

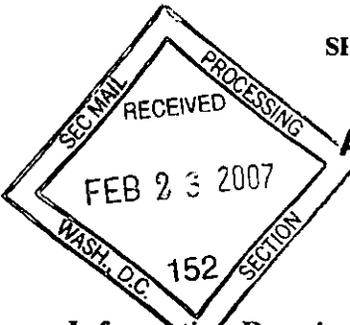
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OMB APPROVAL  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-50875

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Old Mutual Investment Partners

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

4643 S. Ulster Street, 6th Floor  
(No. and Street)

Denver CO 80237  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Mark E. Black 720-200-7780  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KPMG LLP  
(Name - if individual, state last, first, middle name)

707 Seventeenth Street, Suite 2700, Denver, CO 80202-3499  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**PROCESSED**  
MAR 12 2007

**FOR OFFICIAL USE ONLY**  
THOMSON FINANCIAL

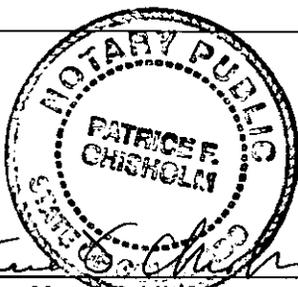
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten initials*

OATH OR AFFIRMATION

I, Mark Black, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Old Mutual Investment Partners, as of December 31, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



[Signature]  
Signature  
Chief Financial Officer  
Title

[Signature]  
Notary Public  
*My Commission Expires 6/19/2010*

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**OLD MUTUAL INVESTMENT PARTNERS**

(SEC Identification No. 8-50875)

Financial Statements and Supplementary Information

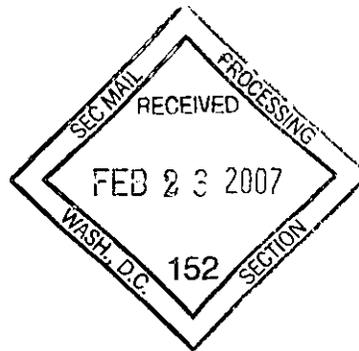
December 31, 2006

(With Independent Auditors' Report Thereon and  
Supplemental Report on Internal Control)

Filed in Accordance with Rule 17a-5(e)(3) as a Public Document



KPMG LLP  
Suite 2700  
707 Seventeenth Street  
Denver, CO 80202



## Independent Auditors' Report

The Board of Trustees  
Old Mutual Investment Partners:

We have audited the accompanying statement of financial condition of Old Mutual Investment Partners as of December 31, 2006, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Mutual Investment Partners as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**KPMG LLP**

Denver, Colorado  
February 21, 2007

# OLD MUTUAL INVESTMENT PARTNERS

## Statement of Financial Condition

December 31, 2006

<b>Assets</b>	
Cash	\$ 6,887,554
Commissions receivable from affiliates	38,154
Commissions receivable	63,075
Receivables from affiliates	99,143
Prepaid expenses	53,199
Prepaid C share commissions	1,557,377
Furniture, equipment, and leasehold improvements, at cost, less accumulated depreciation and amortization of \$1,309,502	946,303
Deferred tax asset	419,981
Deposits with clearing organizations and other	495,286
Total assets	<u>\$ 10,560,072</u>
<b>Liabilities and Stockholder's Equity</b>	
Liabilities:	
Commissions payable	\$ 826,611
Deferred rent	283,280
Accrued employee compensation and benefits	3,811,750
Accounts payable, accrued expenses, and other liabilities	517,506
Total liabilities	<u>5,439,147</u>
Commitments and contingencies (notes 8 and 11)	
Stockholder's equity:	
Common stock, \$100 par value. Authorized 100,000 shares, outstanding 10 shares	1,000
Additional paid-in capital	26,484,688
Accumulated deficit	(21,364,763)
Total stockholder's equity	<u>5,120,925</u>
Total liabilities and stockholder's equity	<u>\$ 10,560,072</u>

See accompanying notes to financial statements.

# OLD MUTUAL INVESTMENT PARTNERS

## Statement of Operations

Year ended December 31, 2006

Revenues:		
12b-1 service and distribution fees and other income	\$	6,518,189
Interest and dividends		<u>113,636</u>
Total income		<u>6,631,825</u>
Operating expenses:		
Employee compensation and benefits		13,254,385
Advertising and promotions		4,517,197
Systems and data costs		38,791
Occupancy		840,202
Registration fees		88,692
Distribution fees		6,068,848
Professional fees		372,731
Other operating expenses		<u>571,611</u>
Total operating expenses		<u>25,752,457</u>
Net loss before income tax benefit		(19,120,632)
Income tax benefit		<u>(5,990,570)</u>
Net loss	\$	<u><u>(13,130,062)</u></u>

See accompanying notes to financial statements.

**OLD MUTUAL INVESTMENT PARTNERS**

Statement of Changes in Stockholder's Equity

Year ended December 31, 2006

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance, December 31, 2005	\$ 1,000	14,282,636	(8,234,701)	6,048,935
Capital contributions	—	19,021,296	—	19,021,296
Net loss	—	—	(13,130,062)	(13,130,062)
Return of capital for the portion of NOL utilized in the consolidated federal tax return of OMUSH (note 1e)	—	(6,819,244)	—	(6,819,244)
Balance, December 31, 2006	\$ <u>1,000</u>	<u>26,484,688</u>	<u>(21,364,763)</u>	<u>5,120,925</u>

See accompanying notes to financial statements.

**OLD MUTUAL INVESTMENT PARTNERS**

Statement of Cash Flows

Year ended December 31, 2006

Cash flows from operating activities:	
Net loss	\$ (13,130,062)
Adjustments to reconcile net loss to net cash used in operating activities:	
Income tax benefit	(5,990,570)
Depreciation and amortization	624,389
Noncash capital contribution related to forgiveness of amounts payable to OMCAP	12,893,039
Changes in operating assets and liabilities:	
Increase in commissions receivable from affiliates	169,165
Increase in commissions receivable	14,795
Decrease in receivable from affiliates	866,244
Decrease in prepaid expenses	(8,199)
Increase in prepaid C share commissions	(234,420)
Increase in deposits with clearing organizations and other	(80,366)
Increase in commissions payable	724,439
Decrease in deferred rent	(81,589)
Increase in accrued employee compensation and benefits	2,433,824
Increase in accounts payable, accrued expenses, and other liabilities	17,142
	<hr/>
Net cash used in operating activities	(1,782,169)
Cash flows used in investing activities:	
Purchase of furniture, equipment, and leasehold improvements	(91,227)
	<hr/>
Net cash used in investing activities	(91,227)
Cash flows from financing activities:	
Capital contributions	6,128,257
	<hr/>
Net cash provided by financing activities	6,128,257
	<hr/>
Net increase in cash	4,254,861
Cash, beginning of year	2,632,693
	<hr/>
Cash, end of year	\$ 6,887,554
	<hr/> <hr/>
Supplemental disclosure of noncash financing activity:	
Return of capital for the portion of NOL utilized in the consolidated federal tax return of OMUSH	\$ 6,819,244

See accompanying notes to financial statements.

## OLD MUTUAL INVESTMENT PARTNERS

Notes to Financial Statements

December 31, 2006

### (1) Organization and Summary of Significant Accounting Policies

Old Mutual Investment Partners (OMIP), is a wholly owned subsidiary of Old Mutual Capital, Inc. (OMCAP), which is a wholly owned subsidiary of Old Mutual (US) Holdings Inc. (OMUSH), which in turn is an indirect, wholly owned subsidiary of Old Mutual plc, an international financial services group based in London. OMIP commenced operations, in its current form, effective July 1, 2004. OMIP is registered as a broker-dealer under the Securities Exchange Act of 1934 (the Act) and applicable state law, and acts exclusively as a principal underwriter and distributor for Old Mutual Advisor Funds, Old Mutual Advisor Funds II and Old Mutual Insurance Series Fund (collectively, the Funds). OMIP promotes the sale of shares of the Funds domestically by broker-dealers that are members in good standing of the National Association of Securities Dealers, Inc. The Company prepares its financial statements on an accrual basis.

In July 2004, OMCAP purchased all of the ownership interests of PBHG Fund Distributors (PBHG FD), is a wholly owned subsidiary of OMUSH. Upon its acquisition by OMCAP, PBHG FD was merged with Old Mutual Investment Partners, Inc. with PBHG FD being the surviving entity. On the same day, PBHG FD changed its name to OMIP.

Income is derived from commissions received from the sale of shares of the Funds managed by OMCAP. Expenses include those directly related to OMIP wholesale broker-dealer and distribution activities. No allocations are made by OMCAP for overhead, administrative services, rent, or compensation paid to an employee whose primary duties do not relate to distribution activities.

#### (a) *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of management estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (b) *Revenue Recognition*

12b-1 service and distribution fees are accrued as earned.

#### (c) *Cash and Cash Equivalents*

The Company considers cash equivalents as liquid investments with original maturities of fewer than 90 days. Cash and cash equivalents at December 31, 2006 consists of cash of \$6,887,554.

#### (d) *Furniture, Equipment, and Leasehold Improvements*

Depreciation on furniture, equipment, and leasehold improvements is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life of computer equipment and software is three years, while office equipment and furniture and fixtures is five years. Leasehold improvements are amortized on the straight-line method over the shorter of the lease term or estimated useful life of the asset. Total depreciation and amortization for the year ended December 31, 2006 was \$624,389.

## OLD MUTUAL INVESTMENT PARTNERS

### Notes to Financial Statements

December 31, 2006

**(e) Income Taxes**

The Company uses the asset and liability method of accounting for income taxes and uses the pro rata basis for federal income taxes. Under this method and basis, current and deferred income taxes are allocated to the Company based on the Company's relative contribution to OMUSH's consolidated income tax expense or benefit. Accordingly, the Company does not recognize alternative minimum tax (AMT) payable or carryforward, net federal operating loss carryforwards, or other credit carryforwards that do not exist in OMUSH's consolidated tax return. The Company accounts for state income taxes on a separate return basis.

The need for a valuation allowance on federal deferred tax assets is assessed at the consolidated OMUSH level and allocated to the Company on a pro rata basis using those Company's deferred tax assets that require the valuation allowance. The Company does not record a valuation allowance for federal deferred tax assets unless one is recorded at the consolidated OMUSH level.

The net loss of the Company is included in the consolidated federal income tax return of OMUSH. The Company will not be compensated by OMUSH for the tax benefit (receivable from OMUSH) related to the use of the net loss in the consolidated federal income tax return that is used to offset income of other members of the group. Therefore, this tax benefit is shown as a return of capital as the tax benefit will not be paid by OMUSH to the Company.

**(f) Concentrations of Credit Risk**

The Company is primarily engaged in the selling of shares of the Funds. In the event counterparties do not fulfill their obligations to the Company, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparties. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**(g) Reclassifications**

Certain prior year balances have been reclassified to conform to the current year presentation.

**(2) Stockholder's Equity**

The Company has 100,000 shares of common stock authorized, 10 of which are issued and outstanding. OMUSH and OMCAP intend to provide capital contributions to the Company as necessary for it to maintain compliance with minimum net capital requirements. During 2006, OMCAP made a cash contribution to the company in the amount of \$6,128,257 (see note 4).

**(3) Regulatory Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of a minimum net capital of \$25,000 and maintenance of a ratio (aggregate indebtedness to net capital), both as defined, that shall not exceed 15 to 1. Further, capital may not be withdrawn or cash dividends paid if the resulting aggregate indebtedness to net capital ratio would exceed 10 to 1. At December 31, 2006, the Company had net capital of \$1,146,910, which was \$803,186 in excess of the minimum net capital required and a ratio of aggregate indebtedness to net capital of 4.50 to 1.

## OLD MUTUAL INVESTMENT PARTNERS

### Notes to Financial Statements

December 31, 2006

At December 31, 2006, the Company is exempt from the provisions of Rule 15c3-3 (under paragraph k(2)(i) of such rule) of the Act as it is a broker-dealer that deals solely in mutual fund shares and promptly transmits all customer funds and delivers all securities received in connection with its broker-dealer activities.

Management believes the Company will continue to receive financial support from OMUSH and OMCAP to allow the Company to meet its obligations as they become due and maintain its required net capital.

#### (4) Related-Party Transactions

Certain payroll and other expenses directly related to the Company's wholesale broker-dealer and distribution activities are paid directly by OMCAP. When these expenses are paid by OMCAP, the Company records a payable to an affiliate. During 2006, the Company received \$6,128,257 from OMCAP in cash and OMCAP forgave \$12,893,039, in amounts payable to affiliates as a noncash capital contribution.

As the Company is a member of a group of affiliated companies, it is possible that the terms of certain of the related-party transactions are not the same as those that would result from transactions among wholly unrelated parties.

OMIP's sales organization markets and sells Separately Managed Accounts (SMA) on behalf of OMCAP. The Company's payroll and other expenses of its sales organization are allocated to OMCAP on a monthly basis based on total sales of SMA's compared to total sales of OMIP. The total allocated to OMCAP during the year ended December 31, 2006 was \$2,969,546 of which \$0 is included in receivable from affiliates. The total allocated amount is recorded as a reduction of employee compensation and benefits, advertising and promotions, registration fees, professional fees and other operating expenses. The Company's Wealth Management Group (WVG) worked solely on the SMA business. Therefore, all payroll and other expenses of \$985,672 was allocated to OMCAP, of which \$0 is included in receivables from affiliates. This allocation is recorded as a reduction to employer compensation and benefits.

#### (5) Benefit Plans

OMUSH has a defined contribution benefit plan for eligible employees. This is a profit sharing plan (the Plan) qualified under Section 401 of the Internal Revenue Code in which the Company makes contributions to a trustee, on behalf of eligible employees, to fund the Plan.

The Plan covers all full-time employees who have met certain length-of-service requirements. The Company contribution to the Plan is determined annually subject to some limitations. For any Plan year in which the Company makes a profit sharing contribution to the Plan, all eligible participants in the Company are entitled to share in the profit sharing contribution. This contribution is made to all eligible participants who are actively employed at the Company on December 31. The Company incurred a profit sharing expense of approximately \$638,138 for the year ended December 31, 2006.

## OLD MUTUAL INVESTMENT PARTNERS

Notes to Financial Statements

December 31, 2006

### (6) Income Taxes

The components of income tax benefit computed as if the Company was a separate taxpayer is as follows for the year ended December 31, 2006:

Current income tax benefit:	
Federal	\$ (6,592,173)
State	<u>(227,071)</u>
Total current tax benefit	<u>(6,819,244)</u>
Deferred income tax expense/(benefit):	
Federal	(426,342)
State	<u>1,255,016</u>
Total deferred tax provision	<u>828,674</u>
Total income tax benefit	<u><u>\$ (5,990,570)</u></u>

The income tax benefit differs from the expected federal income tax rate of 35% for the following reasons for the year ended December 31, 2006:

Computed "expected" income tax benefit at statutory rate	\$ (6,692,221)
Increase in income taxes resulting from:	
State income taxes, net of federal benefits	668,164
Meals and entertainment	108,143
Other	<u>(74,656)</u>
Income tax benefit	<u><u>\$ (5,990,570)</u></u>

At December 31, 2006, the Company has gross deferred tax assets as follows:

Deferred tax assets:	
Fixed assets	\$ 142,728
Accrued compensation	277,253
State net operating loss carryover	<u>1,133,284</u>
Total deferred tax asset	1,553,265
Less valuation allowance	<u>(1,133,284)</u>
Net deferred tax assets	<u><u>\$ 419,981</u></u>

## OLD MUTUAL INVESTMENT PARTNERS

### Notes to Financial Statements

December 31, 2006

At December 31, 2006, the Company has a net deferred tax asset of \$419,981. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future income and tax planning strategies, which are both prudent and feasible and would be implemented, in making this assessment. Based on the projections of future taxable income over the period in which the deferred tax assets are deductible and available tax planning strategies, management believes that with the exception of the state net operating loss (NOL) carryovers, it is more likely than not that the Company will realize the benefit of these deductible differences reported as of December 31, 2006. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carryforward period are reduced.

The Company has approximately \$33 million of state net operating loss carryovers as of December 31, 2006 which expire through 2026. Based on projections of future taxable income, management does not believe it is more likely than not that it will realize the benefit of state NOL carryovers. As such, a full valuation allowance has been recorded against state NOL carryovers.

During 2006, the valuation allowance recorded by the Company increased by \$1,133,284.

#### (7) Furniture, Equipment, and Leasehold Improvements

As of December 31, 2006, furniture, equipment, and leasehold improvements consist of the following:

Computer equipment	\$	1,076,243
Computer software		314,465
Office equipment		78,260
Furniture and equipment		220,723
Leasehold improvements		566,114
		<hr/>
		2,255,805
Accumulated depreciation and amortization		<hr/>
		(1,309,502)
	\$	<hr/>
		946,303

#### (8) Lease Payments

The Company is party to various operating leases. Future minimum payments under all operating leases pertaining to the Company, including leases commencing in 2007, amount to approximately \$420,110 in 2007, \$434,850 in 2008, \$450,819 in 2009, \$471,701 in 2010, and \$481,527 in 2011. The Company incurred rental expense of \$215,813 for the year ended December 31, 2006.

The lease payments on the Company's offices accelerate each year. Under accounting principles generally accepted in the United States of America, the lease expense is recorded on a straight-line basis by dividing total lease payments by the lease term. At December 31, 2006, the cumulative lease expense exceeded the cumulative cash payments on the leases by \$283,280. Such amounts are recorded as deferred rent in the accompanying statement of financial condition.

## OLD MUTUAL INVESTMENT PARTNERS

### Notes to Financial Statements

December 31, 2006

**(9) Severance Charge**

During 2006, certain employees of the Company terminated their employment. The Company has recorded a severance charge of \$2,421,699 related to these terminations, which will be paid in 2007. This charge is included in accrued employee compensation and benefits as of December 31, 2006 in the accompanying statement of financial condition.

**(10) Prepaid C Share Commissions – Dealer Advances and Prepaid Services**

Certain of the Funds maintain a multi-class structure whereby the participating funds offer traditional front-end load shares (Class A shares) and back-end load shares (Class C shares). Class C shares may require the investor to pay a contingent deferred sales charge (CDSC) if there is a redemption within one year. However, the Company pays upfront sales commissions (dealer advances) to broker dealers of 1% on Class C shares. The participating Funds pay the Company distribution and service fees based on their net assets invested in Class C Shares, subject to annual renewal by the participating Funds' board of trustees. The distribution fees are 0.75% per annum for Class C shares. A service fee of 0.25% per annum is paid to the Company for Class C and Class A shares. In addition, the Company is paid a CDSC on Class C shares redeemed within the minimum holding period. The CDSC is paid based on the lower of original cost or current market value at a rate of 1% for Class C shares. Class A shares over \$1 million also have a 1% CDSC.

The Company capitalizes Class C share commissions for financial statement purposes and amortizes such costs over a 12-month period. Distribution fees received by the Company from participating funds are recorded in income as earned. CDSCs received by the Company from redeeming shareholders are recognized as a contra expense. Prepaid service fees are capitalized and amortized for financial statement purposes over a 12-month period.

**(11) Commitments and Contingencies**

At this time, the Company does not have or is not aware of any pending litigation against the Company.

## OLD MUTUAL INVESTMENT PARTNERS

Computation of Net Capital Under Rule 15c3-1 of the  
Securities Exchange Act of 1934

December 31, 2006

Net capital:	
Total stockholder's equity	\$ <u>5,120,925</u>
Deduct nonallowable assets:	
Commissions receivable from affiliates	38,154
Commissions receivable	63,075
Receivable from affiliates	99,143
Furniture, equipment, and leasehold improvements less accumulated depreciation and amortization	946,303
Prepays and deposits	2,105,862
Deferred tax asset	419,981
	<u>3,672,518</u>
Other deductions:	
Fidelity Bond deductible allowed (greater of \$5,000 or 10% of minimum, net capital required)	34,372
Fidelity Bond deductible	200,000
Net excess Fidelity Bond deductible	<u>165,628</u>
Haircut on securities owned	<u>135,869</u>
Net capital	\$ <u>1,146,910</u>
Aggregate indebtedness	\$ <u>5,155,867</u>
Computation of basic net capital requirement:	
Minimum net capital required: 6-2/3% of total aggregate indebtedness, but not less than \$25,000	\$ <u>343,724</u>
Excess of net capital over requirement	\$ 803,186
Excess of net capital at 1,000 percent	631,323
Excess of net capital at 1,500 percent	373,530
Ratio of aggregate indebtedness to net capital	4.50

There were no material differences between the Company's computation of net capital as reflected on Form X-17 A-5, Part IIA and the above computation.

See accompanying independent auditors' report.

**OLD MUTUAL INVESTMENT PARTNERS**

Supplementary Information  
Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934  
December 31, 2006

The accompanying schedule is prepared in accordance with the requirements and general format of FOCUS Form X-17A-5.

At December 31, 2006, the Company is exempt from the provisions of Rule 15c3-3 (under paragraph k(2)(i) of such rule). Because of this exemption, the Company has not included the schedules "Computation for Determination of Reserve Requirements Under Rule 15c3-3" or "Information for Possession or Control Requirements Under Rule 15c3-3."

See accompanying independent auditors' report.



KPMG LLP  
Suite 2700  
707 Seventeenth Street  
Denver, CO 80202

**Independent Auditors' Report on Internal Control Required by  
Rule 17a-5 of the Securities Exchange Act of 1934 for a Broker-Dealer Claiming  
an Exemption from Rule 15c3-3 of the Securities and Exchange Commission**

Board of Trustees  
Old Mutual Investment Partners:

In planning and performing our audit of the financial statements of Old Mutual Investment Partners (the Company), as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in conformity with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the board of managers, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Denver, Colorado  
February 21, 2007

END