



THE SOUTH AFRICAN INDEPENDENT BOUTIQUE ASSET MANAGEMENT LANDSCAPE IS SET TO FLOURISH

As we enter the final stretch of 2016 it feels good to reflect on a successful first year for RMI Investment Managers. Our stated objective is to identify, partner and grow world class asset managers, and this year we've made good strides in establishing our business and achieving these goals.

EXPANDING OUR CAPABILITIES

We now have eight affiliates managing over R50bn of client assets across various asset classes, investment styles and portfolio strategies. We're excited to build our affiliates' businesses in years to come, and are encouraged by their strong 2016 performance, despite difficult markets. These businesses are well positioned to benefit from certain industry trends, such as the boutique asset management industry in South Africa, which is covered in this newsletter.

Our affiliates all represent the entrepreneurial spirit that has always been a hallmark of the RMI culture and we have no doubt they will be great partners in this regard. We will continue to build on our reputation of being the engaged, pro-active but non-interfering shareholder of choice for the asset management industry. Our best ambassadors will be our affiliates, as their experience and perception of us will determine whether we add business value.

We are pleased with the three affiliates we added in 2016 - Sentio Capital Management, Truffle Asset Management and Polar Star Management. Not only do they add tremendous gravitas and diversification to our existing portfolio, they are also good examples of affiliates turning to us as a strategic shareholder that can add distribution strength, and handle delicate matters like shareholding changes and long-term succession planning.

EXPANDING OUR DISTRIBUTION

We've also put a top-notch team in place to actively build our own operations, distribution and marketing capabilities. From unlocking opportunities at previously undiscovered clients to bolstering and improving media and conference coverage, they are committed to adding value to our affiliates. You can expect to hear from and see more of the team in 2017 as they aim to understand the ever-changing needs of clients and deliver effective solutions through our product offering.

Our distribution partner, MMI Holdings Limited, also made significant changes in 2016, moving towards a client-centric model of outcome-based investing which aligns well to our approach. We're excited to see how best the investment offerings of our affiliates can meet the needs of MMI's client base, and look forward to partnering with MMI and using its considerable might in the SA savings and investments industry to help build the affiliates' businesses.

OUR FIRST BEE INVESTMENT

Finally, we are very proud about the establishment of our joint venture with Royal Bafokeng Holdings, Royal Investment Managers (Royal). Under the leadership of Kabelo Rikhotso, Royal will play a significant role in the transformation of the SA asset management industry by investing in businesses that require a BEE partner with knowledge and experience in the industry. Congratulations to Royal for its recently-announced first investment, Sesfikile Capital, a listed property asset manager with an enviable track record.

On behalf of the RMI Investment Managers team, we wish to thank our stakeholders for their support of our business, and the affiliates that helped us clock up a solid 2016. We look forward to working with all of you to build an even better 2017 together.

CHRIS MEYER
CEO, RMI INVESTMENT
MANAGERS

