

OLD MUTUAL ABSOLUTE GROWTH PORTFOLIO FACT SHEET

PRODUCT OVERVIEW

The Old Mutual Absolute Growth Portfolio uses enhanced smoothing technology to grow retirement savings while protecting investors from the risk of volatile markets.

INVESTMENT STRATEGY

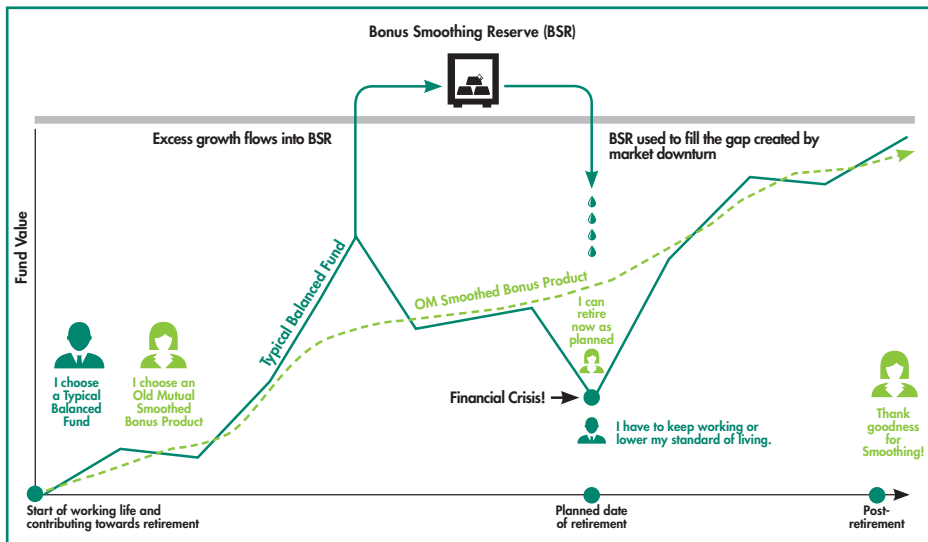
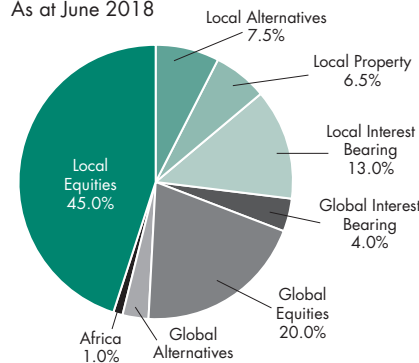
The underlying portfolio has diversified exposure to local and global assets. Due to our size and history we have access to assets such as property and alternatives which smaller portfolios cannot afford. A large portion (>80%) of the portfolio is allocated to 'growth' assets such as equities, properties and alternatives. These are best suited to providing real returns in the long term. The overall portfolio is managed by Old Mutual Investment Group and includes exposure to external asset managers. The investment strategy may be reviewed from time to time depending on the managers' performance as well as market conditions.

SMOOTHING PHILOSOPHY

Smoothing is a tool that is used to turn unstable market returns into smoothed returns, also called bonuses. These returns will give a smooth progression of the value of the investment over time. The Absolute Growth Portfolio delivers bonuses which are calculated using a simple and transparent formula with a CPI related target as the main focus. The formula smooths growth over time and reduces the impact of market ups and down on the members investment value. The long-term return earned on the portfolio is expected to be approximately equal to that of a similarly managed market-linked portfolio (net of capital charges).

STRATEGIC ASSET ALLOCATION

As at June 2018



GUARANTEES

The Absolute Growth Portfolio offers customers various levels of guarantees on capital, contributions and declared bonuses, depending on their risk-return appetite. These guarantees apply on defined benefit events which are retirement, death, disability, resignation and retrenchment.

The different guarantee options are shown below:

- Absolute Smoothed Growth with a focus on smoothing plus a 50 % guarantee;
- Absolute Stable Growth with an 80% guarantee; and
- Absolute Secure Growth with a 100% guarantee

A fixed annual capital charge is payable relative to the guarantee level chosen, because the guarantees are backed by Old Mutual's shareholder capital.

Old Mutual's Absolute Growth Portfolio is particularly good for investors who:

- Seek real return in excess of inflation over the long term.
- Want to manage volatility without reducing their real return targets.
- Want to invest heavily in growth assets and still get stable returns.
- Want to choose a level of guarantee from a range of possibilities.

Growth Objective

Smooth: CPI + 6.0% p.a.

Stable: CPI + 5.5% p.a.

Secure: CPI + 3.5% p.a.

- Growth objectives are net of capital charges and gross of investment fees over the long term.
- Growth objectives are not guaranteed but rather a benchmark we aim to meet.

Protection Objective

Funds payable on claims are guaranteed never to fall below the chosen guarantee level.

Bonus Frequency

Monthly in advance

Fees and Charges (p.a.)

Capital charge (before bonus): Smooth: 0.2%
Stable: 0.7%
Secure: 2.7%

Investment fees (after bonus):

Base fee (sliding scale of 0.600% -0.725%)

Management style

Active

Asset manager

Old Mutual Investment Group

Inception date

1 April 2007

Contact details

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NOTE. In terms of Financial Services Board Directive 147.A.i, Old Mutual is required to define and publicise the principles and practices of financial management (PPFM) that are applied in the management of its discretionary participation business, which includes Smoothed Bonus business. The PPFM document, as well as a consumer-friendly version specific to Old Mutual Corporate's Smoothed Bonus Portfolios is available on Old Mutual's website at www.oldmutual.co.za or can be obtained in hard copy on request. For other regular information on this investment product, please visit Old Mutual's website at www.oldmutual.co.za.

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