed portfolio seeking to deliver superior real returns over the long term by maximising short-term asset allocation and stock selection opportunities.

In addition MSI manages a range of segregated funds for institutions including medical aid and pension funds.

OPTIMAL SOLUTIONS ACROSS THE RISK/RETURN SPECTRUM



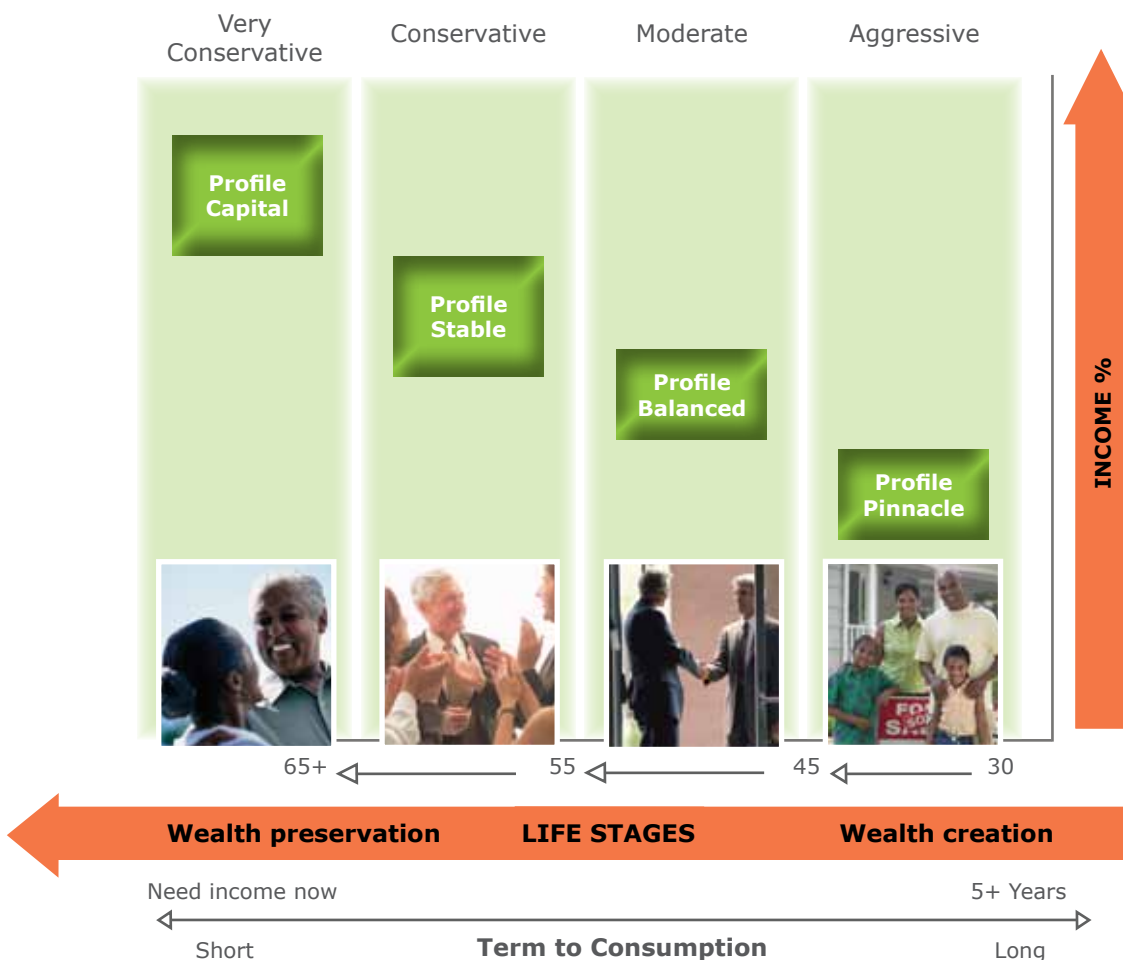
LIFE STAGES – CHANGING INCOME VERSUS CAPITAL GROWTH PRIORITIES

Investors have different needs at various stages of their lives which tend to determine if their focus is weighted towards capital growth or income generation. The life stages below typically align with certain funds.

- ▲ 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, so these investors could consider the Profile Pinnacle Portfolio.
- ▲ 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 Profile Balanced Portfolio could be an excellent option to consider.
- ▲ 55-plus investors focus on wealth preservation, but they still need real growth in their investments to build their capital. The Profile Stable Growth Portfolio, with a CPI + 4% target and a more conservative asset allocation, may be appropriate.
- ▲ As people retire, income becomes the primary concern, but due to longevity and low interest rates they often need some growth in income to maintain their real spending power. The Profile Capital Portfolio is a classic post-retirement solution.

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.

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.

PROFILE RANGE FIVE-YEAR PERFORMANCE 31 DECEMBER 2006 - 31 DECEMBER 2011



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

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