Well-Diversified Investment in the African Growth Story

Old Mutual Global Index Trackers
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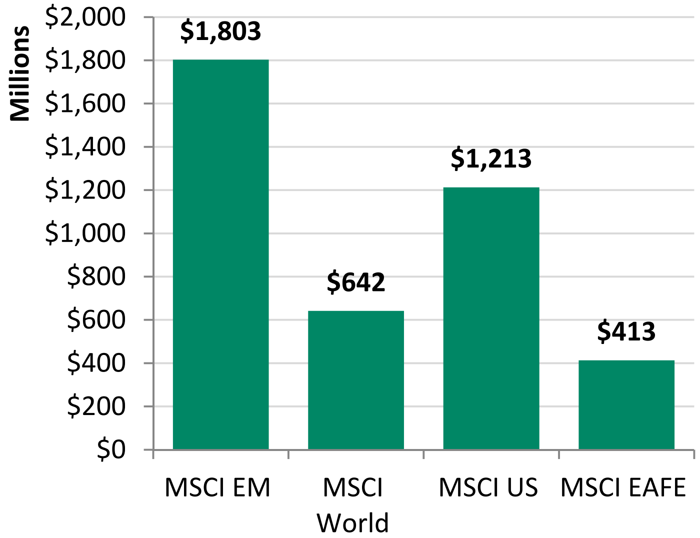
Old Mutual Global Index Trackers

Remember when Emerging Markets were scary?

Investors who neglected EM faced significant opportunity costs

Growth Comparison of US$100m invested in different markets from inception of the Emerging Market Index
December 1987 - August 2013



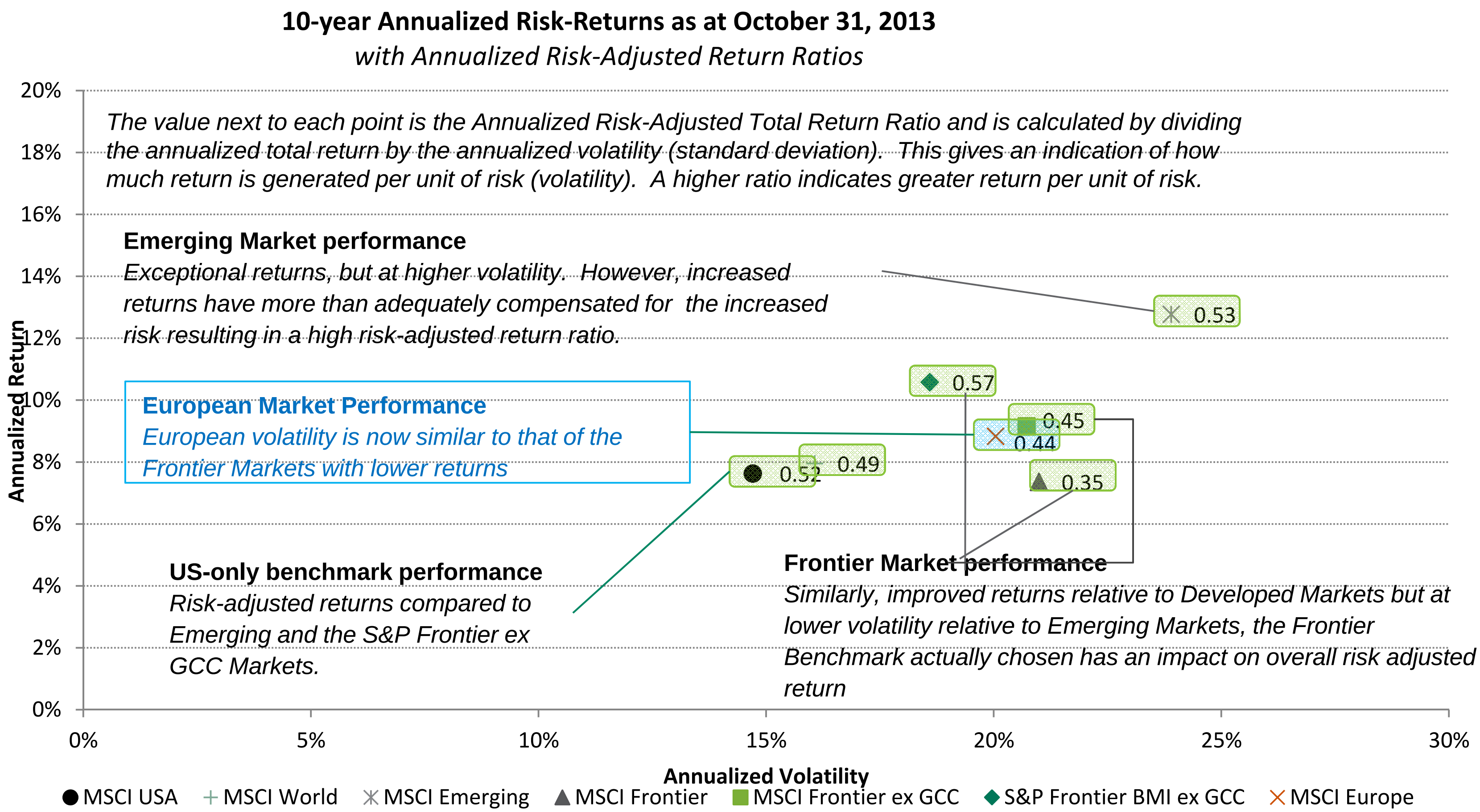
- There are compelling portfolio benefits to having invested in the EM at a time when most investors were erroneously cautious of venturing out of EAFE into EM.
- Risk adjusted returns were higher in the US over the ultra-long-term, however, over 15- and 10-year periods, EM returns have been more compelling.
- There was a significant capital opportunity cost of investing in EAFE instead of EM since the date of inception of EM indices. EM grew to $1.4 billion more than EAFE, for every $100m invested.

Since Inception of FM	MSCI EM	MSCI World	MSCI US	MSCI EAFE
Return p.a.	11.89%	7.49%	10.18%	5.67%
Standard Deviation	23.74%	15.23%	14.73%	17.49%
Risk Adj. Return	0.50	0.49	0.69	0.32
Correlation (US)	0.67	0.89	1.00	0.72

These returns are calculated using the monthly data of the MSCI indices total return indices.

Benefits of Diversifying from Europe

European investors could benefit significantly by diversifying into Frontier Markets including Africa



Source: MSCI & S&P

Past performance is not an indicator of future results. Index performance is not representative of a specific fund or product. One cannot invest directly in an index.

Frontier and African Market Correlations

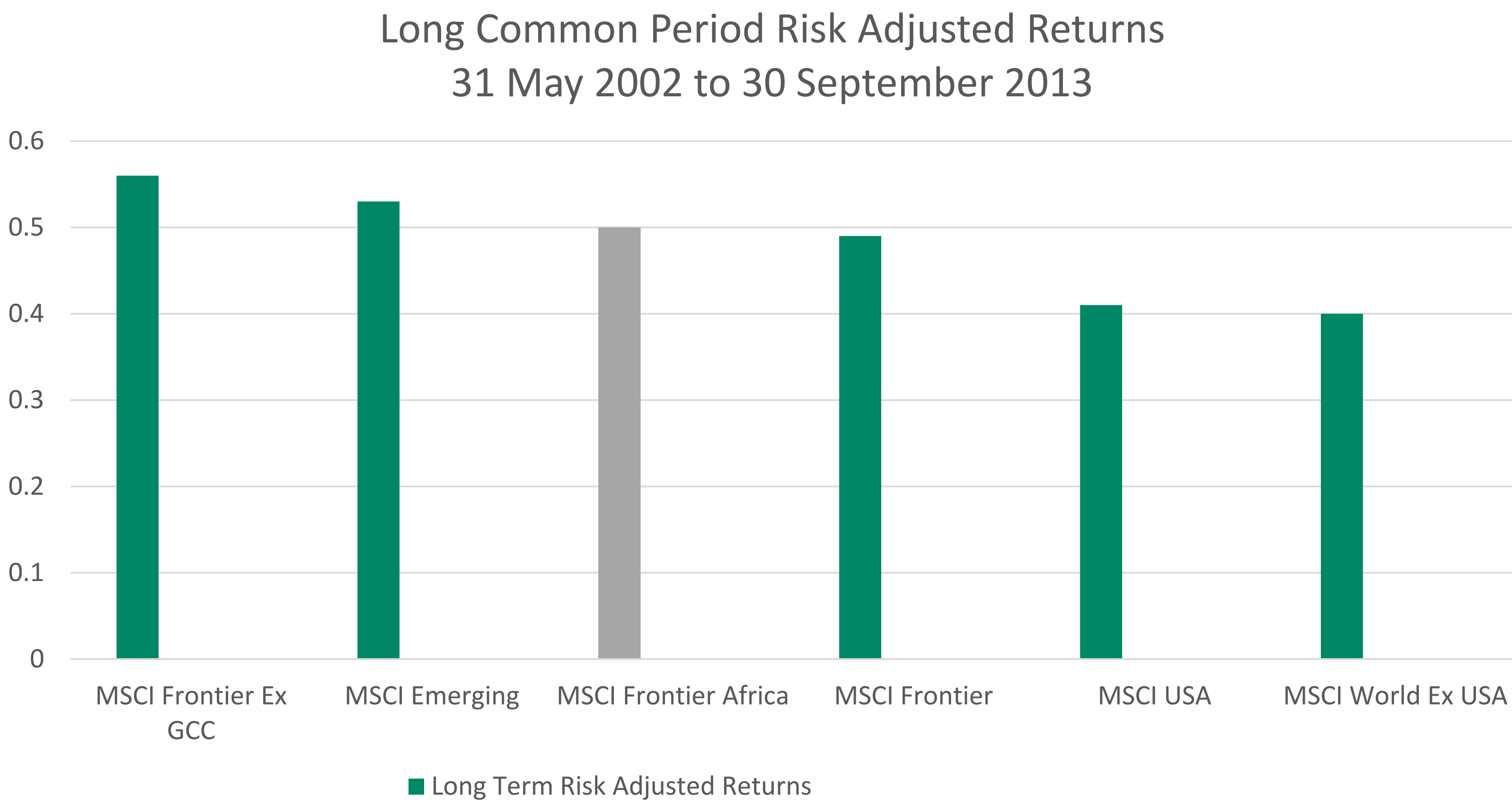
- Lower Correlations of Frontier Markets and Africa to the Developed World improve global portfolio diversification

5-yr Monthly Correlation as at September 30, 2013	MSCI USA	MSCI World	MSCI World ex USA	MSCI Emerging	MSCI Frontier	MSCI Frontier ex GCC	MSCI Frontier Africa	MSCI China
MSCI USA	100%	98%	92%	86%	78%	71%	52%	70%
MSCI World	98%	100%	98%	91%	80%	76%	55%	77%
MSCI World ex USA	92%	98%	100%	92%	78%	77%	56%	80%
MSCI Emerging	86%	91%	92%	100%	74%	76%	54%	90%
MSCI Frontier	78%	80%	78%	74%	100%	92%	78%	61%
MSCI Frontier ex GCC	71%	76%	77%	76%	92%	100%	90%	67%
MSCI Frontier Africa	52%	55%	56%	54%	78%	90%	100%	51%
MSCI China	70%	77%	80%	90%	61%	67%	51%	100%

Source: MSCI

African Markets have attractive risk-adjusted returns

African Markets are significantly ahead of the Developed Markets and not far behind Frontier Markets in terms of Long Term Risk Adjusted Returns



These returns are calculated using the monthly data of the MSCI indices total return indices.
Source: Bloomberg, MSCI

African Market Drivers

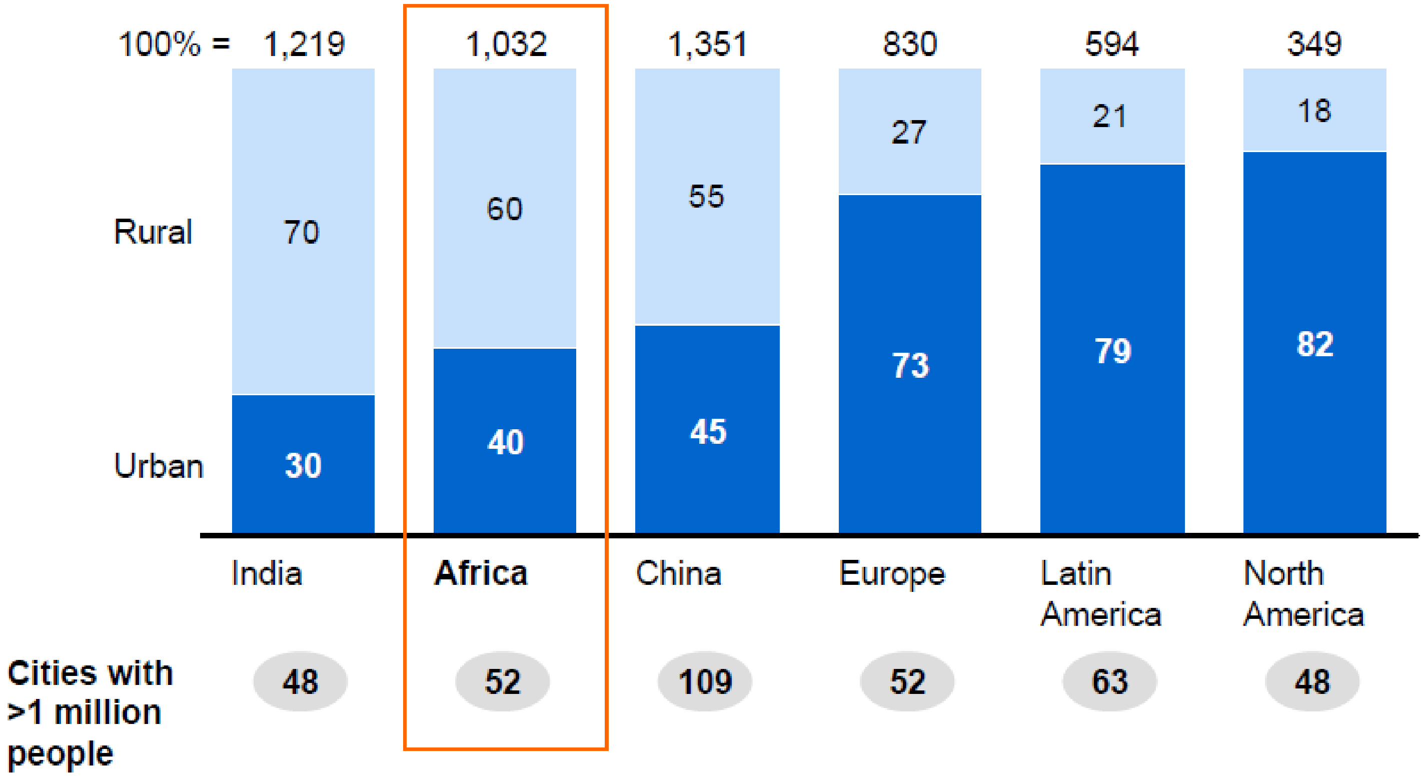
- Africa markets offer the potential for high growth relative to advanced economies*
  - Largest growth outside of Asia
  - Growing middle class (Now larger than Indian middle class)
  - Growing population (45% of population is under the age of 15)
  - Expected increase in consumption and infrastructure expenditure
  - China's trade with Africa reached $166.3bn in 2011
  - In the past decade, African exports to China rose to $93.2bn from $5.6bn
- **Limited liquidity lends itself to buy and hold, which fits well with indexation**
- African stock markets typically do not allow shorting of instruments
- Africa Markets have lower correlations relative to other equity markets

Urbanization demands infrastructure

Africa is almost as urbanized as China and has as many cities of 1 million people as Europe

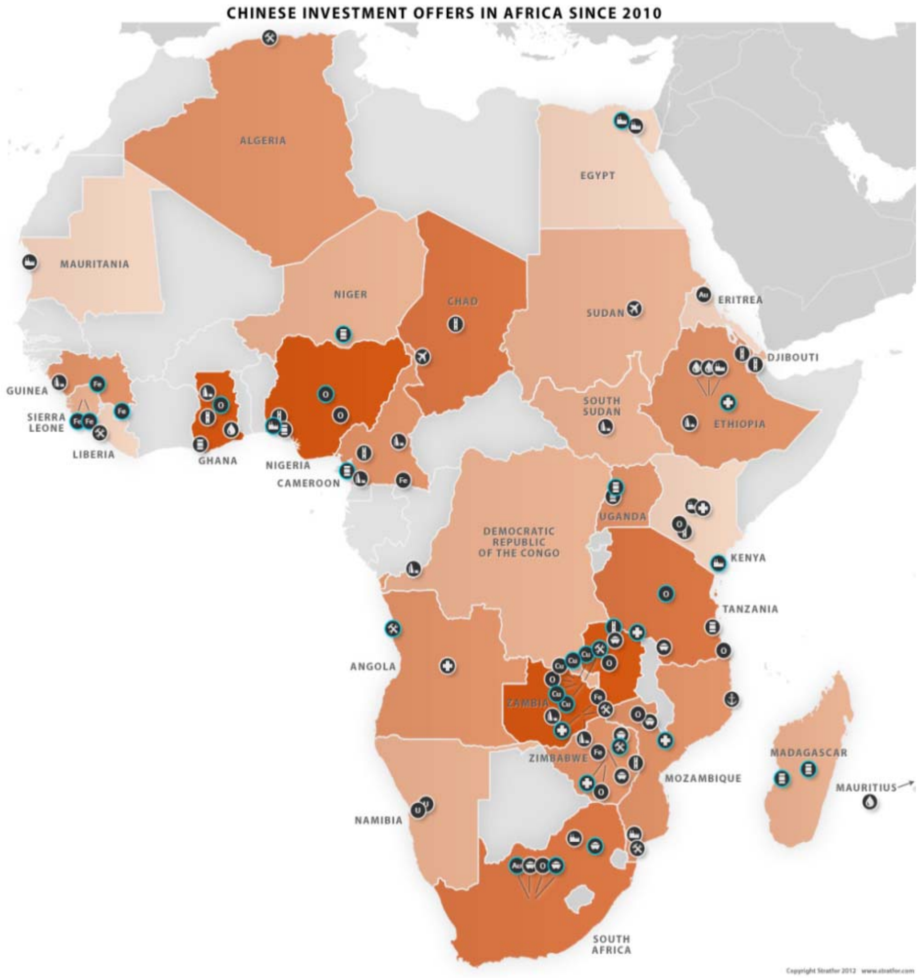
Share of rural vs. urban population by region, 2010

%, million



SOURCE: United Nations; McKinsey Global Institute

Chinese Investment in Africa



- China's trade with Africa reached $166.3bn in 2011*
- In the past decade, African exports to China rose to $93.2bn from $5.6bn*

ESTIMATED OFFERS
Less than $500 million
$500 million to $1 billion
$1 billion to $5 billion
$5 billion to $10 billion
More than $10 billion

*Estimated offer total: $101 billion

PERCENT OF CHINESE INVESTMENT BY SECTOR	
19.00%	Oil and natural gas
18.55%	Rail/road
10.00%	Other mining
9.20%	Hydroelectric dams
7.40%	Iron ore
6.90%	Copper
5.90%	Civil construction
3.70%	Manufacturing
2.30%	Uranium
2.00%	Airports
1.80%	Aid
1.60%	Port construction
0.70%	Gold
0.50%	Water
11.00%	Other
	Complete

Note: The data in this map is based on an estimate of high-level Chinese investment, loan and aid deals with Africa. *Source: Stratfor - China Business Review, open source commercial information*

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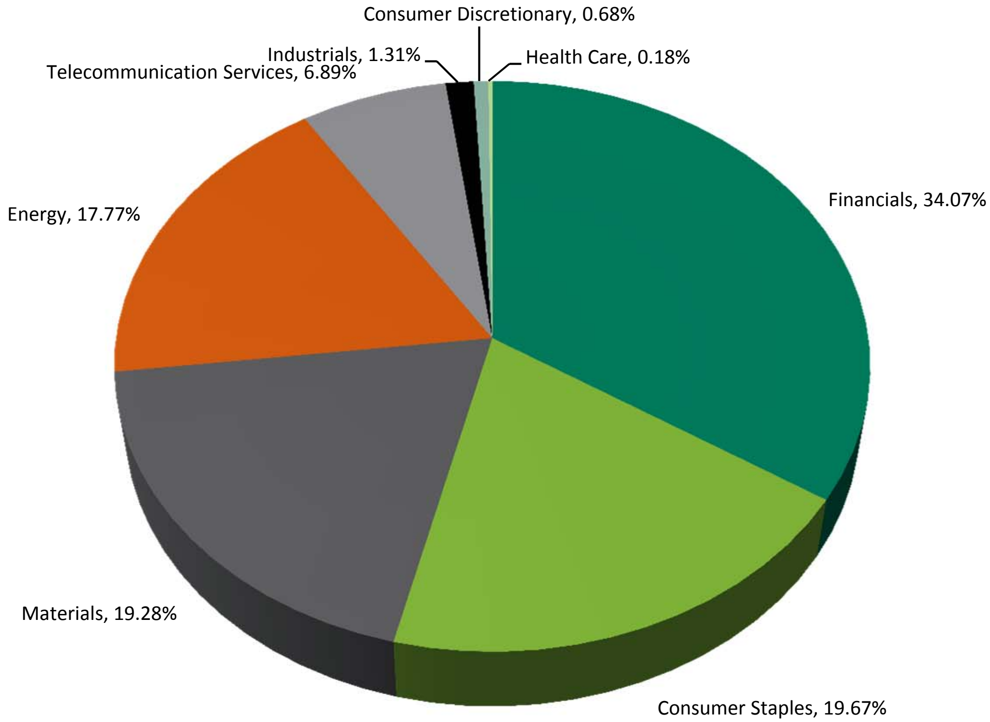
Africa is not just about a commodity boom..

- An S&P custom index designed to be reflective of economic activity on the African continent
  - Created by combining S&P Africa 40, S&P Pan Africa and S&P Africa Frontier
    - Excludes South Africa because it already constitutes a substantial portion of emerging markets
    - Includes resources exposure and reduces heavy exposure to financials

Sector exposure

S&P Africa ex SA Custom - GICS Sector Exposures
as at September 30, 2013



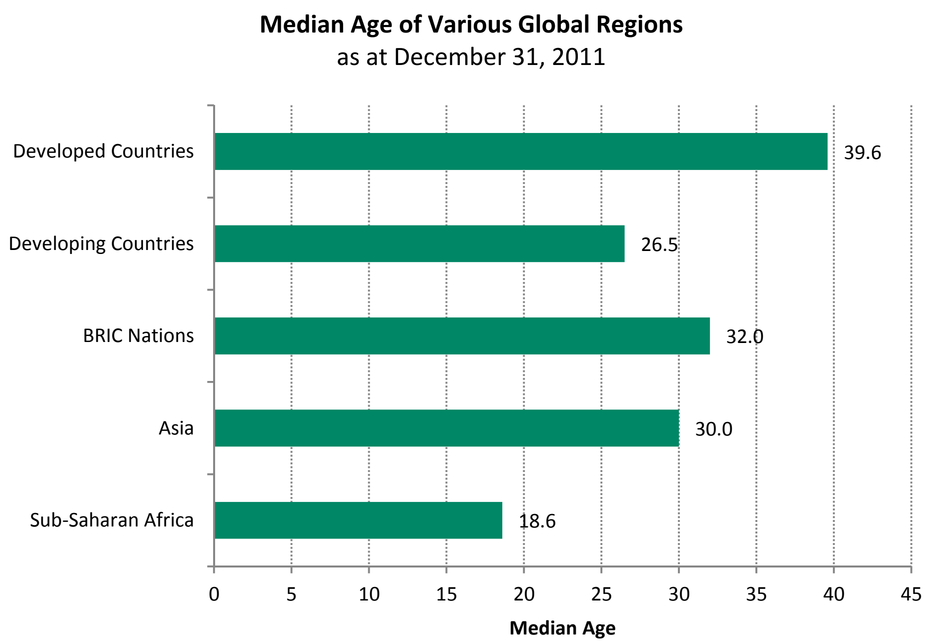
Source: S&P

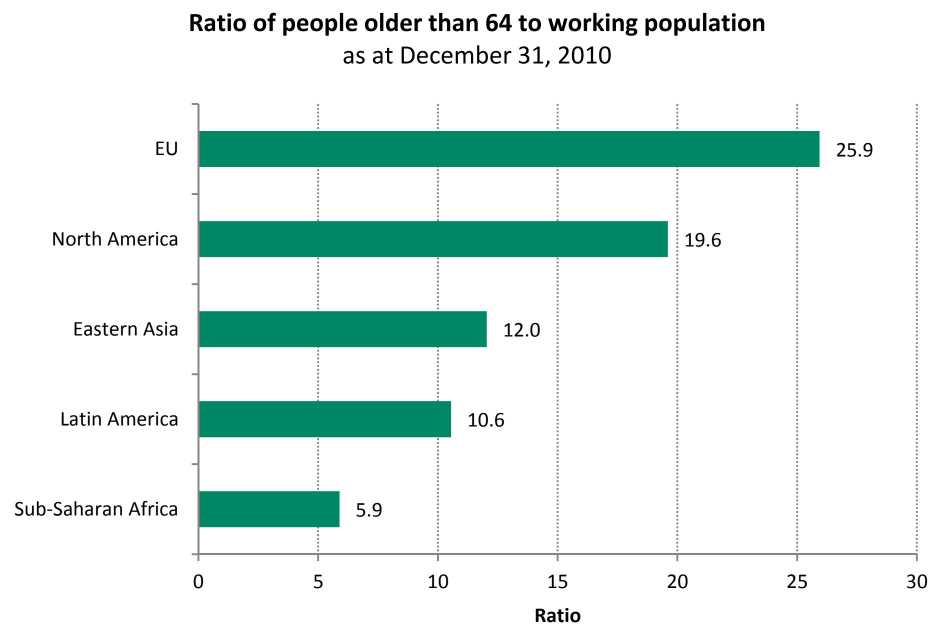
Demographics

Africa to experience demographic 'tail-winds' compared to others

– Developed nations: Higher life expectancies, lower fertility
  - Greater burden per working individual

– Global median age projected to increase

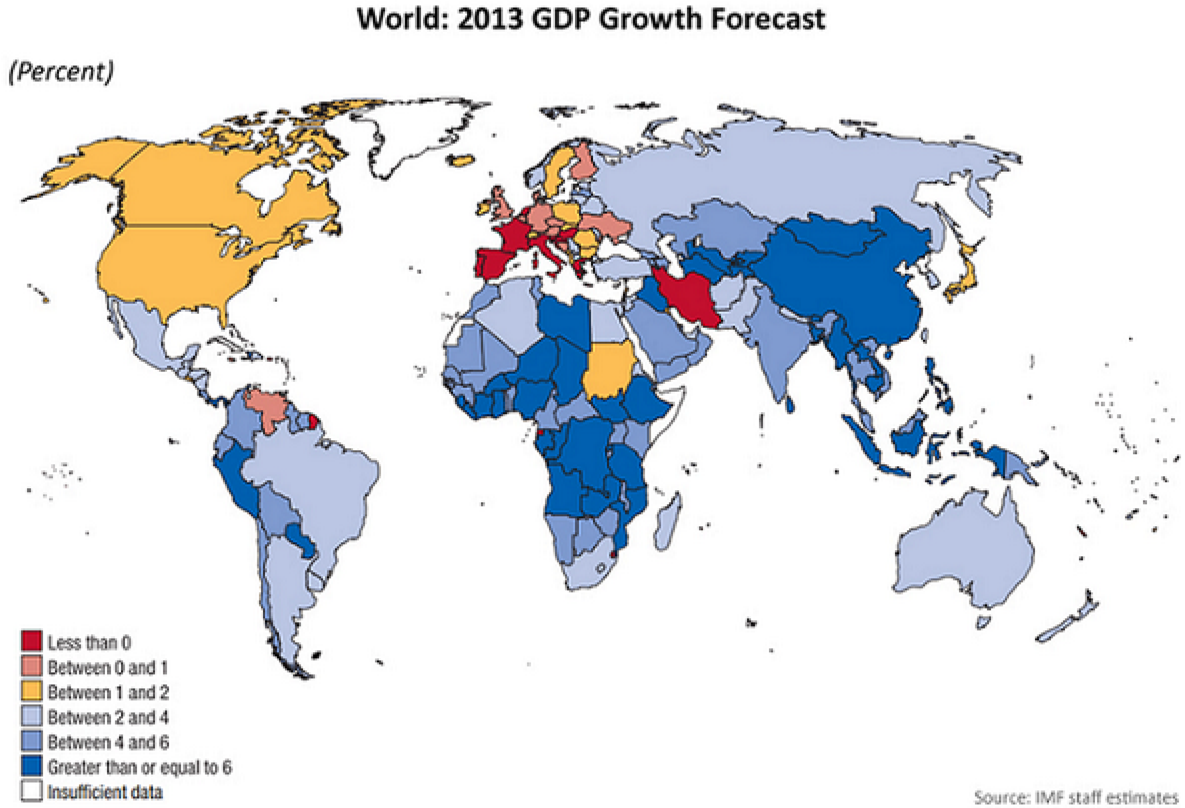




Source: Novare Equity Partners "The sub-Saharan Africa demographic story: (February 9, 2012)

Exciting GDP Growth Forecast for African Countries

28 African Countries are ranked in the Top 50 Emerging and Developing Economies according to real GDP Growth projected for 2017.



Map Source: IIMF World Economic Outlook “Gradual Upturn in Global Growth During 2013”, dated January 23, 2013

African Country	GDP Growth 2017(F)
Angola	5.5%
Nigeria	6.6%
Egypt	6.5%
Mali	5.3%
Zambia	7.7%
Morocco	5.9%
Kenya	6.5%
Burkina Faso	7.0%
Mauritius	4.2%
Ghana	5.7%
Sierra Leone	4.3%
Tunisia	6.7%
Botswana	4.3%
Cameroon	5.0%
Cote d’Ivoire	6.7%
Congo	5.7%
Namibia	4.4%

Reasons Why the Efficient Market Hypothesis does not Work, in Reality, in the World's Least Liquid Markets

The following are prohibitive hurdles to producing significant and consistent alpha

Inefficient markets theoretically should produce opportunities for producing alpha, however:

- Implementation costs in some of the world's most liquid markets are prohibitive. In order to survive, trading frequency must be minimal. We compute the cost of entry and exiting the market once to equal 300bps* in the Frontier Markets.
- For Global Emerging and Frontier Market Active Managers: The EM and Frontier Markets are not homogenous, and therefore are driven by different regional influences. The learning curve is steep and inconsistent.
- Practical Consideration: Frontier Market managers typically have short track records, given the relative novelty of the asset class.

* Source: Citigroup BECS Pre Trade Analytics (October 08, 2013)

Trading data is based on a basket of securities that comprise a full replication of MSCI Frontier Markets ex GCC Index.

Please see Important Disclosures and Attributions for additional disclosures.

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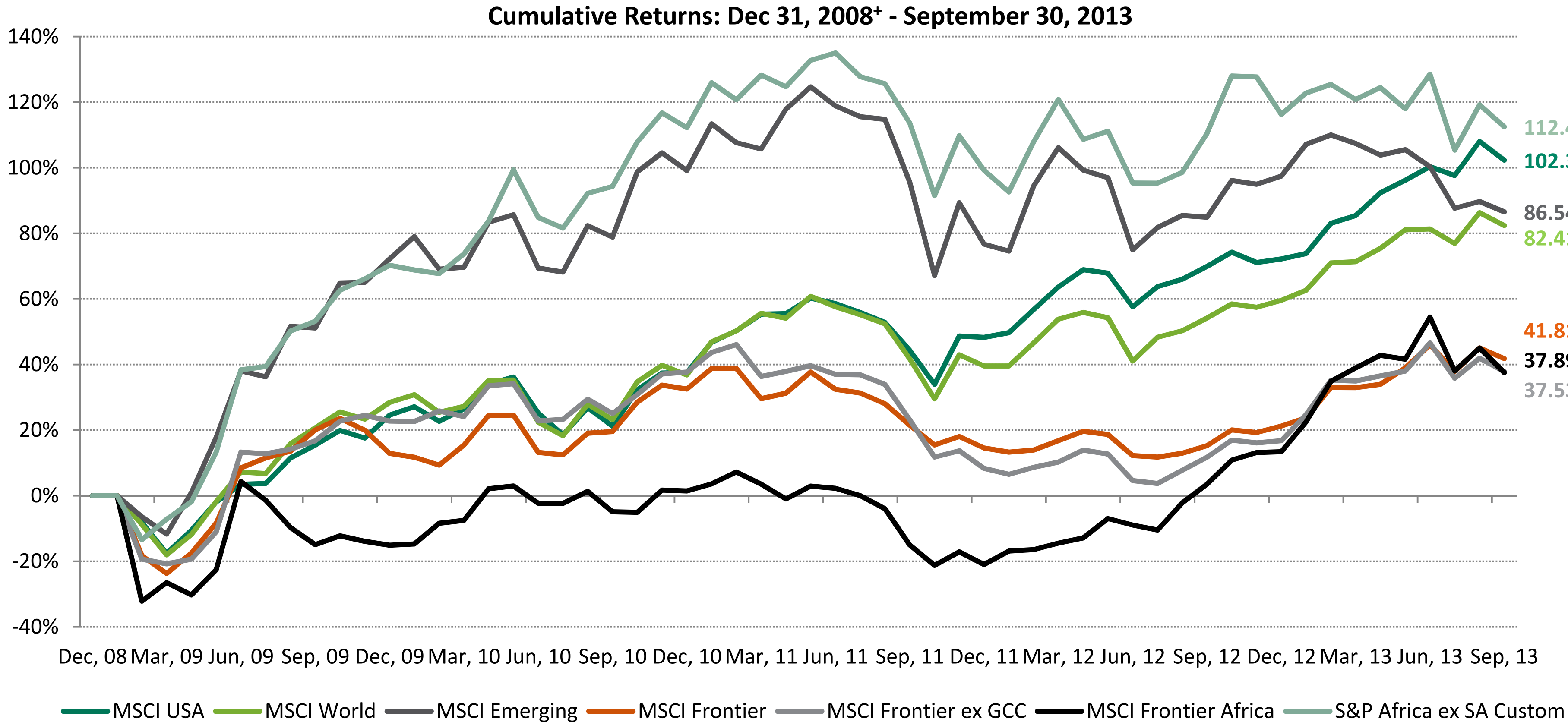
African Market Performance, Opportunity Knocks

- African Frontier Markets are still below their pre–financial crisis highs
  - Therefore, far less downside risk for Africa Frontier Markets
  - Frontier Africa was hit particularly hard, due to its heavy exposure to Financials
  - S&P Africa ex SA Custom Index is less exposed to financials and captures Africa's substantial mining and commodity industries.



+ Earliest common start date
*S&P Africa ex SA Custom Index returns from Dec 31, 2008-Apr 30, 2011 are hypothetical and calculated by OMGxT
Source: MSCI, S&P and Bloomberg.
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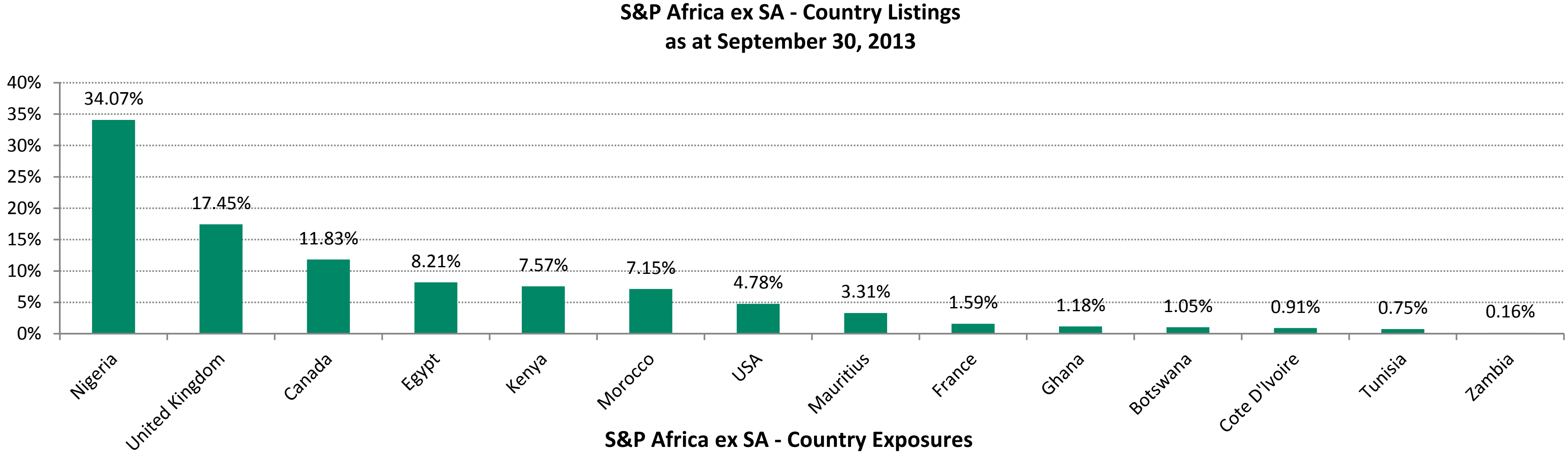
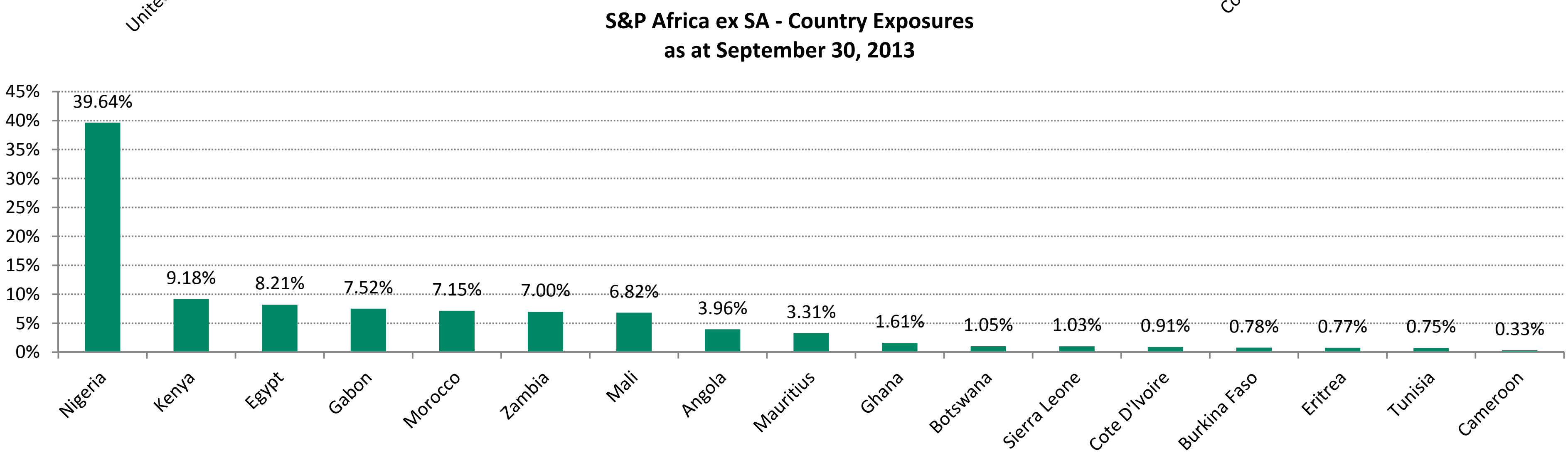
S&P Africa ex SA Custom Index

Country Listing & - Exposure





Source: S&P, OMGxT

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All performance numbers throughout the presentation were taken through various business and performance cycles, positive and negative. Where comparisons are made between indices it is assumed that a fixed dollar amount is fully invested for the entire period.

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For hypothetical return calculations from December 31, 2008 through April 30, 2011, the historical index constituents and weightings of the S&P Africa ex SA Custom Index were imported into the BBU Bloomberg function for index rebalance dates starting Dec. 31, 2008. The index results include actual historical pricing and volume for each of the constituents. The index results do not represent actual trading.

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