



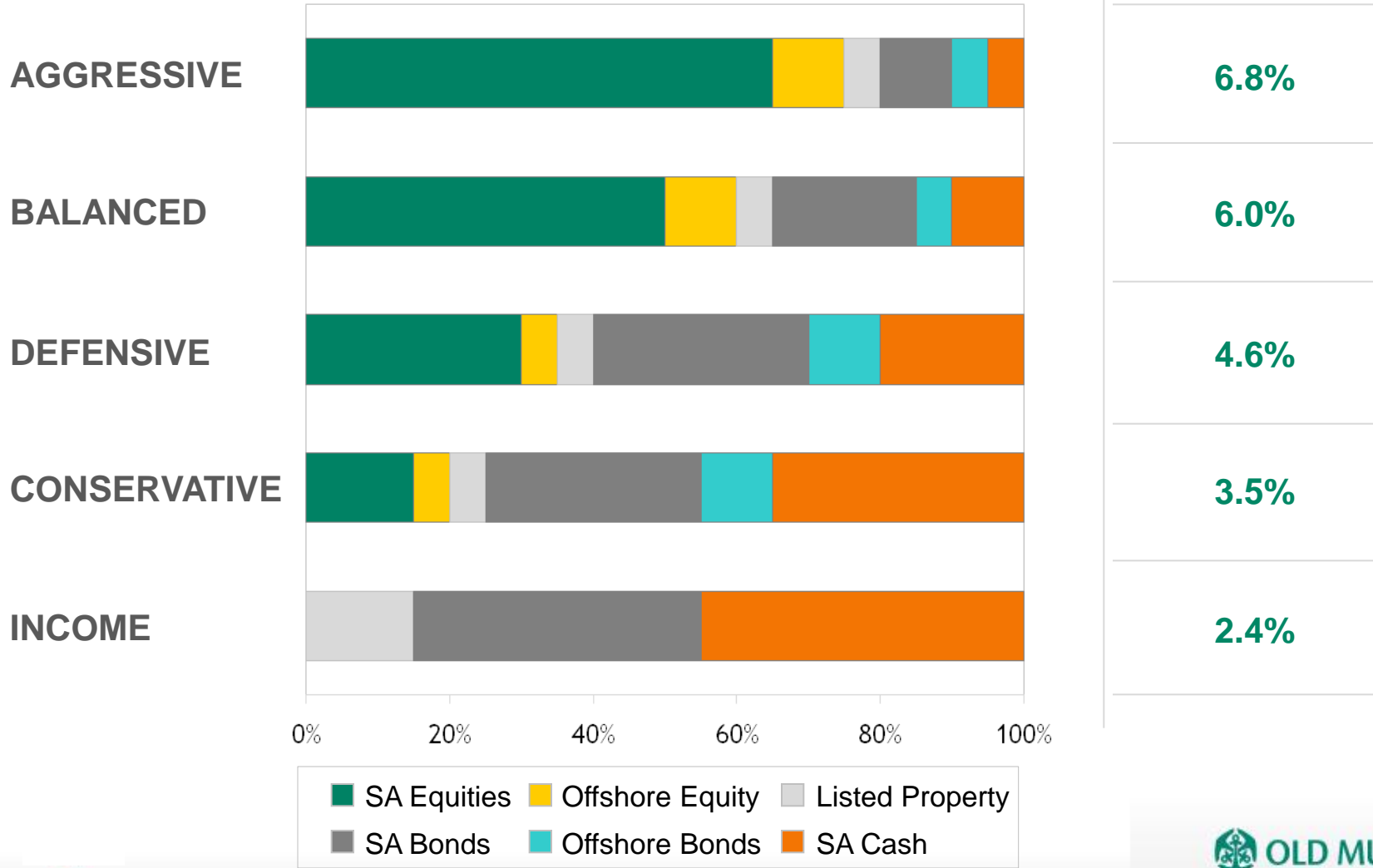
Pieter Hugo
Managing Director: Old Mutual Unit Trusts

Investment Strategies for a Low-Growth World

So how do we structure our clients' portfolios in this low growth environment?

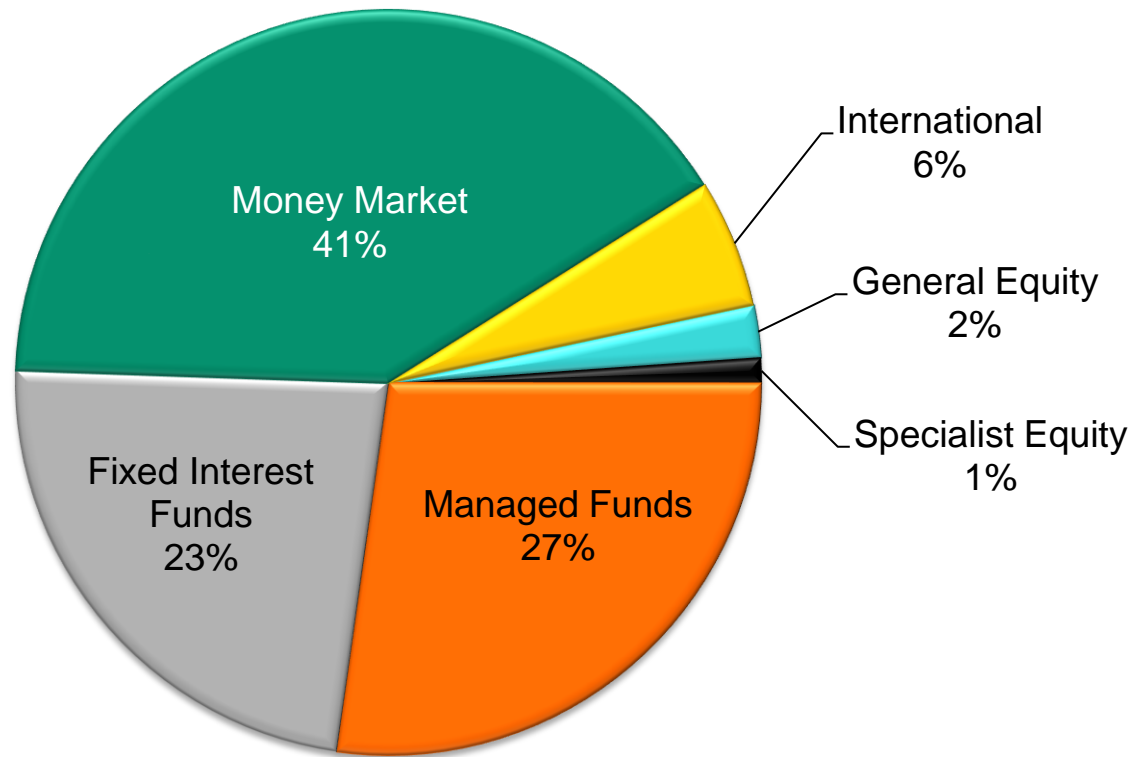
Investment objectives and expected outcome

Performance through Focus



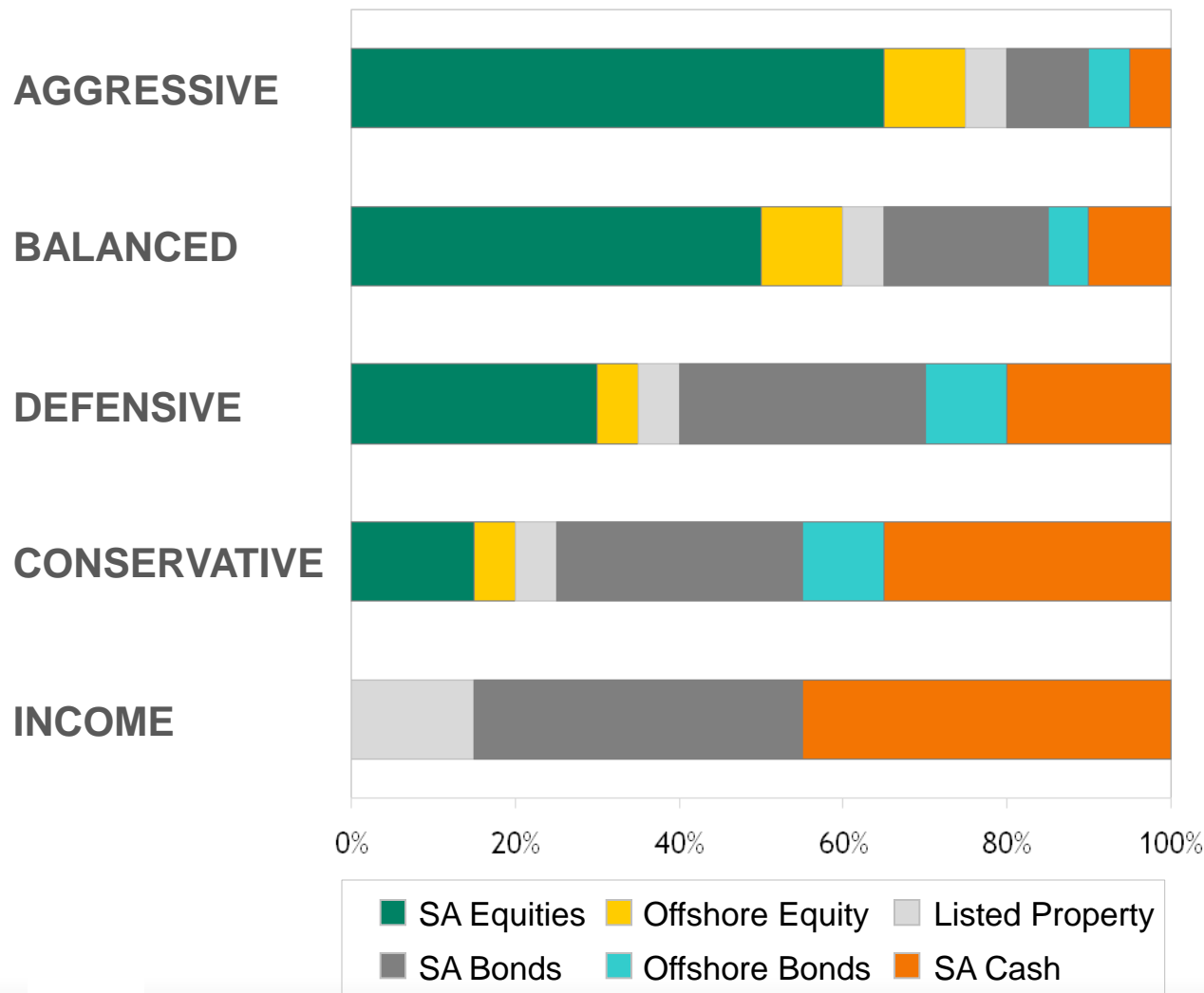
% of Net Flows since 1996

Performance through Focus



Investment objectives and expected outcome

Performance through Focus



EXPECTED REAL RETURNS

6.8%

6.0%

4.6%

3.5%

2.4%

Why can they retire better than us?

Performance through Focus



Equities	60%	10%
Fixed Interest	25%	65%

Focus on long term objectives

Performance through Focus

Triumph of the optimists: Annualised real returns 1900-2000

	Equities	Bonds	Cash
Sweden	7.6	2.4	2.0
Australia	7.5	1.1	0.4
South Africa	6.8	1.4	0.8
United States	6.7	1.6	0.9
Canada	6.4	1.8	1.7
Netherlands	5.8	1.1	0.7
United Kingdom	5.8	1.3	1.0
Switzerland	5.0	2.8	1.1
Ireland	4.8	1.5	1.3
Denmark	4.6	2.5	2.8
Japan	4.5	-1.6	-2.0
France	3.8	-1.0	-3.3
Germany	3.6	-2.2	-0.6
Spain	3.6	1.2	0.4
Italy	2.7	-2.2	-4.1
Belgium	2.5	-0.4	-0.3

Average

5.1

0.7

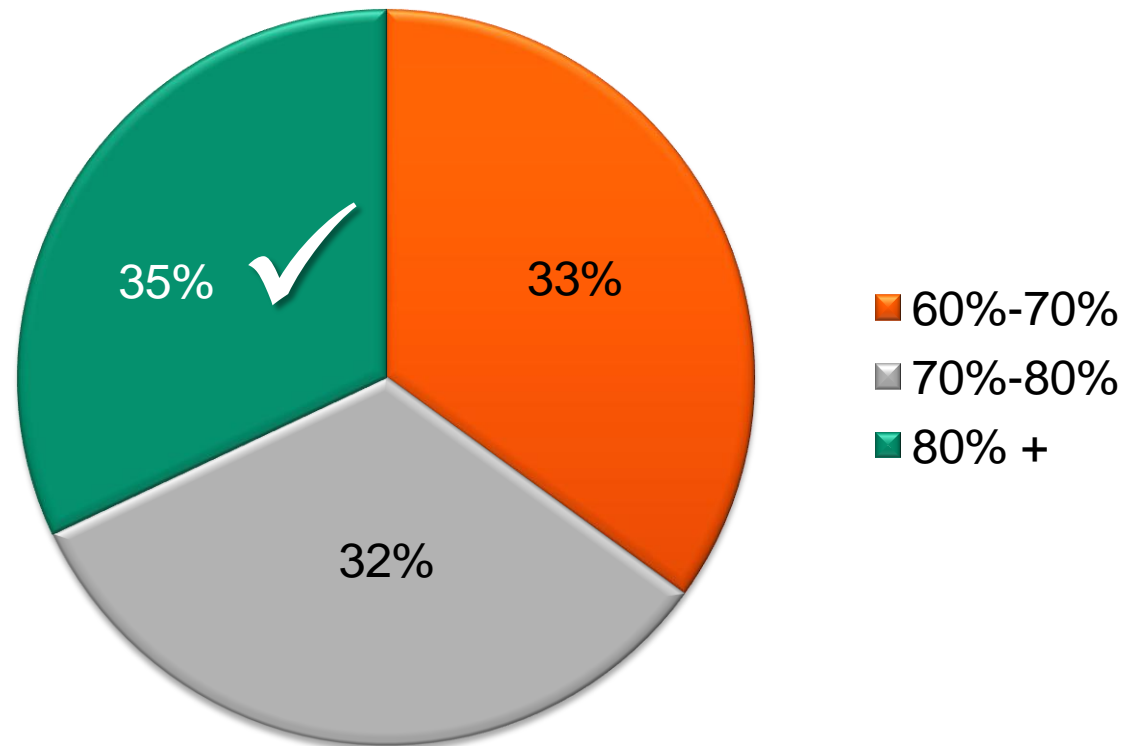
0.2

Investor Survey: Evidence

We don't understand risk vs return expectations!

Performance through Focus

What is the appropriate equity exposure needed to achieve CPI + 7%

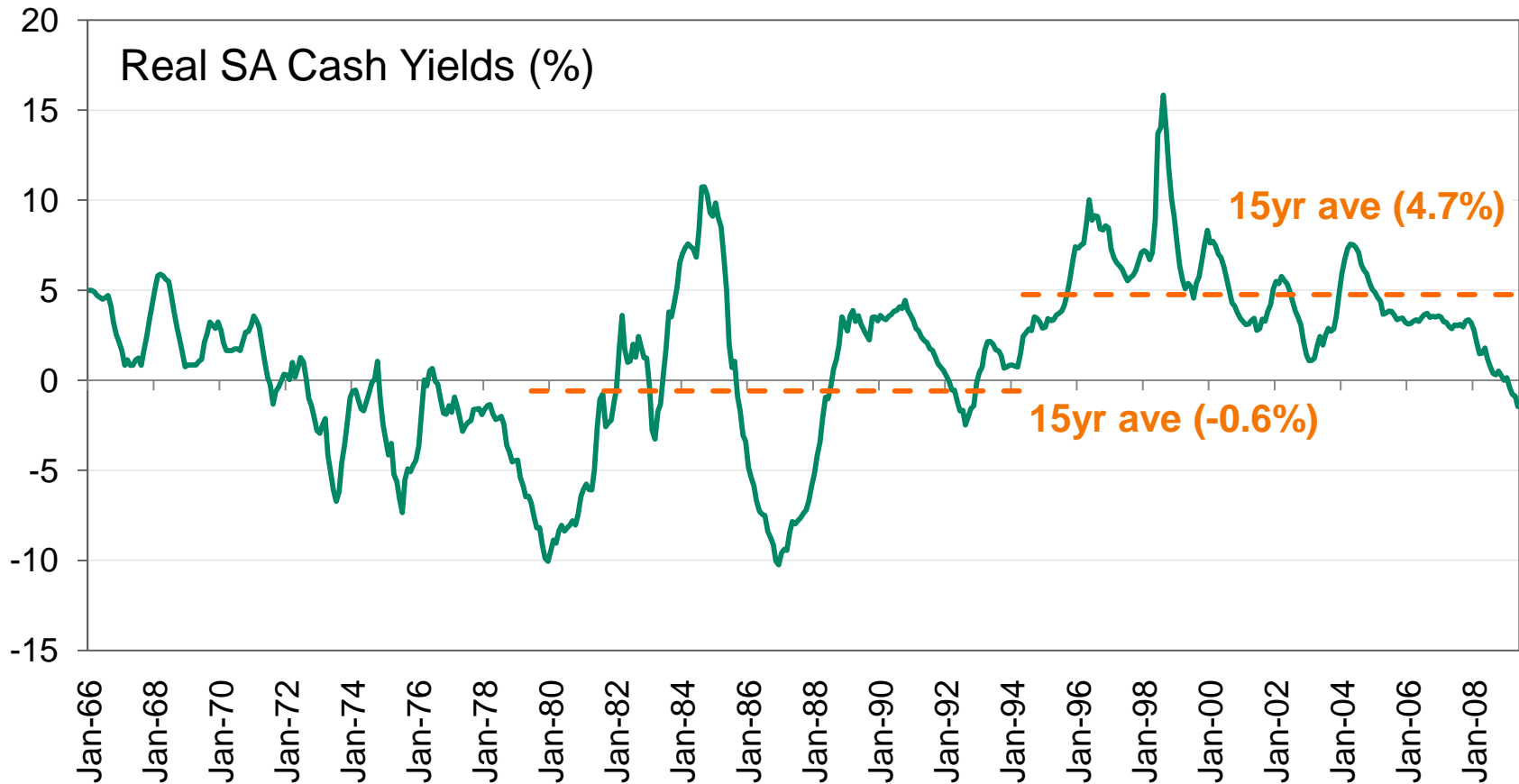


Source:
OMIGSA survey. 826 investment professionals
(Brokers, Agents, Fund managers, LISP representatives)

The Cash Dilemma

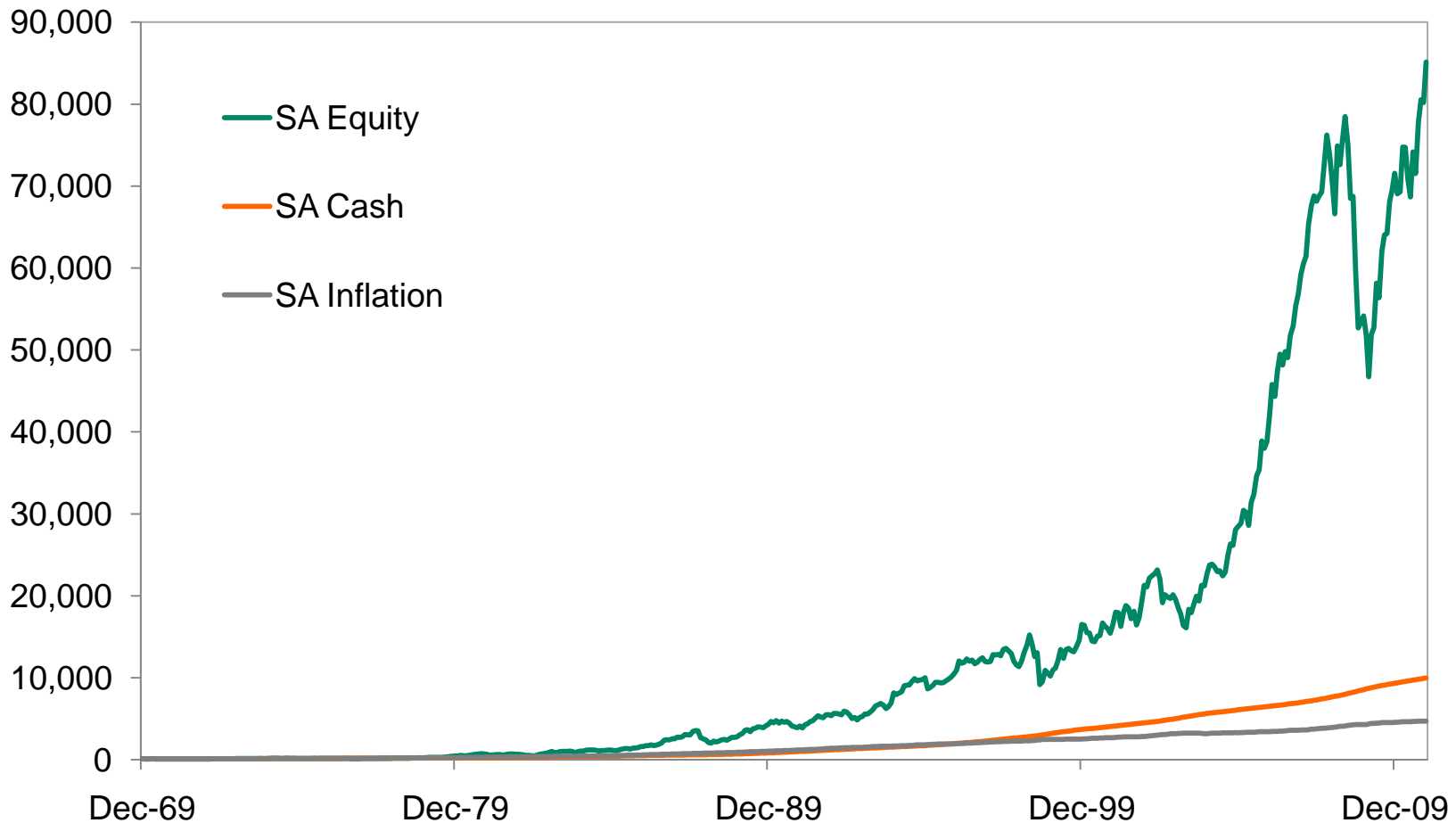
Expect 1½ % real going forward

Performance through Focus



If you knew this, who would not have invested in equities 40 years ago?

Performance through Focus



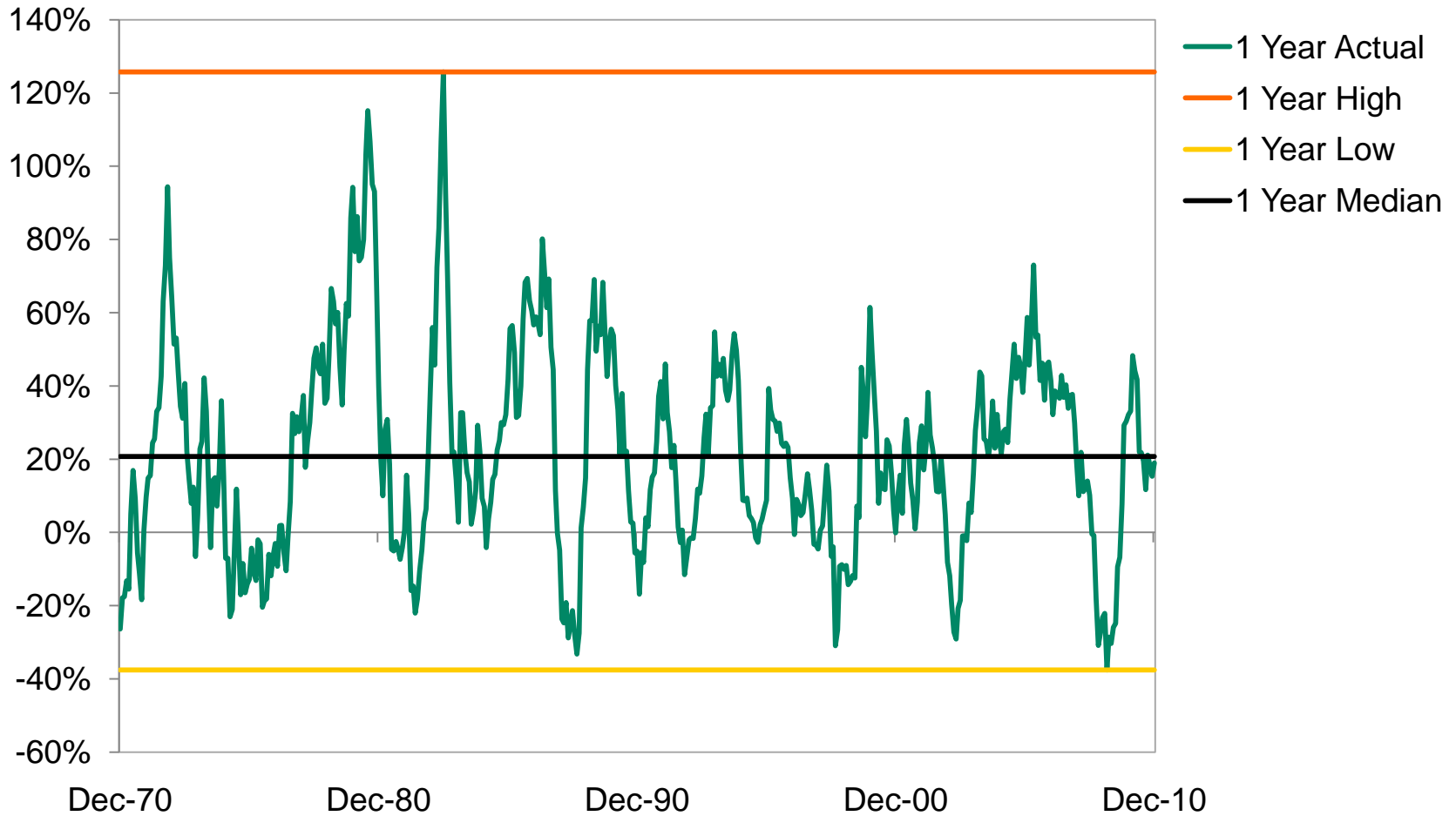


“Consider volatility as a friend that provides opportunity”

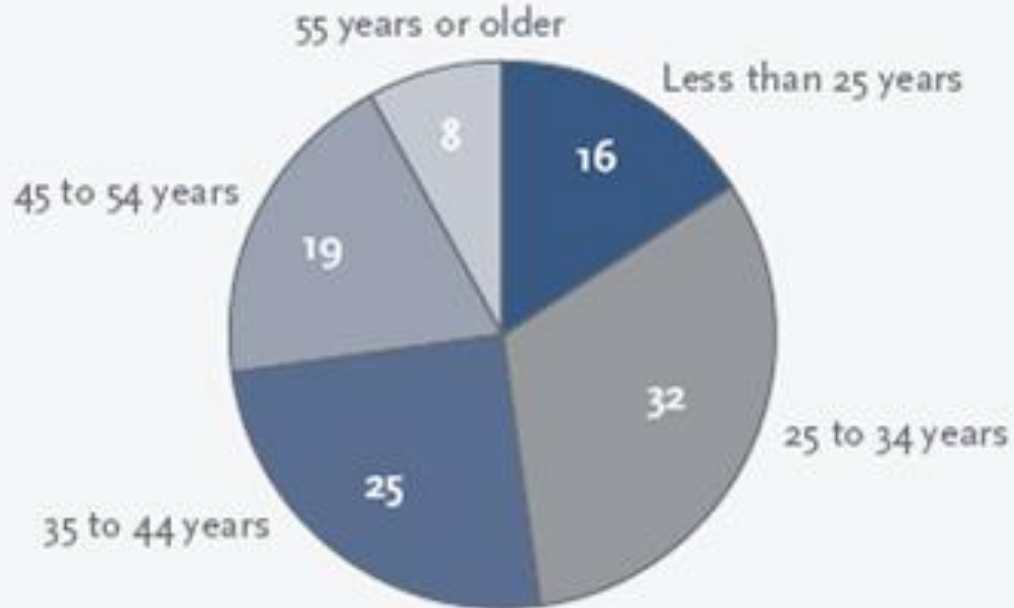
Warren Buffett

Equity Volatility - 1 Year rolling

Performance through Focus



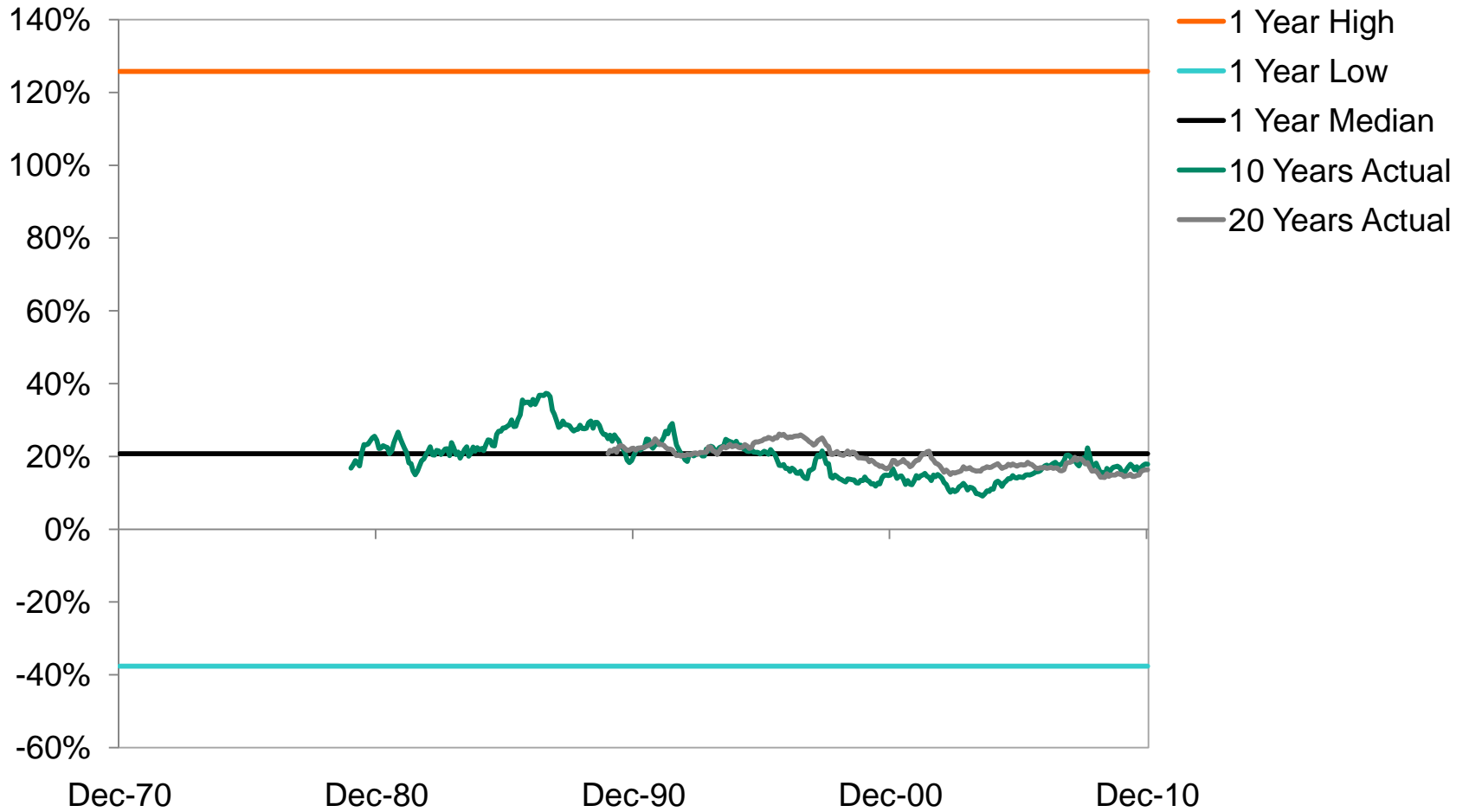
Age at which clients seek professional investment advice



Mean age – 37 years
Median age – 35 years

source: Investment Company Institute

Volatility reduced by time





“I have always preferred a bumpy 15% return to a smooth 12% return”

Warren Buffett

Investors considerations before investing

Performance through Focus

More than two-thirds of recent fund investors considered:

The fund's fees and expenses ²	74
The historical performance of the fund ²	69

More than half of recent fund investors considered:

The risks associated with investing in the fund ²	61
The fund's price per share [or net asset value]	58
The types of securities in which the fund invests ²	57
The minimum investment required to invest in the fund	57
The fund's performance compared with the performance of an index ²	55

Investors considerations before investing

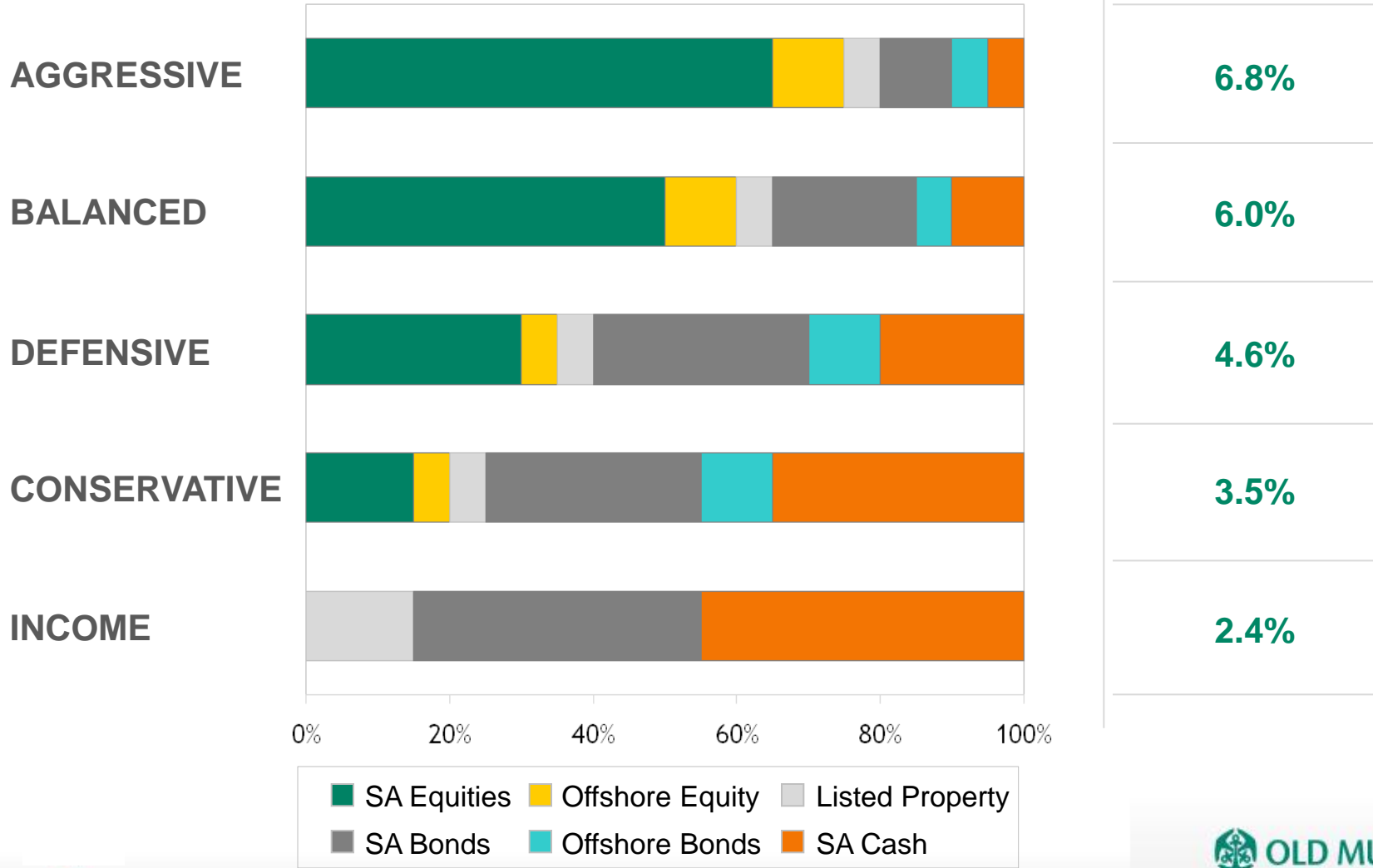
Performance through Focus

Less than half of recent fund investors considered:

Information about the company offering the fund	45
The fund's investment objective ²	40
How to buy and sell fund shares	39
The services offered by the fund	37
The fund's rating from a mutual fund rating service	35
The fund's portfolio turnover rate	34
Information about the fund's portfolio manager	25
Information about the fund's board of directors	15
The fund's proxy voting policies	15

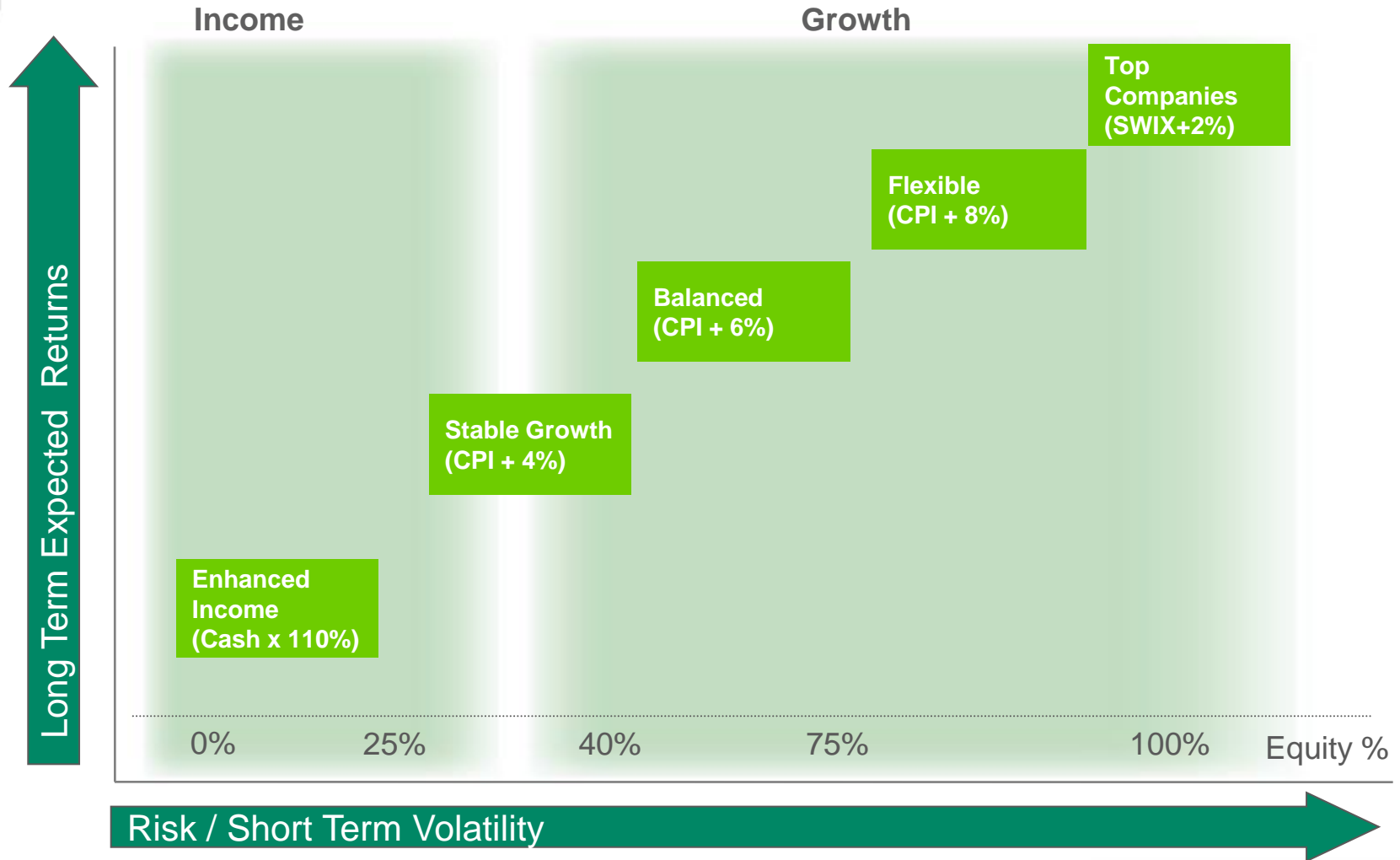
Investment objectives and expected outcome

Performance through Focus



Classic Investment Collection

Performance through Focus



* Expected real returns in the Medium Term
Real return is the target on a rolling 3-year basis, gross of fees

***The ultimate test
of a successful asset allocation,
comes with time.***

Old Mutual Investment Group (South Africa) (Pty) Limited

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In respect of these products, no fees or charges will be deducted if the policy is terminated within the first 30 days. Returns on these products depend on the performance of the underlying assets.

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