



OLD MUTUAL MULTI-MANAGERS

About us

Old Mutual Multi-Managers is a specialist asset management business within the Old Mutual group. We manage off the shelf multi-managed investment portfolios and also provide investment administration services as part of our fund management process or as a standalone service.

Investment philosophy

Our investment philosophy is underpinned by a long-term investment horizon, diversifying risk across asset classes and asset managers and ensuring that a valuation driven approach is at the core of all manager and security selection decisions.

The philosophy is based on three principles: taking a long term view, valuation driven and diversified portfolios, and through the consistent application of these principles we aim to improve the 'reliability' of our strategies and funds in achieving their investment objectives.

Objectives of the investment portfolios offered on Old Mutual SuperFund

INVESTMENT PORTFOLIO	OBJECTIVE
STRATEGY FUNDS	
Max 28 Fund	Aims to achieve a returns in the range of CPI+6-7% above inflation over rolling ten-year periods
Inflation Plus 5-7% Strategy	Aims to achieve a return in the range of CPI+5-7% above inflation over rolling seven-year periods
Inflation Plus 3-5% Strategy	Aims to achieve a return in the range of CPI+3-5% above inflation over rolling five-year periods
Inflation Plus 1-3% Strategy	Aims to achieve a return in the range of CPI+1-3% above inflation over rolling three-year periods
RISK AWARE FUND (Dual objectives of short term capital protection and long term inflation beating returns)	
Absolute Defensive Balanced Fund	CPI+4%, capital protection over rolling 12-month periods
PEER FUND	
Managed Fund	Real growth over time; returns similar to the average single-managed balanced fund, but with lower volatility
TRACKER FUNDS	
Balanced Tracker Fund	Aims to achieve a returns in the range of CPI+4-6% above inflation over the long term
Moderate Tracker Fund	Aims to achieve a returns in the range of CPI+3-5% above inflation over the long term
Conservative Tracker Fund	Aims to achieve a returns in the range of CPI+1-3% above inflation over the long term

Our commitment to transformation

Old Mutual Multi-Managers is aligned with the greater Old Mutual Group in promoting transformation within the investment industry. Our commitment is laid out in our transformation policy. The steps we have taken over the past years towards building a diverse investment team is proof of our continuous commitment to transformation and our hiring policy remains focused on building greater diversity within our team. We believe investing in people and increasing the base of competent investment professionals will have the biggest impact on transformation

in the longer term, and therefore try to use our position as allocators of capital to influence and inspire both our incumbent managers as well as prospective managers to transform their investment teams and to build a pipeline of trainee analysts.

We have committed to actively engaging with B-BBEE fund managers to improve their business and investment practices, giving them feedback on our expectations of the managers we would invest with and thereby increasing their chances of becoming one of our fund managers in future. We have met our target of having a minimum of 10% of local assets invested with black owned managers by the end of 2019 and will continue to increase this exposure over time. The final part of this strategy is engaging with managers regarding responsible investing.

Responsible investing

Old Mutual Multi-Managers' underlying sustainability as a business, as well as that of the investment industry, rests on its ability to deliver ongoing real returns to clients, ultimately providing for a secure retirement. The incorporation of sustainable business practices is proven to assist in driving long-term growth and managing risk in our portfolios with resulting real financial benefits to clients.

We appoint asset managers to manage asset class portfolios on our behalf who similarly ensure that sustainability is a key objective in the way in which they manage money. We expect them to uphold the following ownership and responsible investing principles when they invest on our behalf.

Promote a long-term focus in the (strategic) management of companies

In interactions with companies and their boards, we expect our managers to promote a long-term focus and strategic intent in the management of companies. We prefer the pursuit of long-term value creation by companies rather than the chasing of short-term profitability. Asset managers must demonstrate active ownership in their engagement with companies and in the manner in which they vote proxies. The appointment of directors, assessing independence of boards, remuneration structures and environmental impacts are key areas in which we expect our managers to promote sustainable business practices and a long-term focus in the management of companies. In the context of South Africa we also believe that the promotion of broad transformation within asset managers and the companies they invest in is critically important to creating an environment for sustainable growth.

Apply judgement

While industry standards provide guidance on how to promote RI practices, we specifically expect our managers to apply their minds and judgement in deciding on issues such as the independence of boards and fair remuneration policies. We prefer an assessment of each companies' fundamentals rather than a rules-based approach to implementing ESG practices. We believe in substance over form, and a focus on driving changes where required. Clearly this must be done within a framework which promotes a long-term and sustainable focus.

Integrate ownership and ESG practices into the investment process

Asset managers must demonstrate how they integrate ESG factors into the research process. We believe ESG analysis is part of understanding the risk and returns dynamics of a company and should therefore be part of the overall analysis and research process. Promoting a long-term focus in the management of a company requires a thorough understanding of the industry within which it operates and management's strategic focus. Integrating ESG criteria into the process ensures that all these aspects are considered when evaluating an investment in an asset/security.

Active ownership

We expect our asset managers to actively engage with companies to effect changes that promote better governance, social and environmental practices, as well as a long-term focus in the way companies are run. We outsource the voting of proxies to our managers, and expect them to vote proxies in a manner which is aligned to our and their Responsible Investing guidelines and policies. Where necessary, we believe collaboration between managers (within regulatory constraints) is sometimes required to promote the above principles.

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