

Investec Asset Management (becoming Ninety One)

Global asset manager with an emerging market heritage

Capital Markets Day

3 December, 2019



Becoming
**Ninety
One**



Clarity of purpose in a changing world

- Today we're discussing a significant step in the evolution of the Investec Group
- In a world of change, simplicity and focus are key success factors
- We're evolving our ownership structure and changing our name, but not who we are
- Our purpose remains the same – **investing for a better tomorrow**

Better Firm

Better Investing

Better World

Today's presenters



Hendrik du Toit

*Founder, IAM and
Joint CEO, Investec Group*

Background

- Founded IAM in 1991
- Joined Investec Group board in 2010
- Appointed Joint CEO of Investec Group in 2018
- 29 years at Investec



Kim McFarland

*Finance Director, IAM and
Executive Director, Investec
Group*

Background

- Joined IAM in 1993 as CFO and COO
- Joined Investec Group board in 2018
- Previously named Business Woman of the Year in South Africa
- 26 years at Investec

Demerger rationale

Conclusions of Strategic Review

- The current Investec Group is too complex
- Limited synergies between IAM and the wider Investec Group
- Clear geographic and client overlap between Specialist Banking and Wealth & Investment businesses
- Investec Group should be simplified to improve resource allocation, performance and growth trajectory

Demerger Benefits for IAM

- ✓ Independence is valued
- ✓ Preserves and promotes high degree of employee ownership
- ✓ Ideal structure for talent attraction and retention
- ✓ Alignment for the longer term



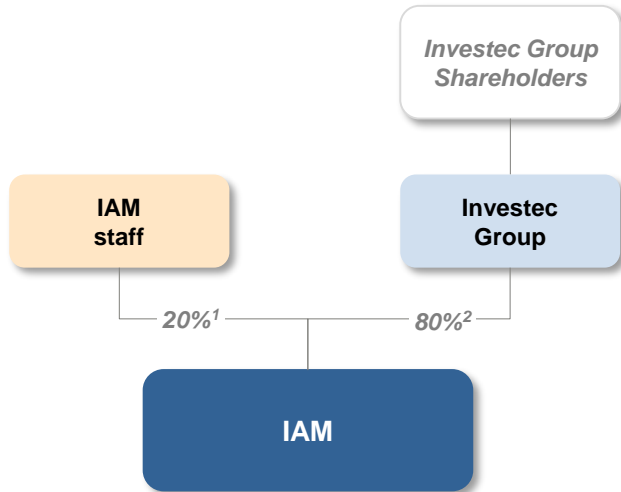
Simplify

Focus

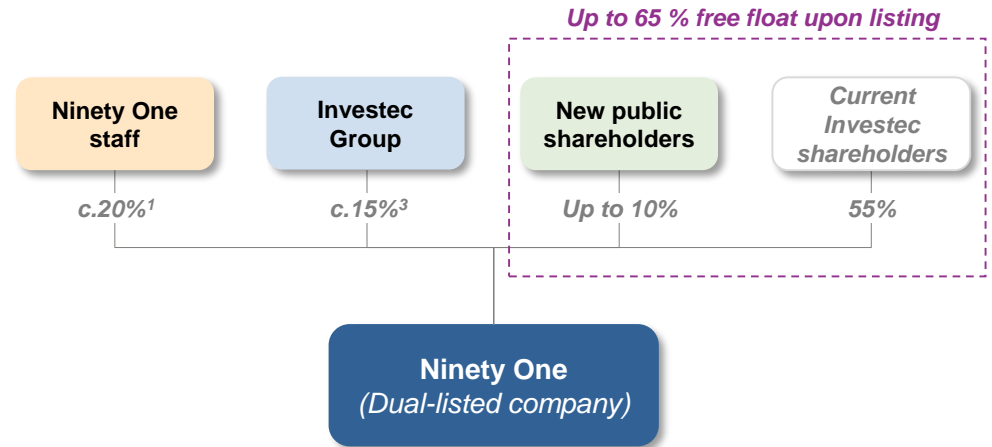
Grow

Expected shareholding structure

Current



Proposed (post demerger, listing and placing by Investec)



5 Notes: 1. Through Forty Two Point Two, senior management participate in a 20% (less 1 share) stake in the business (which may increase following implementation of the Proposals, as set out in the Circular); 2. 80% (plus 1 share); 3. Representing approximately 4.3% held by Investec Ltd and 10.7% held by Investec plc.

Retaining our dual-listed structure

Enables us to remain connected to our roots

Ninety One plc to be premium listed on LSE with a secondary inward listing on JSE

Ninety One Limited to be listed on JSE

Aligned with regulatory requirements

All shareholders will have equivalent economic and voting rights

We are changing our name, but not who we are



Investing for a
world of change

Our Board



Gareth Penny

*Non-executive Chairman
(Independent)*

*Chair of the Nominations and Directors
Affairs Committee*



Colin Keogh

*Non-executive Director (Independent)
Senior Independent Director*

*Chair of the Human Capital and
Remuneration Committee*



Hendrik du Toit

Chief Executive Officer



Kim McFarland

Finance Director



Busisiwe Mabuza

*Non-executive Director
(Independent)*

*Chair of the Sustainability, Social and
Ethics Committee*



Fani Titi

Non-executive Director



Idoya Basterrechea Aranda

*Non-executive Director
(Independent)*



Victoria Cochrane

*Non-executive Director
(Independent)
Chair of the Audit and Risk
Committee*

Today's agenda

Key differentiators

Strategic principles and priorities

Financial performance and outlook

A global asset manager with an emerging market heritage

A differentiated asset manager with the attributes of industry leaders

Unique employee ownership and culture

Organically and sustainably built

Emerging market heritage underpins growth

Distinctive specialist active strategies

Superior global reach given scale

Sophisticated Institutional and Advisor client base

Significant growth potential across existing skillsets

Attractive financial profile with strong cash generation

We are a people business

Our culture is a vital element of our long-term success

Freedom to create within clear parameters of values, team and strategy

We strive to do the **right thing**, for clients, community and the team

Our people have the **freedom** to be themselves

We combine **individual expression** with **collective ambition** and **team discipline**

We insist on **results** but not at the expense of the human spirit

Relationships matter

We balance **relentless drive** with **decency**

It is all about the drive to be better: **Better firm, better investing, better world**

Longevity and stability across the business

Differentiated by the experience and depth of our teams



¹² Notes: Staff tenure and numbers as at 30 September 2019. Tenures are based on length of service at IAM only and exclude previous experience. 1. Includes investment support functions (relating to ESG, risk and performance, traders); 2. Includes 172 SA Fund Platform staff and 62 Global Marketing staff; 3. Excludes Silica staff; 4. Executive Committee headcount also included in other category totals.

Ownership and alignment

Strong staff commitment enables even greater alignment with clients and shareholders

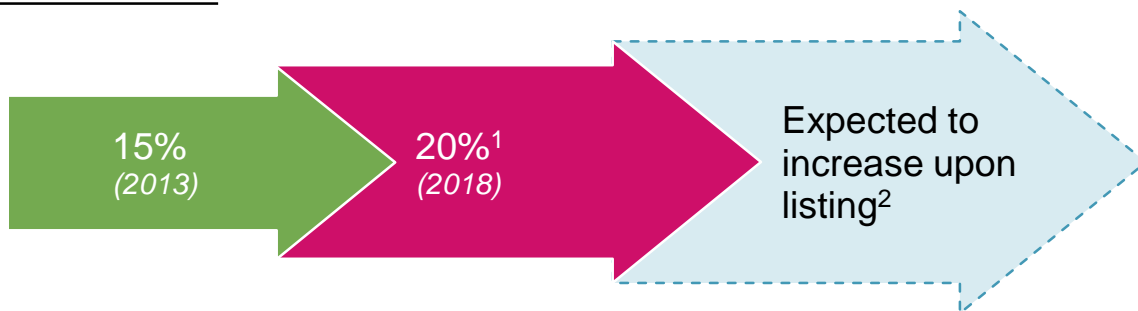
Consistent compensation framework since inception

Investment of own personal capital into the business

Senior management and key employees have acquired a 20% stake to date¹

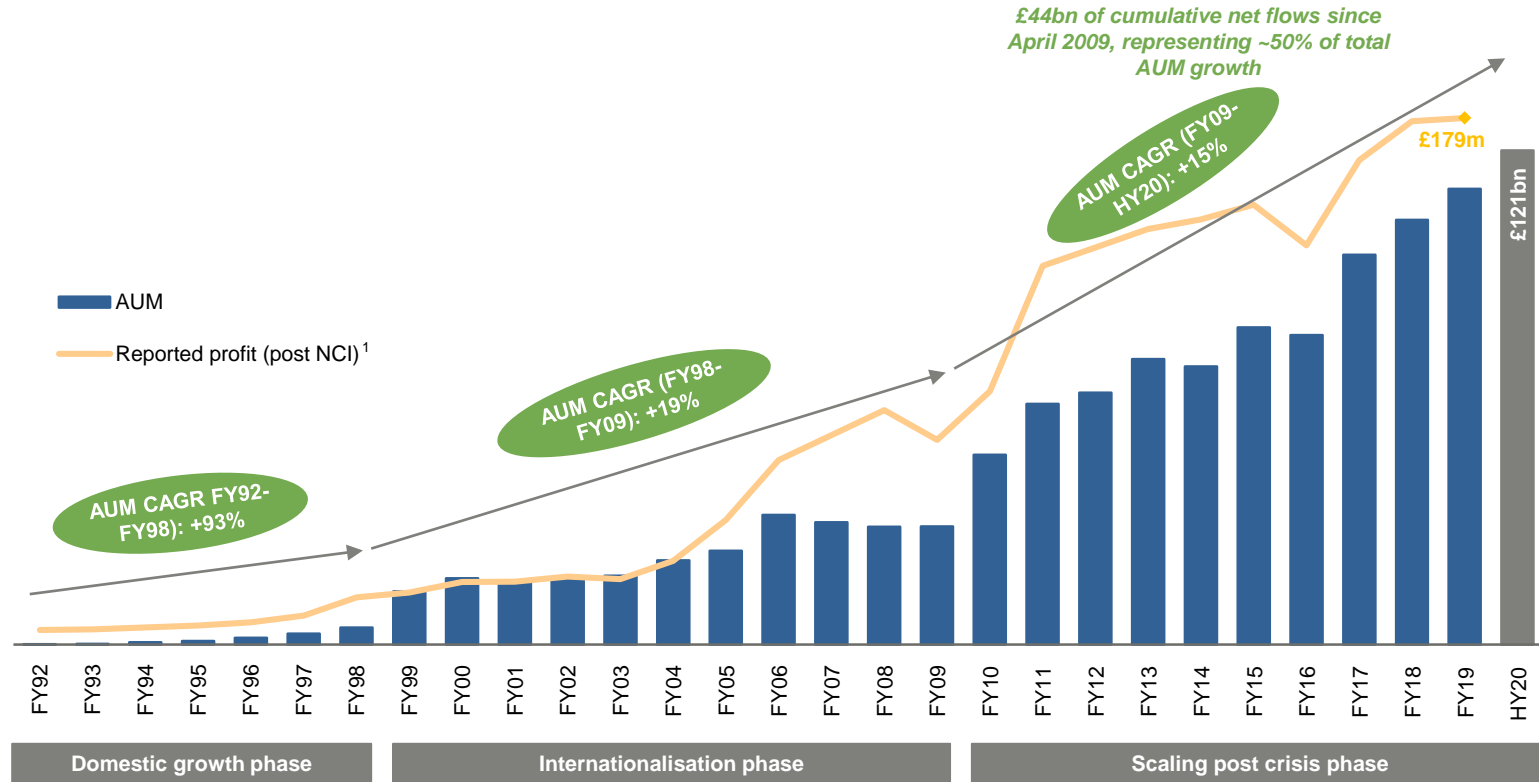
Facilitates entrepreneurial, collaborative and team-oriented culture

Our employee ownership



Organically and sustainably built over nearly 30 years

Established long-term growth track record in AUM



Emerging market heritage underpins growth

Positioned for developed market demand for emerging market investments

Emerging market heritage

Founded: **1991**

Presence: **South Africa**

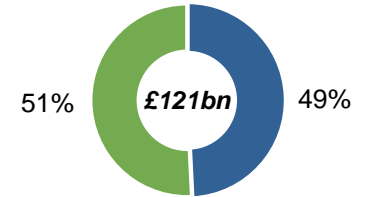
AUM: **c.£40m**

Limited scale of South African market necessitated early internationalisation

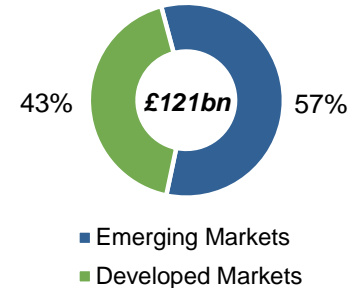
Now a diversified global business though emerging markets remain both an important investment strategy and a significant source of client assets

Access to, and insight across, the full breadth of emerging market regions

By client location¹

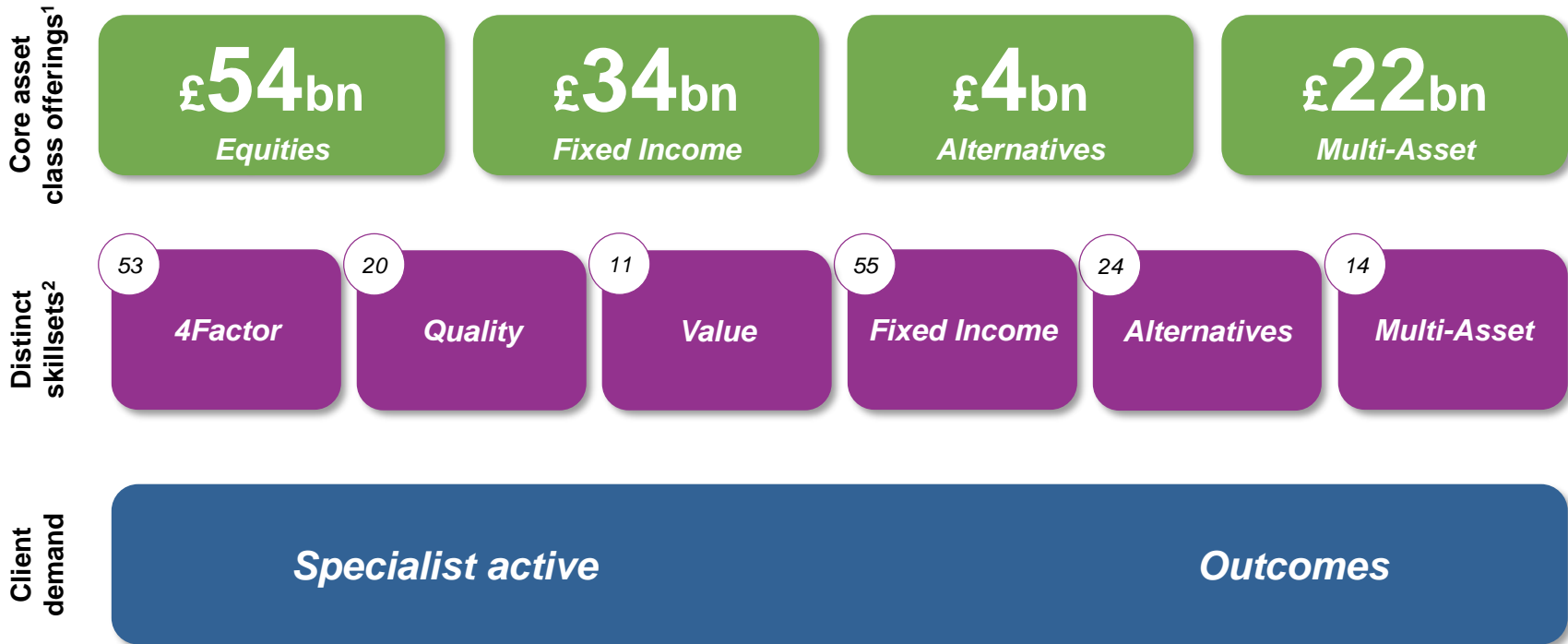


By investment strategy¹



Distinctive specialist active strategies

Diversified and organically built

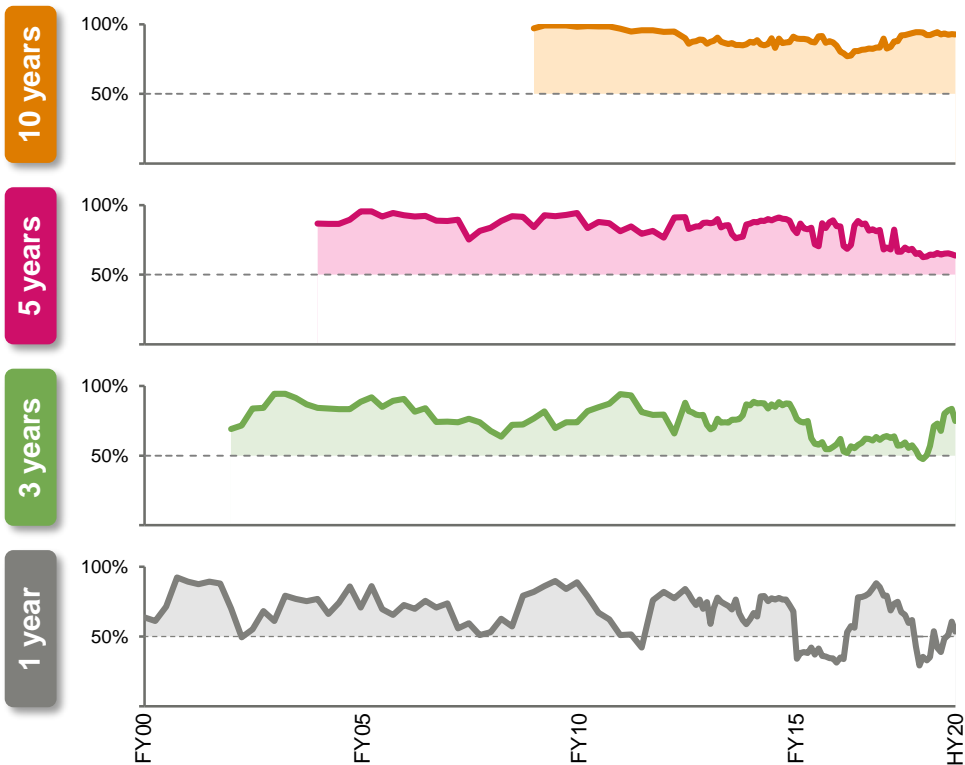


16 Notes: AUM and number of investment professionals as at 30 September 2019.

1. Excluding SA Fund Platform (c.£8bn); 2. Denotes number of investment professionals within defined skillset and includes Portfolio Managers and Analysts only.

Proven investment performance track record

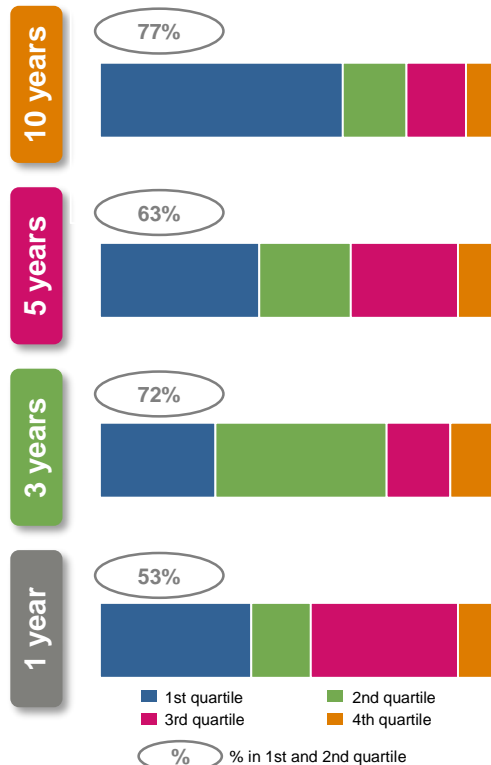
Overall firm outperformance¹



Latest outperformance^{1,2}



Mutual funds outperformance³



17 Notes: 1. Outperformance (underperformance) is calculated as the sum of the total market values for individual portfolios that have positive active returns (negative active returns) on a gross basis expressed as a percentage of total AUM. Our % of fund outperformance is reported on the basis of current AUM and therefore does not include terminated funds. Total AUM exclude double-counting of pooled products and third party assets administered on our South African platform. Benchmarks used for the above analysis include cash, peer group averages, inflation and market indices as specified in client mandates or fund prospectus. For all periods shown, market values are as at the period end date; 2. Investment performance data as at 30 September 2019; 3. Fund performance and ranking as per Morningstar data using primary share classes net of fees to 30 September 2019. Peer group universes are either IA, GIFS or ASISA sectors as classified by Morningstar. Cash or cash-equivalent funds are excluded from charts.

Today's agenda

Key differentiators

Strategic principles and priorities

Financial performance and outlook

Our strategic principles

We offer **organically-developed investment capabilities** through active segregated mandates or mutual funds to sophisticated clients

We operate globally in both the **Institutional and Advisor** space through five geographically defined client groups

We have an approach to growth that is driven by structural **medium to long-term client demand** and **competitive investment performance**

Patient

Organic

Long-term

Intergenerational

Our strategic priorities



Capture the growth inherent in our current capability set

Develop differentiated strategies, anticipating client needs

Focus on growth in professionally intermediated channels (Advisor and Institutional)

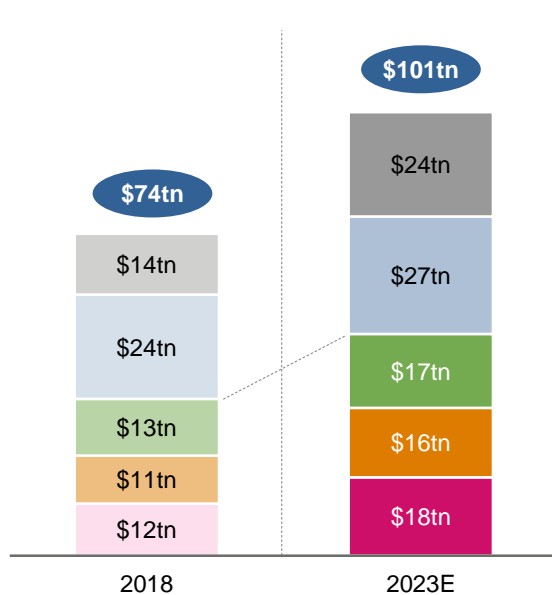
Ensure sustainability is at the core of our business



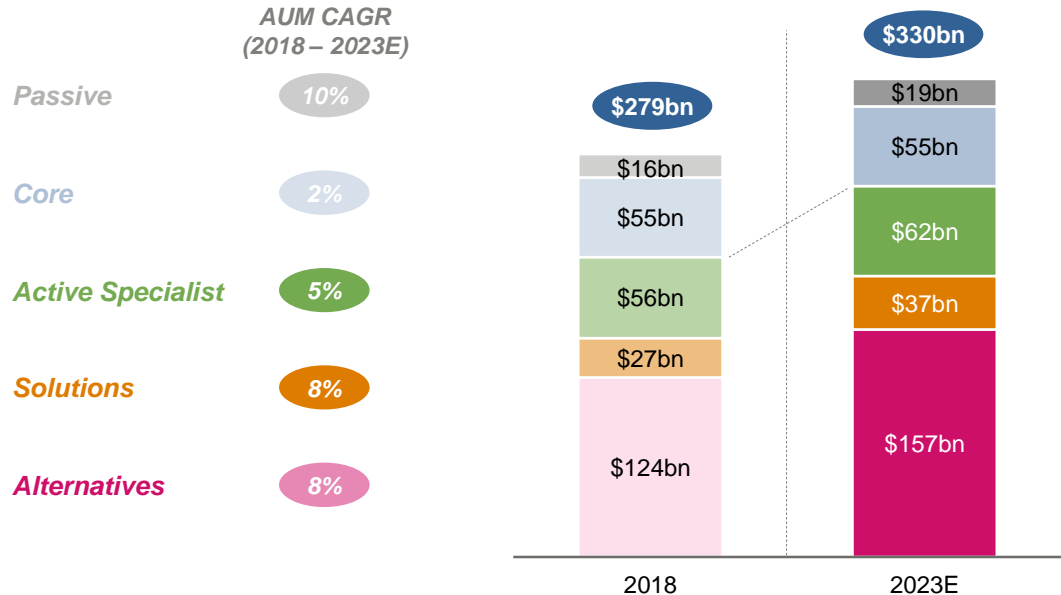
Capture the growth inherent in our current capability set

IAM's specialist skillsets are well aligned with global growth trends

Global industry AUM by asset class



Global industry revenue by asset class

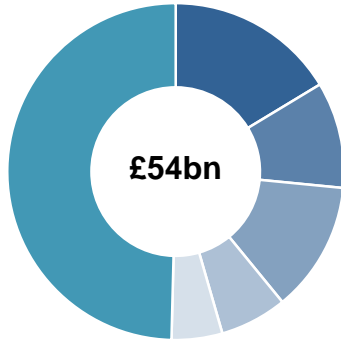


Capture the growth inherent in our current capability set



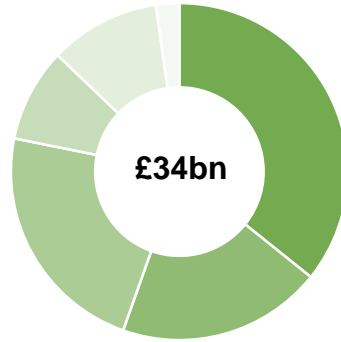
Diversified offering across all asset classes

Equities



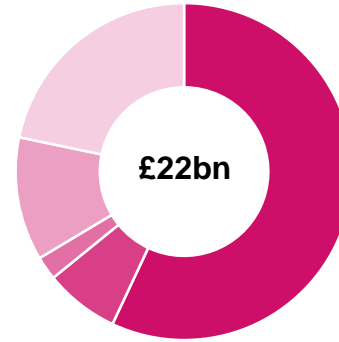
- Global**
 - Global
- Regional**
 - Asia (inc. China)
 - UK
 - EM
 - Europe
 - Africa (inc. SA)

Fixed Income



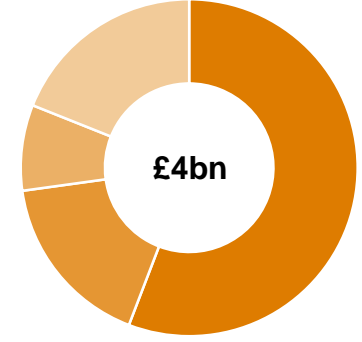
- Global**
 - Absolute Return
 - DM Credit
- Regional**
 - EM Sovereign & Currency
 - EM Credit
 - Africa (inc. SA) Fixed Income
 - Africa (inc. SA) Credit

Multi-Asset



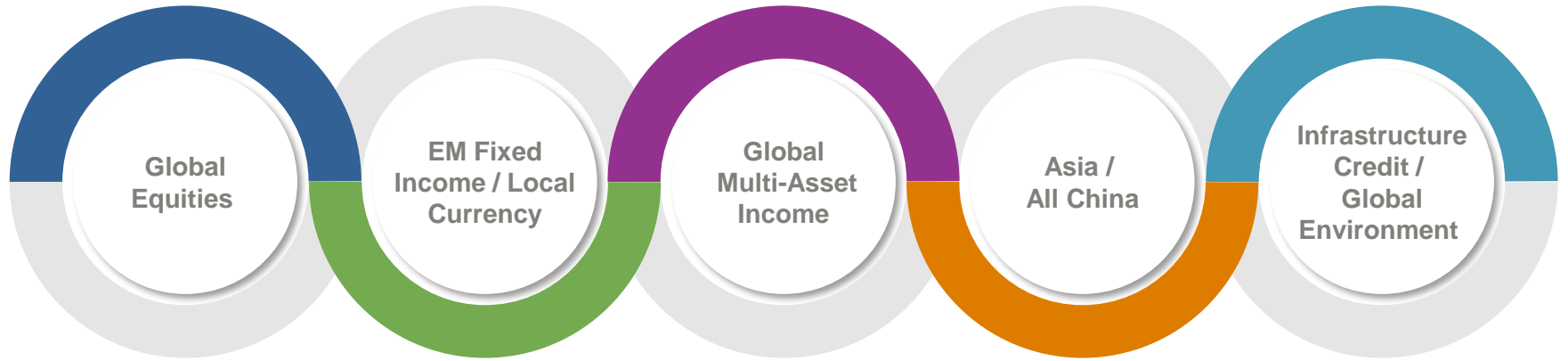
- Global**
 - Income
 - Growth
- Regional**
 - Africa (inc. SA)
 - UK
 - EM

Alternatives



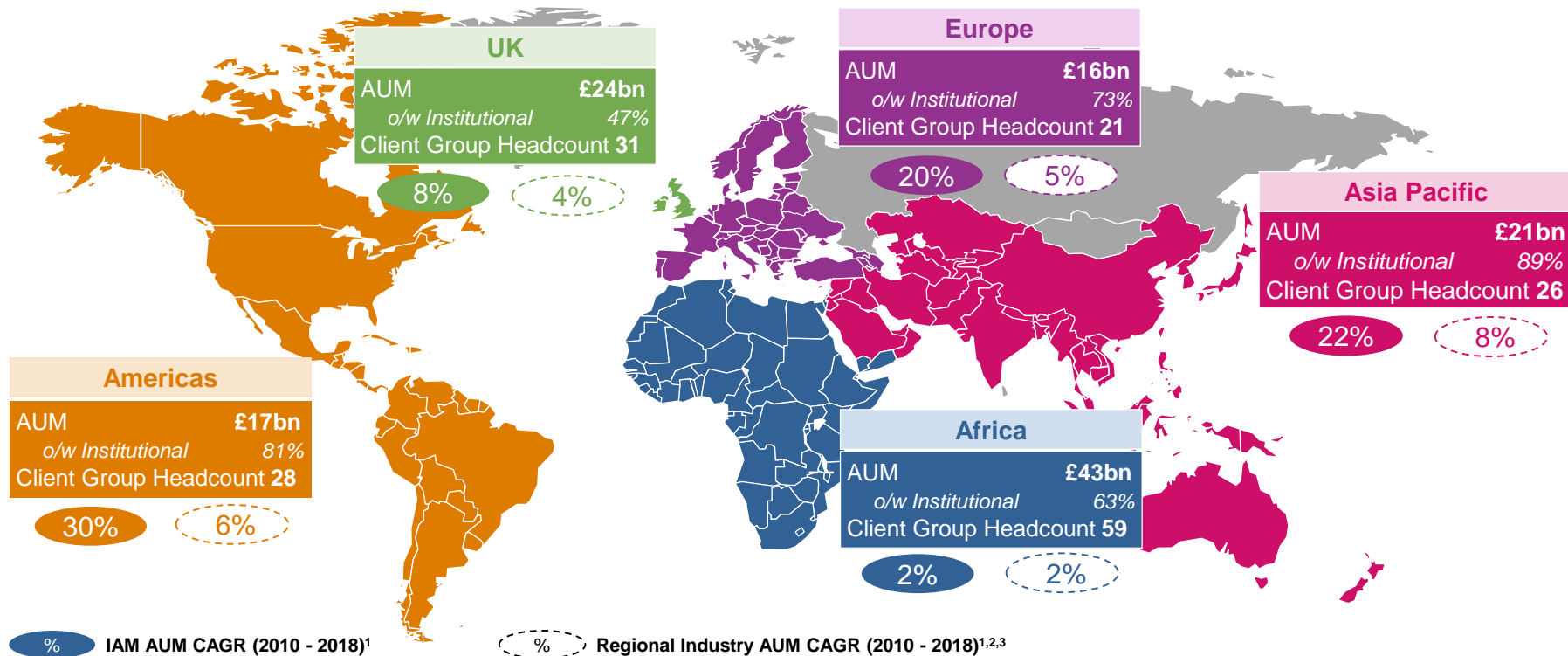
- Natural Resources (inc. Global Environment)
- Real Estate
- Private Equity
- Infrastructure Debt

Develop differentiated strategies, anticipating client needs



Global reach

Diversified distribution across global markets, with local penetration spanning 21 offices



Positioned for resurgent growth in South Africa



- **Largest third-party asset manager by AUM**¹
- **Competitive investment performance in underpenetrated opportunities:**
 1. Institutional equity
 2. Advisor multi-asset
 3. Advisor fixed income

- **Compelling long-term track record:** 83% of SA client assets have outperformed benchmarks over 3 years and 87% over 10 years²
- **First quartile performance:** 75% of Advisor assets over 10 years and 88% over 5 years³

Position

Proposition

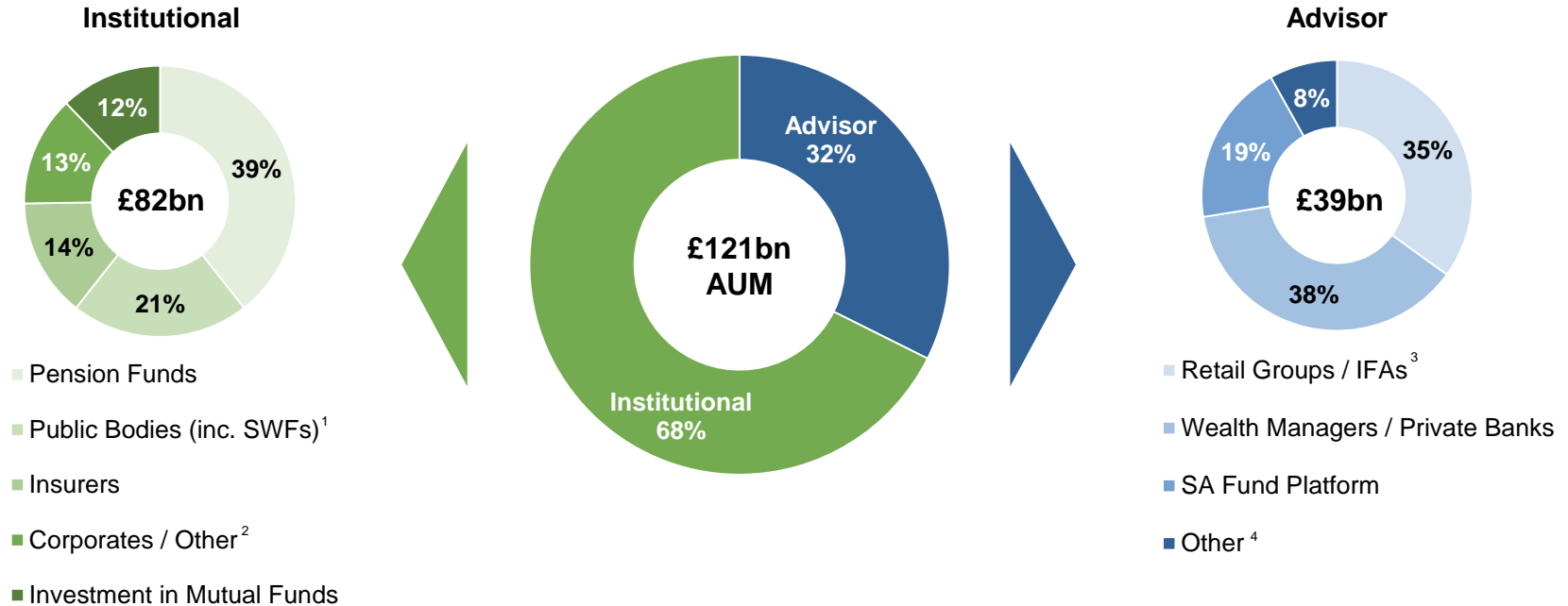
Performance

People

- **High conviction, specialist capabilities with dedicated and aligned teams**
- **Backed up by industry-leading service platform**

- **Experienced South African business leadership team**
- **Well-resourced and long-tenured investment teams** (average of 12 years with the firm⁴)
- **Commitment to diversity and transformation**

Sophisticated Institutional and Advisor client base



26 Notes: AUM as at 30 September 2019. May not calculate precisely due to rounding.

1. "SWFs" represent Sovereign Wealth Funds; 2. "Other" represents c.1% of Institutional clients; 3. "IFAs" represent Independent Financial Advisers; 4. "Other" represents sub-advised and legacy direct book.



Growing in the Advisor channel

Access to key portfolio assemblers and financial institutions. Our solutions offering is key to capturing the growth in this market

IAM's access to portfolio assemblers, financial institutions and selected partnerships



Top 5 national wealth managers
Top 3 insurance companies



All of the top IFAs and platforms
Top 3 wealth managers



7 of the top retail distributors in Italy, Germany and Spain
All key Swiss private banks

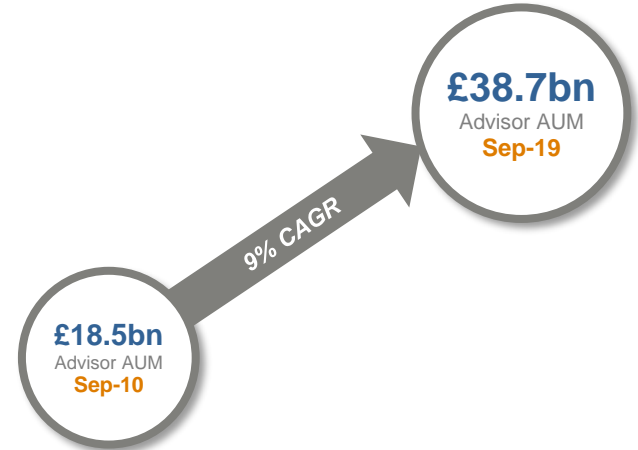


Top 5 private banks in Asia
Top 5 retail distributors in Hong Kong



4 of the top 5 wealth managers

IAM's strong growth in the Advisor channel



Solutions products offered through Advisor channel have grown at a CAGR of 14% since September 2017



Growing in the Institutional channel

Our differentiated capabilities enable unique entry into globalising capital pools

IAM's capabilities

Strong client-facing team

Very clear product focus

Relevant specialist strategies

Consultant traction

Example: North American Institutional AUM¹

Large pool of risk-taking assets in this market

\$20.8tn

2016

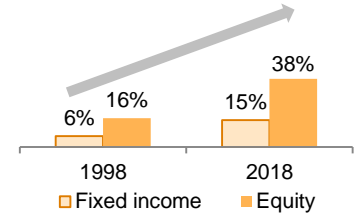


\$24.9tn

2022E

Move away from domestic to international investment strategies

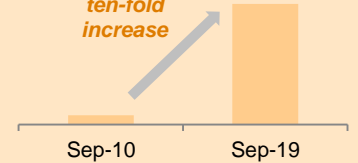
US international investments as a proportion of total pension market exposure²



IAM's growth in North American Institutional AUM

CAGR of 33% since 2010

More than ten-fold increase



Purpose: Investing for a better tomorrow



Better firm. Better investing. Better world.



Better Firm

We are building a firm that aims to achieve **excellence over the long term**, with a **culture** that encourages our **people** to reach their **highest potential** and puts our **clients at the centre of our business**

Better Investing

Long-term investment excellence is our primary function and is non-negotiable. We aim to provide our **clients** with an **investment outcome** that allows them to **achieve their financial goals**

Better World

We are dedicated to building a **better world** through our **capital allocation**. We are **responsible citizens** of our societies and natural environment



Ensure sustainability is at the core of our business

Facing up to the challenge of our generation

Sustainability is a key part of our purpose as an active asset manager

Invest

Integrating **ESG** in our investment processes
Developing **dedicated** sustainability and impact **strategies**

Engage

Ensuring **advocacy** and delivering **thought leadership**

Inhabit

Behaving in line with **our principles**
Supporting **sustainability** in our **communities**



Enhancing value for our clients, doing the right thing, building a better world

A+
PRI annual assessment¹

8
dedicated ESG experts¹ supporting firm-wide integration

1,370
company meetings voted on²

308
engagements³

Conservation
Community building
Education

En-route to **Scope 2 carbon neutrality**



Ensure sustainability is at the core of our business

Progress as active stewards of capital – doing this right is core to our organisational purpose

Active advocacy



2011:
Started integrating sustainability factors across all investment strategies including active ownership

2016:
Launched public market sustainable investing solutions

2008:
Launched our first private markets and credit impact strategies



THE INVESTOR FORUM

Developing dedicated sustainability products

Africa Credit & Emerging Africa Infrastructure Fund

Investments in African infrastructure and renewable projects

Global Environment

Global companies that will enjoy structural growth from decarbonisation

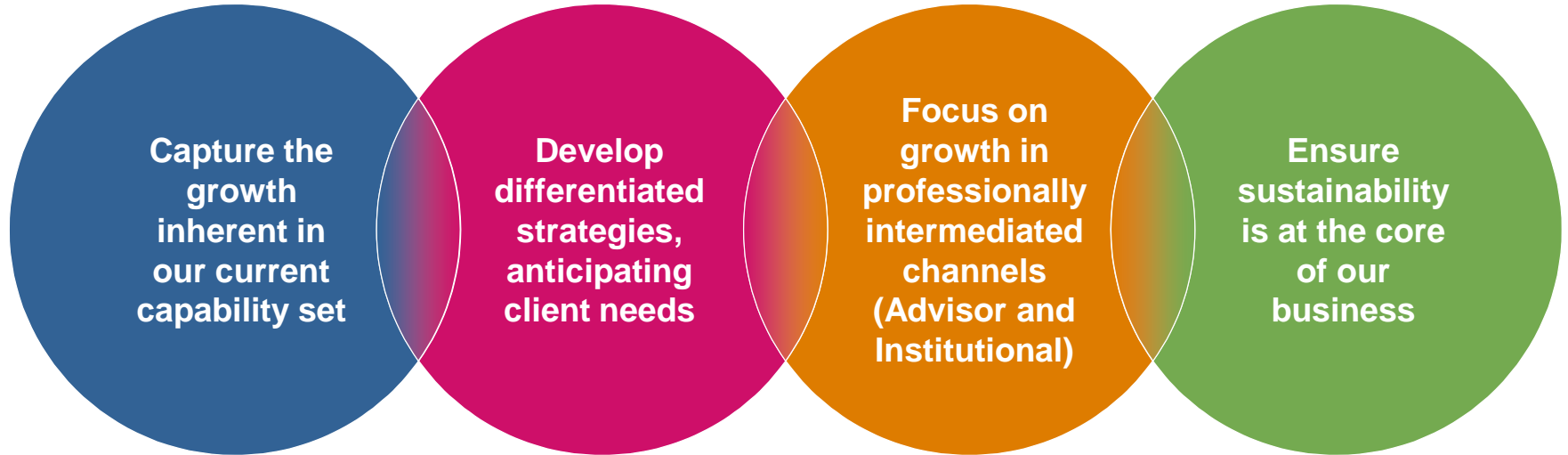
UK Sustainable Equity

Regional fund focused on engagement and positive impact

- ✓ **Managed by specialists**
- ✓ **Differentiated products**
- ✓ **"TIME" framework¹**



Recap of our strategic priorities



Today's agenda

Key differentiators

Strategic principles and priorities

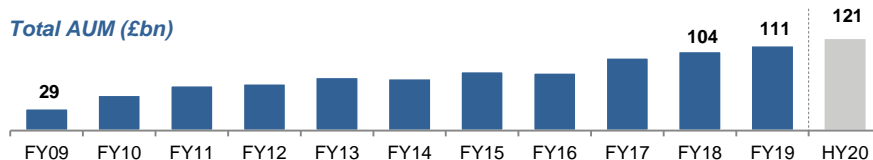
Financial performance and outlook

Attractive financial profile

Increasing AUM, recurring revenues and cost discipline driving profit growth across cycles

AUM growth

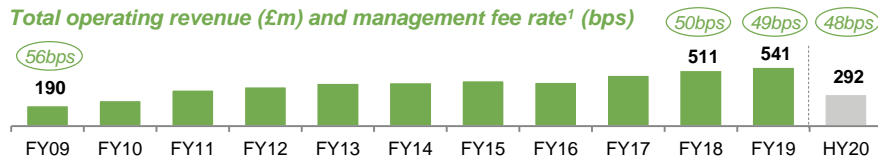
Total AUM (£bn)



- Long track record of increasing AUM
- Driving continued revenue growth

Operating revenue base

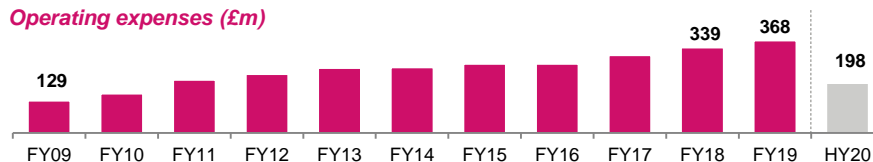
Total operating revenue (£m) and management fee rate¹ (bps)



- High proportion of management fees
- Diversified sources of revenues

Operating expense discipline

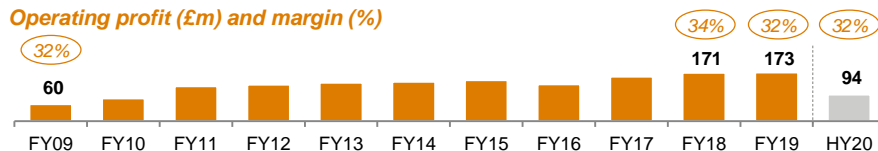
Operating expenses (£m)



- Cost discipline across the business whilst continuing to invest for growth

Operating profit growth across cycles

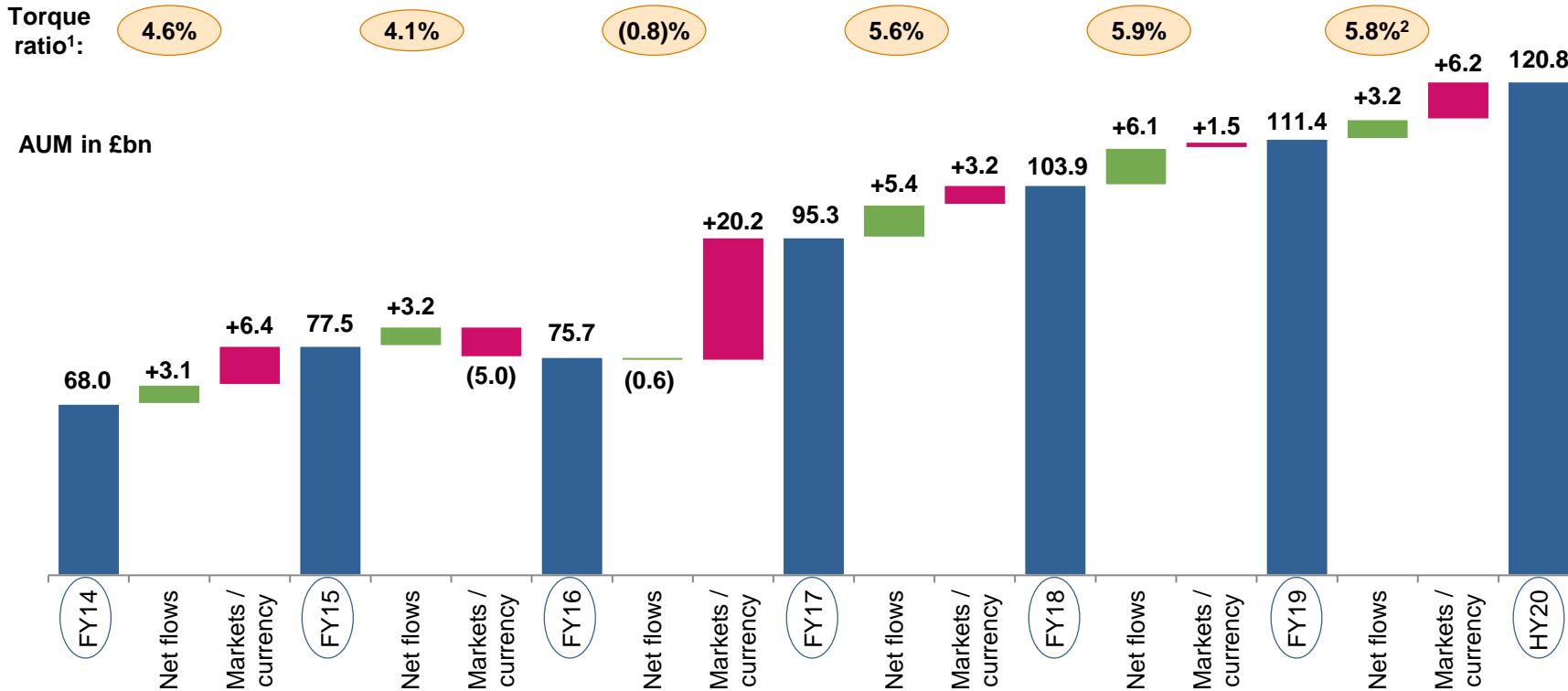
Operating profit (£m) and margin (%)



- Profit growth at attractive margins
- High cash conversion

AUM development over time

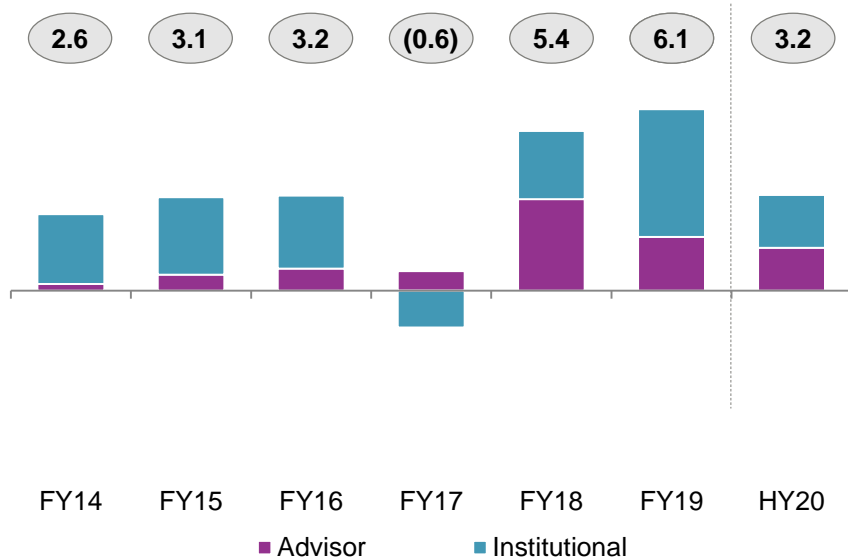
Strong AUM growth, significantly driven by net flows



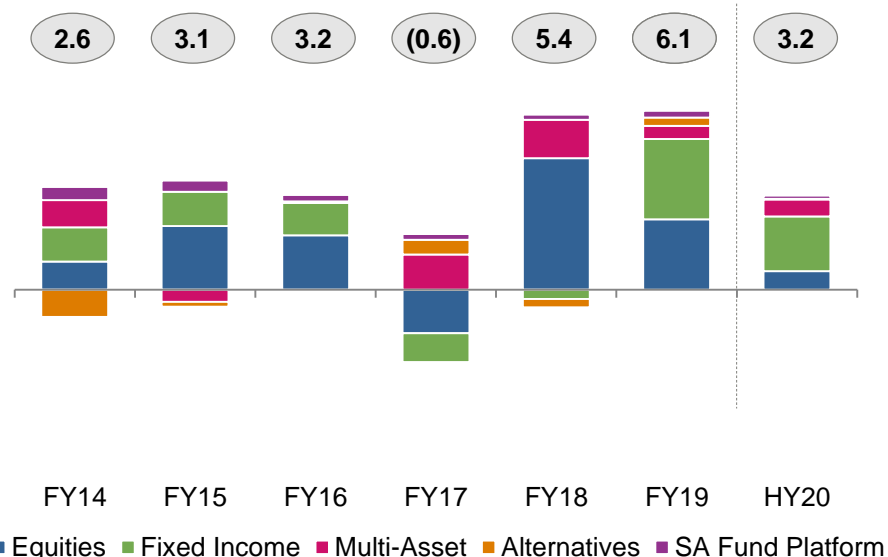
Consistent and diversified flows

Substantial and diversified net flows

Net flows by channel (£bn)



Net flows by asset class (£bn)



All asset classes and channels generated positive net flows in HY20

Summary financials (page 1 of 2)

£m, unless stated	FY18	FY19	% Change	HY19	HY20	% Change
Closing AUM (in £bn)	103.9	111.4	7%	109.2	120.8	11%
Average AUM (in £bn)	99.6	108.0	8%	107.9	117.8	9%
Management fees	495.4	524.6	6%	263.8	283.1	7%
<i>Management fee rate (bps)</i>	<i>49.7</i>	<i>48.6</i>		<i>48.8</i>	<i>47.9</i>	
Performance fees	18.4	11.0	(40)%	5.2	5.8	13%
Foreign exchange (losses) / gains and other income	(3.2)	5.1	<i>n.m.</i>	4.2	3.5	(17)%
Operating revenue¹	510.6	540.6	6%	273.2	292.4	7%
Operating expenses ^{1,2}	(339.2)	(368.1)	9%	(185.1)	(198.3)	7%
Operating profit (pre-Silica and exceptional items)	171.4	172.5	1%	88.1	94.1	7%
<i>Operating profit margin³</i>	<i>33.6%</i>	<i>31.9%</i>		<i>32.3%</i>	<i>32.2%</i>	
<i>FTEs (#)⁴</i>	<i>1,059</i>	<i>1,139</i>	<i>8%</i>	<i>1,088</i>	<i>1,147</i>	<i>5%</i>

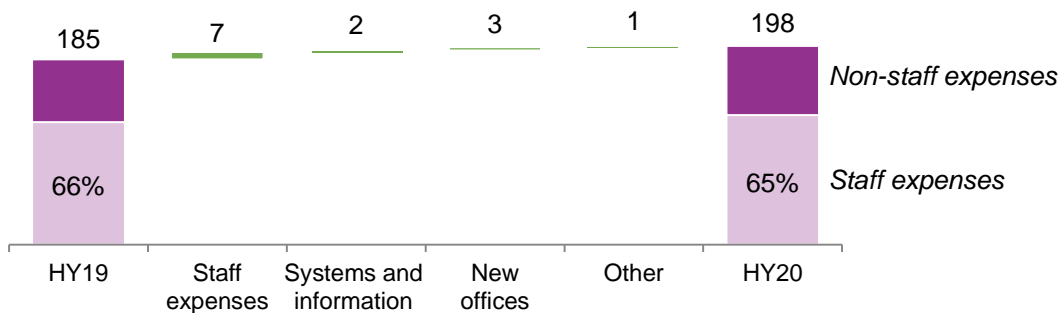
37 Notes: Numbers may not sum due to rounding. 1. Operating revenue and operating expenses exclude gains on the deferred employee benefit scheme and the equivalent expense (£4.8m in FY19; £1.5m in FY18; £4.3m in HY20; £3.8m in HY19); 2. Operating expenses for September 2019 include interest expense on lease liabilities of £1.4m under IFRS16 to ensure a like-for-like comparison with prior periods; 3. Operating profit margin excludes net interest income, Silica profit and exceptional items; 4. Number of FTEs excludes Silica employees (490 at FY19, 533 at FY18, 485 at HY20 and 512 at HY19).

Summary financials (page 2 of 2)

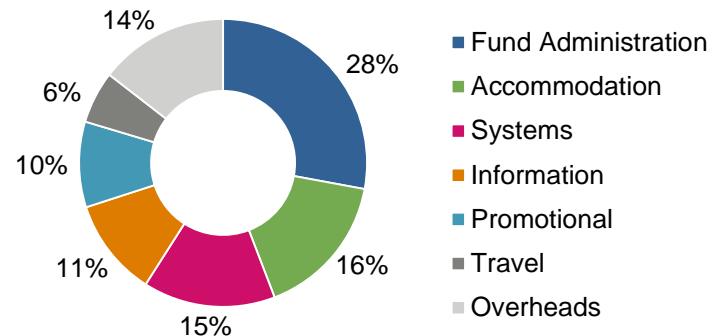
£m, unless stated	FY18	FY19	% Change	HY19	HY20	% Change
Operating profit (pre-Silica and exceptional items)	171.4	172.5	1%	88.1	94.1	7%
Net interest income	5.3	5.5	4%	2.7	2.3	(14)%
Silica profit	1.4	1.4	(2)%	0.7	0.9	19%
Reported profit (pre-exceptional items)	178.0	179.4	1%	91.5	97.3	6%
Exceptional items	-	(1.0)	<i>n.m.</i>	0.6	(5.4)	<i>n.m.</i>
Profit before tax	178.0	178.4	0%	92.1	91.9	0%
Tax	(37.5)	(38.6)	3%	(18.3)	(19.6)	7%
Profit after tax	140.5	139.8	0%	73.8	72.3	(2)%

Analysis of operating expenses

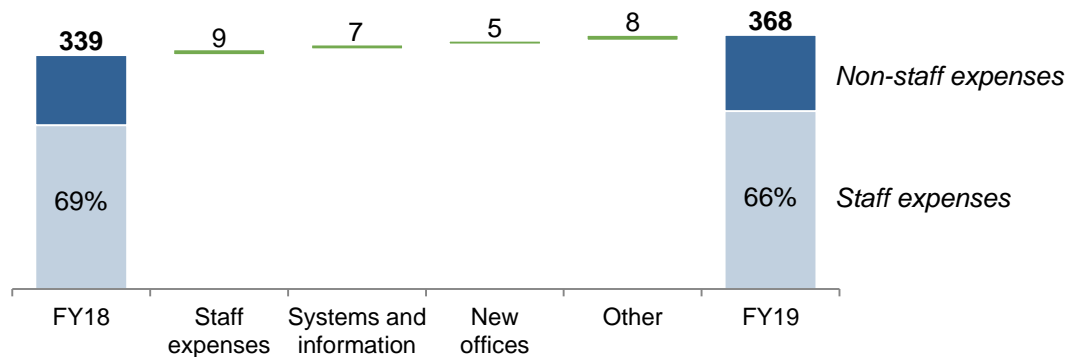
Analysis of expense growth (HY20, £m)



Breakdown of non-staff expenses¹ (HY20)



Analysis of expense growth (FY19, £m)



- Strong cost discipline
- Investment to support our long-term growth ambitions
- Substantial variable component within staff expenses ensures alignment with firm-wide performance

On-going listed company expenses and exceptional items

£m		FY19 <i>(actual)</i>	H120 <i>(actual)</i>	H220 <i>(estimate)</i>	FY21 <i>guidance</i>	
Operating expenses	Recurring	New corporate functions and replacement services	0.2	1.1	c.2.2	Increase in marketing expenses
	Non-recurring	Double accommodation, duplicate expenses	2.7	3.1	c.3.4	Decreasing
Exceptional items ¹ (excl. from operating expenses)		Demerger project expenses, one-off rebranding	1.5	5.4	c.5.4	Decreasing

Our approach to growth and efficiency

We already have a firm foundation for growth, which can be enhanced by further efficiencies

Status quo:



IAM has a platform able
to support growth

+

Additional initiatives to enhance our efficiency:



Further outsourcing across the value chain



Improving investment technology



Continued low-cost location usage



Evaluating the opportunities

Balance sheet and capital

Capital-light model¹

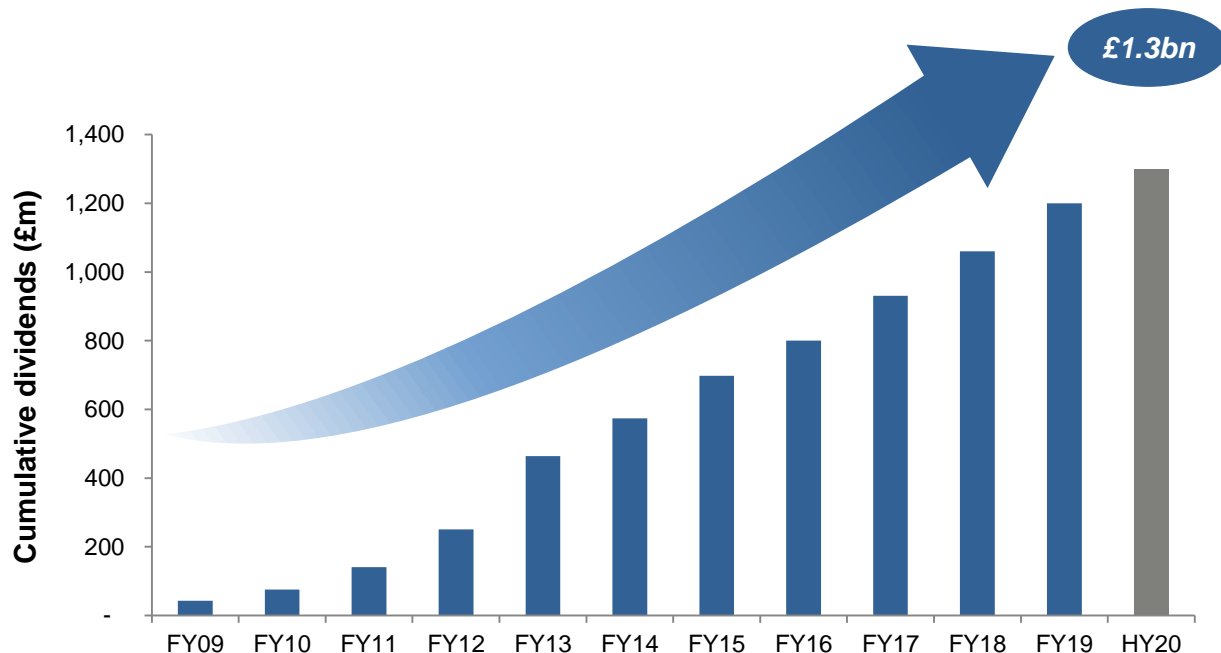
Highly cash generative

No long-term debt

Sufficiently capitalised

Dividend policy

Since FY09, IAM has paid out £1.3bn in dividends



Dividend Policy



43 Notes: Cumulative dividends excludes additional capital payments paid for acquisitions of IAM equity stakes between 2013 and 2018.

1. Expected to target an ordinary dividend payout ratio of at least 50% of operating earnings adjusted for tax; 2. Expected to only retain after tax earnings sufficient to meet current or expected changes in its regulatory capital requirements and investment needs, as well as a reasonable buffer to protect against fluctuations in those requirements. Subject to the approval of the Ninety One Boards, it is expected that the remaining balance of after tax earnings, after taking into account any specific events, would be returned to Ninety One Shareholders through the payment of a special dividend.

A clear strategy to deliver returns to our shareholders

IAM has a **solid, well-invested platform** and a successful **history of long-term organic growth**

Track
record

Strong culture and
team longevity

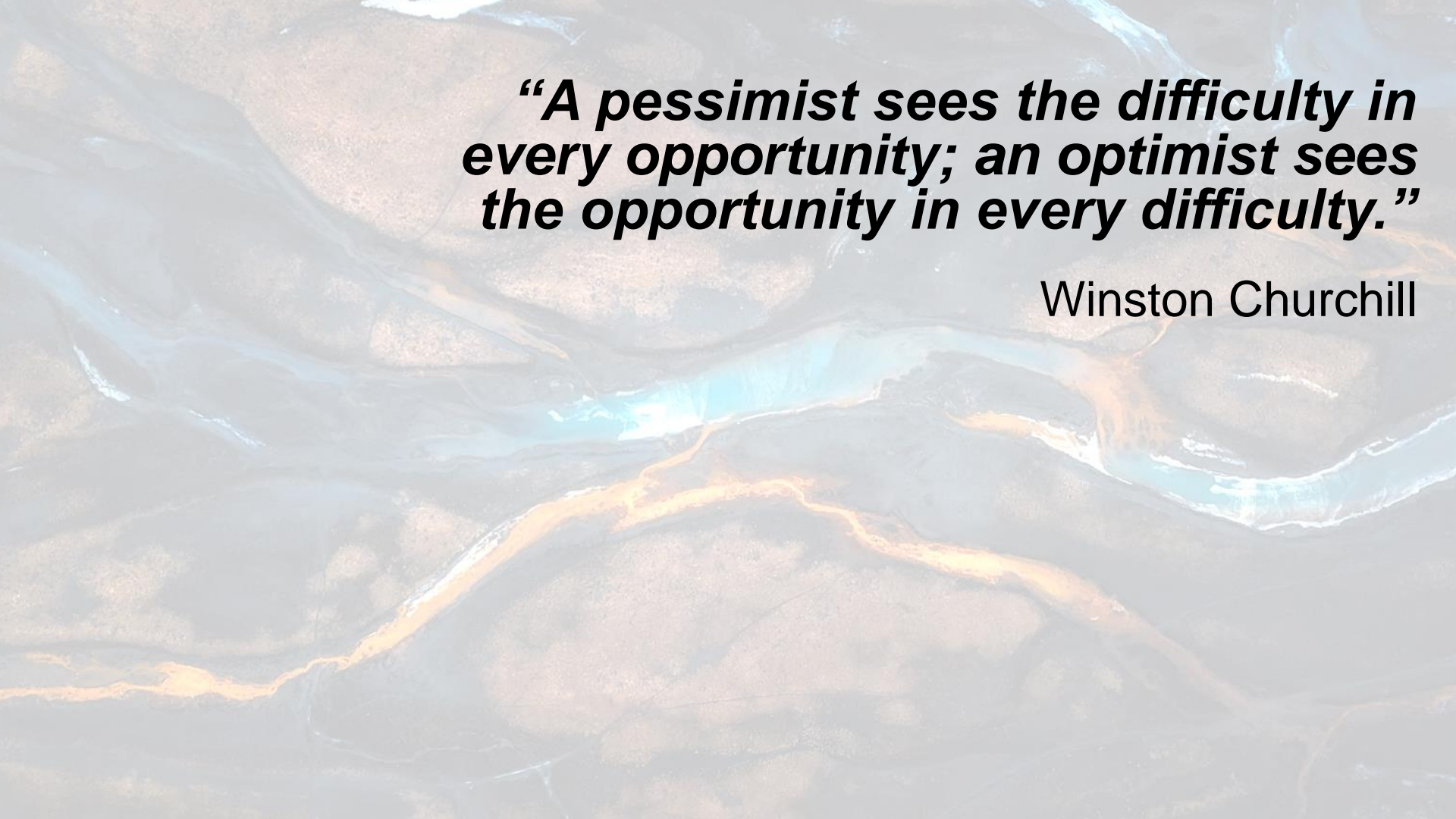
Clients

Global
reach

Ownership
model

Our **growth strategy** builds on our existing strengths – **we remain committed to keeping the business model simple and capital-light**

Independence, focus, clarity and motivated people are valuable success factors

An aerial photograph of a river delta, showing a network of channels and distributaries. The water is a light blue color, and the surrounding land is a mix of brown and tan, indicating a natural, undeveloped landscape. The text is overlaid on the upper right portion of the image.

“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.”

Winston Churchill

Q&A

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