

Old Mutual Capital Growth

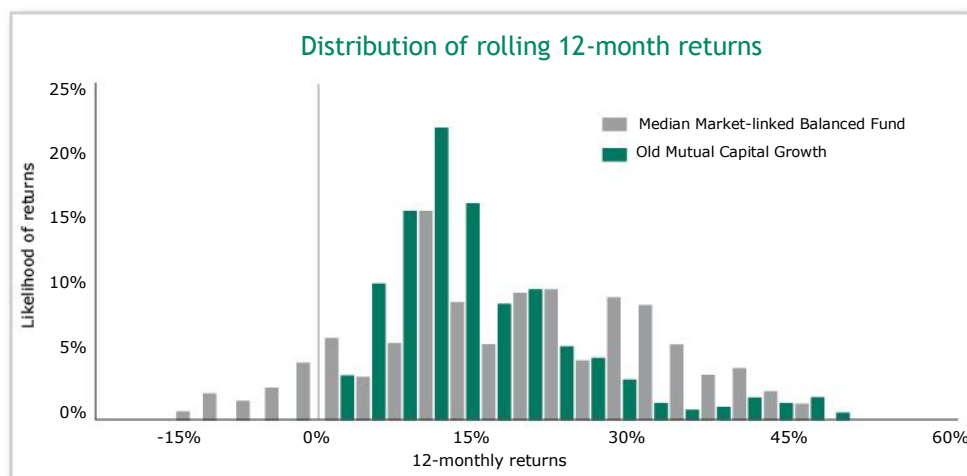
Product Overview

Old Mutual Capital Growth is a pooled unitised portfolio that provides increasing capital protection while at the same time targeting investment growth in excess of inflation.

Capital Growth's performance is tracked by a daily unit price (net of fees, gross of tax), reflecting any growth of the portfolio. While the daily unit prices calculated during an investment quarter may fluctuate, depending on the portfolio performance, Old Mutual guarantees that daily unit prices will not fall below the minimum unit price that has been set for that investment quarter. The guaranteed minimum unit price set for each investment quarter will be equal to the daily unit price that is prevailing on the quarterend date of the previous investment quarter. The guaranteed minimum unit price can never reduce and will reflect positive growth generated by the portfolio.

The growth objective of the portfolio is to deliver absolute returns of CPI+4% p.a., net of fees (but gross of tax), over rolling three-year periods. The protection objective is a guarantee, backed by Old Mutual, such that the unit price will never fall below its quarterly guaranteed minimum value.

The graph below indicates the growth and protection objectives relative to the median market-linked balanced fund. Old Mutual Capital Growth's returns are distributed over a narrower return band relative to the median market-linked balanced fund - ensuring greater growth certainty, while guaranteeing non-negative returns over product quarters.



The graph above is for illustrative purposes only and is based on back-tested returns.

Investment Strategy

Old Mutual Capital Growth's portfolio manager, Old Mutual Investment Group (South Africa) or OMIGSA, invests in a range of asset classes, primarily large capitalisation equities, but also money market instruments, local bonds or quoted property. Asset classes and individual equity holdings are actively managed by OMIGSA. The long-term effective equity exposure for Capital Growth is between 35% and 45% of the total portfolio.

Guarantees

In addition to active management, the portfolio uses a combination of risk management techniques to provide the quarterly guarantees. These techniques include dynamic asset allocation, derivative overlays and a risk management reserve. Market conditions drive the combination of techniques used at any given time for optimised efficiency.

The combination of these risk management processes, with ultimate backing from Old Mutual's capital, offers a highly efficient way of providing guarantees for investors.

Additional Features

- Old Mutual Capital Growth's quarterly investment dates are 1 December, 1 March, 1 June and 1 September each year.
- At quarter-end, investors can disinvest their full fund at the prevailing unit price (i.e. with the protection of the minimum unit price).
- Intra-quarter, investors can disinvest up to 10% (which includes benefit payments) of their quarter-start fund value at the prevailing unit price.
- Returns and guarantees are net of all fees, but gross of tax.

REGULATORY INFORMATION

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Old Mutual Capital Growth satisfies lower risk investors who:

- Seek a real or absolute return in excess of inflation over the longer term.
- Want increasing capital guarantees that reset every three months (upwards only), locking in any returns.
- Want exposure to active and dynamic asset management.

Growth Objective

CPI+4% per annum (net of fees, gross of tax) over rolling three-year periods.

Protection Objective

Daily unit price cannot fall below quarterly-reset guaranteed value.

Return Frequency

Daily unit pricing

Management Fees

0.6% per annum, plus performance fee of 10% of net outperformance above CPI+4% (deducted quarterly). Performance fee is limited to a maximum of 0.5% per quarter.

Minimum Investment

R2 million

Asset Manager

Old Mutual Investment Group (SA)

Inception Date

December 2005

Contact Details

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