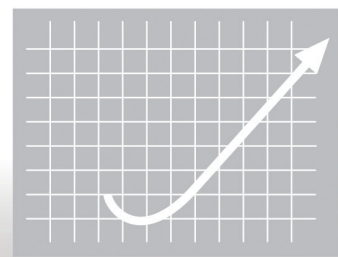


# OLD MUTUAL PRIVATE EQUITY SECONDARY FUND (OMPESF)



## KEY FACTS

Launch date	01 October 2009
Fund Manager	OMIGSA Alternative Investments
Investment Vehicle	Life policy available through the Fairbairn Capital product set (Investment Frontiers Capital Portfolio)
Fund Benchmark	CPI + 10% p.a.
Minimum Investment	R100 000
Fund horizon	31 December 2017

## INVESTMENT OBJECTIVE

This is a high-risk fund which aims to aggressively outperform inflation. It is invested in two underlying private equity funds, which in turn are invested mostly in companies not listed on a public stock exchange.

Private equity funds have the potential to outperform traditional asset classes over the long term and to provide diversification for the sophisticated investor through their low correlation with other asset classes.

The key to this private equity fund is the fully invested nature of the underlying funds and the quality of the underlying investee companies in these funds. This is an aggressive fund with a risk rating of 5 (based on Old Mutual's rating scale of 1 - 5).

## INVESTMENT STRATEGY

OMPESF is designed to have exposure to two fully invested private equity funds. Such funds, when sold by the primary investors to new investors, are known in the private equity industry as secondary funds. This provides investors with exposure to a fully invested portfolio of some of the premier private equity assets in South Africa, with the added benefit of diversification across vintages (transaction years). The fund will be invested 33% in OMPESF I and 67% in OMPESF II.

## SUITABLE INVESTORS

OMPESF is available to individuals, retirement funds, companies, trusts and tax-exempt institutions. It is suited to sophisticated investors who have an understanding of the key characteristics of the asset class. It is a high-risk, aggressive investment, due to both the nature of the underlying investments and the ability to use leverage. No investment guarantees are offered and there is a risk of capital loss. Investors should have a long-term investment horizon, and understand the liquidity restrictions associated with both the fund and the life-wrapped investment vehicle. It is not desirable for an investor to have a large proportion of their investment portfolio concentrated in private equity.

## FEE STRUCTURE

### Asset management fee

The two underlying private equity funds each charge a management fee of 2% (excl VAT) p.a. of the initial capital invested in the fund.

### Carried interest

The manager earns carried interest of 20% of the net returns earned in the fund, provided the hurdle return of CPI + 8% p.a. has been achieved.

### Adviser fees\*\*

Initial and/or annual adviser fees may be payable. These fees are fully negotiable between the client and the adviser.

### Administration fees\*\*

Initial and annual administration fees are payable on a sliding scale depending on the investment size.

### Product management fee

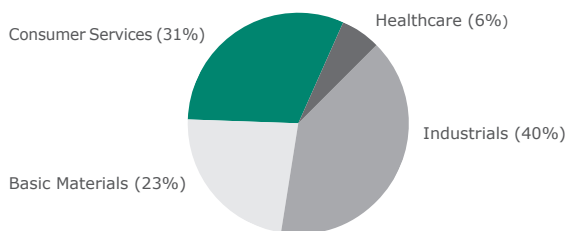
Old Mutual Life Assurance Company South Africa (OMLACSA) will charge a management fee of 0.40% p.a. of the market value of the fund, charged to the portfolio on a monthly basis.

\*\* For details of the adviser and administration fees payable, refer to the Investment Frontiers fees and commission page at [www.fairbairncapital.com](http://www.fairbairncapital.com), or consult your financial adviser.

## FUND STRUCTURE

Investor Limitations	R75 million limit per investor due to limited capacity (subject to manager discretion)
Fund Leverage	Targeted to remain below 40% of the value of the underlying assets at all times. A leverage charge, equal to the prevailing prime interest rate, will be levied on borrowed funds.
Subscription Period	Monthly, with early subscription earning interest at same rate as Old Mutual's SA Money Market Fund.
Liquidity	Investor-elected switches from the OMPESF into a money market fund within the Investment Frontiers contract allowed on a quarterly basis, subject to a charge of 7% of the amount switched. Switches of over R10m will be affected over 4 quarters. Note that withdrawals from the Investment Frontiers contract may be subject to restrictions imposed by legislation. Current legislation can be summarised as follows: Two withdrawals from the contract are permitted in the first five years, up to a maximum of 100% of the original investments plus 5% growth per year.
Valuation and Pricing	The underlying private equity investments are valued on a quarterly basis. The unit price of the OMPESF will be updated on a monthly basis, on the last business day of every month. On month-ends coinciding with calendar quarter-ends, the month-end unit price will reflect the updated quarterly valuation of the underlying private equity assets. On intra-quarter monthends, the price will be based on the previous quarter-end values of the underlying private equity assets. While the fund is open for new investments, these previous quarter-end values will be rolled up at prime from the quarter-end to the relevant month-end. Intra-quarter unit prices will also at all times be updated in respect of net portfolio cash holdings and accruals for tax, fees and carried interest.

## SECTOR ALLOCATION AS AT 30 JUNE 2011



## REGULATORY INFORMATION

Contractual rights and obligations of investors in these funds are subject to contract. Private Equity investments have short-term to long-term liquidity risks and there are no guarantees on the investment capital nor performance. The value of the investment may fluctuate as the value of the underlying investments change. The investment described in this guide is available through a long-term insurance policy underwritten by Old Mutual Life Assurance Company (South Africa), a Licensed Financial Services Provider. The investments are managed by Old Mutual Investment Group (South Africa) (Pty) Limited, a licensed financial services provider, FSP 604, approved by the Registrar of Financial Services Providers ([www.fsb.co.za](http://www.fsb.co.za)) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. Old Mutual Investment Group and Old Mutual Life Assurance Company (South Africa) are wholly owned subsidiaries of Old Mutual South Africa Limited, Registration No 1993/003023/07. The information and opinions contained in this guide are made in good faith and are based on sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. The opinions expressed herein are not intended to serve as authoritative investment advice and should not be used in substitution for the exercise of own judgment. The price of shares/units and any income from them may fall as well as rise. Past performance or fund benchmark performance is not necessarily a guide to the future and investors may not get back the full amount invested. When a subscription involves a foreign exchange transaction, it may be subject to the fluctuations of currency values. Exchange rates may also cause the value of underlying overseas investments to go down or up. It should be noted that investments within the fund may not be readily marketable. It may therefore be difficult for an investor to withdraw from the fund or to obtain reliable information about its value and the extent of the risks to which it is exposed.

October 2011

## CONTACT DETAILS

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