

COGNIZANT

2ND QUARTER 2020

THE ART OF **SURVIVAL**

MICROSOFT
THE ADAPTIVE BEHEMOTH

RICHEMONT - BLENDING
TRADITION AND MODERNITY

RESPONSIBLE INVESTING
DURING THE COVID-19 PANDEMIC



OLDMUTUAL

WEALTH

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INTRODUCTION

CHRIS POTGIETER, MD: OLD MUTUAL WEALTH TRUST COMPANY (PRIVATE CLIENT SECURITIES | TREASURY AND ADVISORY SERVICES | FIDUCIARY SERVICES)

“If you get up in the morning and think the future is going to be better, it is a bright day. Otherwise, it’s not.” – Elon Musk

Just over 50 years ago we put a man on the moon and Pringles, a uniquely South African invention, was part of it. In 1969 this achievement was celebrated as one of humankind’s greatest. It is what we most recall of that year – perhaps apart from Woodstock and the hippies of the era. “One small step for man...” but the innovations that enabled it and which subsequently followed it happened amid massive turmoil. The US was in a technological space race with Russia and in a nuclear cold war with both China and Russia. American society was at war with itself over Vietnam and civil rights. This strife was echoed in most of Europe and the UK. Political skulduggery led to the Watergate scandal. The Hong Kong flu pandemic of the late 1960s, by some estimates, killed up to four million people worldwide. The stock market crashed, the economy stalled, the US dollar depreciated and OPEC manipulated oil supplies, which made gasoline prices and inflation skyrocket. This was the turn of a decade. However, the world and the economy didn’t stop; it carried on and recovered in remarkable ways, with the likes of young and inspired adults like Bill Gates and Steve Jobs laying the foundation for modern computing during those tumultuous years.

Now, at the turn of this new decade, it’s hard to find good news

and optimism on what the future may hold. We are facing a pandemic of epic proportions, amplified by social media and political partisanship. The US and China are in a trade and technology war, Russia is asserting itself, racial and societal tensions are high in the US and human rights are being defended in Hong Kong. Disagreements within OPEC+ caused the oil price to tank, geopolitical tensions are high and politicians are universally mistrusted. As the stock market crashed and recovered – both in spectacular fashion – the divide between Wall Street and Main Street has become greater. Even so, we have achieved some remarkable feats during these months. SpaceX and NASA have collaborated to drastically reduce the cost of putting 1kg of payload into low earth orbit from over US\$55 000 to less than US\$3 000. We have satellites and new mobile technologies in development that will make information and communication faster, cheaper and more accessible across the globe within the next few years. We are harnessing technology to understand and treat diseases at cellular and genetic levels. We are changing food production to have less impact on our planet while feeding a growing population.

It all sounds so familiar: amid adversity there is achievement, but we cannot help but be consumed in the suffering and dissonance of the time. Yet, there is much to be grateful and hopeful for. And our children deserve us to be so. The human spirit is resilient. Necessity is the mother of invention and crises are the seeds of opportunity. Those who survive will thrive.

With this in mind, I’m pleased to present our latest issue of Cognizant, which focuses on The Art of Survival. The single best indicator of an exceptional business is the ability to survive over a long period of time. The art of business survival is a fascinating topic, with a rich history of great businesses to learn from, and our feature article delves into the attributes required for a business to survive and indeed thrive over time and through various economic and market cycles. The ability to change and adapt is a key attribute and is currently more important than ever before, given the rapid pace of change. We then cover Microsoft and Richemont, with an emphasis on how these businesses have adapted over time.

Old Mutual is another example of a business that has successfully stood the test of time. This year marks the company’s 175th anniversary and Farhad Sader, MD of Old Mutual Wealth, sheds some light on how the business is adapting given the current environment, and talks more about Old Mutual Wealth’s vision. We then end off this issue with an interesting article on how COVID-19 has strengthened the case for responsible investing.

I trust you will enjoy this issue of Cognizant.

All the best,
Chris



FARHAD SADER
MANAGING DIRECTOR OF
OLD MUTUAL WEALTH

INTRODUCING OUR NEW MANAGING DIRECTOR

We are excited to introduce Farhad Sader, the recently appointed Managing Director of Old Mutual Wealth. Farhad is no stranger to the business as he was involved in the set-up and launch of Old Mutual Wealth in 2012. He was later appointed as the Chief Operating Officer, playing a critical role in crafting and delivering the Old Mutual Wealth strategy.

Farhad has over 16 years of experience and has fulfilled various roles in strategy, distribution, investments, operations and IT. He holds a Master of Business Science (MBusSc) degree, is an INSEAD Graduate, and an Alumnus of Harvard Business School.

We chatted to Farhad about COVID-19, and its impact on our clients, service providers and communities.

Old Mutual is celebrating its 175th birthday this year. To what would you attribute its longevity and ongoing success?

At its very core, Old Mutual has an unshakable foundation of putting clients first (likely due to its roots as a mutual society) combined with financial prudence. As we celebrate our 175th birthday, we continue to be a "certain friend in uncertain times". With an ongoing commitment to South Africa and our communities, we have weathered many storms, including the Spanish flu epidemic of 1918. Our iconic brand in the Pan-African

landscape is captured symbolically by our "anchors", which keep us steady during turbulent times; this has never been more appropriate given the current circumstances where our clients are facing uncertainty and asking questions they never have before.

In these times of uncertainty, how have Old Mutual and Old Mutual Wealth adapted to the global pandemic in terms of how you operate?

Old Mutual's culture of risk management means that we've been diligent about preparing for challenging scenarios like this. Old Mutual Wealth, as part of Old Mutual Limited, has the financial resilience and preparedness to support our clients during this crisis. Our confidence stems from the fact that we regularly assess our ability to withstand a variety of market shocks and economic scenarios, especially those where many risks materialise at the same time.

At Old Mutual Wealth, our philosophy of putting clients first is underpinned by a culture of flexibility and adaptability to remain competitive in an ever-changing world. We continue to harness technology to support our clients and planners alike through regular webinars and virtual interactions. We have enabled more than 15 000 employees across the business to work safely from home, while also taking strict measures to ensure the health and safety of all those employees working in our branches and offices.

What goals do you have for Old Mutual Wealth?

Our vision at Old Mutual Wealth is to be the best at enabling our clients to live the lives of their dreams, whatever they may be. We take the guesswork out of how to enable this financially, and empower our clients to take deliberate steps towards the futures they want for themselves, building their wealth, and then taking it further.

The effects of the global coronavirus pandemic continue to be unprecedented, on an economic and a humanitarian level, impacting all corners of the world. Financially, politically and socially, COVID-19 has turned life as we know it on its head. No matter what level of lockdown we find ourselves in, we must begin to adapt to a new reality. While these are undoubtedly difficult and stressful times, we must remain positive, soldier on, and draw strength and energy from the knowledge that we are all in this together.

We will endeavour to contribute in whatever way we can in helping our employees, clients and broader society to successfully navigate the uncertainty that lies ahead.

Take care and keep safe.

Best,
Farhad

THE ART OF SURVIVAL

ANDREW DITTBERNER, CHIEF INVESTMENT OFFICER AT
OLD MUTUAL WEALTH PRIVATE CLIENT SECURITIES

**“IN A VERY REAL SENSE,
SURVIVAL IS THE
ULTIMATE PERFORMANCE
MEASURE OF A BUSINESS.”**

Ian Davis, former MD: McKinsey &
Company



The single best indicator of an exceptional business is the ability to survive over a long period of time. The art of business survival is a fascinating topic, with a rich history of great businesses to learn from. As such, there is a plethora of case studies to draw on in order to delve into the attributes required for a business to survive – and indeed thrive – over time and through various economic and market cycles.

Research shows that the most important driver of business performance is economic growth. This applies over time, as well as across countries and industries. However, while a critical ingredient in business performance, an economic tailwind alone is clearly not enough to ensure survival. If this were to be the case, all businesses would flourish in economic expansions and retire to the graveyard when recessions hit. Rather, businesses are established with a strategy and plan that a

capable management team sets out to execute, with the belief that the business will succeed over time. However, as Mike Tyson famously quipped, “Everyone has a plan, until they get punched in the mouth.”

ADAPT OR DIE

Fortune Magazine has compiled its list of Fortune 500 companies every year since 1955, where it ranks the 500 largest US companies (public and private) based on revenue. Looking back at the very first list from 65 years ago, only 53 companies remain on the Fortune 500 list today. The others have either gone bankrupt, merged with (or have been acquired by) another company, or still remain in business, but have fallen from rankings.

A similar study in 2016 conducted by Innosight¹ showed that the average tenure of companies in the S&P 500 Index has declined from 33 years in 1965 to 20 years in 1990. This number is expected to narrow even

Only these 53 companies have been on the Fortune 500 since 1955

3M	Colgate-Palmolive	Goodyear Tire & Rubber
Abbott Laboratories	ConocoPhillips	Hershey
Altria	Crown Holdings	Honeywell International
Archer Daniels Midland	Cummins	Hormel Foods
Arconic	Dana	IBM
Avon Products	Deere	International Paper
Boeing	DowDupont	Johnson & Johnson
Bristol-Myers Squibb	Eli Lilly	Kellogg
Campbell Soup	ExxonMobil	Kimberly-Clark
Caterpillar	General Dynamics	Kraft-Heinz Foods
Chevron	General Electric	Rockwell Automation
Coca-Cola	General Mills	S&P Global
Lockheed Martin	General Motors	Textron
Merck	Paccar	United Technologies
Motorola Solutions	PepsiCo	Weyerhaeuser
Northrop Grumman	Pfizer	Whirlpool
Owens Corning	PPG Industries	Raytheon
Owens-Illinois	Procter & Gamble	

further to 14 years by 2026. Based on this projection, half of the current S&P 500 companies are likely to be replaced over the next decade. This clearly shows that it is incredibly hard for a business to survive at the top of its game.

Winston Churchill is most famous for leading the UK through World War II. He was a politician, a statesman, an army officer and a prolific writer and painter. As an aside, he was awarded the Nobel Prize in Literature in 1953. Churchill remains one of the 20th century's most significant figures. Born in 1874, the period in which Churchill lived was interesting. At the time of his birth, electricity, radios, televisions, telephones and lightbulbs were not yet invented. However, upon his death in 1965, Churchill left a very different world to that which he entered. By 1965 men had orbited the earth, walked in space, sent a probe to the surface of Venus and nuclear power was being generated. It is quite remarkable to consider the amount of change that Churchill witnessed during his lifetime. This rate of change was something that was constantly on his mind, particularly towards the latter stages of his life.

THE ONLY CONSTANT IS CHANGE

Imagine the rate of change that Churchill experienced through the lens of a business. How challenging would it have been to operate a business through that type of changing environment? Interestingly, when reviewing the businesses that have endured, many of the products and services that initially launched those businesses are no longer in demand today.

After graduating from Stanford University in 1935, Bill Hewlett

and David Packard teamed up to form what would be incorporated in 1939 as Hewlett-Packard (a toss of a coin put Hewlett's name before Packard's). The product that launched the company was the model 200A Audio Oscillator and pricing the unit well below competitors resulted in sales taking off. Today, HP is no longer known for its audio testing equipment. Rather, the company has evolved, innovated and adapted around its customers' needs to become one of the world's largest computer and related equipment manufacturers.

At the other end of the spectrum, Kodak is a prime example of a company unable, or unwilling, to adapt to new technology and changing consumer demands. Having invented digital camera technology, Kodak's management team failed to identify it as a disruptive technology, despite extensive research suggesting otherwise. As digital photography gained momentum in the late 1990s and early 2000s, disrupting the traditional film photography market, Kodak was found wanting and eventually filed for bankruptcy in 2012.

The ability to evolve, innovate and adapt to change is critical to a business' ability to survive. Change in the form of industrial disruption is about as certain as one can get and in today's world, that change is happening rapidly. To highlight this point, according to research by Asymco², it took 73 years for the telephone to rise from a 10% market penetration in the US to market saturation with a penetration of 90%. Similarly, the washing machine and motor vehicle took 76 and 75 years respectively to reach market saturation. Today, market

“I wonder often whether any other generation has seen such astounding revolutions of data and values as those through which we have lived. Scarcely anything material or established which I was brought up to believe was permanent and vital, has lasted. Everything I was sure or taught to be sure was impossible, has happened.”

Winston Churchill

saturation of the latest technologies is expressed in months as opposed to years.

The speed at which consumers are adapting to new technology is a positive sign of the dynamism that characterises a vibrant consumer-oriented market economy. And in today's hyper-competitive economy, the process of market disruption, which is happening at an ever-increasing rate, is being driven by the endless pursuit of sales and profits. This pursuit is realised only through innovation and adaptability. Without it, a company stands very little chance and no company has immunity. With it, the ability of a company to remove itself from its economic context and resist the economic gravity of bankruptcy improves significantly. And to get it, a company needs to be agile and absorptive.

AGILE ABSORPTION

In his book *The Upside Of Turbulence: Seizing Opportunity in an Uncertain World*, Professor Donald Sull sets the scene of an agile absorber in the deep jungle of Zaire, Africa. The famous 1974 "Rumble in the Jungle" boxing match between George Foreman and Muhammad Ali epitomises the agile and absorptive characteristics that businesses require: the agility of Ali, which enabled him to spot opportunity and exploit it before his opponent could, seemed no match for Foreman's ability to absorb blows before landing his own counter-blow.

Agility and absorption are not mutually exclusive. Ali showed at the Rumble in the Jungle that true champions have the ability to combine both to achieve agile absorption. This is the capability of

identifying and seizing opportunity while retaining the structural factors required to weather change.

ACHIEVING ABSORPTION

Businesses can build absorption in a number of ways. The obvious lever of age and size goes hand in hand. A business that has been around long enough and that has grown big enough, may pass the threshold of "too big to fail". When sheer scale raises the cost of failure for government, banks, customers and unions, incentives may become too high to allow failure. This is the worst type of absorption, and one that investors should avoid. Other ways of fostering absorption come in the form of diversified cash flows, significant cash reserves, high customer switching costs, low operational/fixed costs, loyal customers and a powerful brand.

General Motors (GM) is a good example of how both sheer size and diversified cash flows make a business absorptive. GM accounted for 50% of motor vehicle sales in the US in the 1950s and its large asset base and domestic market share has allowed it to survive as long as it has. As more agile competitors, such as Honda and Toyota, eroded GM's market share, the business was able to survive purely on reducing costs, discontinuing brands and selling off some of the "jewels" it had built up over the years through its diversification efforts. These include the likes of Terex, Frigidaire, Raytheon and EDS.

Historically, businesses would often stockpile inventories as a form of protection to ensure smooth supply during economic fluctuations. Today, this may be viewed as an inefficient use of working capital, or worse, maintaining a lazy balance sheet. A

growing cash pile is currently viewed as a more efficient way of building absorption. This will likely never ring more true than it has during the COVID-19 economic shutdowns. Unfortunately, shareholders wishing to maximise returns will call for cash to either be returned to them via dividends or share buy-backs, or alternatively to be reinvested into the business.

Shortly after the 9/11 terrorist attacks, Brazilian aeroplane manufacturer, Embraer's customers declined the delivery of US\$500 million worth of aircraft. Fortunately, the business had a significant cash balance, which effectively ensured its survival post 9/11. European rival, Fairchild Dornier was not as lucky. Today, Embraer still manufactures aircraft solely because of its absorptive ability due to its cash-rich balance sheet.

Alternative forms of latent slack, such as excess employees and managers, can also translate into increased absorptive capacity. In times of stress, costs can be removed with little impact on the business' operations and output. However, much like size, this is not an efficient form of absorption.

Switching costs is a very powerful absorber. Microsoft is an excellent example of a company that maintains loyal customers partly due to high switching costs. It would be remiss not to mention the fact that Microsoft produces quality products, which is likely the first and foremost reason for its loyal customer base. However, the cost to switch from a Microsoft operating system to a competing one is likely too high for many consumers. As a result, the profitable core business of Microsoft has allowed it to expand into new opportunities, displaying



how absorption can drive agility. Microsoft's foray into gaming, cloud computing and, more recently, video conferencing are examples of this.

From a valuable brand perspective, one of the most recognisable brands is Coca-Cola. The strength of the brand has allowed the business to survive slowing demand in its core market, while having to defend itself against innovative competitors, disputes with bottlers and the rapid turnover of CEOs due to infighting among the top executives.

Businesses need to be weary of falling into the trap of relying too heavily on absorption as a defence mechanism. Defence can only get one so far and businesses need to be able to throw the counterblow at the right time. And this comes in the form of agility. Professor Sull outlines three distinct types of agility:

1. Operational agility – exploiting opportunities within a focused business model.
2. Portfolio agility – the capacity to shift resources quickly and effectively between different business areas depending on performance and outlook.

3. Strategic agility – the ability to identify and seize game-changing opportunities.

It is important to point out that an overreliance on a single form of agility can be dangerous. As an example, an operationally agile company will be at risk if its core business falls from favour.

AGILITY IN ACTION

The source of operational agility comes in the form of a business' ability to decisively, effectively and consistently take on both revenue-enhancing and cost-cutting opportunities within the core business. Zara overtook GAP in 2008 as the world's largest clothing retailer, and is an excellent example of a business with operational agility. Zara has developed supply-chain excellence and is able to deliver new items to stores very quickly. Alongside this, the retailer is recognised for spotting fashion trends as they emerge and making them available to their fashion conscious customers quickly. In other words, in addition to operational agility, Zara also had strategic agility.

A business can enhance its portfolio agility by reallocating both cash and people resources to more promising projects or business units, and by the same token, disinvesting from less promising projects. The cultivation of a team of versatile general managers with the ability to move between divisions or businesses is necessary. Examples of companies with portfolio agility would include Berkshire Hathaway and Johnson & Johnson. Both businesses have shown the ability to shift resources to more promising projects or businesses, while not being afraid of culling less promising projects.

Companies face a steady flow of investment opportunities. From time to time, these opportunities are fairly large, with the potential to create significant value. Such opportunities may involve a major acquisition, a transformational merger, the opening up of a new territory or market, or launching a breakthrough product. History shows that the majority of large acquisitions or mergers have in fact destroyed value as opposed to

creating it. However, this is not to say that large corporate actions should not be considered. Rather, having strategic agility is about knowing when to seize such opportunities, and when to let them pass. The act of firing bullets instead of cannons is another way of envisioning strategic agility, as it is often more effective to act on numerous small opportunities as opposed to a single large one.

The most obvious example of strategic agility today is Apple. The launch of the iPod revolutionised the music industry, and the launch of the iPhone revolutionised digital media. The absorptive capacity of Apple kept the business alive through the 1990s when its market share of the PC fell to below 5%. Apple then seized the golden opportunity of the breakthrough products, and as they say, the rest is history.

Importantly, as alluded to, agility and absorption are able to go hand in hand. Absorption is often viewed as a characteristic of established businesses that are able to defend their turf, while agility is potentially seen as the domain of younger, more nimble start-ups. This is not the case. Ali showed the power of combining the two that night in Zaire. Similarly, Apple's story highlights that without the one, the other may be rendered useless. As such, agility and absorption are complements, not substitutes.

A POWERFUL LESSON FROM HISTORY

In every place, disruption is a reality and although the economy can help, it is critical that a business remains relevant, resilient and resolved. Change is occurring rapidly and with it, many new businesses are being born, while others head into

the twilight zone of retirement as they fail to adapt and evolve to new technology and changing consumer patterns. There are many great businesses that have stood the test of time; however, never would they have faced a sterner test than today. It is more necessary than ever in today's highly competitive world for businesses to develop the ability to absorb times of stress, while maintaining the agility to make the right moves at the right times.

Winston Churchill epitomises change, agility and absorption. Having lived through much change in his life, Churchill was a central figure in the defeat of the Germans in May 1945 during World War II. At the time, the German army was considered the most agile fighting force, with estimates of the typical soldier being 25%-50% more effective than British or US soldiers. Yet for all their agility, they were eventually defeated as the Allies, while perhaps not as agile, had superior absorptive capacity and the ability to deploy more infantry. Churchill is regarded as the mastermind behind the Allies' victory. He knew when to sit resolute and just survive, while at the same time meticulously planning when to invade. Following the bombing of Pearl Harbour and the anticipated commitment of the US to the efforts, Churchill's strategic plans began to develop more rapidly. And while the Americans pressed for an earlier invasion of the continent in 1942, Churchill was agile enough to know that it was the wrong time to strike. The Americans required more time to build weapons and mobilise manpower. In this story lies many lessons for modern day corporates.

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”
Charles Darwin





MICROSOFT

THE ADAPTIVE BEHEMOTH

VICTOR MUPUNGA, RESEARCH ANALYST AT PRIVATE CLIENT SECURITIES

**“RETAINING A SPOT
AMONG TODAY’S
TECH GIANTS IS A
TRUE TESTAMENT
TO MICROSOFT’S
ENDURING
QUALITIES.”**

In a fast-changing, start-up-dominated and highly innovative industry such as technology, it is remarkable that one of the oldest software companies remains among the most valuable. At the time of writing, forty-five years since its inception, Microsoft is the largest company in the world by market capitalisation, a title it previously held in 1999. Considering how technology – and the world at large – has changed since the turn of the century and the glut of tech companies that have fallen by the wayside, retaining a spot among today’s tech giants is a true testament to Microsoft’s enduring qualities.

In 2008, Bill Gates (Microsoft co-founder) remarked that no company in the computer business has ever stayed on top after paradigm shifts, which he defined as any major fundamental change in how the industry works. Looking back at the shifts within the tech sector over the last few decades, his words ring true – the tech industry is certainly not constrained by tradition and only the most agile survive.

NO COMPETITION, NO PROGRESS

In our view, Microsoft’s ability to continuously adapt to present day trends has been the group’s mainstay. This is best illustrated by the diverse range of companies regarded by Microsoft as key competitors over the decades, many of which no longer exist. During the 1980s and early 1990s, when Microsoft’s core business was building and licensing their operating systems, MS-DOS and Windows, their competitors were the likes of Lotus, Apple, Sun Microsystems and Novell. That focus soon morphed into competing against open-source operating systems like Linux and internet browsers such as Navigator from Netscape. In the early 2000s, as global internet penetration surged, search engines were in

vogue, with Google, Infoseek and Yahoo! soon listed as competitors to Microsoft's Live Search (later known as Bing). Shortly after, gaming console and tablet makers were added to the rival list thanks to Microsoft's Xbox and Surface battling it out with the PlayStation, Nintendo's Wii and the iPad.

More recent efforts by Microsoft to focus on cloud services and server applications, among other services, has seen the likes of Amazon, Oracle, Zoom and Facebook being added to the group's competitor list. Over time, this burgeoning list of products and services has resulted in Microsoft having the most diversified revenue stream among the FAANGs (Facebook, Amazon, Apple, Netflix and Google).

A granular look at Microsoft's key product and service offerings highlights that eight of the group's nine sub-segments generate 5% or more of the group's revenue, with an almost even split between revenue generated in the US and the rest of the world. Apart from the US, no other country accounts for more than 10% of sales. While the rest of the FAANGs are formidable businesses in their own rights, none of them has the diversification and adaptive prowess Microsoft has shown.

A TALE OF THREE CEOS

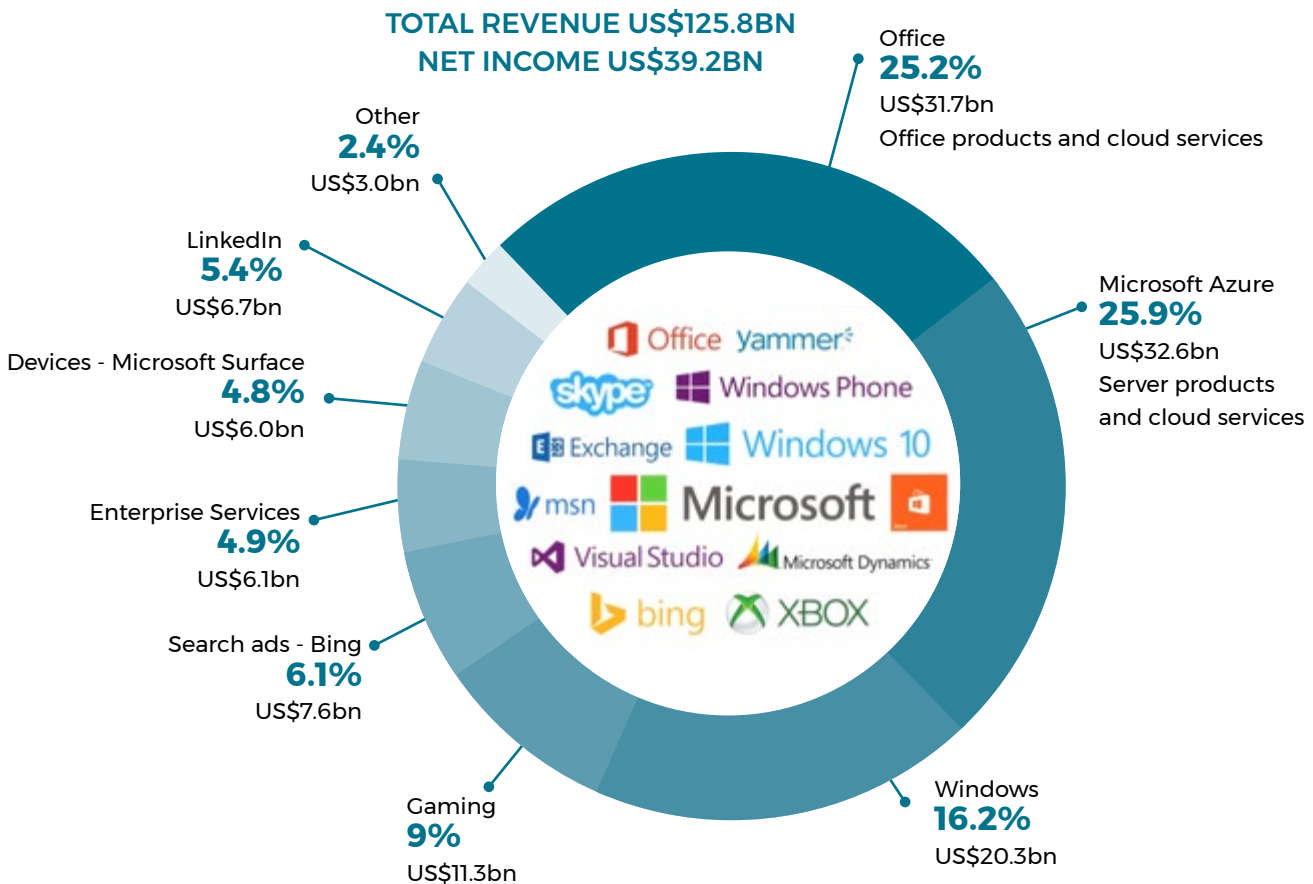
In its illustrious four-decade history, Microsoft has only had three CEOs. Bill Gates, the group's first chief, is widely recognised for his innovative skillset and is believed to have been

heavily involved in coding and other product development well into his tenure as CEO. Gates also spent his last six years at the company as the Chief Software Architect. However, what is often overlooked are some of the crucial deals Microsoft concluded during his 25-year reign as CEO.

A DEALMAKER

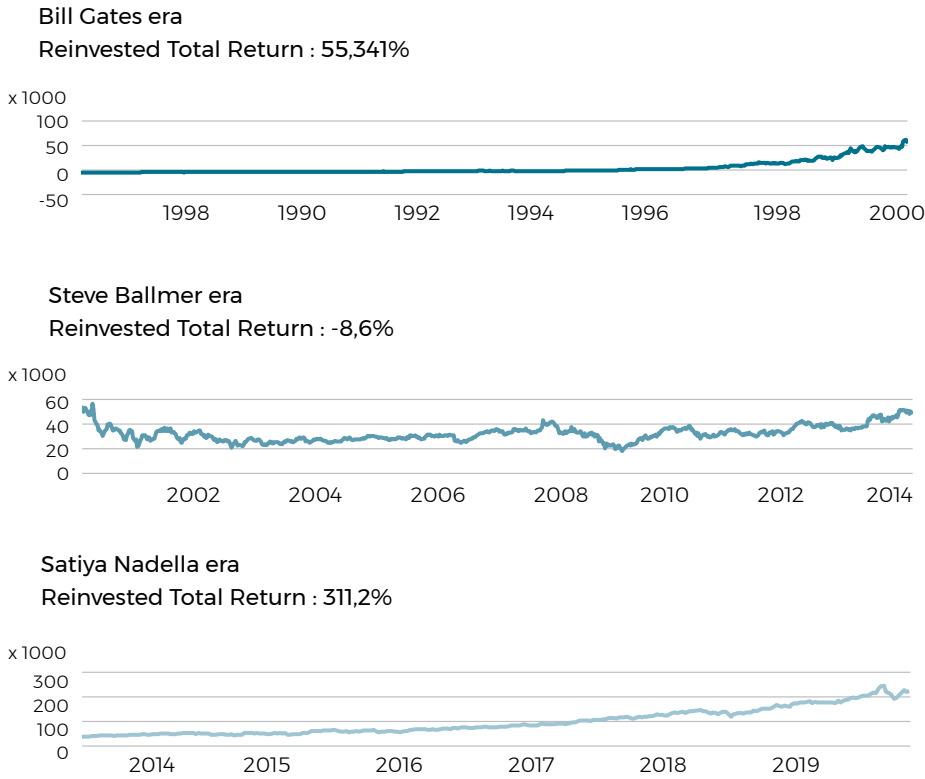
One of Microsoft's earliest and arguably most critical deals was a partnership with IBM. In 1981, the company licensed the MS-DOS operating system rather than selling it outright, and in so doing, retained the rights to the software. This allowed Microsoft to be a vendor that generates recurring income – a model that has seen the business never report a financial

Graph 1: Revenue breakdown



Source: Company reports

Graph 2: Total return during each CEO's tenure



Source: Company reports

loss on an annual basis since incorporation. During Gates' tenure as CEO, Microsoft went on to make numerous other acquisitions that have since transformed the business. Applications such as Microsoft's PowerPoint, Excel, Outlook and Dynamics were all add-ons that the group successfully enhanced and embedded into its product suite.

PLAYING CATCH-UP

Rightly or wrongly, share price return is often used as a measure of a CEO's success. On this basis, Steve Ballmer, Gates' successor, oversaw Microsoft's leanest years. During this period, the group missed a number of industry paradigm shifts, namely social networking, online advertising and mobile. Playing catch-up to its rivals in these trends has been a costly exercise for the group, as evidenced by the large sums Microsoft has

subsequently paid to acquire the likes of LinkedIn and GitHub.

Large acquisitions were a hallmark during Ballmer's tenure. He spent huge sums on Skype and Nokia's mobile phone unit, aQuantive, and fortunately failed in his bid to acquire Yahoo! for US\$45 billion. Until Ballmer's term, Microsoft had focused on small, strategic acquisitions of privately held companies - a strategy we liken to firing bullets rather than cannons.

While Ballmer is largely remembered for his unsuccessful acquisition strategy and now infamous quotes dismissing the iPhone's potential, he should probably receive some credit for laying the groundwork for his successor by increasing investment in the Azure cloud business.

“During Bill Gates' tenure as CEO, Microsoft went on to make numerous other acquisitions that have since transformed the business.”

RIGHT MAN, RIGHT PLACE AT THE RIGHT TIME

Since taking the reins in 2014, current CEO Satya Nadella has made a few sizeable deals, the largest being the US\$26 billion acquisition of LinkedIn in 2016. However, the key difference with his strategy is that his transactions are focused on acquiring large communities of users and developers. LinkedIn is the largest community of professionals while GitHub, acquired in 2018, is a popular platform used by software

developers to collaborate and share code. Both acquisitions provide Microsoft with valuable data that the group can utilise to strengthen its product and services suite.

Prior to his present role, Nadella oversaw the group's Server and Tools division, a segment that included the Azure cloud platform. In fact, Nadella once referred to the triad of Azure, Office 365 and Windows operating system as "the new soul of the company" - products that for the foreseeable future would be the primary growth drivers for the group.

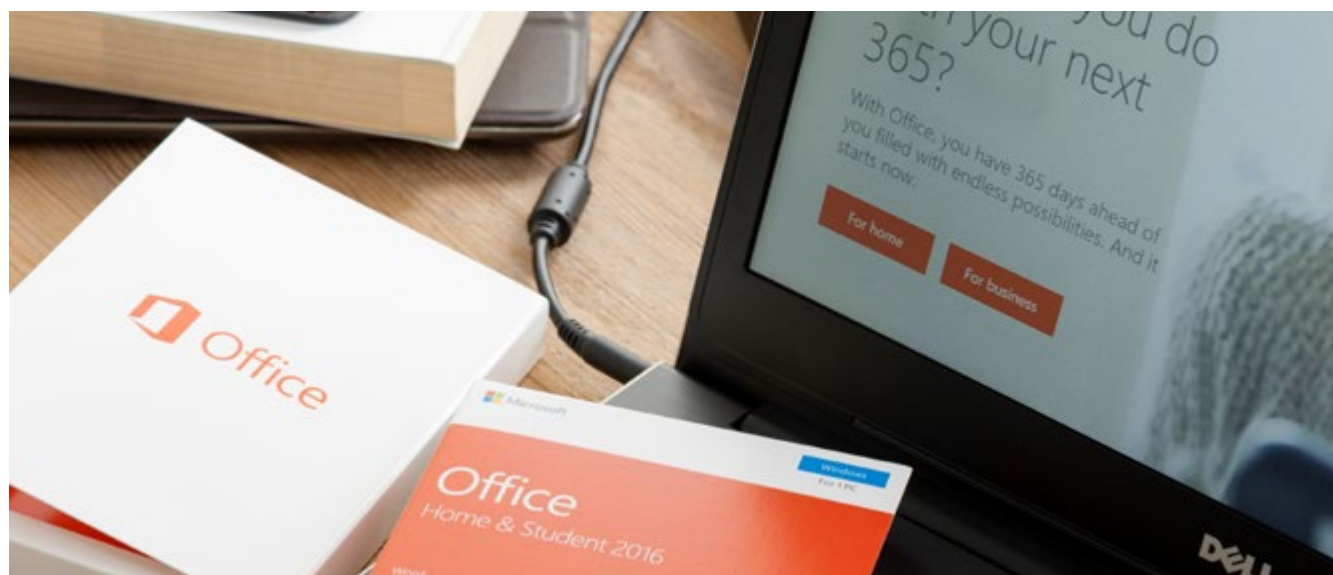
WELL POSITIONED

Azure is a comprehensive set of cloud services that allows users to build, deploy, manage and utilise applications on remote devices. This is in contrast to hardware or applications being housed on premises. This shift to the cloud is not new; we have seen its rapid growth in the latter part of the last decade. However, most organisations remain at an early stage in their transition to the cloud. McKinsey & Company estimates that in aggregate, organisations

Table 1: Microsoft products and services quarterly revenue growth

Product/Service	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Azure	97%	90%	98%	93%	89%	76%	76%	73%	64%	59%	62%	59%
Dynamics products/services	7%	13%	10%	17%	11%	20%	17%	13%	12%	14%	12%	17%
Enterprise Services	-3%	1%	5%	8%	8%	6%	6%	4%	4%	7%	6%	6%
Office 365 Commercial	43%	42%	41%	42%	38%	36%	34%	30%	31%	25%	27%	25%
Office commercial products	5%	10%	10%	14%	10%	17%	11%	12%	14%	13%	16%	13%
Office consumer	13%	12%	12%	12%	8%	16%	1%	8%	6%	5%	19%	15%
Search ads	10%	15%	15%	16%	17%	17%	14%	12%	9%	11%	6%	1%
Server products/Cloud services	15%	17%	18%	20%	26%	28%	24%	27%	22%	30%	30%	30%
Windows commercial	8%	7%	-4%	21%	23%	12%	13%	18%	13%	26%	25%	17%
Windows OEM	1%	4%	4%	4%	7%	3%	-5%	9%	9%	9%	18%	0%
Xbox content and services						36%	31%	12%	-3%	0%	-11%	2%

Source: Company reports



Microsoft's Reporting Segments (Abridged)

Productivity and Business Processes	Intelligent Cloud	More Personal Computing
Profit contribution (38%)	Profit contribution (32%)	Profit contribution (30%)
Office Commercial	Server Products & Cloud Services	Windows
Office 365	SQL Server & Windows Server	Windows OEM
Office commercial (on-premises)	Azure	Windows Commercial
MS Team, Other	Enterprise Services	Other Windows
Office Consumer		Devices
Office 365 consumer		Surface
Office Consumer (on-premises)		Other
OneDrive, Other		Gaming
LinkedIn		Hardware
Talent Solutions		Software & Services
Marketing Solutions		Search
Premium Subs		
Microsoft Dynamics		
Dynamics 365		
Dynamics CRM/ERP (on-premises)		

are about 20% on their way to cloud transformation. According to Gartner, a global research and advisory firm, global cloud service revenue is expected to grow to US\$331 billion over the next three years, a growth rate of 15.6% per annum. Microsoft is well positioned to disproportionately benefit from this trend with a market share of about 18%. More recently, the group has been narrowing the gap between itself and Amazon Web Services, the market share leader in this segment.

A RUNNING START

Office 365's success is a notable anecdote of how Microsoft has capitalised on the secular shift to the cloud. The seismic change from the historic licensing model of decades old software such as PowerPoint and Excel to a cloud-based subscription service model is a classic definition of adaptiveness. Since its launch in 2011, Office 365

has enjoyed rapid adoption and in 2019 reached a milestone of having over 200 million monthly active users. As organisations continue to transition from on-premises software and hardware to cloud-based and subscription services, Office 365, along with other productivity enhancing applications such as Microsoft Teams and Dynamics 365, will continue to report healthy growth.

A RARE, POWERFUL COMBINATION

The combination of high growth, profitability and scale is rare, as evidenced by Bank of America Merrill Lynch's finding that of the 250 publicly listed software companies, only three can be defined as highly profitable, fast growing and of scale¹. We attribute Microsoft's inclusion within this subset to the group's adaptiveness, diversification and strategic

acquisitions that have allowed it to benefit from paradigm shifts within the tech industry. The group's highly diverse product and service suite brings to mind the idiom of having many irons in the fire, which is apt during these uncertain times.

¹ EBITDA margin greater than 40%, 2019 revenue growth rate greater than 10% and revenue greater than US\$1 billion. The three companies in the subset were Microsoft, Ansys and Adobe.

RICHEMONT – BLENDING TRADITION AND MODERNITY

TASNEEM SAMODIEN, RESEARCH ANALYST AT PRIVATE CLIENT SECURITIES



**“A GLOBAL LUXURY
LEADER AND ONE OF
SOUTH AFRICA’S OLDEST
COMPANIES, COMPAGNIE
FINANCIÈRE RICHEMONT
AG (RICHEMONT) ITSELF
IS A GROUP BORN OUT
OF ADAPTATION AND
TRANSFORMATION.”**

When considering those companies that have successfully stood the test of time, many are classified as operating in traditional defensive industries, such as food and pharmaceutical production. However, among the oldest companies in the world, luxury brands stand out as having survived world wars and economic recessions, making them nearly as defensive as food and pharmaceuticals, but for less obvious reasons.

As opposed to fulfilling basic needs, the luxury industry draws its defensiveness in human psychology. During times of severe poverty and deprivation, a desire to consume builds within a population. When economic growth is realised and people become wealthier, there is a strong, almost undeniable desire to communicate that wealth through luxury purchases as a signal to the world that the economic struggle has ended. It therefore stands to reason why China today is the largest luxury market in the world. China's poverty rate declined from 88% in 1981 to 0.7% by 2015 when measured as a percentage of people living on US\$1.91 or less per day¹.

Yet, despite the defensiveness of the luxury goods industry, not all brands have survived. Closer analysis of the leading companies highlights that, with the exception of their names, these companies have evolved significantly from when they first originated.

THE ORIGIN OF RICHEMONT

A global luxury leader and one of South Africa's oldest companies, Compagnie Financière Richemont AG (Richemont) itself is a group

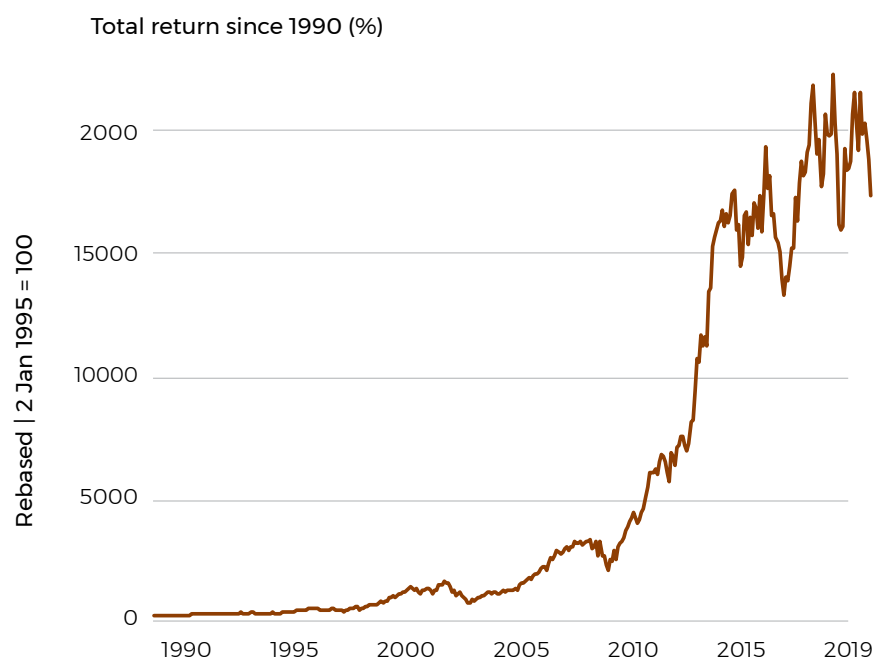
born out of adaptation and transformation. Its former parent company, Remgro (formerly Rembrandt), was founded in 1948 by Dr Anton Rupert as a cigarette manufacturer. Since the 1970s, Rembrandt expanded its interests outside tobacco, wine and spirits with investments in various other industries in SA and abroad. Rembrandt chose to separate its international and SA operations to concentrate on its interests in Europe during the development of the European Union. The separation of Rembrandt's local and offshore interests was effected in 1988 with the founding of Richemont – a Swiss-listed luxury goods group that included brands such as Cartier, Dunhill and Montblanc. It subsequently acquired a share in Rothmans International. Since its founding and for most of its existence, Richemont was as much a luxury goods business as it was a tobacco business.

Richemont's long-term performance has been solid. A R100 investment in Richemont in 1990 to 30 April 2020 would have produced an average return of 20% per annum. Over this period, inflation in SA averaged 7%. However, as graph 1 highlights, the ride has not been without challenges.

A STRONG FOUNDATION ENABLES STRUCTURAL CHANGE

For many decades, cigarette sales were exceptionally lucrative and generated significant cash flow, effectively countering the cyclicity in global luxury sales. During World War II, cigarettes were included in soldiers' rations, along with food, and when these soldiers returned home, cigarette companies had a solid base of loyal customers. This provided Richemont with a steady and reliable stream of cash flow on which a strong balance sheet was built. In 1964, the Surgeon

Graph 1: Richemont's long-term performance



¹ <https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/05/31.pdf>

General's report on "Smoking and Health" was published and used by the government to regulate the advertisement and sale of cigarettes. The 1960s in general was a time when much of the health hazards associated with smoking came to light. Major tobacco companies began to diversify their income streams as the bad press around cigarettes intensified. Richemont was no exception and quickly focused on building its luxury business.

Through economic crises and stock market crashes, Richemont used its superior financial position (low debt and large cash reserves) to acquire prominent luxury brands, thereby elevating its standing in the global luxury industry. Acquisitions made during the periods following the stock market crash of 1987, the Asian financial crisis of 1997 and the 2000 dot-com bubble, proved especially beneficial as some of Richemont's key brands were acquired.

Although tobacco has fallen out of favour, luxury brands have become more defensive as the world became wealthier and brands transitioned from being status symbols to expressions of self-identity. Shortly after the 2008 Global Financial Crisis, Richemont restructured and separated its tobacco and luxury businesses and since then has operated as a pure luxury goods company.

THE CURIOUS CASE OF THE MECHANICAL WATCH

Table 1 shows that more than half of the luxury brands acquired by Richemont since the 1970s relate to watches. Richemont has built considerable success around the mechanical watch - a product that should have become obsolete at

Table 1: Richemont's luxury brand acquisitions

Brand	Brand age (years)	Description	Acquisition date
Cartier	173	Jewellery & watches	1970
Piaget	146	Watches	1988
Alfred Dunhill	127	Menswear & accessories	1988
Baume & Mercier	190	Watches	1988
Chloé	68	Womenswear, jewellery, fragrances & accessories	1988
Montblanc	114	Writing instruments	1988
Purdey	206	Firearms	1994
Vacheron Constantin	265	Watches	1996
Officine Panerai	160	Watches	1997
Lancel (sold 2018)	144	Leather goods	1997
Van Cleef & Arpels	124	Jewellery & watches	1999
A. Langer & Söhne	175	Watches	2000
IWC	152	Watches	2000
Jaeger-LeCoultre	187	Watches	2000
Fabrique D'Horlogerie Minerva SA	118	Components & watches	2006
Alaïa		Parisian fashion house	2007
Donzé-Baume		High-end watches	2007
Creubel Forsey	16	Watch cases & bracelets	2008
Roger Dubuis Rouages	25	Wheels & pinions	2008
Peter Millar LLC	19	Luxury apparel	2012
Serapian	92	Leather goods	2017
Buccellati	101	Jewellery	2019

least forty years ago - and houses a few of the oldest luxury watch brands in the world.

In considering how mechanical watch brands managed to survive, it is clear that responding to change does not just refer to what you do, but also how you do it. Luxury watch brands have cemented the mechanical watch's status as one of the most exclusive and sought-after luxury products in the world. This has been achieved by limiting manufacturing quantities (often less than 20 of a certain model) to create a sense of rarity and narrowing the client base to the upper middle class who value exclusivity and superior quality.

Since its inception, Richemont has shown that it is able to effect structural change when necessary and through its success

in the mechanical watch industry, highlighted that adapting to change can take many forms, encompassing structure and operations. Management have consistently demonstrated their willingness and ability to do what is necessary in order to maintain the company's relevance and meet management's objective of growing value for shareholders over the long term.

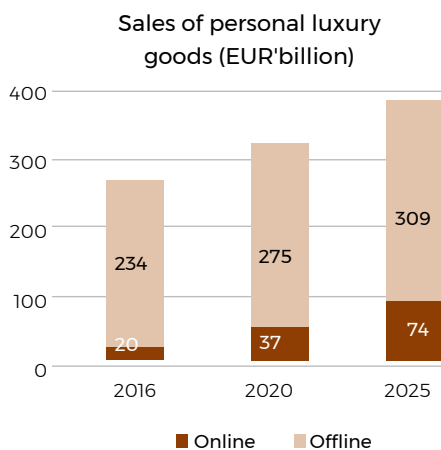
THE DIGITAL ADAPTATION

The most recent change for luxury brands is the shift to ecommerce. Retail has increasingly moved to digital sales channels and it is estimated that by 2025, nearly 20% of luxury sales will be made online (from just 8% four years ago). The shift to digital is one of the most significant changes in the history of the luxury industry as it affects the industry's culture, which is strongly rooted in tradition.

For any luxury brand, a retail store presents an opportunity to not only present upscale clothing lines or jewellery, but to do so in a way that evokes the essence of the lifestyle its customers are either accustomed to, or aspire to. In other words, it's an opportunity to give clients a lasting experience.

Whether luxury brands can successfully adapt to a direct-to-consumer online sales model has been a key consideration for the industry. Online shopping is largely much more functional and not nearly as luxurious and engaging as perusing beautifully displayed merchandise while being personally attended to. The recent collapse of Barneys New York, an iconic institution that was once viewed as an invincible retail force, highlights the dilemma faced by luxury retailers. So as traditional sales channels come under increased pressure, the question is not if luxury brands can adapt, but rather which luxury brands will adapt and reign supreme over those that fail to do so timely.

Graph 2: By 2025, nearly 20% of luxury sales will be online



Sources: Euromonitor, Forrester



ENTERING THE ARENA

In this context, perhaps the most significant acquisitions for Richemont have occurred in the last decade. Richemont's distribution model was initially centred on retail stores and this meant limited in-house experience on how to navigate ecommerce. In what could prove to be one of the group's best decisions, Richemont acquired two luxury goods online retailers, NET-A-PORTER.COM in 2010 and YOOX NET-A-PORTER GROUP in 2018.

YOOX NET-A-PORTER is the world's leading online luxury and fashion retailer with a trading name alone valued at €1.7 billion. It serves an unrivalled client base of more than 3.5 million high-spending customers generating around one billion online visits. It competes with physical retail stores by offering a superior customer service, including a virtual style assistant, a chatbot that helps customers with their festive shopping and a Style Trial that allows "extremely important people" the opportunity to order and try on products at home before purchasing the product online.

RESILIENCE THROUGH CHANGE

Richemont has undergone significant change over its lifetime, both structurally and operationally, in order to maintain its relevance and profitability. Some of the key sources of its longevity over time include defensive products (tobacco and luxury), a strong balance sheet, the ability to implement the right strategic decisions at the right time, and a capable management team.

Today, Richemont continues to sell high-end luxury products, but its distribution channels and the manner in which it attracts and builds relationships with customers have been greatly altered. Going digital is the most recent adaptation for the business, but if history is anything to go by, it will certainly not be the last. As the saying goes, the road to success is always under construction.

RESPONSIBLE INVESTING DURING THE COVID-19 CRISIS: SEEKING OPPORTUNITY THROUGH AN ESG LENS

JON DUNCAN, HEAD OF RESPONSIBLE INVESTMENT AT
OLD MUTUAL INVESTMENT GROUP

At the time of writing, the COVID-19 crisis is wreaking havoc across global markets, interrupting global supply chains, drying up demand and, of course, taking a massive personal toll on affected families. Given the scale of the devastation, some investors might ask, why worry about Responsible Investing or Environmental, Social and Governance (ESG) issues at this stage? Surely it makes sense to just focus on the “important” investment numbers and rather leave the soft ESG stuff for after the crisis?

STRENGTHENING THE CASE FOR RESPONSIBLE INVESTING – LESSONS FROM COVID-19

LESSON 1 - WE'RE ALL INTERCONNECTED

One of the founding principles of Responsible Investing (RI) is the interconnected nature of our social, biophysical and market ecosystems. Importantly, RI recognises the impact of unpriced externalities on the safe operation of the market, society and environment. Examples include the social and

environmental costs from burning fossil fuels or societal health impacts of high-calorie foods. By considering externalities in its approach, the RI field essentially asks all participants in the investment value chain to consider the wisdom of pursuing short-term returns at the expense of long-term resilience of social and environmental systems.



The COVID-19 crisis has laid bare the very real interconnectivity between our social, environmental and market systems. The lesson here is: don't neglect interconnectivity and long-term system resilience.

LESSON 2 - SHARED VALUE

Professors Kramer and Porter of Harvard Business School penned their famous article on shared value in the early 2000s. In it they argued that the best business strategy to adopt in a world with increasing social and environmental pressures was one that generated profits while solving for long-term social and environmental resilience. They proposed a stakeholder inclusive model for capitalism which encourages value to be shared across participating stakeholder groups. In effect, this type of strategy

requires company management to carefully consider a broad range of stakeholders and the associated business "impacts". For some management teams, this is a sharp departure from the age-old adage that the business of business is business.

COVID-19 puts a sharp focus on management approaches to human capital management, corporate culture, and the treatment of customers. Corporate responses around these issues can potentially have lasting impacts for all company stakeholders. For investors that are ESG literate, it's no news that workforce management, employee satisfaction and corporate culture have a long-

term impact on productivity, share price performance and returns. Similarly, that companies' treatment of customers is an important driver of brand equity and improved customer relationships over time. How management teams respond in this time of crisis will be telling for their long-term profitability. Aside from management practices, the COVID-19 crisis also exposes the underlying business model, specifically what goods and services the company provide. As we are collectively finding out, essential services means something very specific. It redefines what we can and can't do without, and what we are prepared to pay for. Business models that solve for food security, connectivity, online education, entertainment, sustainable mobility, finance, water, energy, sewage, waste, healthcare, etc have prospects for growth.

Those investment teams with deeply integrated ESG processes will no doubt be attuned to these issues. They will have a view of which business models and management teams are therefore best placed to retain value through the cycle. COVID-19 has been indiscriminate in whom it infects, and doing so it has become everyone's problem. Those with the best chance of fighting it are doing so collaboratively across a broad range of stakeholders. The COVID-19 crisis reminds us of the power of working proactively with all stakeholders to achieve shared value outcomes.

LESSON 3 - UNDERSTANDING THE SCIENCE

As a consequence of its focus on ESG issues, the field of Responsible Investing relies on much scientific data to make the business case for sustainability. Most asset managers with a focus on RI will thus have a clear understanding of the science behind climate change and the attendant risks and opportunities. Notwithstanding this, in the

current age of populist politics, the role of science has increasingly taken a back seat.

Despite being one of the most scientifically peer-reviewed publications produced by humanity, the Intergovernmental Panel on Climate Change assessment reports failed to inspire political leadership. Although the COVID-19 crisis is more near term compared to climate change, it is instructive to see how rapidly political leaders, despite their differing views, have fallen in line with prevailing medical and scientific consensus. The lesson of COVID-19 is: don't forget the science. Importantly, asset managers with these specialist skills will be well placed to look ahead.

As tough as the lessons from the COVID-19 crisis are, we expect that they will strengthen RI as an approach to investments.

ESG IS NOT JUST A NICE-TO-HAVE BUT IT IS ALSO GOOD TO HAVE

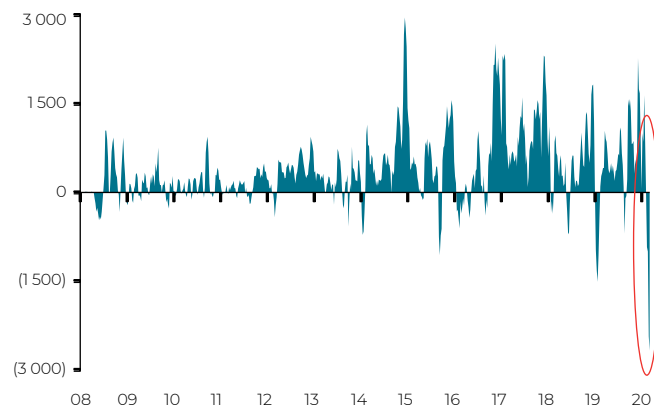
Old Mutual Investment Group has long maintained that analysis of ESG issues can, and does, drive long-term investment performance. It is not just a nice-to-have, it is a good-to-have. We see sustainability as a macro thematic trend that is fundamentally reshaping the competitive landscape across all sectors. Companies that respond to this trend early enjoy stronger social licence to operate, lower staff turnover, better resource efficiency, lower cost of capital, better innovation and stronger access to market.

As a group, we have invested in building out our product offering to capture this theme through a series of ESG indices. These funds have attracted inflows in a manner that is consistent with the growing global trend. Sustainable investing has grown exponentially in the past five years. For example, in the US, the net flows into sustainable funds reached US\$20.6 billion in 2019, more than four times the previous annual record that was set in 2018.

Like all funds, sustainable equity funds suffered large and sudden losses of value in the first quarter of 2020 due to the global coronavirus pandemic. However, Morningstar reports that sustainable investment funds held up better than conventional funds during this period. They report that seven out of 10 sustainable equity funds finished in the top halves of their Morningstar categories, and 24 of 26 environmental, social and governance-tilted index funds outperformed their closest conventional counterparts.

Chart 1: Record ETF selling...

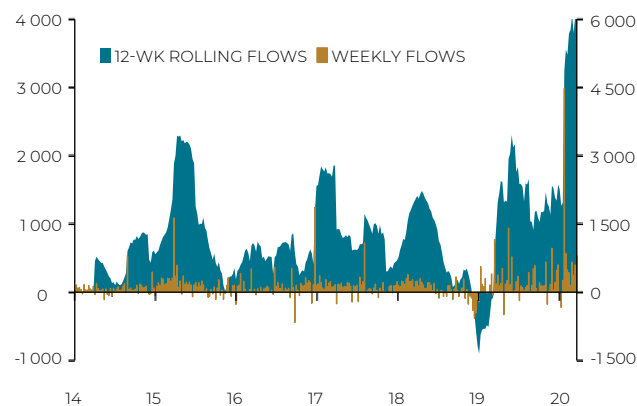
BofA Securities clients' rolling 4-wk ETF flows (US\$m, 1/2008-3/20/2020)



Source: BofA Securities, BofA Global Research

Chart 2: ...except in ESG funds

Weekly and rolling 12-wk flows into ESG funds (US\$m, 1/2014-3/18/2020)



Sources: BofA US Equity & Quant Strategy, SimFund

This is also evidenced by the MSCI ESG index tracker funds that Old Mutual offers, which have shown resilient performance over the past quarter. Figure 2 shows the cumulative returns of the MSCI Emerging Market ESG Index to the end of March 2020.

An additional point to consider in the “good to have” bucket is that ESG fund flows remain intact. Research from Bank of America Securities indicates that while there has been record ETF selling over the last few weeks (Chart 1), ESG funds have seen inflows for ten straight weeks (Chart 2). Even after the market sell-off, ESG ETF assets under management (AUM) are still up nearly 5% year to date, while S&P 500 ETFs have seen AUM decline

by over 30%. In Europe, ESG funds have seen persistent inflows including recent weeks, even amid EU stock outflows.

PERUSING GREEN GROWTH

As society seeks to rebuild in a post-COVID-19 world, we expect the idea of green growth to continue to gain traction. The notion of green growth emerged after the last financial crisis and envisages an alternative growth path guided by climate awareness, resource efficiency and social inclusion. At a global level, green growth features in national growth strategies and the EU is putting in place legislation to drive and incentivise these kinds of outcomes. At the local level, work is being undertaken to develop a green economy taxonomy for South Africa as a basis for supporting our growth agenda. As the South African government struggles with an increasing debt burden, we can expect a resurgence of the prescribed assets debate and increasing pressure for all actors in the financial markets to align with green economy outcomes.

Old Mutual Investment Group has specialist green economy investment capabilities, managing some R131 billion of client assets in the green economy. It is important to note that given the structure of the South African economy, accessing green growth assets has required that investors look to unlisted markets via private equity and infrastructure type funds. Accessing these investments has traditionally been the domain of institutional investment funds.

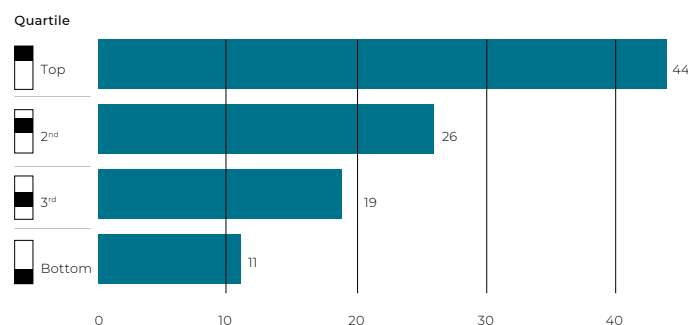
Green growth is not only a scientifically bounded economic idea, but is also a set of globally consistent consumer preferences, as more and more consumers align with the sustainability agenda. Doing more with less has always been a good idea, as has caring for the environment along with being a good neighbour. As such, we expect demand for “green” assets to grow beyond the institutional market to the retail market as well. Asset managers that have green growth capabilities and assets, will have an advantage over their peers as the world seeks to re-normalise in a post-COVID-19 environment.

WHAT'S NEXT?

It is not clear what's next. The COVID-19 pandemic is unprecedented in modern times. There is much we don't know about how this will play out. However, what we do know is that the world will be much changed. Our sense of interconnectivity will be enhanced, we'll

Figure 1

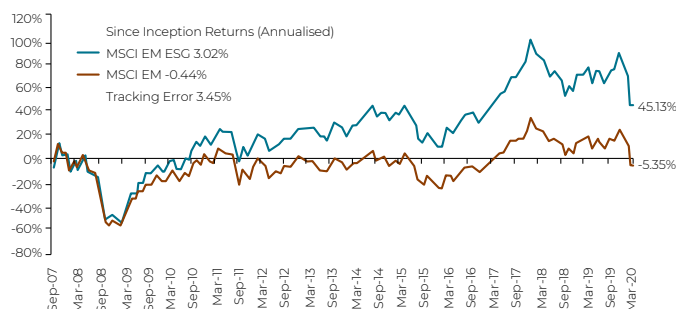
SUSTAINABLE EQUITY FUNDS
Q1 2020 Return Rank % by Morningstar Category Quartile



Source: Morningstar Direct. Data as of 3/31/2020. Note: Oldest shareclass used for mutual funds. N=206

Figure 2

AN ESG OVERLAY CAN PROVIDE "SAFER" EM EXPOSURE



Source: MSCI (Net Total Returns as at March 2020)

have learnt that it's not just returns that matter, and that businesses that focused on long-term outcomes will be remembered. Sustainable investing is about delivering competitive financial returns by leveraging ESG insights. It is also about shifting the global economy to a path that is low carbon, resource efficient and socially inclusive. Now, in the midst of this crisis, is the perfect moment for all actors in the financial services sector, whether they be advisers, consultants, asset owners or asset managers, to realign their understanding of RI and ESG issues. It is critical that decision-makers should be clear on how ESG issues affect long-term risk and returns, and additionally how the growing trend towards sustainable investing impacts the ability to attract and retain client capital.

THE AUTHORS



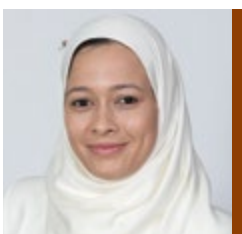
Andrew Dittberner
Chief Investment Officer
Private Client Securities

Andrew joined PCS in 2017 and was previously employed at Cannon Asset Managers. He joined Cannon in 2007 as a Research Analyst and during his tenure, he rose through the ranks to become a Portfolio Manager in 2011 and was then appointed CIO in 2014. Andrew has extensive knowledge and insight into valuing businesses across multiple industries and identifying suitable investment opportunities. He holds a Master's Degree in Economic Science from the University of the Witwatersrand, where he lectured for a while. Andrew also holds a PhD in Investments and Securities from the University of Pretoria.



Victor Mupunga
Research Analyst
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Victor joined PCS in 2016 and was previously employed as an investment analyst at Maestro Investment Management, where in addition to equity research, he was responsible for managing a number of private client equity portfolios on a discretionary basis and managing the client relationships. Prior to that, he was a fund accountant at Investment Data Services where he prepared and reviewed valuations and accounting records of hedge funds. Victor graduated from the University of Cape Town with a Bachelor of Business Science (Hons) in Finance in 2007. He is also a CFA Charterholder.



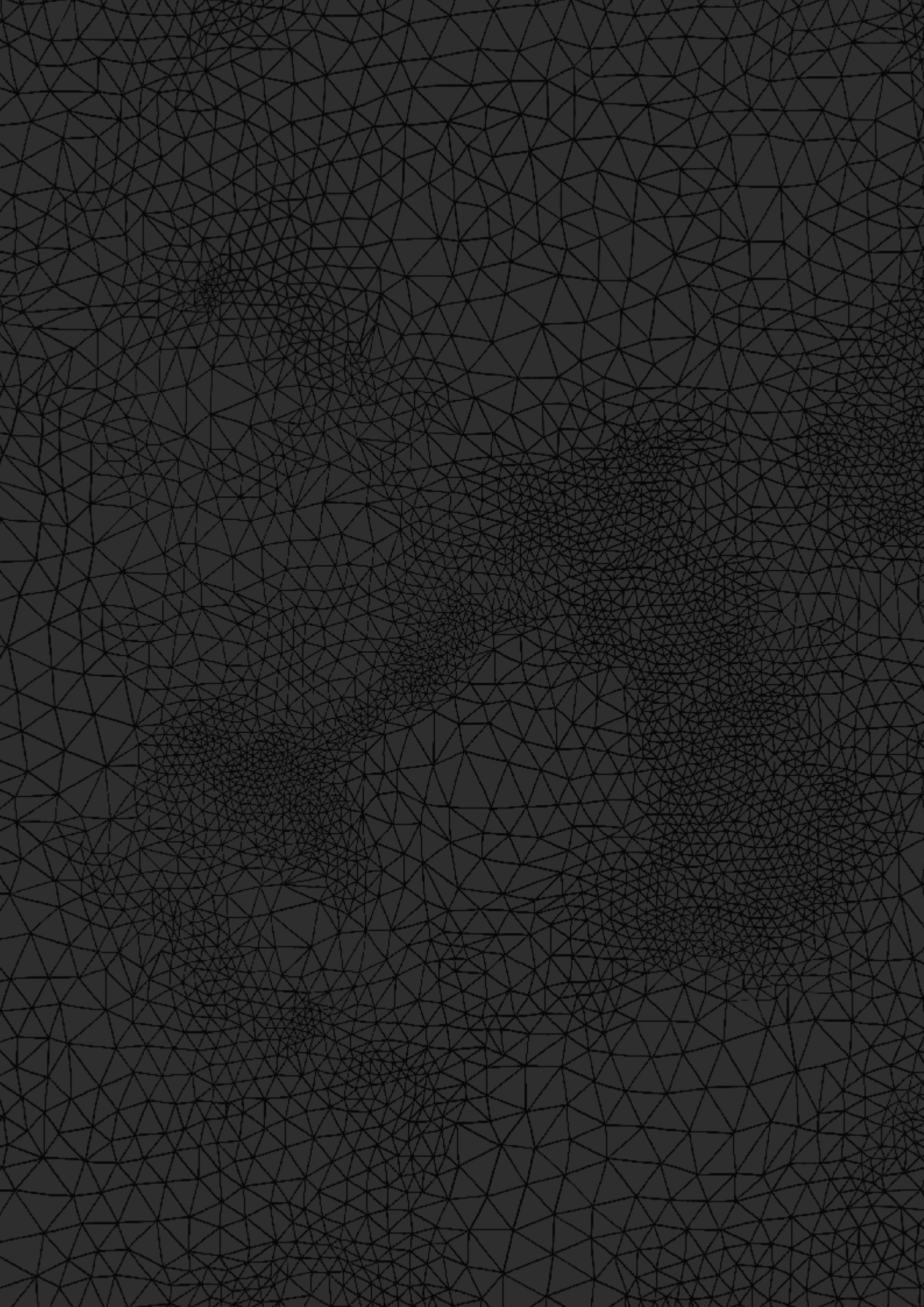
Tasneem Samodien
Research Analyst
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After graduating with a Postgraduate Diploma in Accounting in 2015, Tasneem joined the Old Mutual Chartered Accountant Training Programme in 2016. During the subsequent three years, she worked within various businesses within the Old Mutual Group, gaining valuable experience in functional areas such as internal audit, risk management, finance, group planning and investment analysis. In 2018 she was placed within Private Client Securities, first in the Finance team to assist with the annual financial statements and then in the Research and Investment team to assist with investment portfolio reviews. Tasneem successfully completed her articles at the end of 2018 and is a qualified Chartered Accountant (SA).



Jon Duncan
Head of Responsible
Investment

Jon heads up the Sustainability Research and Engagement function at OMIG where he is involved in industry ESG research, the analysis of green growth opportunities and engagement on regulatory issues and local industry initiatives, such as the Code for Responsible Investing South Africa (CRISA). He also leads the Responsible Investment Programme at Old Mutual. This programme is focused on driving the systematic integration of material environmental, social and corporate governance (ESG) issues across the Group's c£380 billion of funds under management.



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