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Investing for a  
world of change

# Global Investment Conference

## Adapting to a new reality

21 - 22 June 2023



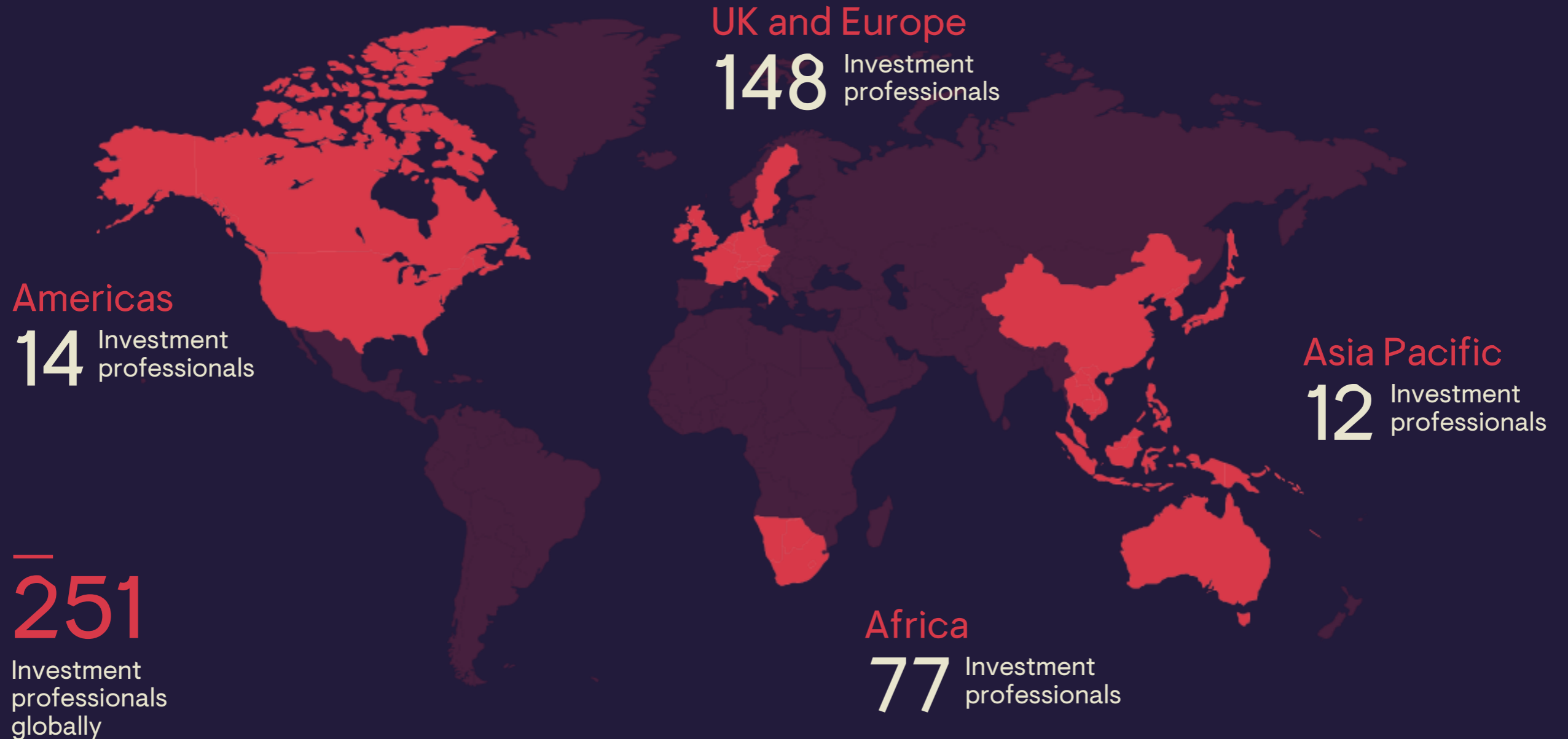
“The idea that the future is unpredictable is undermined every day by the ease with which the past is explained...”

Daniel Kahneman





# Our offshore reach is your investment power



Source: All figures shown are as at 31 March 2023



# Our offshore reach is your investment power

1,208

Full time employees

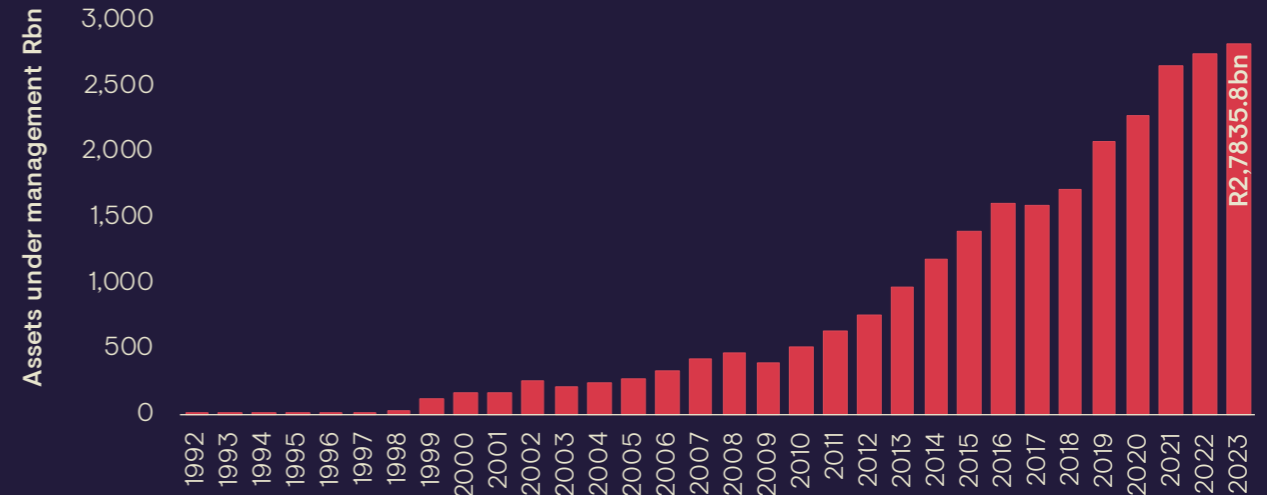
21

offices

14

countries

## Organically and sustainably built over 30 years



128<sup>th</sup>

Top 500 world's largest asset manager<sup>1</sup>

Dual listed

JSE



London Stock Exchange

Global AUM

R2.8 trillion

Clients in

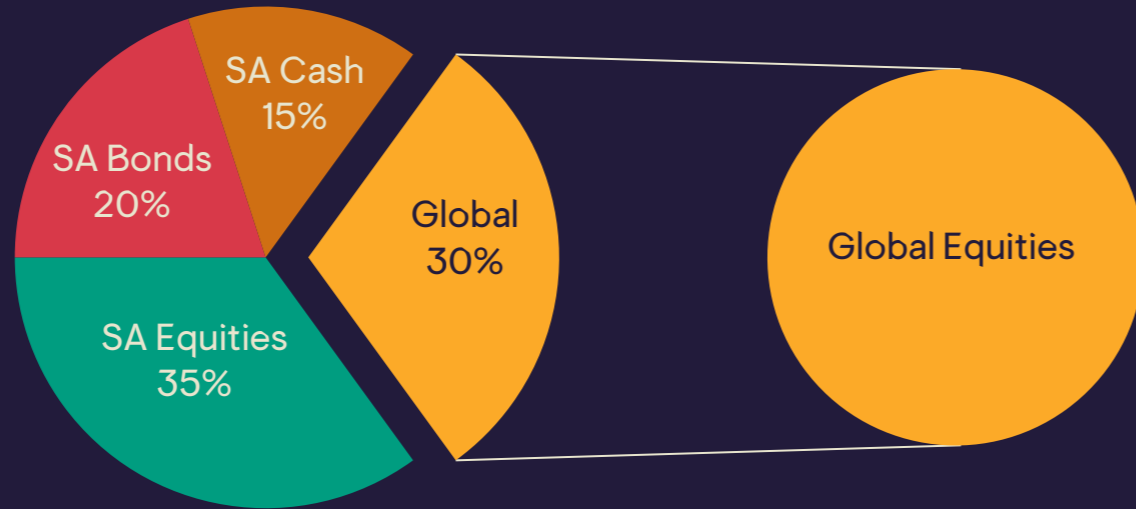
104 countries

<sup>1</sup>Source: Willis Towers Watson Largest Asset Management report 2022. Source: All figures shown are as at 31 March 2023



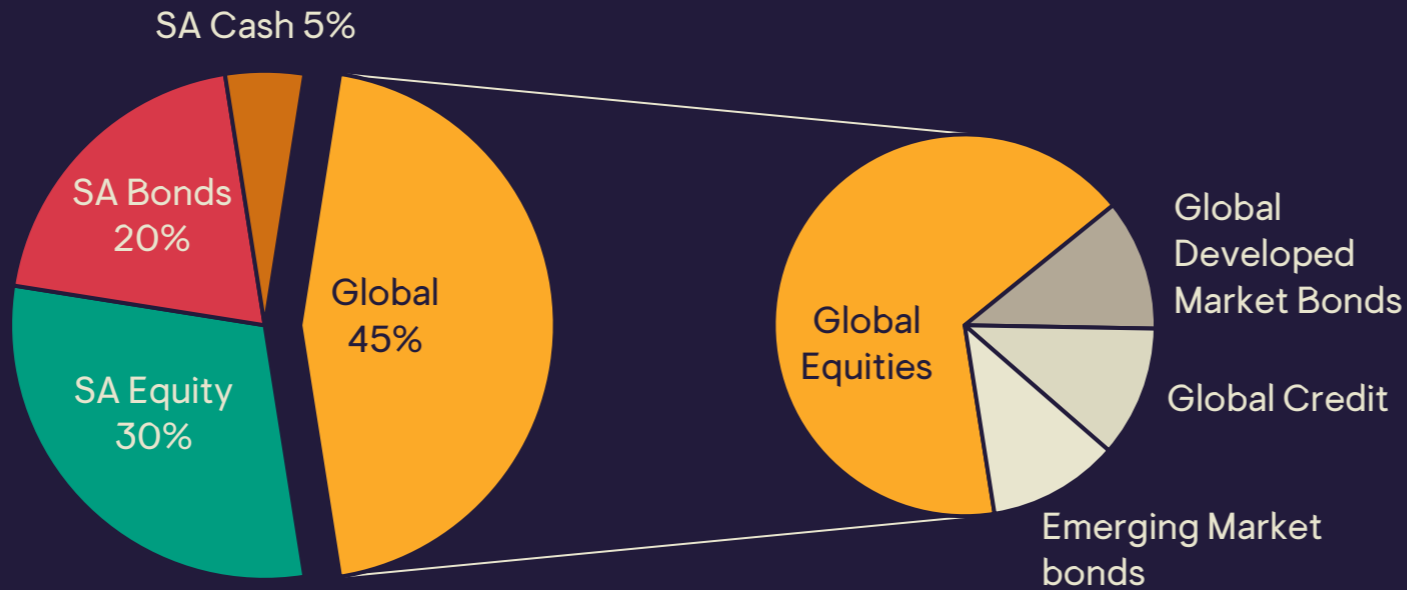
# Significant impact on SA wealth & asset management landscape

Offshore at 30%



↑  
Greater opportunity set

Offshore at 45%

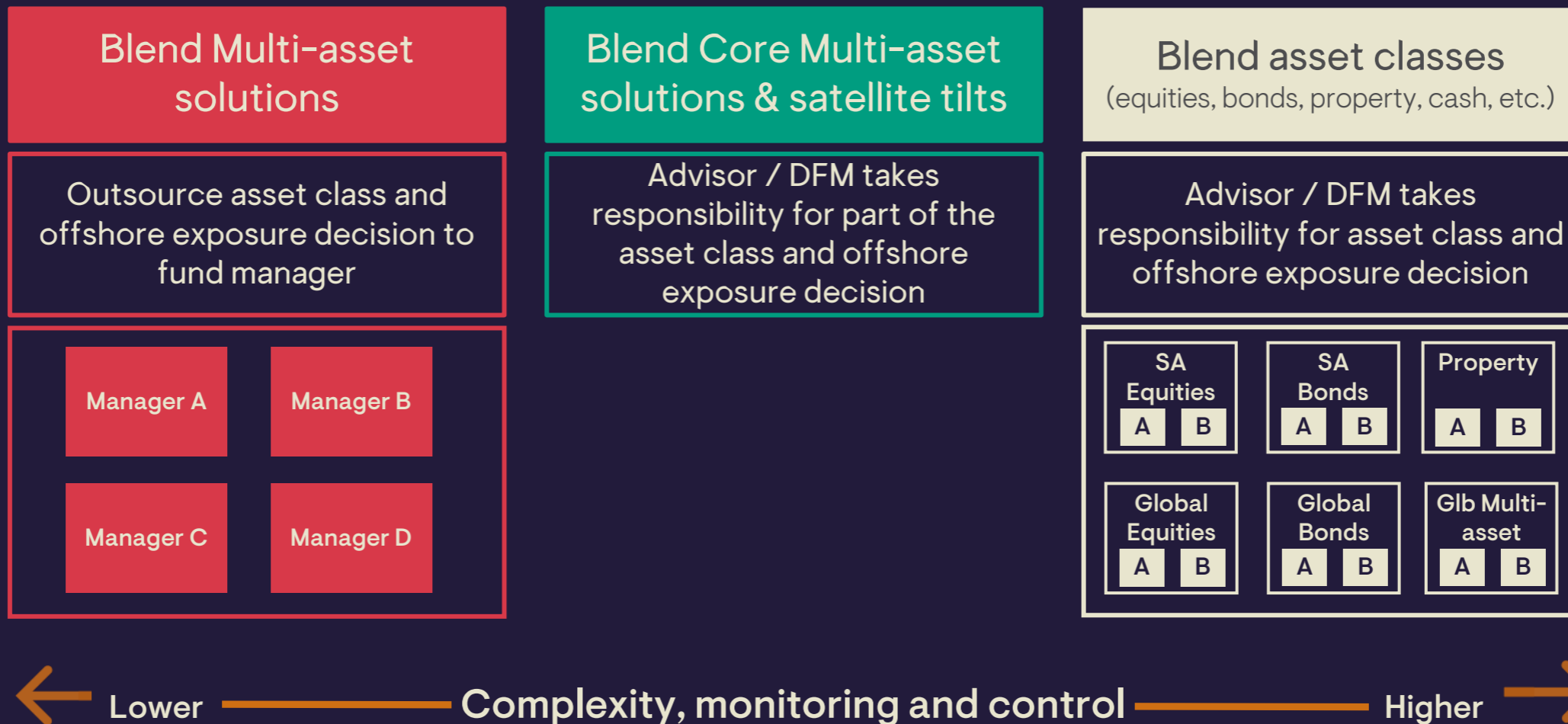


↓  
Must still balance risk & return



# Significant impact on SA wealth & asset management landscape

## Constructing SA client portfolios



Each strategy requires consideration in terms of who is responsible for the key decisions on portfolio construction, asset allocation and offshore integration



Offshore weighting  (Reg 28 Balanced)	Current	15% - 45% (based on objectives & risk preference)	33% (30% equity, 3% fixed income)	38%	38%	36%	45%
	Planned			40%	Dependent on underlying manager views		
Portfolio construction (Multi-asset/Building block)		Mix. Process of purposeful diversification Multi-asset   Multi-strategy   Multi-manager	Hybrid: Specialist & multi-asset composite	Mostly specialist building block mandates, some exposure to MA mandates	Multi-Asset	Mix: SA Multi-Asset, Global Equity (building block) and Worldwide Multi-Asset	Fixed 45% allocation offshore managed on a specialist basis
Optimisation tools		Long-term actuarial projections & scenario modelling	Python; Mean Variance Optimizer	<ul style="list-style-type: none"> <li>- Determine SAA using statistical tools</li> <li>- Inputs are long-term real returns for asset classes + correlations</li> </ul>	<ul style="list-style-type: none"> <li>- Split-funded &amp; varies by underlying manager</li> <li>- No overarching override</li> </ul>	Mean variance optimization	Blend of asset modelling and qualitative overlay
Integration methodology	Integrated Domestic-International decision making	Yes	Yes	<ul style="list-style-type: none"> <li>- Separate mandates for local &amp; offshore</li> <li>- Limited integration of offshore</li> </ul>	Dependent on underlying manager	Integrated approach to Domestic and Offshore allocations	Global growth assets / local fixed interest
	Completion*	N/A	Specialist opportunities	Not at this stage	N/A	N/A	Yes
Hedging  Do you make use of asset class or currency hedging?		Where appropriate & sensible	No, but will consider for cautious portfolios in future	Done to a limited degree, setting up further capacity to do so	Dependent on underlying managers	<b>Retail client portfolios:</b> Outsourced to underlying managers.  <b>Institutional client portfolios:</b> Currency Hedging - when appropriate to protect against volatility	Mostly unhedged - but for some strategies hedging is appropriate

\*Completion -consider sector & stock views in the local vs offshore mandates



# Significant impact on SA wealth & asset management landscape

Constructing SA client portfolios

## Five key take-outs:

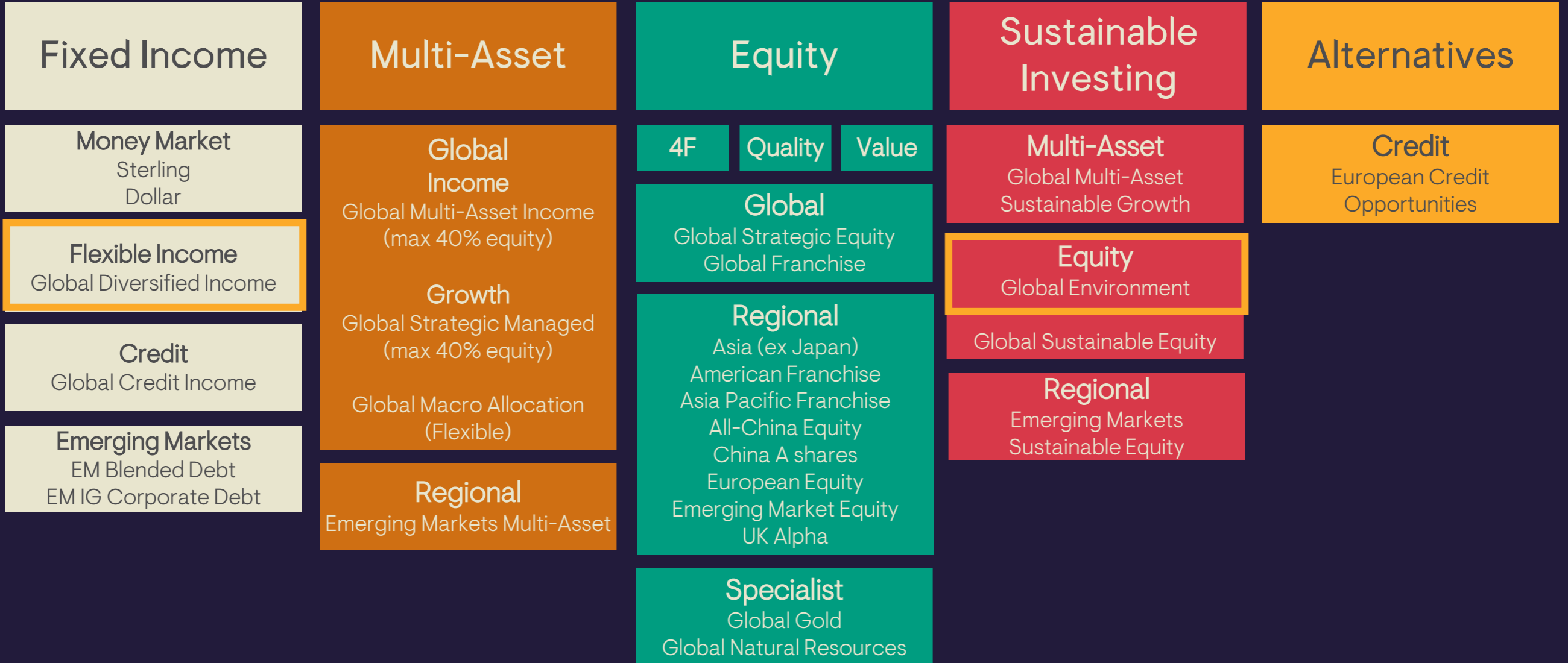
- 1 Implementation of portfolio ideas
- 2 Increased global flexible income exposure
- 3 Active versus passive
- 4 Non equity/Alternative asset class exposure
- 5 Hedging (assets and currency)

| Manage portfolios for what is to come and not what has been...



# Global specialist and outcomes-oriented strategies

Specialist active investment manager



# Adapting to a new reality

- Investors need to **adapt to a new return reality**
  - We are no longer in a ‘rising tide lifts all boats’ environment
- **Manage portfolios for what is to come and not what has been...**
  - Likely a low returning environment over the next decade
  - Will demand that portfolios are better able to harvest macro volatility, capture security dispersion and deliver resilient sources of return
- **Picking the right global manager is now even more crucial**
  - Significant SA industry changes that will reshape the industry
  - SA based managers need to allocate more resources to global teams



Our purpose

Better  
firm

Better  
investing

Better  
world

Investing for a better tomorrow

Thank you





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