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# Old Mutual hires two veterans to lure yield-hungry investors

The life office hopes Sean Segar and Ian Ferguson can repeat their success in building up Nedgroup investment's R150bn cash and liquidity business.

BY **STEPHEN CRANSTON**

At the start of July, Old Mutual Wealth hired two asset management industry veterans to grow its R20bn cash and liquidity offering.

Ian Ferguson and Sean Segar jointly manage Old Mutual Wealth Cash and Liquidity Solutions as the unit's co-heads.

'In our new business, we will be marketing four existing money market and near cash funds,' said Segar in an interview with Citywire South Africa.

Segar and Ferguson retired earlier this year from Nedgroup Investments, as they had reached the company's compulsory retirement age of 60.

The pair are well known in the cash and liquidity area. They worked together for more than 20 years at Stanlib and, more recently, at Nedgroup Investments they built the cash AUM to around R150bn.

From August 1, two key Nedgroup staff will join Ferguson and Segar (pictured below) at Old Mutual. Elizabeth Tenehi and Channon Marais, who ran client service and operations for Nedgroup Investments Cash Solution will join Old Mutual.



According to Old Mutual Wealth managing director Farhad Sader, cash and liquidity solutions have resurfaced as attractive options for retirement funds.

'Fund trustees, who experienced lacklustre returns from other asset classes in recent years, are revisiting various options in the cash asset class due to the more favourable risk-adjusted returns available.'

He said the prevailing environment of high-interest rates creates opportunities for local investment firms to focus intensively on cash and liquidity solutions for institutional clients.

Sader said South African Reserve Bank Governor Lesetja Kganyago told Bloomberg that the central bank would maintain its tight monetary policy stance to ensure that cash would continue to offer real returns to investors.

The flagship funds will be the Old Mutual Money Market fund and the [Old Mutual Interest Plus fund](#).

'These funds have R20bn in AUM. When we launched the cash and liquidity business for Nedgroup Investments, we had just R4bn in AUM,' Segar said.

Old Mutual's Futuregrowth Asset Management, which is probably South Africa's leading specialist cash and fixed-income manager will continue to manage the funds.

## New offering

This new offering from Old Mutual Wealth gives institutional investors an entry point to money market-type funds.

Segar (pictured above) said these solutions offer attractive yields, same-day liquidity and the convenience of a diversified basket of highly rated bank paper within a well-regulated environment.

'They can give a premium of at least 1% to 1.5% on money on call at the bank,' he said.

Bank-owned unit trust management companies have traditionally dominated this market segment.

'Banks prefer clients to deposit funds directly with them. They have a large infrastructure to fund, with maybe 600 branches nationwide.

'But while banks, to use the old adage, traditionally borrow at 3% and lend at 6%, we have much lower costs and usually have a spread of about 0.2%,' he said.

'It possesses all the essential elements for a successful liquidity business: a range of well-established funds with a strong track record, excellent operational capabilities, a renowned brand, and a team with over 178 years of financial services experience in South Africa,' Segar said.



'Clients get the liquidity they need with the yield they deserve,' Ferguson (pictured above) said that's the new slogan for the business.

'Our target market is aimed at companies with surplus cash that needs to be temporarily parked,' he added.

'The Old Mutual Wealth Cash and Liquidity Solutions are designed to optimise the returns on corporate cash without being tied up in fixed deposits.

'This represents a significant opportunity for businesses building cash reserves in an uncertain economic environment.'

'With domestic interest rates currently at 14-year highs and offering returns that exceed inflation, "parking" cash is now considered a viable alternative for retirement funds, FMs and multi-managers as well as corporates,' Ferguson said.

The business plans to attract similar clients to the Nedgroup Investments cash business, including asset managers, corporations, insurers, medical schemes and retirement funds.

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