

Old Mutual Guaranteed Term Certain Solution

SOLUTION OVERVIEW

Old Mutual's Guaranteed Term Certain Solution is ideal for institutional investors with well-defined liability profiles that require an asset solution to guarantee their cash flow requirements. This solution can be tailored to each Fund's needs.

This solution makes use of the interest rate and credit structuring skills Old Mutual have developed in managing their own assets.

The payments to the investor under the solution are **guaranteed** by Old Mutual. In addition, the solution is automatically **Regulation 28 compliant**.

HOW DOES THE GUARANTEED TERM CERTAIN SOLUTION WORK?

Old Mutual's Guaranteed Term Certain Solution offers a future stream of guaranteed cash flows that meets the client's requirements. This stream can be level or increasing with an inflation index, for example. Increase dates and payment frequencies are determined by the client.

GUARANTEES

All required payments for the term are chosen by the client and guaranteed by Old Mutual.

ASSET MANAGEMENT:

Old Mutual Investment Group: Specialised Finance (OMSFIN)

The assets underlying the Guaranteed Term Certain Annuity are managed by the Specialised Finance Boutique. OMSFIN has been successfully managing interest rate risk using interest rate derivatives since 2001. The expertise were developed for the management of OMSFIN's proprietary activities and the management of the long-dated annuity funds of Old Mutual Life Assurance Company (SA) [OMLAC(SA)].

The team manages all of Old Mutual South Africa's Guaranteed Annuity funds (approximately R20 billion).

LONGEVITY PROTECTION

The Guaranteed Term Certain Solution is designed to provide exactly the required cash flows projected by the client. It does not take into account the longevity risks faced by the fund. Should the fund require longevity protection together with the cash flow targeting solution, this can be explored with each client.

GUARANTEED TERM CERTAIN SOLUTION VS. INVESTMENT BANKING SOLUTION

Feature	Old Mutual Guaranteed Term Certain Solution	Investment Banking Solution
Legal structure	Old Mutual annuity policy	Bank Note (listed or unlisted)
Regulation 28 compliance	Automatically compliant: guaranteed annuity solution	Needs to be considered in context of total portfolio, considering per institution exposure
Cashflows to be received	Tailored, depending on client requirements	Tailored, depending on client requirements
Term of solution	Depends on client requirements	Depends on client requirements
Credit risk exposure	Old Mutual is locally AAA credit rated and has more than R39bn capital backing its policyholder liabilities	Depends on investment bank, and whether solution is uncollateralised or collateralised*
Longevity protection	Can be tailored for the client if desired	Not available

* A collateralised solution is likely to cost more than an uncollateralised solution

OLD MUTUAL'S GUARANTEED TERM CERTAIN SOLUTION IS WELL SUITED TO CLIENTS WHO:

- Have a well-defined liability profile / cashflow requirements that they would like to **match exactly** with suitable assets
- Want to reduce funding level volatility
- Are looking for a series of:
 - **guaranteed** level payments for a specified term
 - **guaranteed** increasing payments for a specified term e.g. at CPI or fixed increases per annum
- Want guarantees that are backed by the financial strength and reputation of Old Mutual
- Are willing to bear the longevity risk they are exposed to
- Who are looking for a solution that is Regulation 28 compliant

PROTECTION OBJECTIVE

All payments, including increases, are guaranteed by Old Mutual

INCREASE DATES

Chosen by client

PAYMENT FREQUENCY

Chosen by client e.g. monthly, quarterly, annual

TERM OF SOLUTION

Chosen by client

ASSET MANAGER

Old Mutual Investment Group: Specialised Finance

CONTACT DETAILS

Old Mutual Investment Group: Liability Driven Investments

Tanja Tippet

Boutique Head
(021) 509 2703
ttippet@omigsa.com

Website: www.omigsa.com

Regulatory Information: Old Mutual Corporate is a division of Old Mutual Life Assurance Company (South Africa) Limited, Licensed Financial Services Provider. Jan Smuts Drive, Pinelands 7405, South Africa. Company registration no: 1999/004643/06. The information contained in this document is provided as general information and does not constitute advice or an offer by Old Mutual. Every effort has been made to ensure the provision of information regarding these financial products meets the statutory and regulatory requirements. However, should you become aware of any breach of such statutory and regulatory requirements, please address the matter in writing to: The Compliance Officer, Old Mutual Corporate, P.O. Box 1014, Cape Town 8000, South Africa