



INVESTMENT INSIGHTS

Committing to the journey, with a little faith

As the year draws to a close and the promise of sun, sand and sea inches closer, I am inspired by the 100-odd species of migratory birds that return to South Africa at the onset of summer. Travelling almost 15 000 kilometres, these migratory birds must show determination and strength, as well as a commitment to vision, in undertaking the gruelling journey, which they do to ensure the sustainability of their lineage.



While navigating threats to their survival, like climate change, they must have faith that the journey will be worth it.

South Africans are a lot like these birds.

Despite yet another difficult year with extreme weather conditions, rising interest rates, inflation, crises at our ports and record levels of load shedding, we have seen that with commitment to sticking it out, there is hope. This is demonstrated by the resilience shown in our sports teams like the Springboks as well as Banyana Banyana, the extraordinary work of organisations like Gift of the Givers, and ordinary South Africans making a difference to their families, place of work, or communities everyday.

Reminding clients about the value of staying the course

Sometimes we need a reminder to stay the course, and that the journey is worth it.

Investment markets are becoming even more complex and we appreciate your partnership in advising clients on how to reach their financial goals.

Investors are under immense pressure, making the temptation to disinvest that much greater. The best way to get our clients closer to their goals is through a commitment to saving and investing. Once they have taken the first step, it is important to stay invested, because the best results come with proper leverage of time and compounding. For the year to October the MSCI World has returned 10.8%. Compare this to 2022, when it recorded -22.43%. Investors who disinvested at this time last year locked in their losses whereas those who stayed invested throughout 2023 recovered some losses.

Once they are invested, it is our responsibility to ensure that their investments are appropriately diversified to take advantage of well performing sectors and mitigate against total loss in underperforming sectors. Investors are moving their money into guaranteed products. However, considering that inflation and interest rates are likely to have peaked worldwide, staying in products that have fixed interest as the underlying asset is not the best strategy over the long term. Guaranteed products are designed for capital preservation, but for wealth building investors need to be in growth assets.

Pausing to celebrate

In a world where wins are few and negative headlines are plenty, it is important to pause and acknowledge the moments that have inspired during the journey. In this spirit, we are proud to have received the following accolades in 2023:

- *Most Sustainable African Investment Manager 2022* from Global Banking and Finance Awards.
- *Best ESG Responsible Investor Africa 2022* from CFI.co.
- *Top 3 Best Responsible Investment Manager 2022* from 27four.
- *Best Global Equity Managers* – Maahir Jakoet and Fawaz Fakier, Portfolio Managers for the Old Mutual Global Islamic Equity Fund from Citywire.
- *2023 Asset TV Audience Choice Awards*
 - Old Mutual Investment Group was awarded: *Most Watched: Company (Overall)*, *Most Watched: Masterclass (Institutional)* – ESG with Fawaz Fakier as panellist, and *Most Watched: Investment Den* with Jason Swartz.
 - Old Mutual Wealth was also awarded: *Most Watched: Roundtable (Retail)* – Tax Efficient Solutions with Tiaan Henselman as panellist, *Most Watched: DFM Session – Asset Allocation* with Roland Gräbe as panellist, and *Most Watched: Person (Overall)* – Roland Gräbe.

It is fitting then that this issue highlights the Old Mutual Global Islamic Equity Feeder Fund, the fifth anniversary of both the Old Mutual MSCI World ESG Index Feeder Fund and the Old Mutual MSCI Emerging Markets ESG Index Feeder Fund, the two-pot retirement system, and how to stay safe from cyber-attacks this holiday season.

Remember to smell the roses and listen to the birds

As we usher in the festive season, may the sound of birds singing or the sight of migratory birds remind you of how far we've come in 2023. I hope you allow yourself the time to celebrate your wins, decompress, rest, reflect and revive for 2024. We look forward to connecting and strengthening our partnership with you in the year ahead.

Warm regards

Gontse Tsatsi

Head: Retail Clients | Old Mutual Investment Group

OLD MUTUAL UNIT TRUSTS PERFORMANCE UPDATE

Two of our global funds have delivered top quartile performance over most investment periods since inception, namely the Old Mutual Global Equity Fund and Old Mutual MSCI World ESG Index Feeder Fund. All multi-asset funds managed by Old Mutual Investment Group have shown above-median performance over the three-year period, with Old Mutual Maximum Return Fund being top quartile. The Aggressive Balanced Fund of Funds, Balanced Fund of Funds and Maximum Return Fund of Funds managed by Old Mutual Multi-Managers have achieved above-median performance over the three-year period.

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WHAT'S IN STORE FOR 2024?

The economy continues to deliver surprises. We delve into at least two key themes to look out for in the new year. Firstly, the great post-Covid global interest rate hiking cycle is finally coming to an end and central banks can cautiously start withdrawing interest rate increases. Secondly, there will be some important elections around the globe in 2024 which may have significant economic and geopolitical implications.

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PERFORMANCE OF ESG-DRIVEN INVESTMENTS PROVES YOU CAN HAVE IT ALL

The five-year anniversary of two of Old Mutual's trailblazing ESG-focused index tracker funds is a compelling demonstration that investors can achieve positive environmental and social outcomes without compromising their long-term investment returns.

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MORE REASONS TO ADD SHARI'AH FUNDS TO YOUR PORTFOLIO

There is a misconception that Shari'ah investing is exclusively for Muslim investors. This couldn't be further from the truth. In fact, investing in any of the four Shari'ah unit trust funds offered by Old Mutual Investment Group can yield two significant benefits for investors, irrespective of their religious background. These include portfolio diversification and an opportunity to positively impact environmental and social outcomes.

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INTRODUCTION OF THE TWO-POT RETIREMENT SYSTEM

National Treasury has introduced the two-pot retirement system draft legislation, currently scheduled to take effect next year. This reform is designed to encourage preservation of your retirement savings while allowing you to access a portion of your contribution annually in the event of an emergency.

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DOMESTIC BONDS BUCK THE REAL RATE TREND

Global real rates marched to new heights in October and global nominal bond yields followed suit. Despite the unfavourable global backdrop and domestic fiscal strain, domestic nominal yields retreated in the month. Domestic inflation, at both a consumer and producer level, troughed in the third quarter and has edged up in recent months, largely due to increasing fuel prices and currency weakness on a year-on-year basis. Against this backdrop, the SARB MPC remains decidedly hawkish and unwilling to openly concede that we are at the end of the monetary policy tightening cycle.

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CYBER SAFETY TIPS FOR THE HOLIDAYS

With the festive season upon us, we tend to lower our guard when it comes to online safety. However, this is the time to be more vigilant, as cyber criminals are lurking, looking for low-hanging fruit. Here are a few tips to help you stay safe online:

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