



PROFILE BALANCED

OLDMUTUAL

INVESTMENT GROUP

INVESTMENT DESCRIPTION

Profile Balanced is an actively managed, moderate-risk portfolio, that aims to provide compelling real returns over the long term by investing in an optimal spread of local and international asset classes. While the bias is towards growth assets, the portfolio manager will allocate to other asset classes to exploit market opportunities and to achieve diversification.

This portfolio has a return target of CPI + 5% per annum over the long term. The portfolio complies with Regulation 28 of the Pension Funds Act.

DIFFERENTIATING FEATURES

Active asset allocation adds value

We invest across different asset classes and actively moving between them allows us to take advantage of the wide range of returns delivered by the various asset classes. Our team is well regarded for being one of the leading asset allocators in the industry.

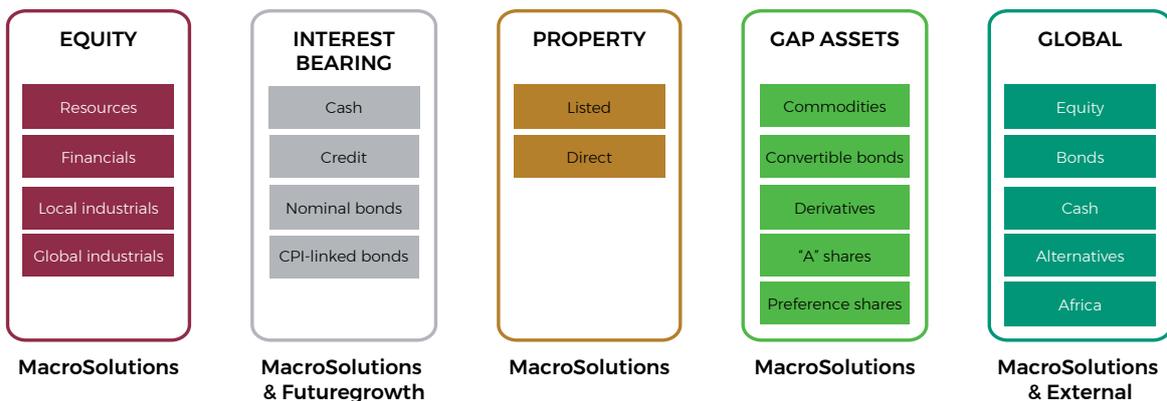
Disciplined framework for implementing our Theme & Price philosophy

Every investment decision takes place using this structured, disciplined and measurable implementation framework.

Using the full toolbox of asset classes

We access the full toolbox when building this portfolio and look beyond the conventional asset classes by investing in between-the-gap assets such as commodities and convertible bonds.

ACCESSING THE FULL TOOLBOX



ESG is important

ESG is important and relevant which is why we incorporate it in all our investment decision making, both at a macroeconomic and company level. We are supported by our dedicated ESG team whose research and analysis feeds into responsible ownership in two ways: firstly, whether to own an asset and, secondly, influencing the outcomes on assets we already own.

MEET THE TEAM

We follow a team-based approach when managing solutions. However, we also believe in individual accountability for client outcomes. Graham Tucker is the lead portfolio manager and Warren van der Westhuizen is the equity portfolio manager.



PORTFOLIO MANAGER
GRAHAM TUCKER
BSc (Hons), CFA® Charterholder
Experience: 21 years



PORTFOLIO MANAGER
WARREN VAN DER WESTHUIZEN
BCom (Hons), CFA® Charterholder
Experience: 21 years

OUR APPROACH

We invest in assets that are both attractively priced (valuation) and experiencing tail-winds to their growth prospects (theme).

- **Theme:** The macroeconomic environment is crucial when determining the performance of asset classes and shares, especially asset classes that are sensitive to movements in interest rates or the currency. This is particularly relevant in a small open economy such as South Africa, with investment markets dependent on the global economy (e.g. demand for resources and dual listed shares).
- **Price:** The valuation of a company is determined through our fundamental research and analysis to assess whether it is trading at an attractive price relative to its valuation, or if it has become expensive. We believe that company fundamentals and asset valuations drive long term asset prices.

Our equal focus on the macroeconomic environment (theme) and the valuation (price) of an asset allows us to capture diverse sources of potential return as market conditions change. For example, an improving/deteriorating environment may not yet be reflecting in the price of an asset.

WHAT WE BELIEVE ABOUT INVESTING

Our investment philosophy captures both the **theme** (environment) and **price** (valuation) in a two-dimensional approach.

We believe in the following:

- **Top-down matters:** Macro-economic and thematic drivers have a crucial influence on the outlook of an asset class or a share. A key part of our process is to evaluate the impact of these top-down drivers.
- **Valuation matters:** Company fundamentals and asset valuations drive long term asset prices.
- **Long term perspective:** It is critical to look at the long term as this enables us to contextualise the current short-term movements.
- **Integrated solutions:** We build portfolios taking into account the interaction of positions across and within asset classes.

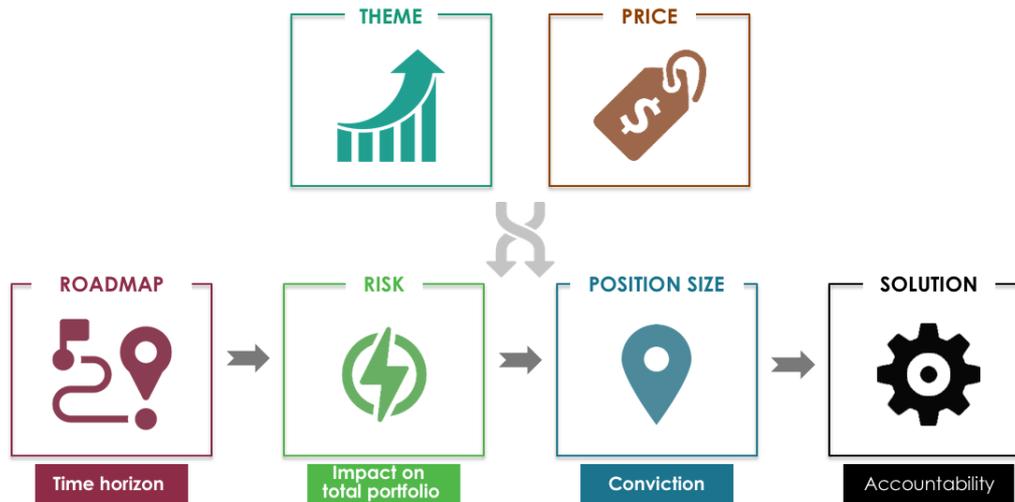


WHAT IS A THEME?

- A **material driver** in the environment that we believe will (or will continue) to have an impact on the asset price.
- It must have **extent** (size) or **duration** (long-term) and be **investable**.
- It has direction: the environment is either **improving** or **deteriorating** (tailwinds or headwinds).
- To determine a theme, we use our customised tools, historic performance databases and macroeconomic data. For example, when analysing a sector, we use Porter's model: evaluating competitors, suppliers, barriers to entry in the sector/industry, regulation and capital allocation.
- A theme in the equity space can be macro, industry, company specific or ESG driven.
- Themes are **not** based on spot economic forecasts.

HOW WE MANAGE THIS STRATEGY

Each investment included in the final portfolio is evaluated based on the following process:



1. Theme & Price framework

We take into consideration the valuation of the opportunity relative to the market (**price**) as well as the macroeconomic and thematic drivers which will have a crucial influence on the outlook of the opportunity (**theme**).

2. Roadmap

Our roadmap illustrates our expectations about the future path of the investment and how we assess a particular theme will play out. We document aspects such as the expected duration and nature of the investment.

3. Risk consideration

Comprehensive risk measurement is conducted within the team and independently as well. We measure the volatility of the share and how it interacts with the market. And, because we build integrated portfolios across sectors and asset classes, we identify how the security fits in with the rest of the portfolio.

4. Position size

Our theme and price framework allows us to capture our conviction of an investment opportunity with confidence. Our conviction infers our position size. We continually cross check that our investment ideas make sense in a changing environment.

5. Implementation

Although we operate on a team-based approach there is individual accountability for the portfolio construction and performance of the fund.

CONTACT DETAILS

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