



### INVESTMENT DESCRIPTION

Profile Edge28 is MacroSolutions' best investment view for a multi-asset class portfolio. This actively managed portfolio has a flexible mandate which seeks to deliver superior real returns over the long term. To achieve this, the investment team takes advantage of high-conviction asset allocation and stock selection opportunities across local and global asset classes, including private equity, African investments and hedge funds.

The portfolio aims to maximise returns and targets CPI + 6% per annum over the long term (7+ years).

**MAXIMISING GROWTH POTENTIAL**  
WITHIN THE REGULATION 28 ENVIRONMENT

### 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.

### DIFFERENTIATING FEATURES

#### Active asset allocation adds value

It pays to 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. Profile Edge28's flexible mandate allows our investment team to express their views more fully.

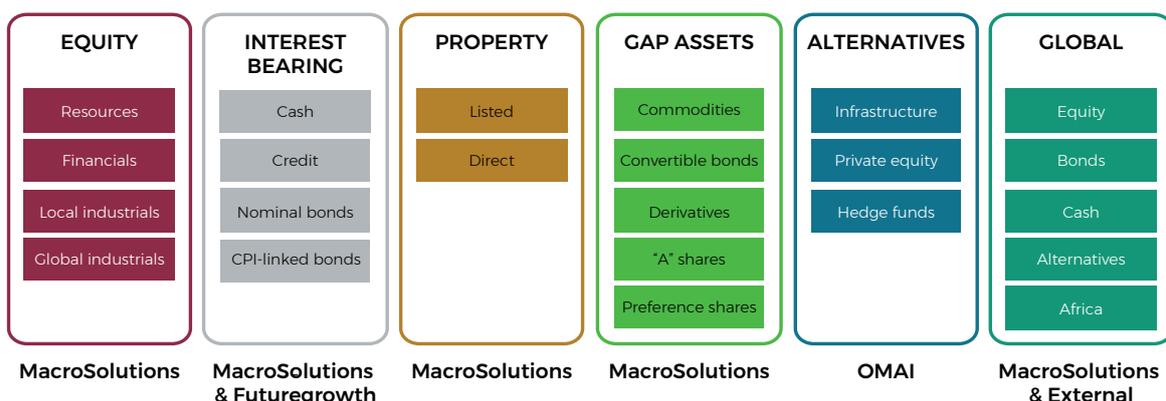
#### Disciplined framework for implementing our Theme & Price philosophy

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. We also invest in other assets such as commodities, convertible bonds, and alternative assets. Alternative assets (local and global private equity, hedge funds and African assets) provide a different source of growth and diversification within the portfolio.

#### 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 outcome on assets we already own.

## Blending Opportunities

Profile Edge28 offers ideal blending opportunities by complementing other managers who primarily focus on a bottom up perspective and who do not use alternative assets.

## MEET THE TEAM

We follow a team-based approach when managing solutions. However, we also believe in individual accountability for client outcomes. Peter Brooke is the lead portfolio manager and Arthur Karas is the equity portfolio manager.



### PORTFOLIO MANAGER

**PETER BROOKE**

B Bus SC Fin (Hons)  
Experience: 26 years



### PORTFOLIO MANAGER

**ARTHUR KARAS**

B Com, CFA Holder  
Experience: 28 years

## WHAT WE BELIEVE ABOUT INVESTING

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

We believe:

- **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.
- **Bottom-up 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 have an **impact** on the asset price, but which has **not yet been captured** in the valuation.
- 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.
- A theme in the equity space can be macro, industry or company including ESG driven.
- Themes are **not** based on spot economic forecasts!
- Once a theme can be quantified, such as when a pending lawsuit is finalised, this amount is included within the valuation model of that company.

## HOW WE MANAGE THIS STRATEGY

Each investment is evaluated based on the following process:

### 1. Theme & Price framework

This structured and measurable implementation framework allows us to capture every investment view consistently. It enables us to convert insights into tangible scores that infer the desired position in a particular investment opportunity. We take into consideration the long-term outlook for the global and local economy (theme) as well as asset class valuations (price).

### 2. Roadmap

We then consider how long it will take for the opportunity to play out. Opportunities can be medium to shorter term in nature, as volatile markets create tactical opportunities over the shorter term (one to three years) which we can then exploit. We refer to the expected time horizon for an opportunity to come to fruition as the Roadmap. We also document the nature of the investment and our assessment of how we think a particular theme will play out.

### 3. Risk consideration

A stock needs to earn its place in the portfolio. Before we invest in a company, we assess its potential impact on the portfolio. This includes analysing its volatility, how it interacts with the market and how it contributes to the portfolio's overall sensitivity to different macro drivers such as currency or interest rate risk. As we build an integrated portfolio across asset classes, we will analyse how its inclusion will fit 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.

## PROCESS - DISCIPLINED IMPLEMENTATION



## CONTACT DETAILS

Mutualpark, Jan Smuts Drive, Pinelands 7405. PO Box 878, Cape Town 8000, South Africa.

Tel: +27 21 509 5022, Fax: +27 21 509 4663; Email: [futurematters@oldmutualinvest.com](mailto:futurematters@oldmutualinvest.com); Website: [www.oldmutualinvest.com](http://www.oldmutualinvest.com)

## REGULATORY INFORMATION:

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