COMPASS PORTFOLIOS

KEEPING YOU ON THE RIGHT COURSE

In Hong Kong, for professional investors only.

OLDMUTUAL INTERNATIONAL

INTRODUCING COMPASS PORTFOLIOS

The Old Mutual International Isle of Man (OMI IM) and Old Mutual International Ireland (OMI IE) Compass Portfolios enable you to access the investment expertise of Old Mutual Wealth's investment division multi-asset team (combining the expertise of Old Mutual Global Investors and Quilter Cheviot) – the team responsible for managing the underlying Old Mutual Compass Portfolio range.

The Old Mutual Compass Portfolio range is available for you through Old Mutual International Portfolio Bonds. They are also available through our Managed Savings Account, Managed Pension Account, Managed Capital Account and Executive Wealthbuilder Account under the name OMI IM Compass Portfolio range and through our European Capital Account under the name OMI IE Compass Portfolio range. Please visit our website www.oldmutualinternational.com for further information on how to access these Portfolios through an Old Mutual International product.

OLD MUTUAL INTERNATIONAL COMPASS PORTFOLIO NAME	OLD MUTUAL COMPASS PORTFOLIO UNDERLYING FUND NAME
OMI IM/OMI IE Compass Portfolio 5	Old Mutual Compass Portfolio 5
OMI IM/OMI IE Compass Portfolio 4	Old Mutual Compass Portfolio 4
OMI IM/OMI IE Compass Portfolio 3	Old Mutual Compass Portfolio 3
OMI IM/OMI IE Compass Portfolio 2	Old Mutual Compass Portfolio 2

CONTENTS

In this brochure, we will explain what exactly is meant by investment risk, explain how the Compass Portfolios ('the Portfolios') work and give you some background on the highly experienced team that manages them. This brochure needs to be read together with the relevant Old Mutual International Product brochure.

WHO ARE OLD MUTUAL WEALTH AND OLD MUTUAL INTERNATIONAL?

Old Mutual Wealth is a leading retail investment business providing:

- managed investment portfolios,
- online services, and
- a range of financial products which can help with tax efficiency.

The international arm of Old Mutual Wealth, Old Mutual International is the collective name for the Old Mutual companies that provide financial products and solutions designed for affluent and high net worth investors across the world, including Africa, Asia, Europe, Latin America, the Middle East and the United Kingdom. Our award-winning solutions are designed around customer needs and underpinned by a wide choice of investments.

IMPORTANT INFORMATION

Please remember that past performance is not a guide to future performance. Investment involves risks. The value of investments and the income from them can go down as well as up and investors may not get back any of the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

GAUGING RISK AND REWARD

HARNESSING THE STRENGTH OF FINANCIAL MARKETS CAN BE A POWERFUL WAY OF GROWING YOUR WEALTH. BUT TO DO SO, YOU NEED TO HAVE THE CONFIDENCE TO INVEST OVER THE LONG TERM.

The Compass Portfolios have been designed, in collaboration with financial advisers, to give you precisely this confidence. They aim to do so by matching investments to the level of risk with which you feel comfortable. This means you can make informed decisions about your investments, with a better understanding of the relationship between risk and potential return.

As a range, the Compass Portfolios enable you to increase – or decrease – the level of risk in your investments as your circumstances change.

And because we believe people should be able to invest in this way no matter where they are based in the world, the Portfolios are truly global in nature.

Acknowledging that financial markets can be testing at times, the Portfolios hold a broad mix of assets to help smooth your investment journey. This also explains why the Portfolios are actively managed – to help mitigate challenges over the short term in order to aim for more consistent returns over the longer term.

The Portfolio range is designed to function much like the instrument after which it is named: helping investors navigate global markets by offering them greater clarity to stay on the right course on their financial journeys.

THE INVESTMENT CAPABILITY

THE COMPASS PORTFOLIOS ARE 'MULTI-ASSET' – AN INVESTMENT APPROACH THAT INVOLVES THE PORTFOLIO MANAGERS INVESTING YOUR MONEY IN A DIVERSE RANGE OF FUNDS, AS WELL AS OTHER ASSETS FROM ACROSS FINANCIAL MARKETS. THIS IS A PROVEN WAY TO SPREAD RISK AND HELP PROTECT YOUR MONEY DURING PERIODS WHEN SOME PARTS OF THE MARKETS ARE PERFORMING POORLY.

The Portfolios are run by the multi-asset unit of Old Mutual Wealth's investment division, which comprises Old Mutual Global Investors (OMGI), our award-winning asset manager, and Quilter Cheviot (QC), a market-leading investment manager with a heritage that can be traced back to 1771.

The multi-asset unit, run by co-investment directors Anthony Gillham and Ben Mountain, has a significant depth and breadth of talent – with more than 250 years of combined investment experience among the team members. The team is a true partnership of equals, bringing together two clearly complementary skill sets. QC boasts excellence in fund research, as well as portfolio management through its managed portfolio service. For its part, OMGI brings outstanding experience in managing multi-asset funds using a diverse range of asset classes.

Old Mutual Wealth is a leading wealth management business offering wealth management products and services in the UK and via Old Mutual International globally. It also offers discretionary investment management via Quilter Cheviot and asset management services via OMGI.

OMGI is the award-winning, London-based asset management arm of Old Mutual Wealth, with a reach spanning key international markets including the UK, Europe, Asia and the Americas. Following its creation in 2012, OMGI has established a strong foothold in the markets in which it operates.

QUILTER CHEVIOT
INVESTMENT MANAGEMENT

Quilter Cheviot is one of the UK's largest discretionary investment firms, based in twelve locations across the UK, Jersey and Ireland. Quilter Cheviot takes a highly innovative approach to structuring and managing bespoke discretionary portfolios for private clients, charities, trusts, pension funds and financial advisers.

PERCEPTIONS OF RISK

RESEARCH INTO THE PSYCHOLOGY THAT DRIVES HUMANS' FINANCIAL DECISION-MAKING (SOMETIMES REFERRED TO AS 'BEHAVIOURAL FINANCE') INDICATES THAT INVESTORS SUFFER FROM LOSS AVERSION; THAT IS, THEY DISLIKE LOSSES MORE THAN THEY LIKE EQUIVALENT GAINS.

Let's try a thought experiment. In each of the questions below, which option would you prefer?

QUESTION 1

A) Certain win of US$250; or

B) 25% chance of winning US$1,000 and a 75% chance of winning nothing

QUESTION 2

A) Certain loss of US$750; or

B) 75% chance of losing US$1,000 and a 25% chance of losing nothing

Most people change their answer according to how the question is framed, answering A to the first question but B to the second. Economists Daniel Kahneman and Amos Tversky, who have conducted extensive research into the influence of psychology on investors, or 'behavioural finance,' believe this is because people are typically loss-averse.[1]

This suggests investment risk is greatly misunderstood by investors, largely due to them bringing too much emotion into their decision-making. And a misunderstanding of risk is likely to lead to irrational investment decisions that result in poor outcomes relative to investors' hopes and desires.

Of course, the risks associated with investments – like those associated with many things in life – vary from low to high. There is typically a higher potential for greater returns when investors take on higher levels of risk, alongside an increased chance of significant losses.

Within investments, there are different types of risk, including the impact of changes in interest rates, whereby borrowing costs rise and fall; and the threat of inflation, whereby the rising price of goods and services could outpace your returns.

As we will explain further in the following pages, in the Compass Portfolios we seek to take all these risks into account.

We do so by targeting risk through a broad measure: volatility, a statistical measurement of how widely a range of returns produced by an asset varies from its average over a particular period. This means each Compass Portfolio targets a particular amount of volatility, so you have a better indication of the level of risk to which your investment is exposed.

[1] Prospect theory: an analysis of decision under risk, by Daniel Kahneman and Amos Tversky, 1979

WHY CONSIDER
INVESTING IN THE COMPASS PORTFOLIOS?

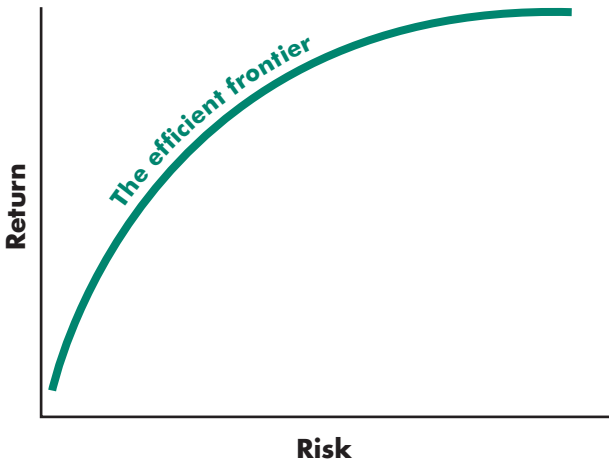
SO FAR WE HAVE TOUCHED ON A NUMBER OF THE COMPASS PORTFOLIOS' KEY FEATURES, SUCH AS THE FACT THEY TARGET LEVELS OF RISK AND CONSIST OF MULTI-ASSET INVESTMENTS. OVER THE FOLLOWING PAGES WE WILL GO INTO GREATER DETAIL, EXPLAINING WHY THE PORTFOLIOS COULD BE A POWERFUL WAY FOR YOU TO HARNESS THE STRENGTH OF FINANCIAL MARKETS BY MATCHING YOUR INVESTMENTS TO YOUR ATTITUDE TO RISK.

RISK TARGETING

Each Portfolio contains a different mix of assets, chosen with the aim of maximising their expected long-term return for a given level of risk.

The chart below is based on 'modern portfolio theory' (see glossary on page 15). It shows the possible returns that investors can expect from investments given the level of volatility they are willing to accept. This illustrates a point we made earlier: the higher the level of risk, the higher the level of potential return. Unfortunately, these two concepts are inextricably linked – there is no such thing as 'risk-free' return.

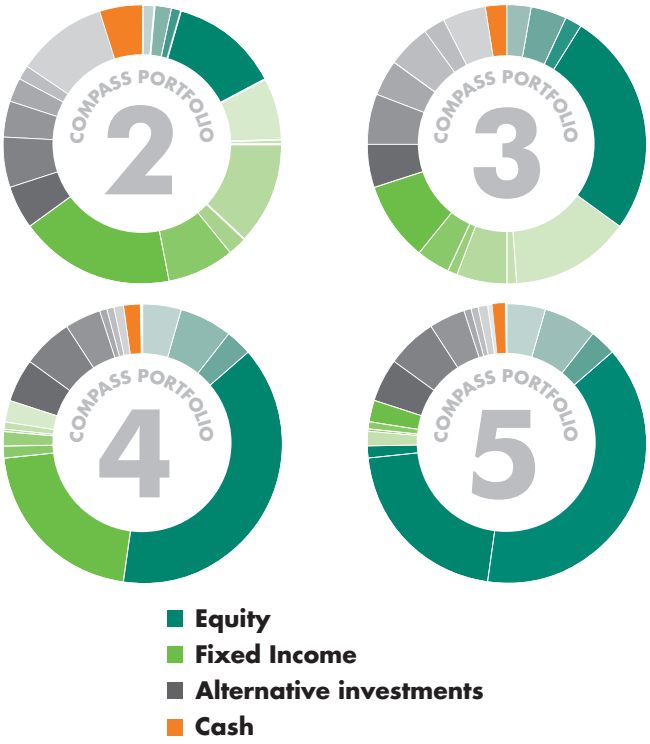
THE EFFICIENT FRONTIER



For illustrative purposes only.

The objective of the Compass Portfolio range is to match your attitude to risk – not remove risk entirely. The Portfolio managers review the mix of assets on a regular basis to help ensure they continue to meet the expected levels of risk. The Compass Portfolio range comprises four portfolios, with Compass Portfolio 2 targeting the lowest amount of risk and Compass Portfolio 5 the highest. As each one targets risk in a range, the Portfolio managers can construct optimal asset allocations, moving the Portfolio's level of volatility according to different market conditions.

Should your attitude to risk change over the years, your financial adviser could recommend that you move from one Portfolio into another that is more suitable.



Compass Portfolio asset allocations (example asset allocations for illustrative purposes)

POTENTIAL RETURNS FROM COMPASS PORTFOLIOS

The charts below display the possible returns on a US$100,000 investment in each of the Compass Portfolios over 15 years, illustrating the greater potential for gains as well as losses that accompanies higher levels of risk.

COMPASS PORTFOLIO 2

COMPASS PORTFOLIO 3

COMPASS PORTFOLIO 4

COMPASS PORTFOLIO 5

The simulated/back tested performance shown is for illustration purposes only and is not guaranteed. Past performance is not a guide to future performance. The graphs above are set at logarithmic scale, this means that the data is plotted so that the prices in the scale are ***not*** positioned equidistantly. These figures should not be taken as a projection of likely returns from the Compass Portfolios. They indicate the probability that the Portfolio returns would be within these ranges, for a given level of volatility (how much the value of the Portfolio goes up and down over time). Back tests were prepared by the Portfolio managers, with the calculations verified by OMGI's risk management team. Simulated results are achieved through the retroactive application of a financial model. Such results are hypothetical and do not represent actual trading, and thus, may not reflect material economic and market factors, such as liquidity constraints, that may have had an impact on the Portfolio manager's actual decision-making. The results shown reflect all fees, costs and expenses an investor would have paid for the Compass Portfolio and doesn't include any Old Mutual International product charges. No representation is made that an investor will achieve results similar to those shown.

For example, someone seeking to build wealth early on in their career, who is happy to accept a higher level of risk, may find Compass Portfolio 5 to be the most appropriate portfolio. But later on in life, they may prefer to take a lower amount of risk as they approach retirement, and so wish to shift their investments into Compass Portfolio 3 or Compass Portfolio 2.

UNCONSTRAINED INVESTING

Because the Compass Portfolios' main objective is to grow your money by generating consistent returns and managing downside risks, their holdings are extensively diversified across asset classes (for more information on diversification, see page 10).

These include company shares, or equities; fixed income, which are investments, such as government bonds, under which the borrower/issuer is obliged to make payments of a fixed amount on a fixed schedule; cash; and alternatives, which are investments in asset classes other than the previous three.

AS THE PORTFOLIOS ARE GLOBALISED IN THEIR ASSET ALLOCATION, THEY HAVE NO SPECIFIC BIAS TOWARDS REGIONS.

That said, as US company shares make up more than half of the global equity market, over 50% of the Portfolios' equity holdings are in the US. The Portfolios also have no bias towards investment styles.

In addition to picking some of the best managers from around the world, the Portfolios hold company shares, including those in which the Portfolio managers invest directly – i.e. not via one of the funds already held within the Portfolios. They can also hold company and government bonds directly.

For direct investments in global equities, the Portfolio managers leverage the expertise of Quilter Cheviot's highly regarded stock-pickers, led by head of research Chris Beckett, and those of Old Mutual Global Investors for European equities.

The Portfolios also hold other assets such as investment trusts, which are listed companies whose business is the investment of shareholders' funds.

ACTIVE MANAGEMENT

By taking a multi-asset approach, the Compass Portfolio managers scour the globe for the best funds and investments across all types of assets on your behalf. As a result, they can gain from the expertise and judgement of other specialists worldwide.

UNLIKE MANY MULTI-ASSET SOLUTIONS, THE COMPASS MANAGERS TAKE A GENUINELY ACTIVE APPROACH TO HOW THEY RUN THE PORTFOLIOS.

They achieve this partly by investing in directly held company shares and bonds. They also make strategic asset allocations, whereby the managers review the long-term mix of assets for the Portfolios on a quarterly basis.

Much as there are economic cycles, involving the movement from recession to growth (and back again), there are also investment cycles, when markets go up and down. So determining the correct mix of assets for the right period in an investment cycle is essential to preserving and growing your money.

The Compass Portfolio managers draw on their own and the team's experience, as well as in-depth analysis of economies and markets, to establish trends and locate where the best opportunities and biggest risks might lie – and when to take advantage of them for you. In doing so, the managers employ tools and models based on projections for risk and return. This process informs asset allocation decisions, which are then stress-tested to help ensure each Portfolio does what it is expected to. The Portfolio managers, meanwhile, constantly monitor the assets they hold within the Portfolios, with a view to ensuring they too perform in line with expectations.

In addition, there is a strong focus on tactical asset allocation, which involves the management of short-term risks. For example, the Portfolio managers can decrease their exposure to riskier assets, such as company shares, in order to react quickly to changing market and economic conditions. Such activity should help to guard the Portfolios against declines in asset prices. Equally, the ability to move quickly means the Portfolio managers can also act to capture more gains from markets when the outlook improves.

GENUINE DIVERSIFICATION

The Compass Portfolio managers spread investments across different types of assets to help provide the desired levels of return with as little risk as possible. This process, known as diversification, can lower the impact of fluctuations in the performance of different asset classes.

The table on page 11 details the discrete performance of different asset classes from 2001 to 2015. It shows that while some assets enjoyed bouts of sustained growth over this period, these were punctuated by occasional declines.

The table also shows a composite portfolio that contains global equities and also developed government bonds and one type of alternative investment: hedge funds, which may use a number of different strategies to try and outperform the market. The latter two asset classes tend to generate different sorts of returns than from global equities.

While past performance can't be taken as a guide to the future, the Compass Portfolio managers believe diversification is a powerful tool in helping generate consistent returns and keeping the risk profile of your investments on target. As such, they seek to instil diversification at every stage of the investment process.

Due to its unconstrained investment approach, the Compass Portfolios hold a wide range of assets, many of which should behave differently from each other.

And because recent events have demonstrated that when markets are turbulent, the returns or performance of many asset classes can move together in the same direction, the Compass Portfolios hold a variety of alternative investments, such as hedge funds, which are intended not to move in tandem with broader markets. The Portfolio managers enjoy the backing of a dedicated fund-research team, which enables them to conduct the necessary research into investments for the Portfolios.

AN UNCERTAIN INVESTMENT WORLD

The table below details the discrete performance of different asset classes from 2001 to 2015.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
8.7%	24.8%	42.7%	19.3%	25.4%	32.0%	37.1%	12.7%	68.3%	29.6%	10.1%	19.4%	29.6%	11.4%	8.9%
7.4%	23.9%	39.0%	17.3%	19.3%	30.1%	30.9%	5.8%	38.4%	17.0%	9.5%	18.5%	24.5%	9.9%	1.2%
4.5%	19.5%	37.0%	14.4%	17.9%	28.8%	13.8%	3.5%	28.2%	16.7%	8.5%	17.9%	24.1%	5.5%	0.3%
4.4%	14.8%	30.8%	14.4%	17.5%	23.2%	11.1%	-5.1%	28.0%	12.8%	7.4%	13.4%	24.1%	3.1%	-0.7%
2.5%	13.1%	29.1%	12.8%	14.0%	18.0%	10.8%	-8.6%	27.0%	12.0%	4.3%	13.4%	19.0%	2.9%	-2.6%
1.4%	6.8%	26.4%	11.7%	10.7%	14.1%	10.5%	-10.9%	24.4%	11.9%	0.3%	13.2%	10.9%	2.2%	-2.6%
-0.9%	4.7%	25.7%	10.8%	8.8%	13.6%	8.2%	-18.3%	23.5%	10.3%	0.0%	11.2%	8.5%	1.6%	-2.7%
-5.9%	1.9%	22.7%	10.7%	7.6%	12.2%	7.1%	-23.3%	19.2%	9.6%	-1.7%	7.6%	6.7%	0.6%	-3.6%
-8.4%	-2.3%	22.3%	10.2%	5.9%	9.9%	6.7%	-27.3%	18.7%	7.8%	-7.2%	7.2%	0.7%	0.2%	-3.6%
-13.0%	-9.5%	19.4%	9.5%	3.4%	9.3%	6.3%	-36.6%	15.4%	7.1%	-7.6%	7.1%	0.3%	-0.6%	-2.8%
-17.7%	-10.2%	14.3%	9.0%	3.0%	7.2%	5.6%	-38.5%	13.4%	6.2%	-8.9%	5.5%	0.3%	-1.4%	-7.8%
-17.8%	-16.9%	14.0%	7.6%	2.7%	5.6%	4.2%	-42.1%	3.3%	5.8%	-13.4%	3.5%	-4.5%	-4.9%	-10.4%
-22.3%	-21.1%	13.4%	5.5%	1.7%	5.2%	3.5%	-46.8%	1.4%	5.2%	-13.9%	1.6%	-6.6%	-7.9%	-11.3%
-23.5%	-21.5%	7.8%	2.7%	-3.6%	0.9%	3.4%	-50.6%	0.8%	0.3%	-17.5%	0.5%	-9.6%	-8.6%	-24.7%
-29.8%	-23.4%	1.3%	1.5%	-6.0%	-2.7%	-7.3%	-53.6%	-8.1%	-1.2%	-19.2%	-1.1%	-28.3%	-17.0%	N/A

ASSET CLASSES AND COMPOSITE PORTFOLIO

Commodities	UK equities	US equities
Developed govt bonds	European equities	Global Credit
Emerging market debt	Gold	Cash
Japan equities	Hedge funds	Global Equities
Asia equities	Global Property	Composite Portfolio

The performance percentages shown are for illustration purposes only. Past performance is not a guide to future performance. These figures should not be taken as a projection of likely returns from the Compass Portfolios. The value of investments can fall as well as rise and investors may not get back what they put in.

Source: Bloomberg, OMGI as at 4 March, 2016. Percentage growth, total return in USD. Discrete calendar years shown. The performance of each of the asset classes are represented as follows: Commodities are Bloomberg Commodity Index; developed government bonds are JPM GBI Global index; emerging-market debt is JPM EMBI Global Index; Japan equities are Topix index; Asia equities are MSCI AC Asia Ex-Japan Index; UK equities are FTSE UK All-Share Index; European equities are MSCI Europe Ex-UK index; gold is XAUUSD; hedge funds are HFRX Global Hedge Fund Index; US equities are S&P 500 Index; global property is Global Consultative IPD All Property index, to end-2014; global credit is Barclays Global Agg Corporate index; Global Equities are MSCI world index; cash is US Cash Indices Libor three-month; composite portfolio is 50% MSCI World Index, 40% JPM GBI Global Index and 10% HFRX Global Hedge Fund Index.

COMPASS PORTFOLIOS:
OTHER INVESTMENT RISKS

THE PORTFOLIOS INVEST IN A DIVERSE RANGE OF FUNDS AND ASSETS FROM ACROSS FINANCIAL MARKETS IN ORDER TO DIVERSIFY YOUR INVESTMENT RISK. WHILE THE MANAGERS LOOK TO EVEN OUT THE PEAKS AND TROUGHS, WE WANT TO OUTLINE THE OTHER RISKS, HOWEVER SMALL, THAT COME WITH MULTI-ASSET INVESTING:

- The value of investments, and income from them, may go down as well as up and investors may not get back the amount originally invested.
- As the Portfolios invest in bonds, the government or company issuer might not be able to repay either the interest or the original loan amount, so could default on the loan. This would be likely to lower the value of those investments.
- The Portfolios can use derivatives – financial instruments that are, in effect, simply legal contracts between several parties, which derive their values from other underlying assets. The value of these instruments can be prone to greater price fluctuations than investments in company shares or bonds.
- Investments in bonds and other debt instruments, including derivatives, are subject to interest-rate risk. This means the value of these investments may go down if interest rates rise, and vice versa.
- The Portfolios may invest in higher-yielding bonds, where the risk of the issuer defaulting is higher than in bonds offering lower yields issued by companies judged to have a better ability to repay their debts.
- Investments in emerging markets – economies that are progressing towards becoming a developed market – can involve a higher degree of risk; for example, they may not be as well-regulated as developed markets.
- The Portfolios also hold investments in multiple currencies. Fluctuations in exchange rates, therefore, will cause the value of these investments, and the income derived from them, to rise or fall.
- The volatility targets are estimates and not guaranteed. These targets will be reviewed and modified, depending on prevailing market conditions.
- For information on risk associated with investing in any of the Old Mutual International products listed on page 2, please read the relevant product material available on www.oldmutualinternational.com and speak to a financial adviser if you have any questions.

OLD MUTUAL WEALTH'S
INVESMENT DIVISION MULTI-ASSET TEAM

OLD MUTUAL WEALTH'S INVESTMENT DIVISION IS DEEPLY EXPERIENCED IN MULTI-ASSET INVESTING, WITH ONE OF THE LARGEST AND MOST CAPABLE MULTI-ASSET TEAMS IN THE UK AND A HISTORY OF INNOVATION IN CREATING SOLUTIONS TO MEET INVESTORS' NEEDS.

THE MANAGERS OF THE COMPASS PORTFOLIOS, ANTHONY GILLHAM AND SACHA CHORLEY, FULLY UTILISE THIS EXTENSIVE RESOURCE IN MANAGING THE PORTFOLIOS – FROM MAKING ASSET ALLOCATION DECISIONS TO RESEARCHING NEW INVESTMENTS TO MONITORING DIRECT EQUITY HOLDINGS.

ANTHONY GILLHAM
PORTFOLIO MANAGER

Anthony joined Old Mutual in 2000 and is co-investment director of the multi-asset unit. In 2007, Anthony became a global bond portfolio manager having been a fixed income research analyst since 2006. Prior to focusing on fixed income, Anthony's areas of coverage included multi-asset, Nordic equities and quantitative US equity and fixed income research. Anthony is a CFA charterholder and has over 15 years of investment experience.

SACHA CHORLEY
PORTFOLIO MANAGER

Sacha joined Old Mutual in 2011 and is a portfolio manager in the multi-asset unit. He has assisted in the development of the asset-allocation process and investment tools used across the multi-asset fund ranges as well as contributed to the manager selection. Sacha has a degree in Mathematics from the University of Bath, is a CFA charterholder and has passed all levels of the CAIA exams.

LEE FREEMAN-SHOR
MULTI-ASSET

Lee is a portfolio manager on the multi-asset unit, where he runs multi-asset strategies. He oversees the direct European equity components of the Portfolios.

RICHARD BUXTON
OLD MUTUAL GLOBAL INVESTORS

Richard is head of equities at Old Mutual Global Investors. He and his team review the European equities selected for direct investment in the Portfolios.

CHRIS BECKETT
QUILTER CHEVIOT

Chris is head of research at Quilter Cheviot, with particular responsibility for the equity research team. He and his team review the global equities selected for direct investment in the Portfolios.

TEAM RESOURCES

INVESTMENT FUND RESEARCH

The investment fund research team at Old Mutual Wealth's investment division perform two crucial tasks: finding the best managers and monitoring those with whom the division has already entrusted its investors' money.

The nine-strong team of analysts is based at the London offices of Quilter Cheviot and headed by Nick Wood, who has more than 19 years' experience in the financial services industry. On average, the team members have 14 years of industry experience. Having such an extensive background, with a wide network of industry contacts, helps the team to conduct in-depth asset research.

Coverage of geographic regions and asset classes is divided among the analysts, enabling the team to field specialists across equities, fixed income and alternatives. The team scours the globe for the best investments available, casting its net as wide as possible and looking at funds from across the entire market.

Before approving a new investment, an extensive research process is undertaken, involving face-to-face meetings and extensive analysis of the fund's underlying investment philosophy and performance.

QUANTITATIVE ANALYSIS

The Portfolio managers place a strong emphasis on tools and modelling work to help achieve the Portfolio's objectives. To this end, they are supported by a four-strong team of quantitative analysts whose primary role is to curate and enhance the models and tools developed in collaboration with the multi-asset desk to run its funds.

The team is led by Leif Cussen, who is a computer programmer and systems engineer. It is responsible for the maintenance of these tools and models, which includes making sure processes are working, driving new ideas and working with the portfolio managers to ensure they are easy to use.

Each member brings with them specific skills; as a unit, they are adept at managing data, designing robust systems and engaging with data providers such as FactSet and Bloomberg.

INVESTMENT ANALYSIS TOOLS

As mentioned earlier, the Portfolio managers use an array of investment tools and models. These are used at every stage in the investment process – from determining and stress-testing a strategic asset allocation process, to inferring what investors are factoring into bond markets about the outlook for interest rates, to scouring the world for company shares that offer the most value.

One such tool worth highlighting is called Wingman, and was developed by Lee Freeman-Shor, a portfolio manager in the multi-asset unit, according to the investment philosophy outlined in his book 'The Art of Execution'.

The tool analyses portfolio holdings and triggers action when a position is not performing as expected; for example, when a stock held is materially down. Lee's research suggests that inaction is far worse than action under these circumstances – and that 'winners' adapt, either by doubling-up or exiting the position. Wingman identifies such situations.

GLOSSARY

WE RECOMMEND THAT YOU WORK WITH YOUR FINANCIAL ADVISER TO EXPLORE THE AREAS TOUCHED ON IN THIS BROCHURE TO FIND OUT MORE ABOUT THE COMPASS PORTFOLIOS, AND DISCUSS ANY FURTHER QUESTIONS YOU MAY HAVE.

GLOSSARY

Alternatives – Investments in asset classes other than company shares, bonds and cash.

Bonds – A type of investment in debt, whereby investors loan money in exchange for interest payments.

Commodities – Raw materials that can be bought and sold, such as copper and oil.

Derivatives – Financial instruments that are, in effect, simply legal contracts between several parties, which derive their values from other underlying assets.

Equities – Shares in companies that represent ownership.

Fixed income – Investments under which the borrower/issuer is obliged to make payments of a fixed amount on a fixed schedule, such as government bonds.

Hedge fund – An investment fund that may use a number of strategies to outperform the market.

Modern portfolio theory – A mathematical framework for maximising the expected return of a portfolio for a given level of risk.

Interest rate – The proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage.

Investment fund – An investment programme funded by shareholders that is professionally managed.

Investment trust – A limited company whose business is the investment of shareholders' funds.

ONLINE

For further information please visit
www.oldmutualinternational.com

DISCUSS

Contact your financial adviser to talk over the investment options available to you through the Old Mutual International products.

IMPORTANT INFORMATION

Investors should be aware that unit prices and income from units may fall as well as rise and they may not get back the amount invested. Past performance is not a guide to future performance. Where a fund invests in securities designated in a different currency to the funds or where an underlying fund is denominated in a different currency, investments may rise and fall purely as a result of exchange rate fluctuations.

Old Mutual International does not provide investment advice. This material is provided for information purposes only; and should not be relied or acted on by the recipient; and is not a recommendation to buy, sell or hold a particular investment.

In Hong Kong, for professional investors only.

www.oldmutualinternational.com

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Old Mutual International Isle of Man Limited is registered in the Isle of Man under number 24916C.

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