

# Profile YourLife is a complete life-staging solution for retirement funds.



## Who is Profile YourLife for?

- Retirement fund trustees who desire a life-staging solution that offers each of their retirement fund members a single investment product that is appropriate for their entire investing life - it adjusts to the member's changing requirements over time and ensures that the member's risk reduces as they get closer to retirement. Profile YourLife is particularly appropriate as a default choice for funds which offer member level investment choice.
- Retirement fund trustees who want to benefit from the proven investment skills of Macro Strategy Investments (MSI). Profile YourLife provides retirement fund members and trustees with peace of mind, knowing that Macro Strategy Investments is continuously managing members' investment risk over time.

## Why life-staging?

- Minimising uncertainty at retirement: Members are able to better estimate the amount they will receive on retirement as well as the income they will get from the purchase of an annuity.
- Minimising time spent out of the market: Depending on a member's financial plans on retirement, they may require continued exposure to growth assets, such as equities and property, after retirement. Retaining these assets in the portfolio up to the point of retirement means the investor avoids being out of the market for any length of time.

## Why Profile YourLife?

- **Simplicity. With Profile YourLife a member only needs to make 2 decisions during their entire investing life:**
  1. Choose a wealth creation fund; and
  2. Decide which post-retirement product(s) they want to target.
- **Flexibility. Offers an unparalleled level of flexibility to both retirement funds and their members:**
  1. Retirement fund trustees can tailor the offering to members' specific requirements by choosing exactly which options they wish to offer members.
  2. For members, Profile YourLife is flexible enough to accommodate significant changes in life circumstances. Should a member's circumstances change, they are able to switch to another fund that better matches their new risk profile/retirement time horizon.

| Profile YourLife life-staging   | Conventional life-staging  |
|---|--|
| <b>Migration path</b>   |  |
| <ul style="list-style-type: none"> <li>■ A statistical simulation process is used to design the migration paths to the appropriate low risk portfolios at retirement.</li> <li>■ Changes within the Transition Funds happen automatically on a quarterly basis without large one-off switches.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Little or no science in determining age at which to migrate between portfolios.</li> <li>■ Large changes are made to asset allocation at discrete points.</li> </ul>  |
| <b>Transition to retirement</b>   |  |
| <ul style="list-style-type: none"> <li>■ Designed to accommodate members' varying post-retirement needs.</li> <li>■ Offers different migration paths for the four major post-retirement needs: cash, level annuity, bonus escalating annuity and living annuity.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Designed to migrate members' retirement savings down to cash to protect capital in the run-up to retirement.</li> </ul>   |
| <b>Multiple switches</b>  |  |
| <ul style="list-style-type: none"> <li>■ At any point in time, members only ever need hold units in one fund - either a Wealth Creation Fund or a Transition Fund - avoiding costly, complex and error-prone switching.</li> </ul>  | <ul style="list-style-type: none"> <li>■ Multiple switching between various funds over a member's investment lifetime creates significant administrative complexity.</li> </ul>  |
| <b>Internal consistency</b>   |  |
| <ul style="list-style-type: none"> <li>■ Macro Strategy Investments has oversight of all funds, with direct access to the building blocks to ensure consistency of view and portfolio transitioning.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Often diversifies risk by using a different manager for each life stage, thus exposing the member to potential inconsistencies of opposing views of the different managers.</li> </ul>  |
| <b>Fixed asset allocation</b>   |  |
| <ul style="list-style-type: none"> <li>■ Macro Strategy Investments takes active views with regard to asset allocation and stock selection. This ensures members benefit from the outperformance created by our ability to identify mispricing of assets; ultimately creating more wealth from the alpha generated by these opportunities.</li> </ul> | <ul style="list-style-type: none"> <li>■ Often uses fixed asset allocation to create risk-profiled funds. This is not always appropriate. A lower equity allocation does not necessarily translate into lower risk. One must take into account market conditions.</li> </ul> |

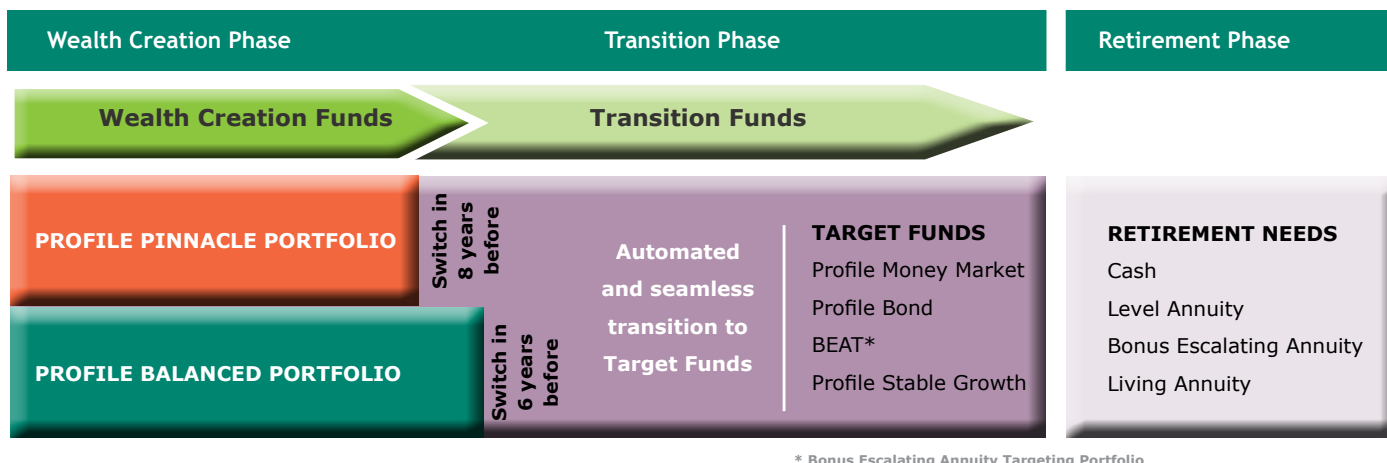


**OLD MUTUAL**  
Investment Group

**Macro Strategy Investments**

## The 3 phases of investing

- **Wealth creation phase** – where a member still has many years before retirement and their sole concern is creating personal wealth through capital growth to ensure financial security at retirement.
- **Transition phase** – where a member is approaching retirement and needs to take into consideration their financial plans after retirement and start tailoring their portfolio for this.
- **Retirement phase** – where a member moves from contributing to their investments to drawing down an income from them. Importantly, the member does not stop being invested at retirement but, as their funds now need to provide an income, the nature of the investment differs.



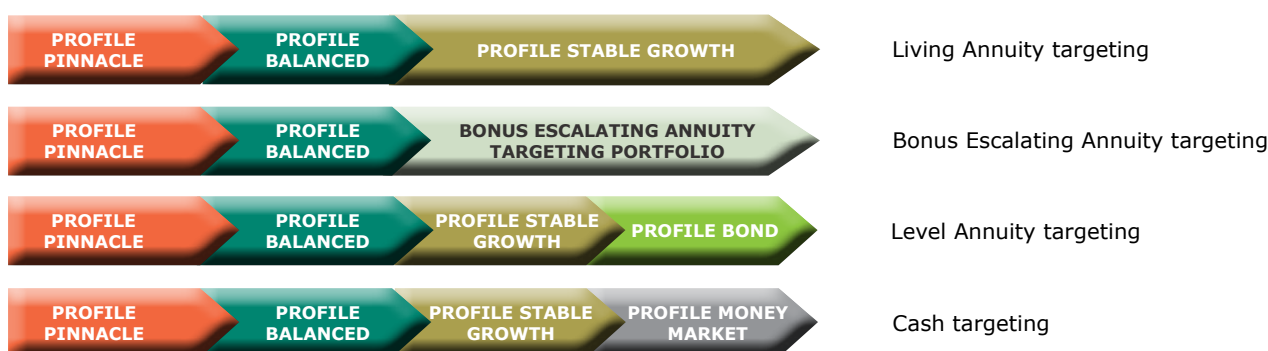
With Profile YourLife, each member of a retirement fund is invested according to their specific needs during their entire pre-retirement investment life cycle.

### How do the Transition Funds work?

Transition Funds manage the transition from the selected Wealth Creation Fund to the chosen Target Fund as a member approaches retirement. When members retire they can allocate their retirement savings to one (or a combination) of the following:

- **Cash.** Provides a tax-free cash amount for members requiring liquidity at retirement (subject to pension fund regulations).
- **Level Annuity.** Provides a fixed income for life.
- **Bonus Escalating Annuity.** Provides a guaranteed income, with regular increases, for life.
- **Living Annuity.** Provides a portfolio where members elect their annual withdrawal rate (subject to pension fund regulations).

The path of the Transition Fund depends on the member's plans for retirement. The following illustrates the paths for the different Transition Funds:



The gradual and smooth transition from the Wealth Creation Funds to the chosen retirement Target Fund ensures that risk exposure is reduced as members approach retirement. The Transition Fund matures at the end of the year in which the member retires.

**Life-staging solutions offer each retirement fund member a single, tailored investment that adjusts to their changing requirements over time and ensures that their investment risk reduces as they get closer to retirement.**

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