

Product Overview

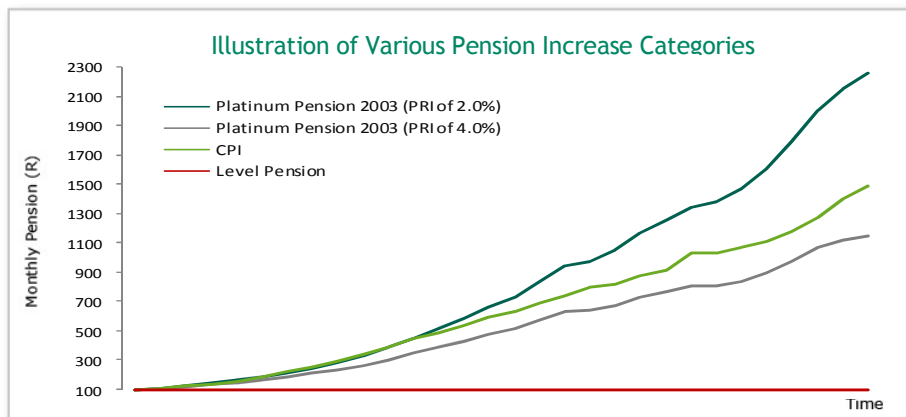
As an employer you would like to ensure that your retired employees have the best possible lifestyle protection available, by providing them with a pension, for life, that provides increases that offset the effects of inflation. These are the fundamental objectives of the Platinum Pension 2003 Portfolio. Old Mutual Platinum Pension 2003 pensions are with-profit annuities that provide employers with the facility to outsource their pensioner liability to Old Mutual.

Performance

Each category of Platinum Pension 2003 declares a different bonus depending on the pricing interest rate (PRI) rate of that category. The PRI rate represents the minimum smoothed return, net of charges, that the portfolio underlying Platinum Pension 2003 has to achieve to continue paying the current level of pension per annum. The higher the pension category selected, the higher the starting pension, but the lower the expected increase each year. The lower the category selected, the lower the starting pension, but the higher the expected increase each year.

For each category, if the portfolio of assets backing an annuity earns less than the PRI, Old Mutual would still need to grant the current level of pension. If the return exceeds the PRI, Old Mutual would then be in a position to declare a bonus, or increase to the current level of pension. Therefore, if the 4% PRI pension category declares a 3% increase, this implies a total annual return of around 7% (4% + 3%) for a pensioner invested in that category.

The graph below illustrates different (hypothetical) growth rates based on the same starting pension of R100. Note, however, that for the same starting pension, a lower PRI category pension will cost more in upfront premium than a higher PRI category pension, but will offer better prospects for future increases.



Pension Increase History

		Pensions Category (Pricing Interest Rate)			
		3.5%	4.0%	4.5%	5.0%
Year in which Increase Becomes effective	2006	9.0%	8.5%	8.0%	7.5%
	2007	9.0%	8.5%	7.0%	6.5%
	2008	8.5%	8.0%	6.5%	6.0%
	2009	2.5%	2.0%	2.0%	1.5%
	2010	2.5%	2.0%	2.0%	1.5%
	2011	3.0%	2.5%	2.5%	2.0%
5-Year Return pa		5.1%	4.6%	4.0%	3.5%

The 2011 Platinum Pension 2003 increases are strong increases following the recovery of markets post the 2008/ 2009 market crash, but are low compared to past years. Over five years to 31 December 2010, the average annual CPI figure was 6.8%. Increases are based on returns for the year ending 31 December 2010.

Old Mutual Platinum Pension 2003 is an excellent choice for investors who:

- Want a secure retirement with a pension payable for life.
- Want a pension with increases that offset the effects of inflation and can never decrease.
- Want their pension to be managed by the local market leader in annuities.

Growth Objective

To maximise portfolio growth, and so pension increases, subject to the limits imposed by the protection objective.

Protection Objective

Once declared, pension increases can never be revoked. Pensions can never decrease.

Increase Frequency

Annual, in arrears (1 April default)

Fees

Capital charge:

1.00% p.a.

Investment management fee:

Approximately 0.70% to 0.80% (incl. VAT) of assets p.a., varying slightly depending on asset allocation

Administration fee:

Upfront and renewal fees built into the upfront premium

Fund Size

Approximately R7.5 billion

Management Style

Active

Asset Manager

Old Mutual Investment Group SA

Inception Year

2003

Contact Details

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