

# Key notes



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## Dan Nickols - Old Mutual UK Select Smaller Companies fund

### Results seasons in the US and UK tell a similar story

- Globally oriented businesses are trading well and surprising on the upside
- Consumer is continuing to struggle in the West

### Global growth is unlikely to be harmed by higher oil price

- If oil price hits \$150 a barrel that would cause OMAM to reappraise its overall global outlook
- Higher oil prices will impact market if the moves are volatile, if it is a smooth rise then will have a lower impact

### Top 10 holdings includes Ashtead Group – rents out construction equipment in the US

- A growth stock – in tough times US businesses hire equipment rather than buy it
- Stock can benefit from higher volumes of business over course of the cycle
- At same time it can raise its prices and there is evidence this is beginning to happen
- These benefits are not yet reflected in the share price

### Nickols also holds software design company Aveva

- Confident it can beat market expectations for earnings growth
- It is the global leader in computer aided design for complex plant in the oil, gas and power generation space
- These end-markets are all strong in themselves and set to be so for the next five to 10 years
- Share price appreciation will be a function of earnings growth of c20%pa

### Has held position in Jupiter despite tough time

- Has met with company management team and believes investment case remains intact
- The valuation continues to look attractive
- All stocks are assessed on a case by case basis but his inclination is not to sell just because share prices are weak

### No plans to alter management style on fund as market cycle matures

- Will stick to objective of trying to deliver top-quartile performance on a rolling 12-month basis
- Historically a 6%pa outperformance of Hoare Govett benchmark index produces top-quartile performance
- Nickols confident the investment process can deliver in future what it has done over the long term

Old Mutual Asset Managers (UK) Limited  
2 Lambeth Hill  
London, EC4P 4WR, UK

Client Services 0808 100 8808  
Broker Services 0808 100 2715  
Dealing 0808 100 3570



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