

Investment Objectives and Mandates for Discretionary Participation Business

The investment objectives and mandates of the various *discretionary participation* funds are given below. In reading these mandates the following should be noted:

- This represents the current position and may be changed at any stage.
- The mandates allow asset managers limited flexibility to depart from the specified asset allocation, based on their view of the markets and where they expect to earn higher returns.
- The mandates are expressed as a percentage of the total *market value* of the relevant portfolio.
- Where asset class benchmarks are shown as “actual”, this implies the level of the asset is set based on some other external input such as legislation or liabilities and is not necessarily managed to be a set portion of the fund. The percentage held in other asset classes is designed to accommodate this.
- Targeted Investments (also called FSC Assets), are assets held to allow Old Mutual to comply with the Financial Services Charter. These are generally debt-like assets that aim to achieve a return above that of cash.
- Alternative Assets is a general term for assets that do not fit the conventional definitions of cash, shares and bonds. They include hedge funds, private equity, commodity funds and other less traditional assets.

Individual business Smoothed Bonus funds and Performance Profits Balanced portfolios

The investment objective of these funds is to provide secure and stable returns, in addition to gross real returns of at least 5% p.a. over rolling five year periods.

Asset class	Benchmark
Domestic equity	42%
Domestic FI Bonds	22%-Targeted Investments
Targeted Investments	Actual
Cash	1.0%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	14.5%
Global interest-bearing assets	3%
Global alternative assets	5.0%

Performance Profits Equity portfolios

The investment objective of these portfolios is to provide a general equity fund suitable for policyholders investing in the longer term.

Asset class	Benchmark
Domestic equity	84.0%
Domestic interest-bearing assets	1%
Global equity	15.0%

Performance Profits Stable Portfolios

The investment objective of these portfolios is to provide stable returns and protection against possible falls in market values.

Asset class	Benchmark
Interest-bearing assets	100.0%

Performance Profits Property Portfolio

The investment objective of this portfolio is to provide a general property fund suitable for policyholders investing in the longer term.

Asset class	Benchmark
Property	100.0%

Performance Profits Top 40 Portfolio

The investment objective of this portfolio is to provide returns similar to those on the JSE Top 40 Index.

Asset class	Benchmark
Domestic equity	100.0%

Performance Profits World Wide Equity Portfolio

The investment objective of this portfolio is to provide an internationally diversified general equity fund suitable for policyholders investing in the longer-term who understand the implications of international stock market investment, currency movements and that short-term market fluctuations are to be expected.

Asset class	Benchmark
Global equity	80.0%
Domestic equity*	20.0%
Property	0.0%

* South African equities are rand hedge shares, i.e. the companies invested in must inter alia:

- Generate a minimum of 25% of the company's income abroad
- Be listed offshore
- Exclude Old Mutual plc shares.

Performance Profits World Wide Balanced Portfolio

The investment objective of this portfolio is to provide an internationally diversified general fund suitable for policyholders investing for the medium to longer term who understand the implications of currency movements and that short-term market fluctuations are to be expected.

Asset class	Benchmark
Domestic equity*	15.0%
Domestic interest-bearing assets	0.0%
Global equity	55.0%
Global interest-bearing assets	30.0%

* South African equities are rand hedge shares, i.e. the companies invested in must inter alia:

- Generate a minimum of 25% of the company's income abroad
- Be listed offshore
- Exclude Old Mutual plc shares

At least 25% of the fund must be invested in global interest-bearing assets and at least 65% of the fund must be invested in equities.

Platinum Pension; Optiplus and Max Income (Bonus Escalation Option)

The investment objective of these funds is to generate sufficient returns to pay guaranteed pensions as well as cater for increases in these pensions to offset or partially offset the impacts of inflation.

Asset class	Benchmark
Matched Portfolio	Liability
Unmatched Portfolio	100%-Liability

Matched Portfolio

Asset class	Benchmark
Domestic Interest Bearing Assets (matched) *	Liability-Targeted Investments

* The domestic interest bearing assets are used to match the liability profile of the annuity portfolios. The liability profile is the expected future cashflows of the annuity products to pensioners. Because these payments are largely known in advance, they can be “matched”.

Unmatched Portfolio

Asset class	Benchmark
Domestic equity	47.5%
Money Market	2.0%
Cash	1.0%
Domestic property	15.5%
Domestic alternative assets	4.0%
Global equity	24.0%
Global interest-bearing assets	4.0%
Global alternative assets	2.0%

Platinum Multi-Manager

Asset class	Benchmark
Domestic equity	Balancing
Domestic FI Bonds*	Liability
Domestic FI Bonds (Unmatched)	2.5%
Domestic property	7.5%
Global equity	12.0%
Global interest-bearing assets	2.0%
Global alternative assets	1.0%

* The domestic interest bearing assets are used to match the liability profile of the annuity portfolios. The liability profile is the expected future cashflows of the annuity products to pensioners. Because these payments are largely known in advance, they can be “matched”.

Guaranteed Fund and Genesis

The investment objective of these funds is to provide secure and stable returns with the potential for competitive longer-term investment returns. The fund is equivalent to a broadly balanced market-linked fund over the long term, less a guarantee charge.

Asset class	Benchmark
Domestic equity	41.5%
Domestic FI Bonds	14.0%
Targeted Investments	Actual
Money Market	8.5%-Targeted Investments
Cash	1.0%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	14.5%
Global interest-bearing assets	4.5%
Global alternative assets	3.5%

CoreGrowth

The investment objective of this fund is to provide secure and stable returns with the potential for competitive longer-term investment returns. The fund is equivalent to a broadly conservative balanced market-linked fund over the long term, less a guarantee charge.

Asset class	Benchmark
Domestic equity	30.5%
Domestic FI Bonds	19.0%
Targeted Investments	Actual
Money Market	14.5%-Targeted Investments
Cash	1.0%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	12.25%
Global interest-bearing assets	6.75%
Global alternative assets	3.5%

Multi-managed Smoothed Bonus Portfolio

The investment objective of this fund is to provide secure and stable returns with the potential for competitive longer-term investment returns. The fund is equivalent to a broadly conservative balanced market-linked fund over the long term, less a guarantee charge.

Asset class	Benchmark
Domestic equity	33.0%
Domestic FI Bonds	19.0%
Targeted Investments	Actual
Money Market	14.5%-Targeted Investments
Cash	1.0%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	8.75%
Global interest-bearing assets	7.75%
Global alternative assets	3.5%

Retail Mass Market Savings and GrowPlan

The investment objective of this fund is to provide secure and stable returns with the potential for competitive longer-term investment returns.

Asset class	Benchmark
Domestic equity	43.75%
Domestic interest-bearing assets	34.75%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	7.5%
Global interest-bearing assets	0.0%
Global alternative assets	1.5%

Absolute Growth Portfolios

The 100%, 80% and 50% guarantee options have investment targets of CPI + 3.5% p.a., CPI + 5.5% p.a. and CPI + 6% p.a. respectively over a three year period, after guarantee charges.

Asset class	Benchmark
Domestic equity	49.75%
Domestic FI Bonds	8.25%
Targeted Investments	Actual
Money Market	6%-Targeted Investments
Cash	1.0%
Domestic property	7.5%
Domestic alternative assets	5.0%
Global equity	15.0%
Global interest-bearing assets	4.0%
Global alternative assets	3.5%