

# PROPOSAL TO MERGE THE OLD MUTUAL INTERNATIONAL GROWTH FUND OF FUNDS WITH THE **OLD MUTUAL MAXIMUM RETURN FUND OF FUNDS**

Old Mutual Unit Trust Managers proposes the amalgamation (merger) of the Old Mutual International Growth Fund of Funds with the Old Mutual Maximum Return Fund of Funds with effect from 31 January 2018. Please note that an amalgamation transaction will not trigger a capital gains tax event.

## The rationale behind the proposed merger

Old Mutual Global Investors (UK), gave notice of termination as investment manager of the Old Mutual International Growth Fund of Funds (the "Fund"), with effect from 31 January 2018.

We considered appointing a new investment manager to the Fund but this proved to be an inadequate solution, given that the Supplemental Deed of the Fund limits its investment universe to underlying portfolios managed by Old Mutual Global Investors (UK). Closing the Fund is also not ideal, as this would trigger a capital gains tax event for our investors.

The proposed merger also promotes our goal of having a consolidated, simple and clear retail fund range.

The main differences between the two Funds are:

### Old Mutual International Growth Fund of Funds

- Benchmark comprises 70% MSCI World Index and 30% JP Morgan Global Bond Index.
- The Global Multi-Asset Flexible classification requires that the fund has a minimum of 80% and a maximum of 100% global exposure.

### Old Mutual Maximum Return Fund of Funds

- Benchmark comprises 60% FTSE JSE Capped SWIX, 35% MSCI All Country World Index and 5% STeFI Composite Index.
- The Worldwide Multi-Asset Flexible classification provides flexibility to have maximum 100% global exposure but also to have maximum 100% SA exposure should circumstances require..

The proposed merger will result in investors, who currently invest in the Old Mutual International Growth Fund of Funds, becoming investors in the Old Mutual Maximum Return Fund of Funds. Both funds have been rated by Old Mutual as having a moderate to high risk rating. The continuing Old Mutual Maximum Return Fund of Funds will retain its existing name and investment policy.

## How will the merger affect fees

The Old Mutual International Growth Fund of Funds was launched in 2000. The retail class (A class) included a trail fee in the service fee of the fund. After considering the impending legislative changes in the financial services industry as well the various industry communications in respect of fee structures, we decided that it was more appropriate to utilise the flexible, transparent and simple annual adviser fee structure that we have offered on our funds since 2006. We have therefore taken a decision not to include a trail fee in the service fee of the Old Mutual Maximum Return Fund of Funds. This will allow the investor to negotiate the advice fees with their adviser which is in line with the spirit of RDR. Where investors already have an annual adviser fee agreement concluded the investment amount merged into the Old Mutual Maximum Return Fund of Funds will be automatically included.

Kind regards



**Deon Wessels**  
Head of Product

DO GREAT THINGS



**OLDMUTUAL**

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