

## 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 benchmark 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.
- 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, infrastructure and Targeted Investments. Targeted Investments (also called FSC Assets), are assets held to allow Old Mutual to comply with the Financial Sector Charter. These are generally debt-like assets that aim to achieve a return above that of cash.

### **Individual Life business Smoothed Bonus funds and Performance Profits Balanced portfolios**

The investment objective of these funds is to provide secure and stable bonuses, targeting real returns of at least **5%** p.a. over the medium to long term.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	39.5%
Local FI Bonds	15%
Money Market	5.5%
Cash	1%
Local Property	6.5%
Local Alternative Assets	7.5%
Global Equity	15.5%
Global Interest-Bearing Assets	4.5%
Global Alternative Assets	3%
Africa	2%

### **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.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	76.5%
Local Interest-Bearing Assets	1%
Global Equity	22.5%

### **Performance Profits Stable Portfolios**

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

<b>Asset class</b>	<b>Benchmark</b>
Interest-Bearing Assets	100%

### **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.

<b>Asset class</b>	<b>Benchmark</b>
Property	100%

### **Performance Profits Top 40 Portfolio**

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

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	100%

### **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.

<b>Asset class</b>	<b>Benchmark</b>
Global Equity	80%
Local equity *	20%

- \* South African equities are rand hedge shares, i.e. the companies invested in must inter alia:
- Generate a minimum of 50% 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.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity *	15%
Global Equity	55%
Global Interest-Bearing Assets	30%

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

- Generate a minimum of 50% 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.

### **Old Mutual Property Protected Life Fund**

The investment objective of this fund is to have high exposure to Property assets of 95% or more.

<b>Asset class</b>	<b>Benchmark</b>
Property	95%
Money Market	5%

### **Retail Mass Market: Savings, 2-IN-ONE SAVINGS and GrowPlan**

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

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	39.5%
Local FI Bonds	15%
Local Property	6.5%
Money Market	5.5%
Cash	1%
Local Alternative Assets	7.5%
Global Equity	15.5%
Global Interest-Bearing Assets	4.5%
Global Alternative Assets	3%
Africa	2%

### 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 the long term, after guarantee charges.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	47.75%
Local FI Bonds	9.25%
Money Market	3%
Cash	1%
Local Property	6.5%
Local Alternative Assets	7.5%
Global Equity	16%
Global Interest-Bearing Assets	4%
Global Alternative Assets	3%
Africa	2%

### Guaranteed Fund

The investment objective of this fund is to provide secure and stable bonuses 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.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	39.5%
Local FI Bonds	15%
Money Market	5.5%
Cash	1%
Local Property	6.5%
Local Alternative Assets	7.5%
Global Equity	15.5%
Global Interest-Bearing Assets	4.5%
Global Alternative Assets	3%
Africa	2%

### Guided Growth Fund

The investment objective of this fund is to target real growth over the long term, while managing risk – specifically aiming to limit the effect of significant market downturns and to reduce day-to-day volatility.

<b>Asset class</b>	<b>Benchmark</b>
Protected Equity *	60.5%
Local FI Bonds	15.0%
Cash	5.0%
Local Property	5.0%
Local Alternative Assets	7.5%
Global Interest-Bearing Assets	2.5%
Global Alternative Assets	2.5%
Africa	2.0%

\* The Protected Equity component is comprised of Local Equity, Global Equity and Local Cash. It allows the fund to vary its allocation to equity in response to changing market conditions. This portion of the fund is structured to increase equity exposure in positive market cycles and to decrease equity exposure in order to limit downside risk during negative market cycles.

### CoreGrowth and Multi-managed Smoothed Bonus Portfolio

The investment objective of this fund is to provide secure and stable bonuses 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.

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	28.5%
Local FI Bonds	20%
Money Market	11.5%
Cash	1%
Local Property	6.5%
Local Alternative Assets	7.5%
Global Equity	13.25%
Global Interest-Bearing Assets	6.75%
Global Alternative Assets	3%
Africa	2%

### **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. These funds are made up of a combination of a "Matched Portfolio" and an "Unmatched Portfolio"

#### Matched Portfolio

Domestic interest bearing assets are used to match a portion of 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". The exact portion that is matched is different for the various product categories, and depends on the product design.

#### Unmatched Portfolio

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	36%
Local FI Bonds	0%
Inflation Linked Bonds	0%
Cash	1%
Local Property	13%
Local Alternative Assets	15%
Global Equity	25%
Global Interest-Bearing Assets	0%
Global Alternative Assets	6%
Africa	4%

### **Platinum Multi-Manager**

<b>Asset class</b>	<b>Benchmark</b>
Local Equity	Balancing
Local FI Bonds *	Liability
Local FI Bonds (Unmatched)	2.5%
Local Property	7.5%
Global Equity	12%
Global Interest-Bearing Assets	3%

\* The domestic interest bearing assets are used to match a portion of 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".