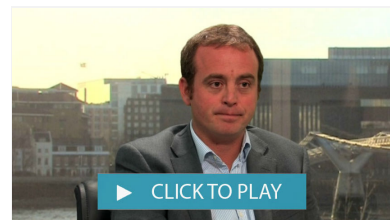


Key notes



Right click during playback to select 'Full screen' - View video online: <http://www.asset.tv/online/?keynotes&i=6258>

Ian Heslop, Head of Quantitative Strategies, OMAM

Dynamic process is designed to cope with changes in risk appetite

- So far 2011 has seen major swings in risk appetite
- Risk appetite was high at start of year, then fell away as tsunami hit Japan
- Changes in risk appetite at market level have a major impact on stocks OMAM invests in

Analyst sentiment is positive at present

- Earnings are strong at company level as they have been for the last three to six months
- The concerns are around macro issues – eg European sovereign debt issues

Looking to build portfolios and strategies that work throughout the cycle

- Cheap stocks tend to outperform over time, so a bias to these
- But when risk appetite falls cheap stocks tend to do poorly
- Portfolios look to buy into quality, rather than cheap, stocks when risk appetite falls, to provide some ballast to returns

Aim is to provide returns from the overall strategies rather than from individual stock picks

- Portfolios typically have a large number of positions, eg 270 in Old Mutual Global Equity fund
- By contrast Heslop and the team look to take exposure to a limited number of strategies to generate outperformance

Exxon Mobil is a large holding in a number of the quant portfolios

- Portfolios are constructed from benchmark indices and Exxon Mobil is a large stock in most benchmarks
- Stock does appear cheap as well which is a further reason to own it
- Analyst sentiment towards stock is positive
- Stock has positive momentum
- Result is that Exxon Mobil is an active bet, but not a large one, in the portfolios

Expect the equity markets to continue to flip between fear and euphoria for the rest of 2011

- Strong earnings results are generating euphoria
- Macro fears include worries about sovereign debt, inflation and deflation
- Portfolio construction process designed to deal efficiently with these swings in sentiment

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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