



OLDMUTUAL

FAMILIAR IN THE UNFAMILIAR

How the combination of EM with DM can boost a fund's overall alpha

Reza Fakie | **Portfolio Manager**



INVESTMENT GROUP



MSCI ALL COUNTRY WORLD INDEX (ACWI)

There is a lot more to the investment universe than just these stocks

(DM)

Developed Markets

amazon

Microsoft



BHP

nvidia

Alphabet

AstraZeneca

BROADCOM

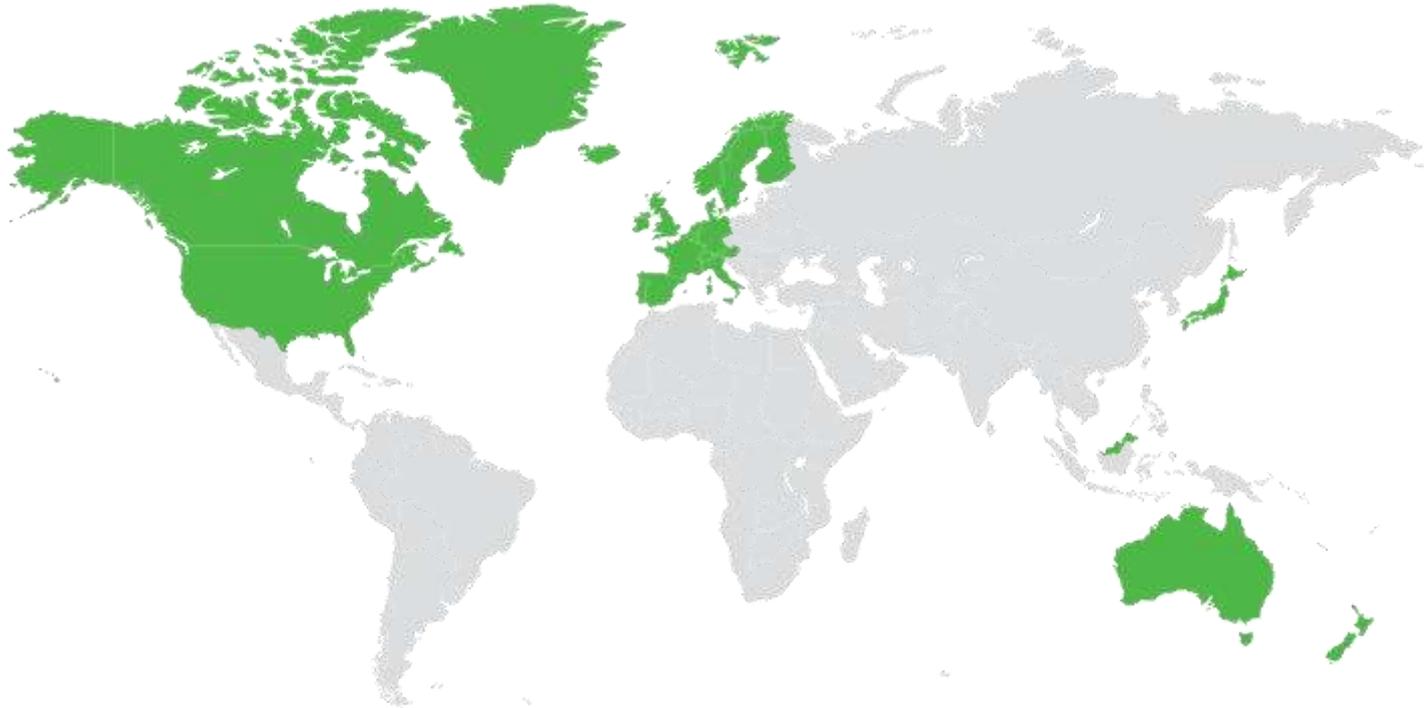
SIEMENS



TESLA

ASML

Roche





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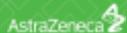
Developed Markets



BHP



Alphabet

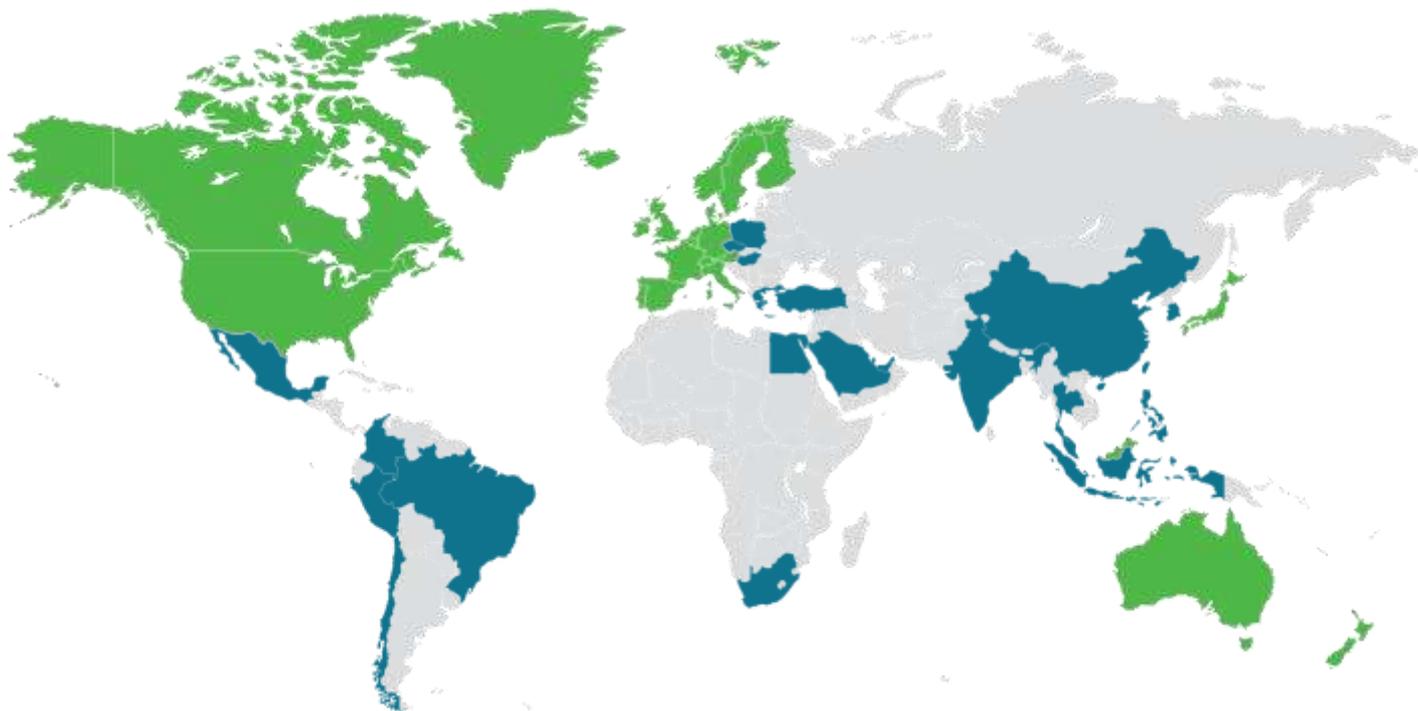


SIEMENS



TESLA

ASML



(EM)

Emerging Markets



NASPERS



SAMSUNG

Tencent 腾讯



SK hynix



Reliance Industries Limited



xiaomi



WEIGHT DOMINATED BY DEVELOPED MARKETS (DM)

Region weight in ACWI (by market cap)

(DM)
Developed Markets

amazon

Microsoft



BHP

NVIDIA

Alphabet

AstraZeneca

BROADCOM

SIEMENS



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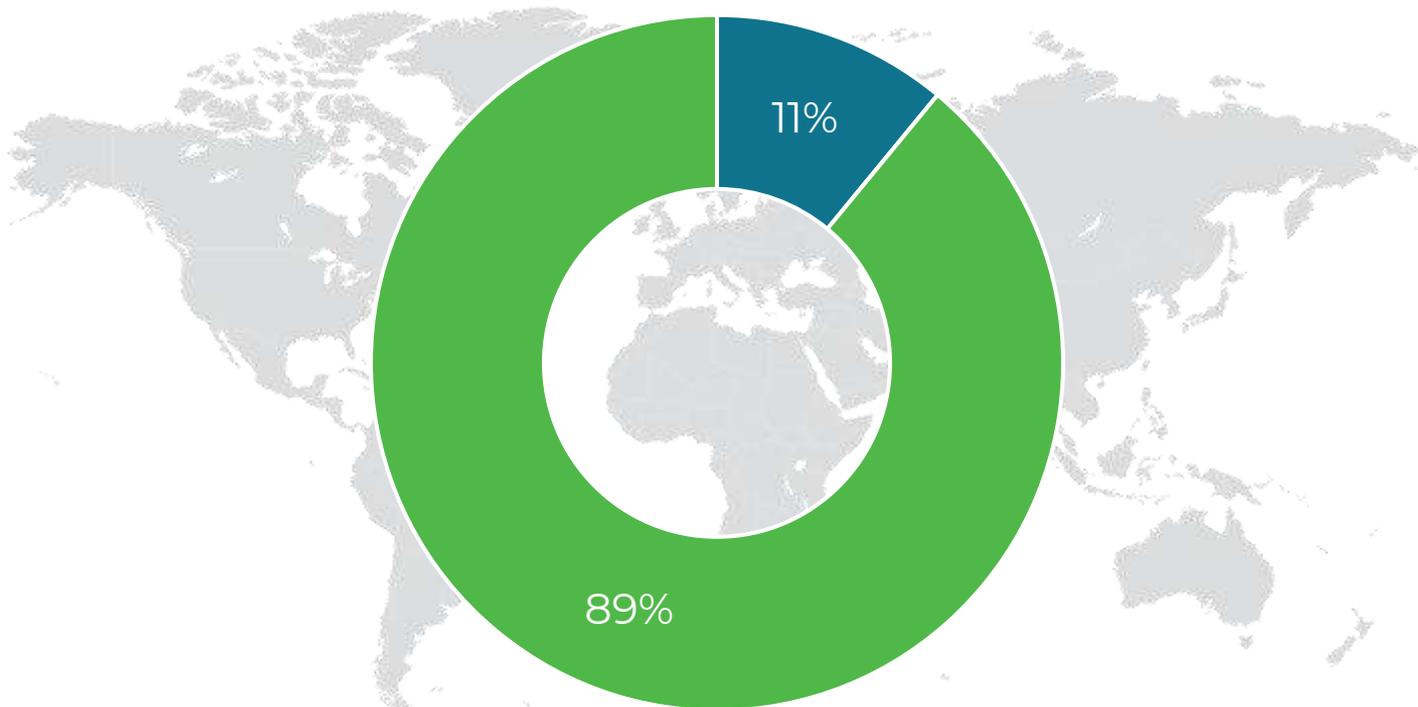
SK hynix

HDFC BANK

Reliance
Industries Limited

中國建設銀行
China Construction Bank

xiaomi



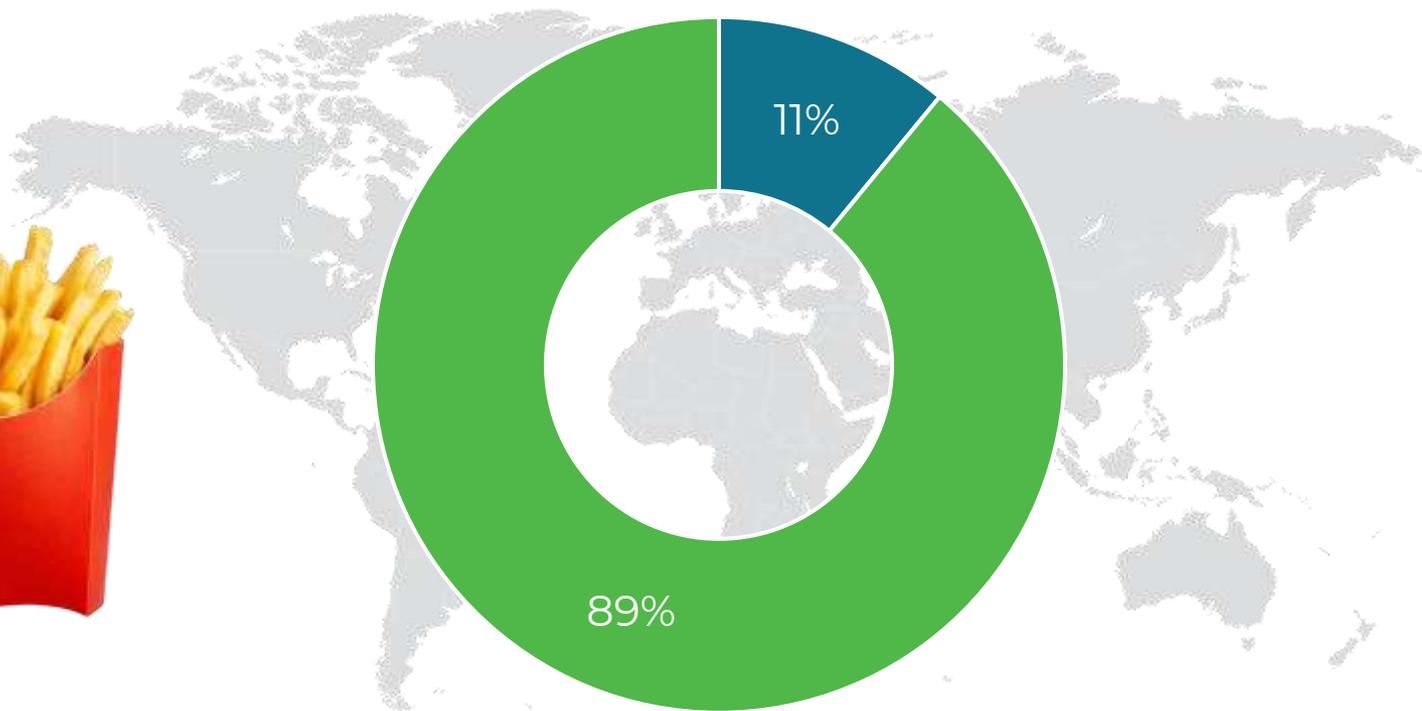


WOULD YOU LIKE THAT SUPERSIZED?

(DM)

Developed Markets

1300
STOCKS



(EM)

Emerging Markets



SAMSUNG

Tencent 腾讯



SK hynix

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xiaomi



WOULD YOU LIKE THAT SUPERSIZED?

(DM)

Developed Markets

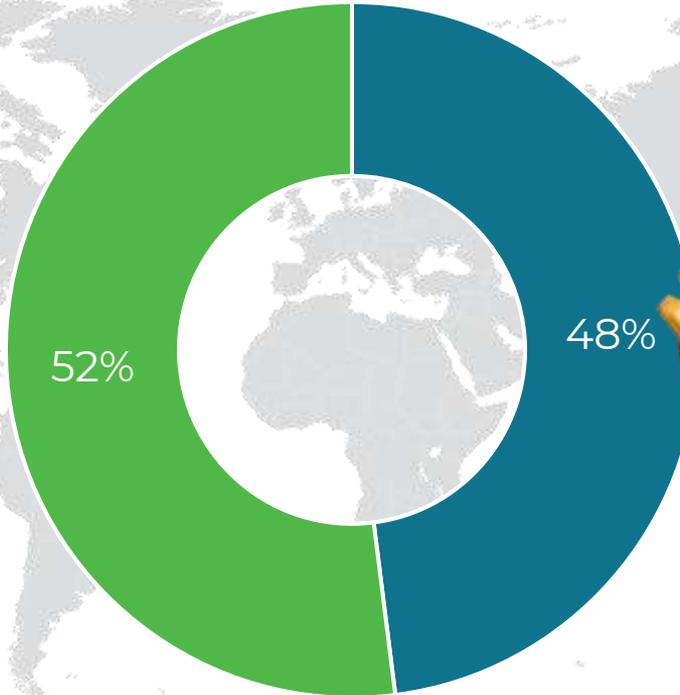
1300
STOCKS



(EM)

Emerging Markets

1200
STOCKS





WOULD YOU LIKE THAT SUPERSIZED?

(DM)

Developed Markets

SUPERSIZED

1200
STOCKS



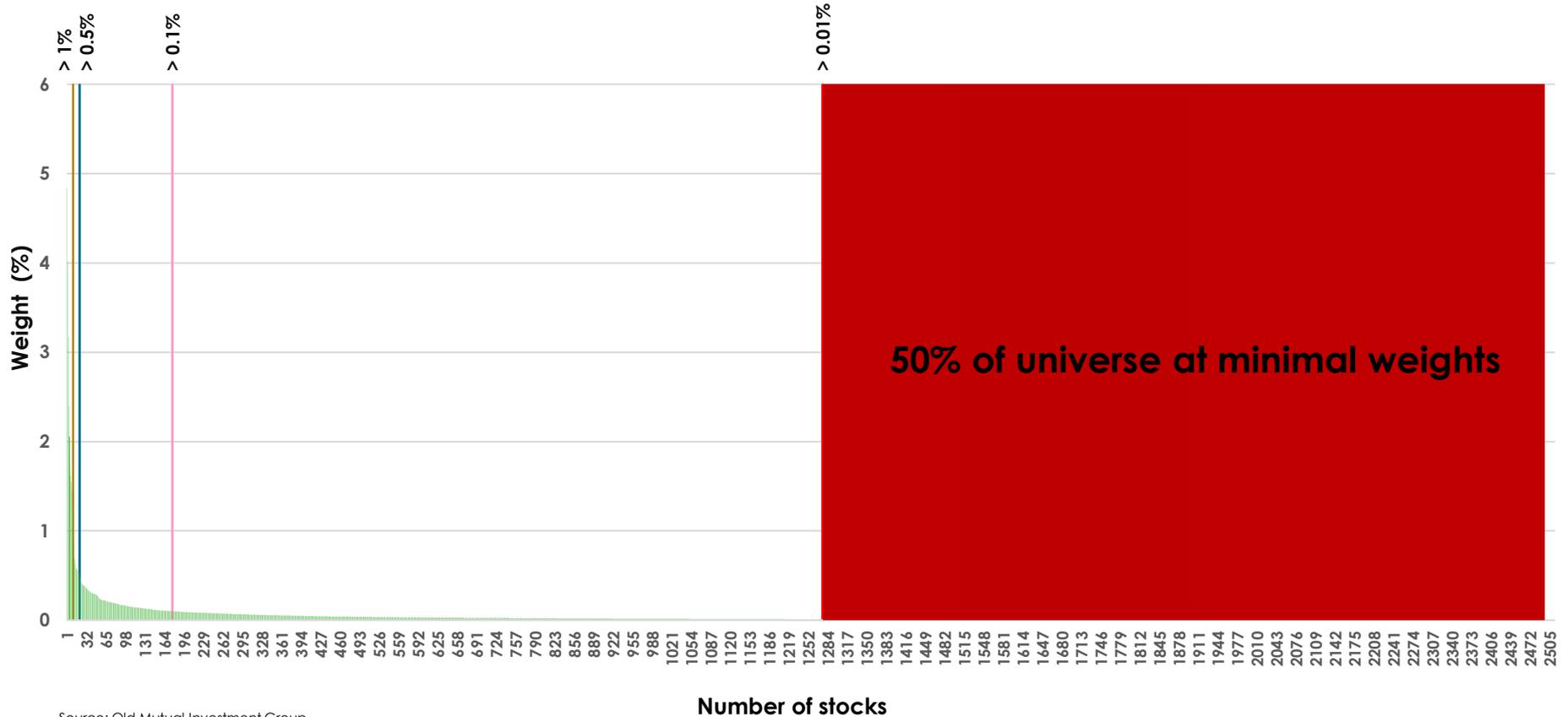
(EM)

Emerging Markets



EM ADDS A LOT MORE STOCKS BUT THEIR WEIGHTS ARE VERY SMALL

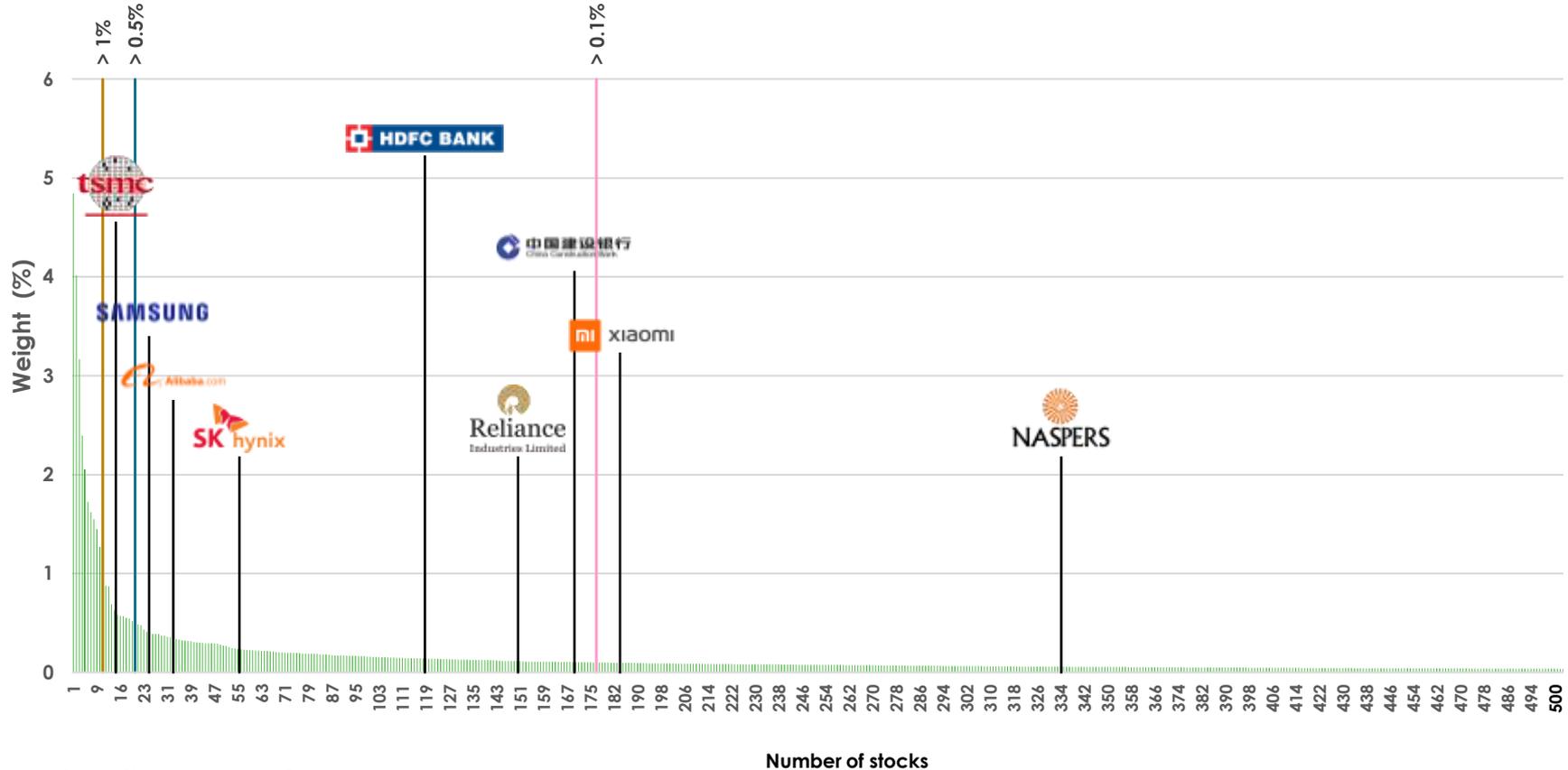
Stock weights (2500)





EM ADDS A LOT MORE STOCKS BUT THEIR WEIGHTS ARE VERY SMALL

Stock weights (500)

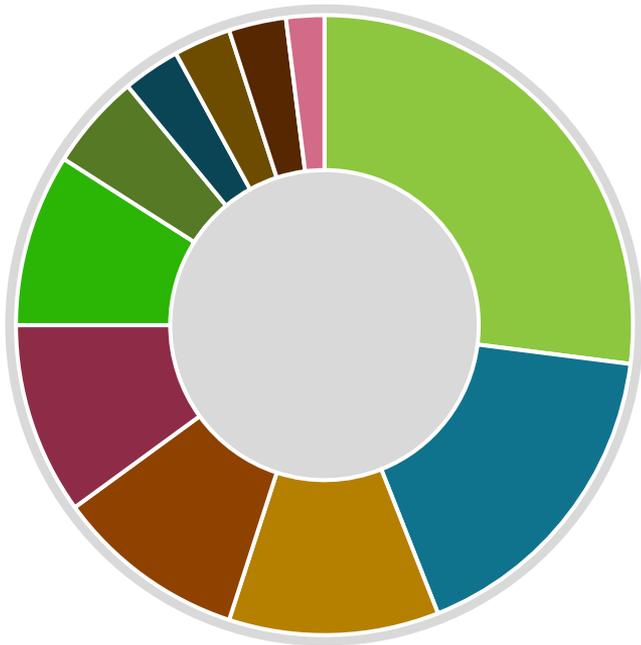




EM SECTORS HAVE EVOLVED | WHICH IS DM & EM?

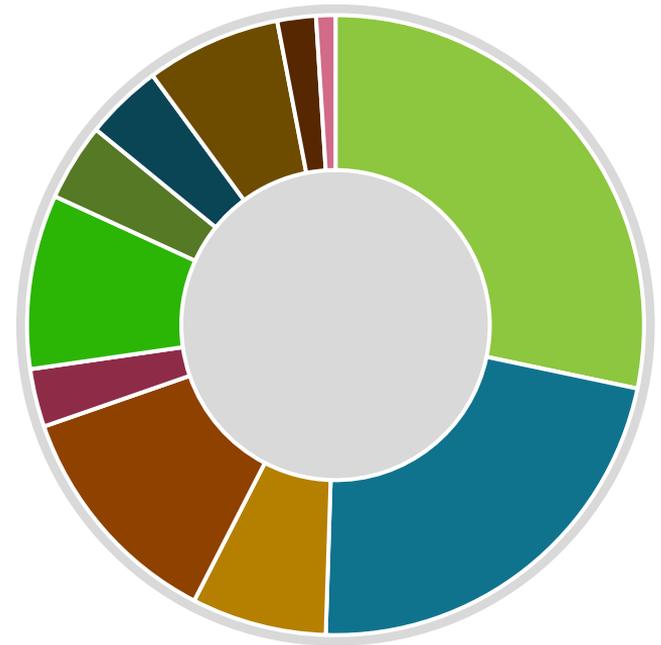
Sectors are closely aligned between DM and EM

Chart 1



27%	Information Technology	28%
17%	Financials	22%
11%	Industrials	7%
10%	Consumer Discretionary	12%
10%	Health Care	3%
9%	Communication Services	9%
5%	Consumer Staples	4%
3%	Energy	4%
3%	Materials	7%
3%	Utilities	2%
2%	Real Estate	1%

Chart 2





Identify which chart represents emerging markets



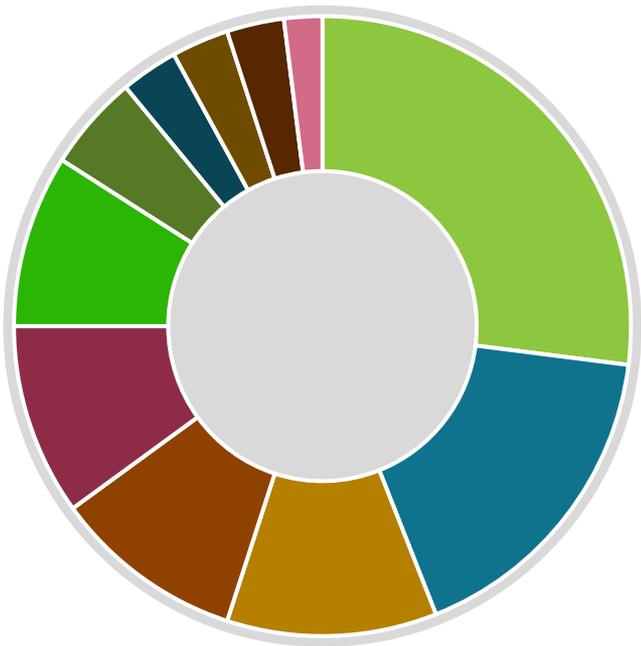
Scan the QR code



EM SECTORS HAVE EVOLVED | WHICH IS DM & EM?

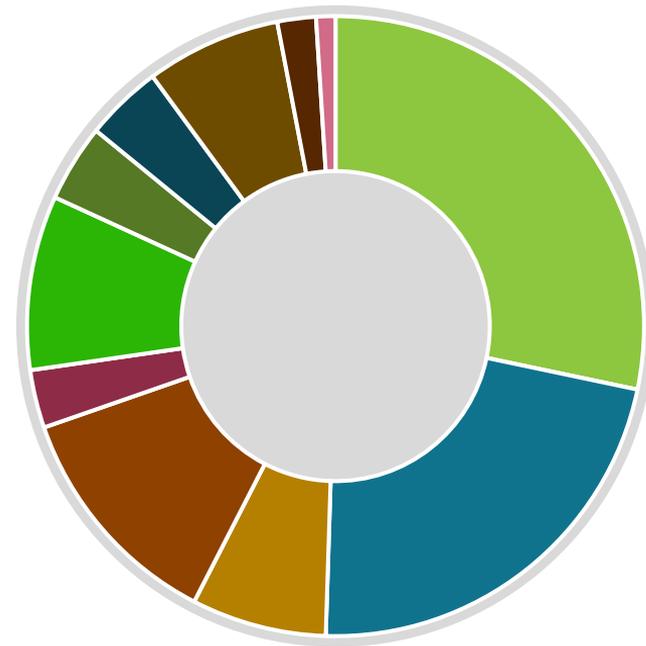
Sectors are closely aligned between DM and EM

Chart 1



27%	Information Technology	28%
17%	Financials	22%
11%	Industrials	7%
10%	Consumer Discretionary	12%
10%	Health Care	3%
9%	Communication Services	9%
5%	Consumer Staples	4%
3%	Energy	4%
3%	Materials	7%
3%	Utilities	2%
2%	Real Estate	1%

Chart 2

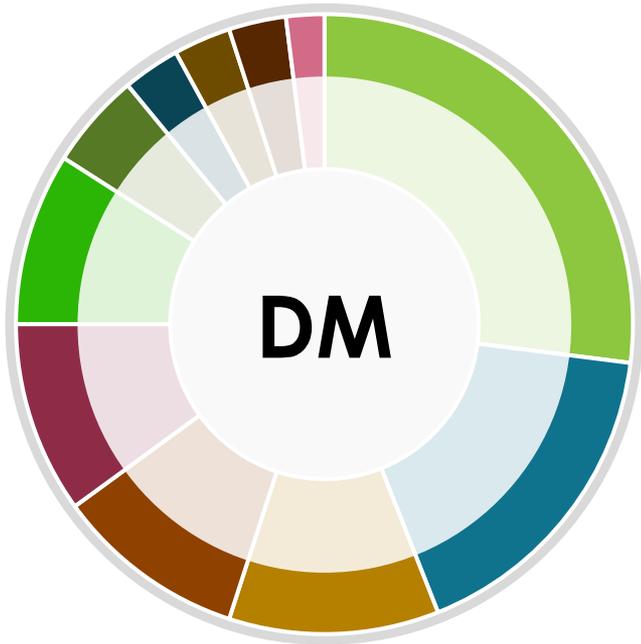




EM SECTORS HAVE EVOLVED | WHICH IS DM & EM?

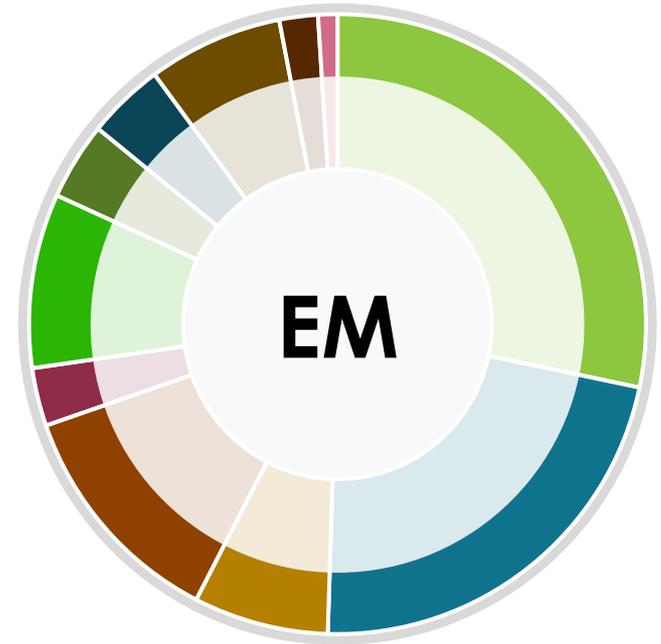
Sectors are closely aligned between DM and EM

Chart 1



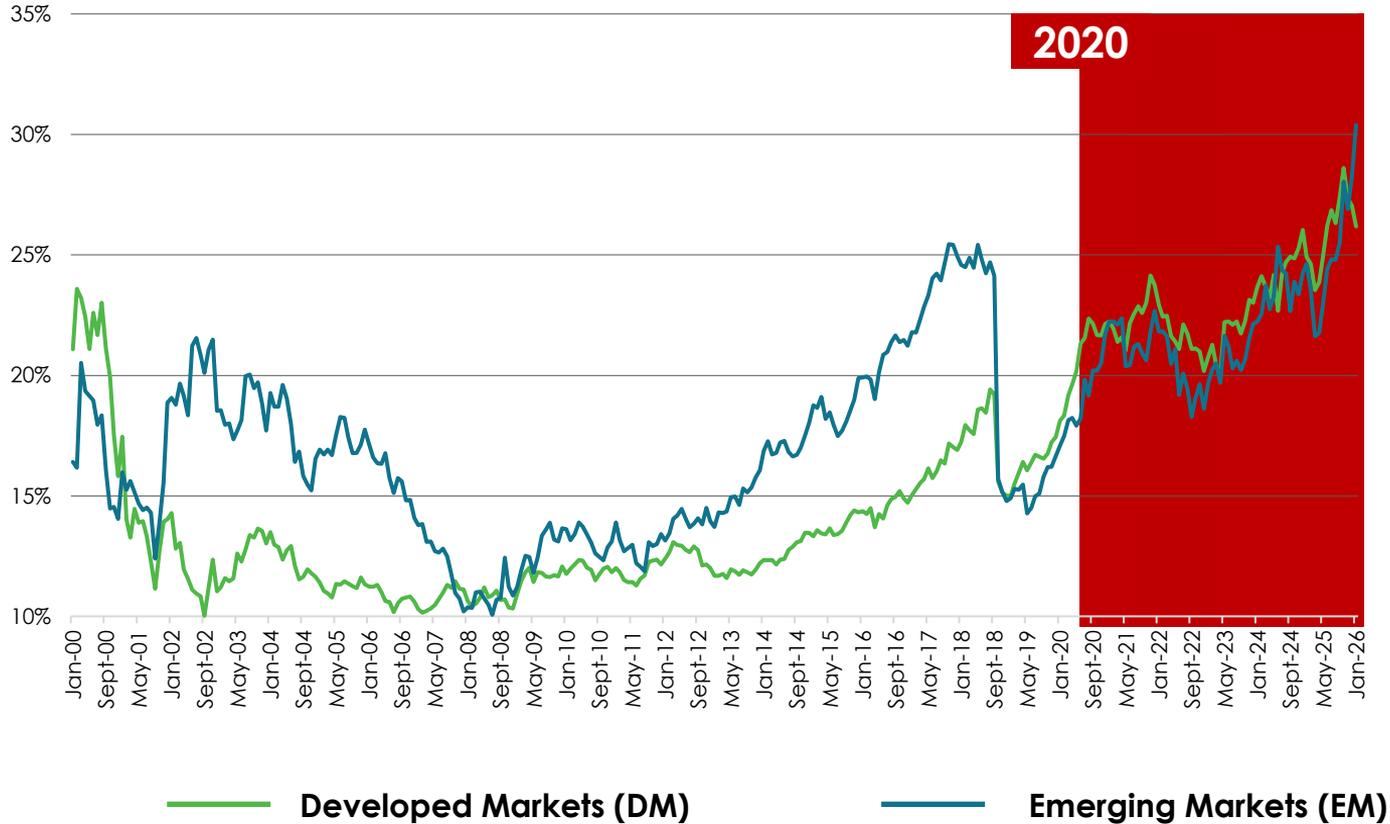
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Chart 2





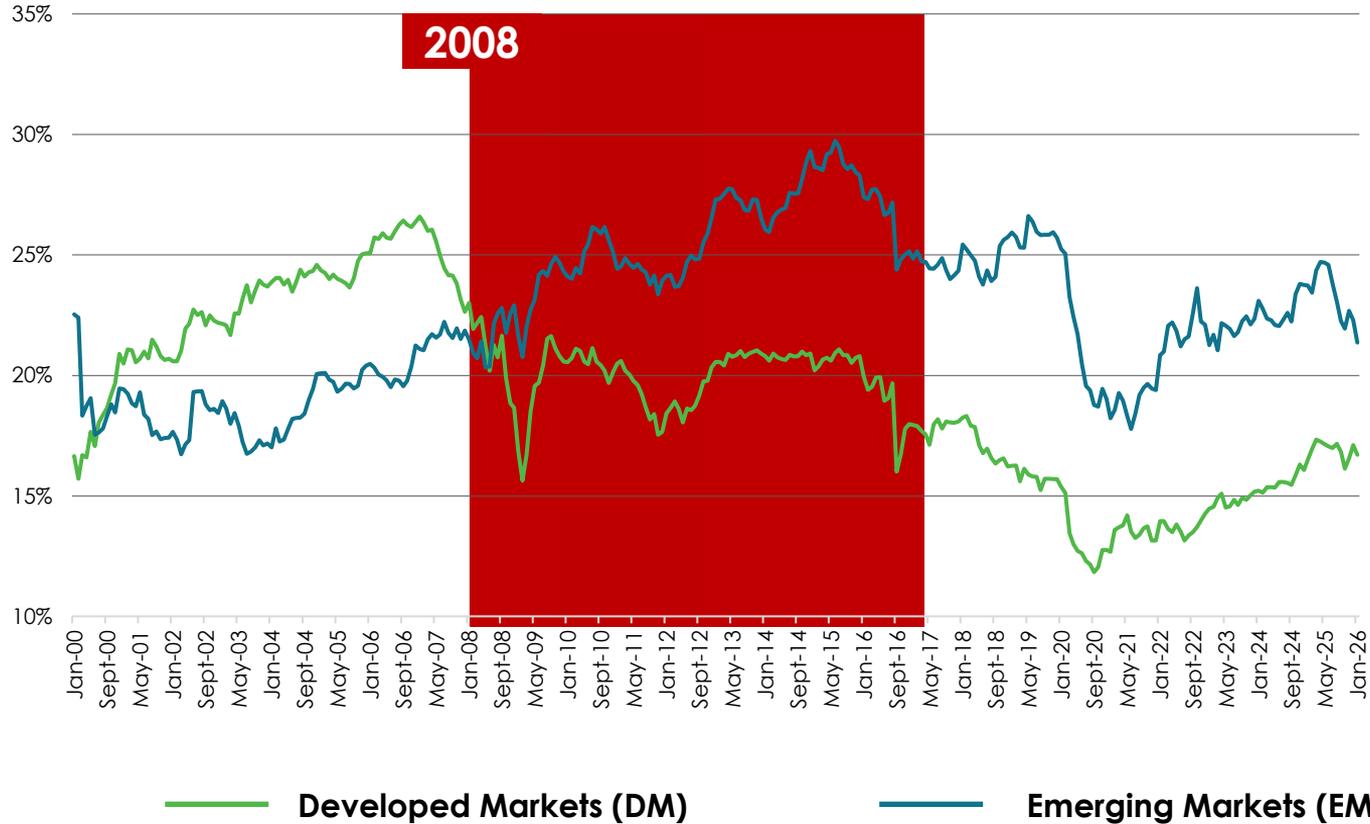
INFORMATION TECHNOLOGY



Prior to COVID, the weight in IT was far higher in EM than DM and with the rise of AI we now see a similar tech weight in DM and EM



FINANCIALS



DM Financials did not recover their relative weight post GFC, meaning EM Financials remain a much larger relative weight



TOP WEIGHTED STOCKS IN DM AND EM

Developed Markets (DM)

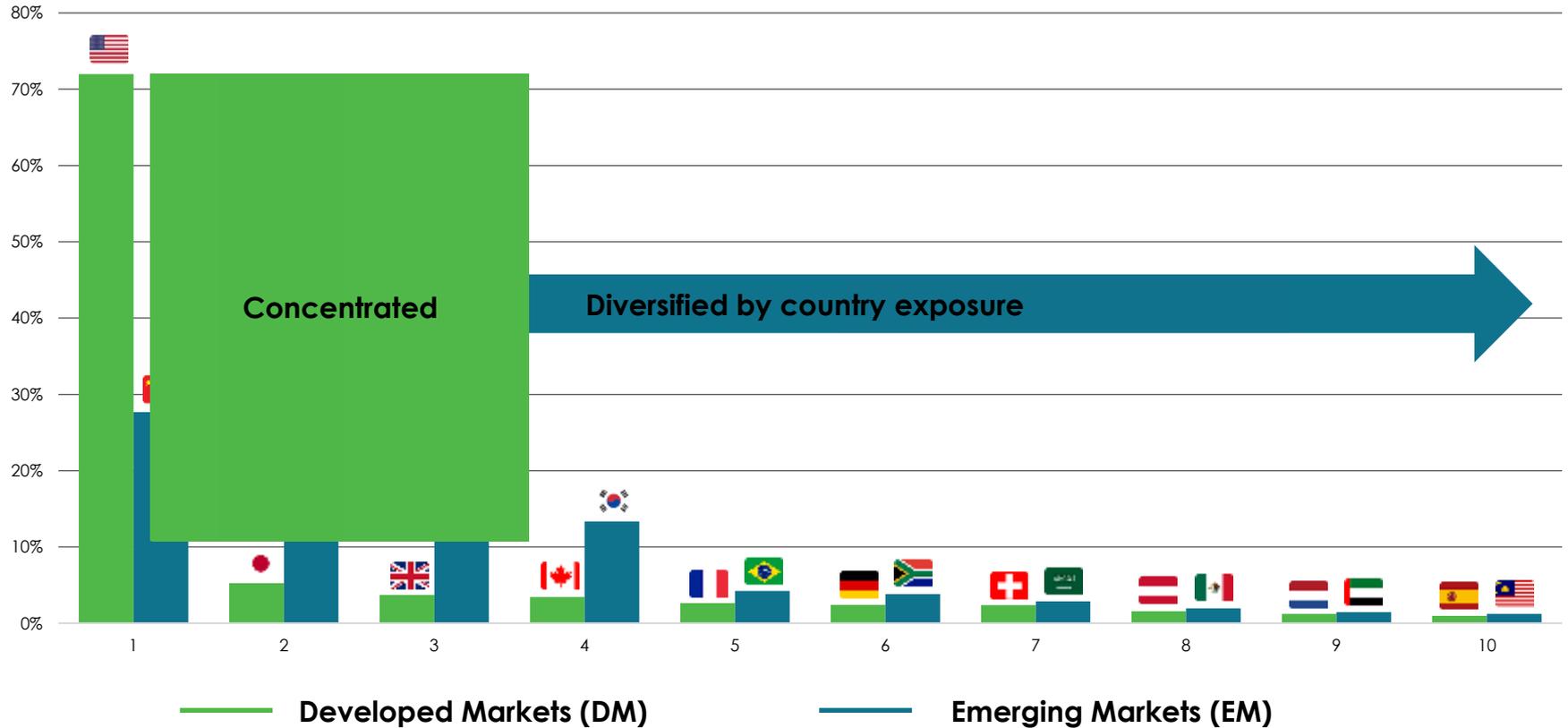
	 NVIDIA	USD 4,5T
		USD 4T
	 Microsoft	USD 3,4T
		USD 2,2T
	Alphabet	USD 1,8T
	 BROADCOM	USD 1,5T
	Alphabet	USD 1,5T
	 Meta	USD 1,4T
	 TESLA	USD 1,27T
	 JPMorganChase	USD 886B

Emerging Markets (EM)

		USD 1,2T
	 Tencent 腾讯	USD 493B
	 SAMSUNG	USD 394B
	 Alibaba.com	USD 315B
	 SK hynix	USD 246B
	 HDFC BANK	USD 125B
	 Reliance Industries Limited	USD 106B
	 中国建设银行 China Construction Bank	USD 95B
	 FOXCONN FOXCINN TECHNOLOGY GROUP	USD 92B
	 xiaomi	USD 86B



COUNTRY CONCENTRATION

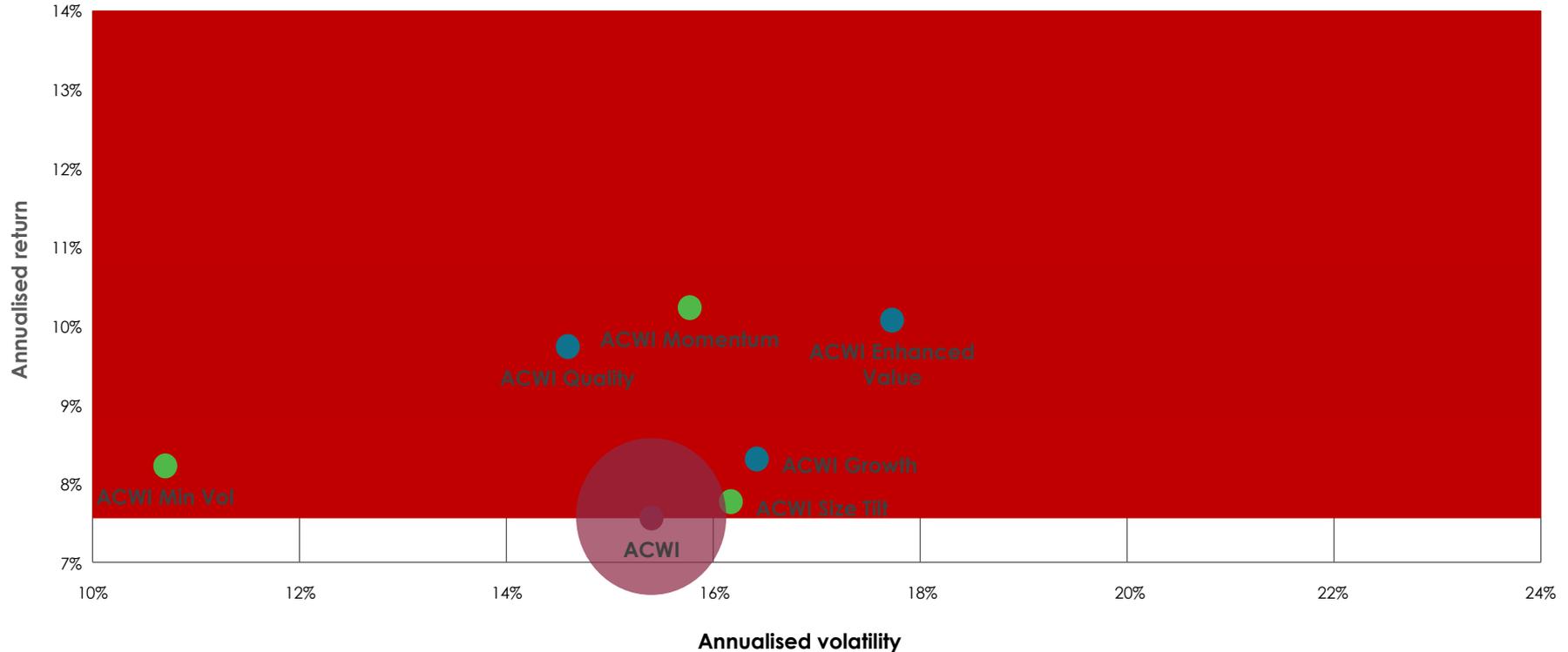




DO STATIC FACTORS OUTPERFORM ACWI? (25 YEARS)

Return vs risk (Jan-01 to Dec-25)

Outperformance

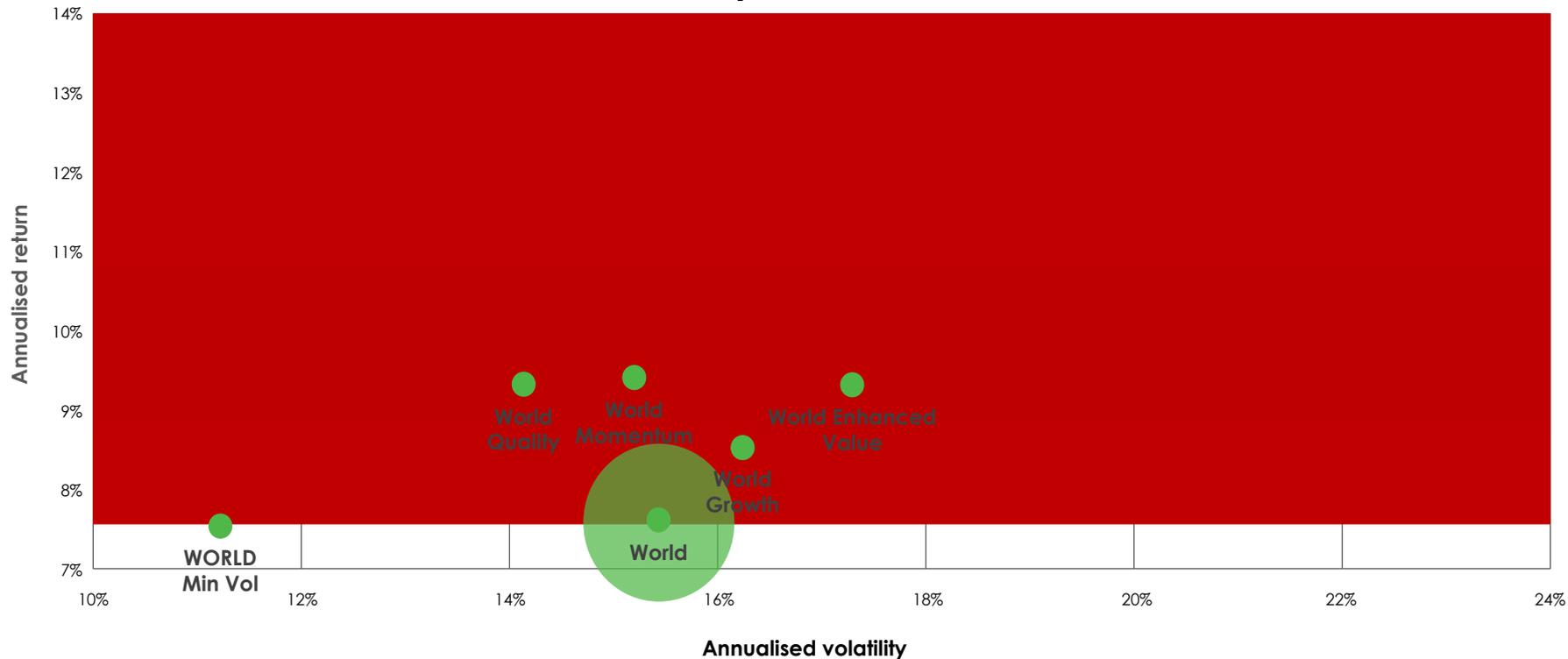




DO STATIC FACTORS OUTPERFORM IN EM? (25 YEARS)

Return vs risk (Jan-01 to Dec-25)

Outperformance

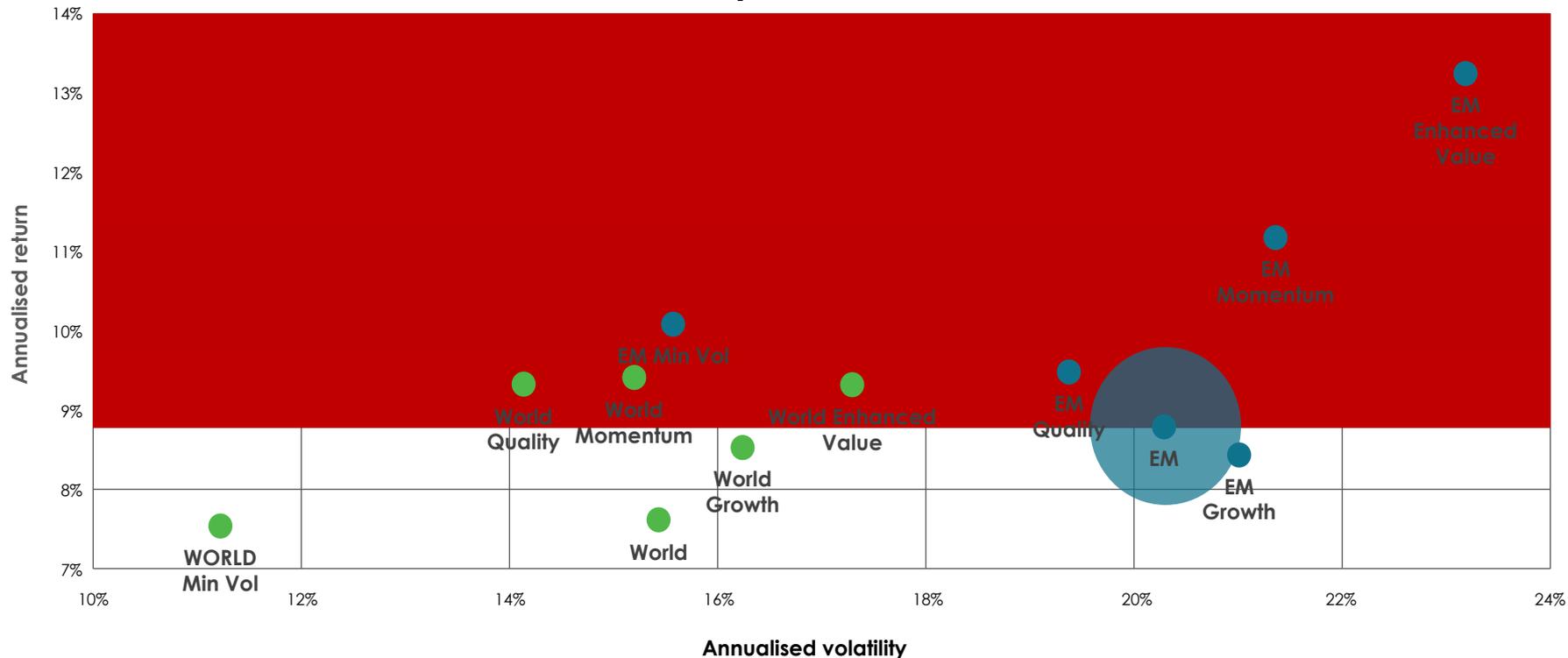




DO STATIC FACTORS OUTPERFORM IN EM? (25 YEARS)

Return vs risk (Jan-01 to Dec-25)

Outperformance





CORRELATION ACROSS FACTORS

Absolute Returns



Developed Markets

Emerging Markets



DIFFERENT REGIONS BUT SIMILAR FACTOR BEHAVIOUR | RELATIVE RETURNS

	World Growth	EM Growth	World Enhanced Value	EM Enhanced Value	World Quality	EM Quality	World Min vol	EM Min vol	EM Momentum	World Momentum
World Growth	100%	48%	-64%	-20%	49%	16%	-23%	-10%	21%	22%
EM Growth	48%									
World Enhanced value	-64%	-37%	100%	35%	-54%	-25%	-8%	-17%	-17%	-23%
EM Enhanced value	-20%	-40%	35%	100%	-30%	-26%	-29%	-22%	-30%	-21%
World Quality	49%	20%	-54%	-30%	100%	32%	35%	34%	31%	16%
EM Quality	16%	12%	-25%	-26%	32%	100%	29%	50%	24%	26%
World Min vol	-23%	-16%	-8%	-29%	35%	29%	100%	66%	36%	11%
EM Min vol	-10%	-22%	-17%	-22%	34%	50%	66%	100%	28%	20%
EM Momentum	21%	12%	-17%	-30%	31%	24%	36%	28%	100%	48%
World Momentum	22%	12%	-23%	-21%	16%	26%	11%	20%	48%	100%

World growth's highest correlation is with **EM growth (48%)**



DIFFERENT REGIONS BUT SIMILAR FACTOR BEHAVIOUR | RELATIVE RETURNS

	World Growth	EM Growth	World Enhanced Value	EM Enhanced Value	World Quality	EM Quality	World Min vol	EM Min vol	EM Momentum	World Momentum
World Growth	100%	48%	-64%	-20%	49%	16%	-23%	-10%	21%	22%
EM Growth	48%	100%	-37%	-40%	20%	12%	-16%	-22%	12%	14%
World Enhanced value	-64%	-37%	100%	35%	-54%	-25%	-8%	-17%	-17%	-23%
EM Enhanced value	-20%	-40%	35%	100%	-30%	-26%	-29%	-22%	-30%	-21%
World Quality	49%	20%	-54%	-30%	100%	32%	35%	34%	31%	16%
EM Quality	16%	12%	-25%	-26%	32%	100%	29%	50%	24%	26%
World Min vol	-23%	-16%	-8%	-29%	35%	29%	100%	66%	36%	11%
EM Min vol	-10%	-22%	-17%	-22%	34%	50%	66%	100%	28%	20%
EM Momentum										48%
World Momentum	22%	12%	-23%	-21%	16%	26%	11%	20%	48%	100%

World Momentum's highest correlation is with **EM Momentum (48%)**



CORRELATION ACROSS FACTORS

Absolute Returns



Developed Markets

Emerging Markets



ABSOLUTE VS RELATIVE RETURNS

Relative Returns



Minimum Volatility



Momentum



Growth



Value

● Developed Markets

● Emerging Markets



OLD MUTUAL GLOBAL MANAGED ALPHA FUND*

Top quartile performance over eight years.**

*Section 65 approved, USD denominated UCITS fund. **Inception date 2017, benchmark is MSCI All Country World Index.

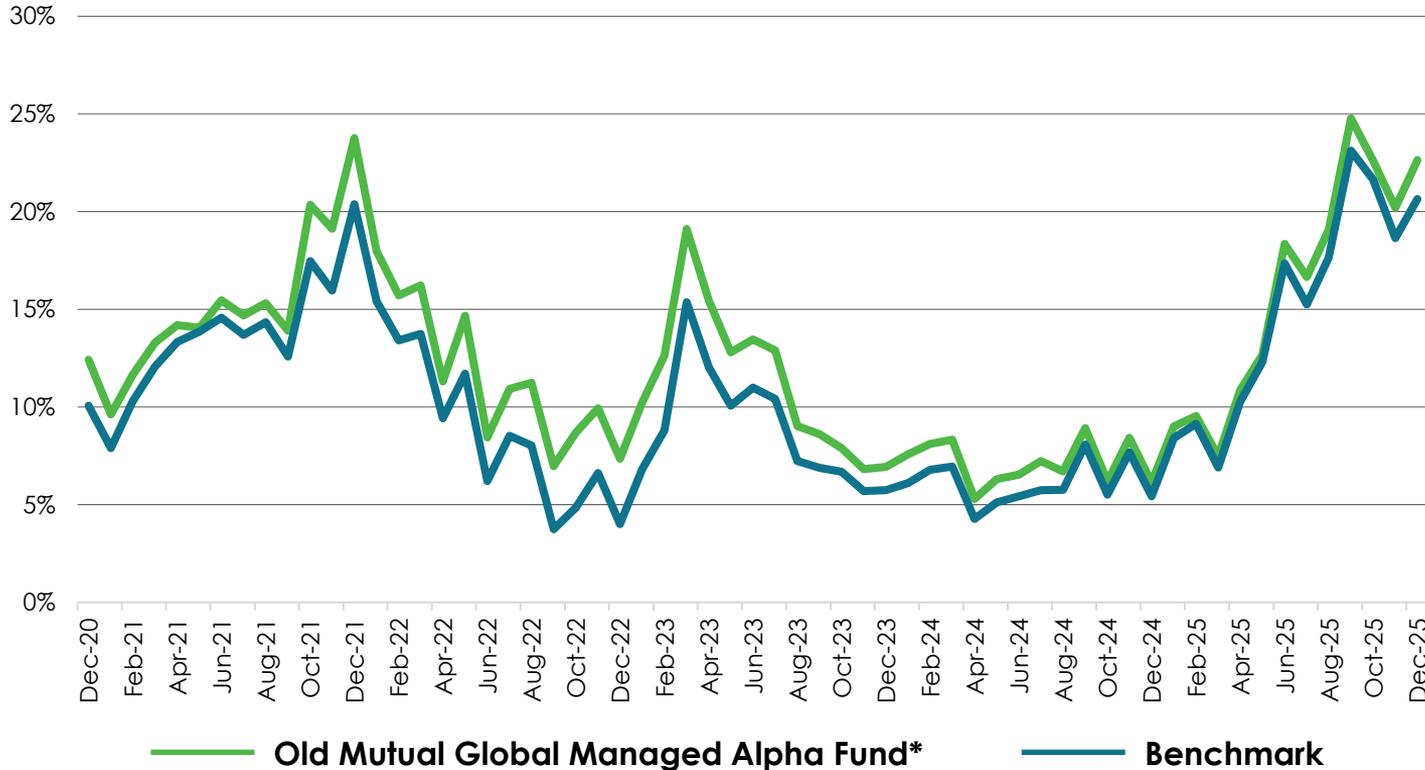
**Morningstar – Peer Group quartile. Past performance is not an indication of future performance.

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CONSISTENTLY OUTPERFORMING ACWI

On a rolling 3-year basis, we have outperformed the benchmark since inception of the strategy



100%
Success rate
over a rolling
3-year period

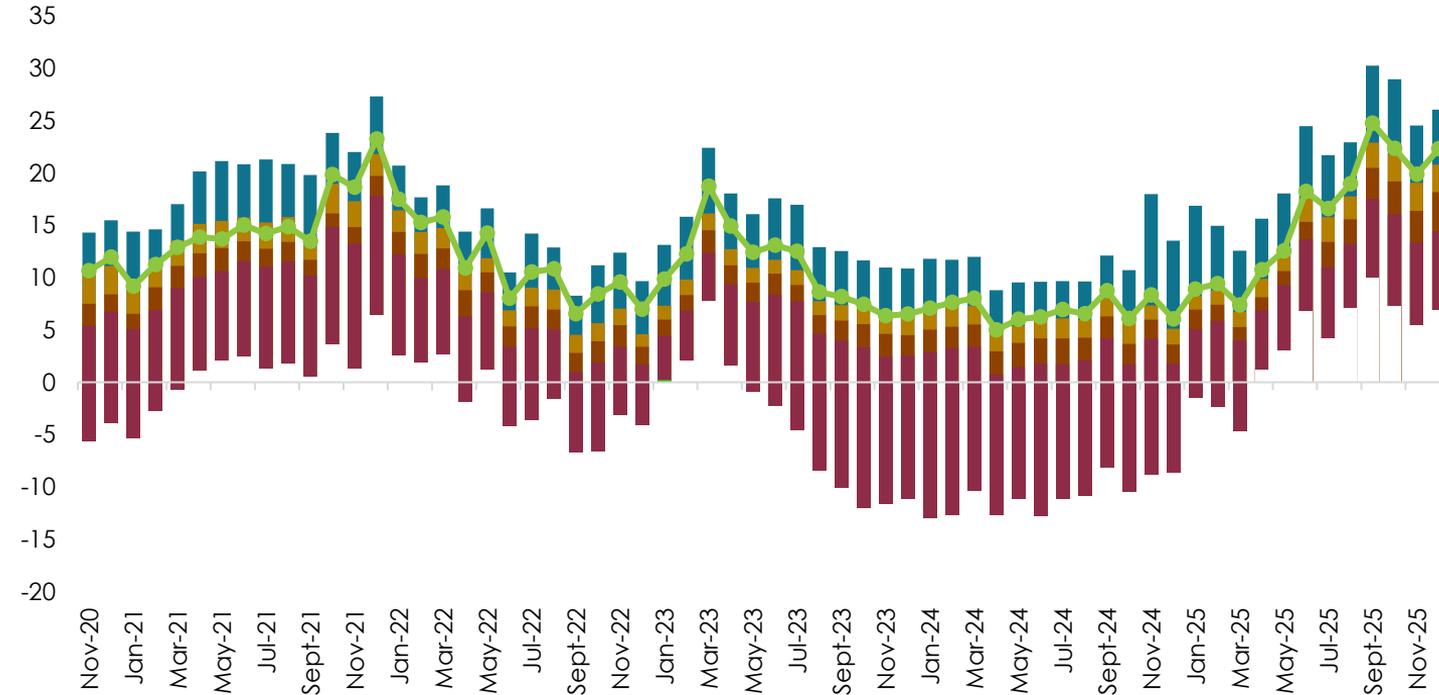
5 star
Rating by
Morningstar





CONSISTENT TOP QUARTILE PERFORMANCE

On a rolling 3-year basis, we have consistently demonstrated top quartile performance



Old Mutual Global Managed Alpha A* 1st Quartile 2nd Quartile 3rd Quartile 4th Quartile

100%
Success rate vs peers over rolling 3-year period

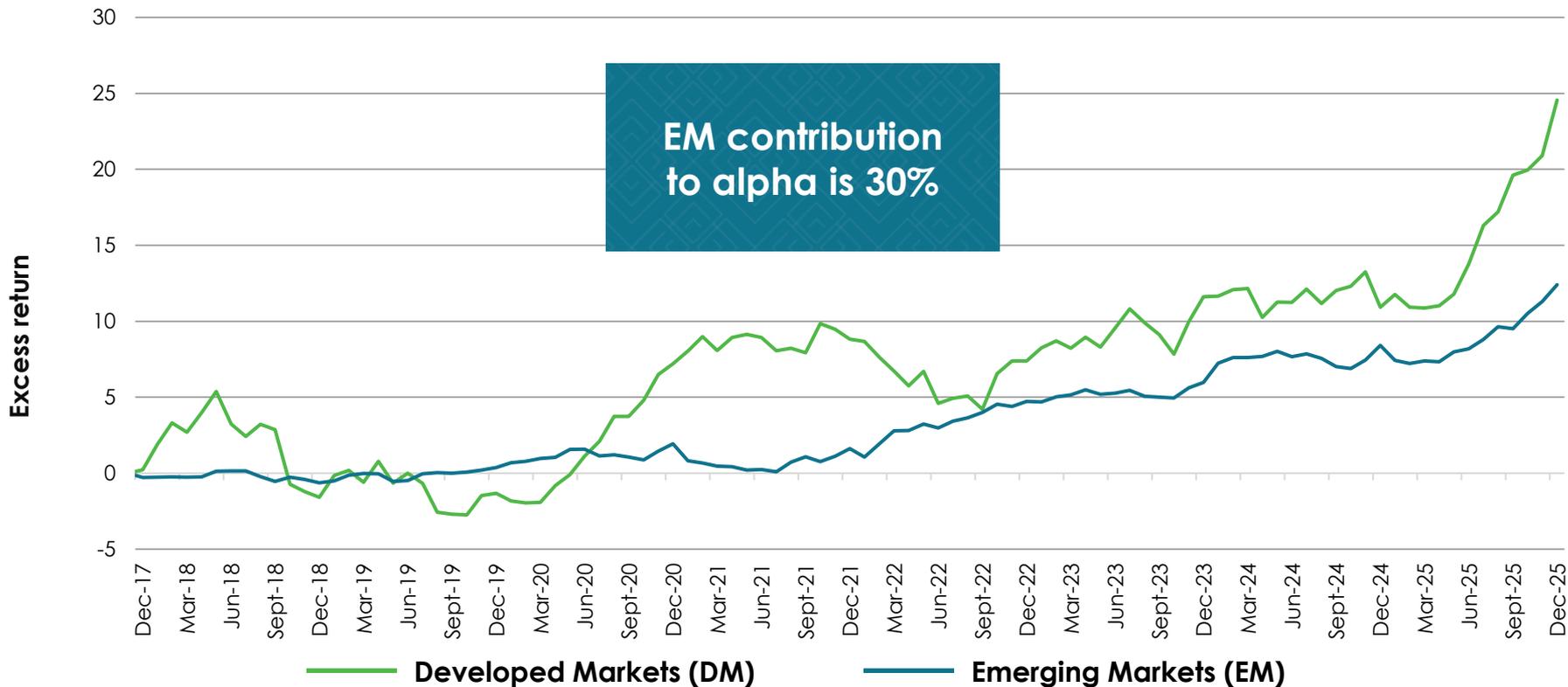
5 star
Rating by Morningstar





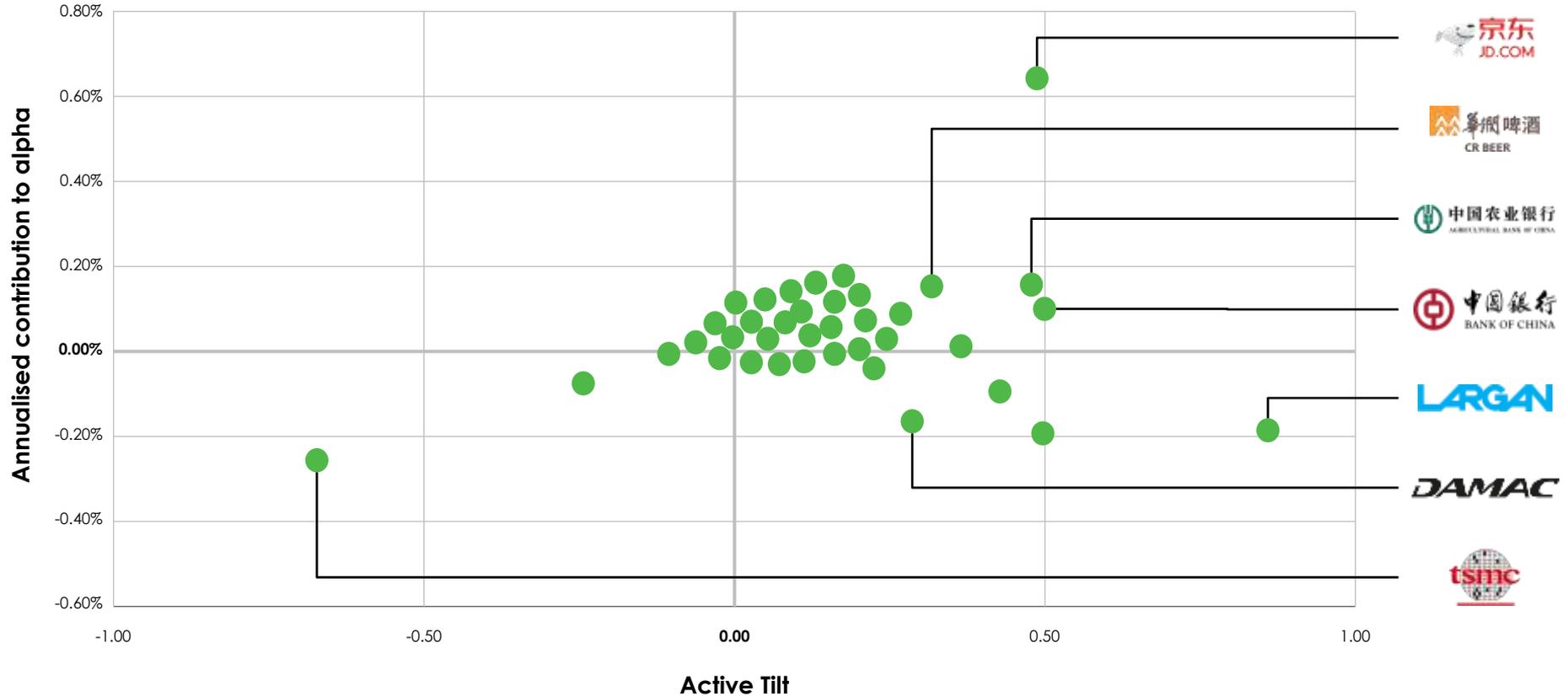
HOW HAS THE COMBINATION OF EM AND DM BENEFITED OUR FUND?

Cumulative attribution to 31 Dec 2025





BUT THE EM PER STOCK ALPHA CONTRIBUTION HAS BEEN INCREMENTAL





THREE EM ALPHA CONTRIBUTORS

ZTE Corp (China)



Industry:

Telecommunications
& technology infrastructure



Employees:

±75,000



Market capitalisation:

±R430bn



Geographic reach:

Operations in ~160 countries



Context vs SA:

Larger market cap
than **Vodacom** (~R300bn)

Elite Material Co (Taiwan)



Industry:

Advanced electronic materials



Employees:

±4,297



Market capitalisation:

±R380bn



Geographic reach:

Global supply chains



Context vs SA:

Larger than any SA INC
company, including FirstRand

SK Square (South Korea)



Industry:

Technology investment
& holdings



Employees:

± 48,000



Market capitalisation:

±R780bn



Geographic reach:

Global via portfolio companies



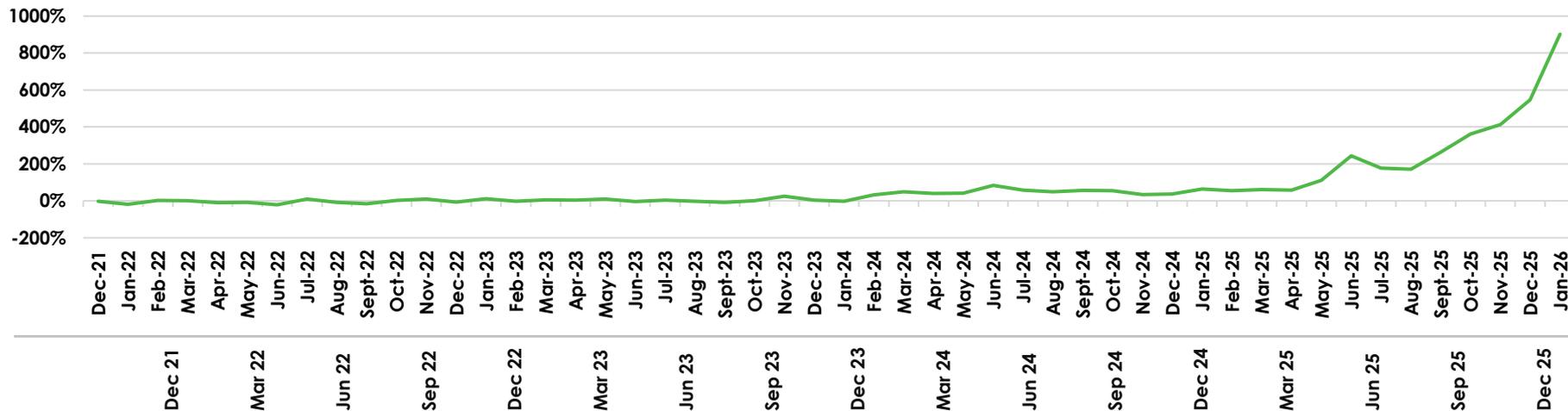
Context vs SA:

MTN + Vodacom combined
(~R570bn) still smaller



MODEL'S VIEW OF SK SQUARE (KOREA)

SK Square Cumulative Return





SUPERSIZED





THANK YOU

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information