



PRODUCT OVERVIEW

As a fund you want to ensure that the pension provided to your staff at retirement keeps up with inflation. Not only do you want to attract high-calibre staff in future, but you also want to ensure that your pensioners have the best possible lifestyle protection available. This can be achieved in a cost-effective manner through the purchase of a with-profit annuity on a group basis. Old Mutual's Pensions OptiPlus are with-profit annuities that allow funds to outsource their pensioner liability to Old Mutual and ensure competitive growth. Pensions OptiPlus is currently closed to new business. Old Mutual's with-profit annuity ranges that are open to new business are Platinum Pension 2003 (managed on a single asset manager basis) and Old Mutual Performance Pension, which is a dynamically hedged with-profit annuity.

HOW DOES THE PENSIONS OPTIPLUS ANNUITY WORK?

Pensions OptiPlus provides pensioners with a guaranteed monthly income and the opportunity to participate in profits via an annual increase. Increases are declared on 1 January each year and once declared, are guaranteed for life. The Annuity also offers flexibility to trustees by including the option to choose the start date, frequency of payment, increase month and various other features.

INVESTMENT STRATEGY

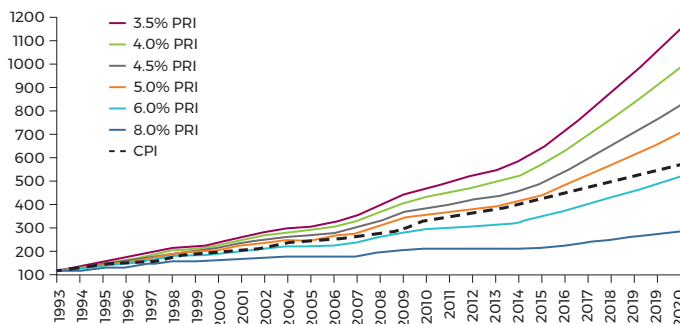
Old Mutual Investment Group (Pty) Limited (OMIG), actively manages the portfolios underlying Pensions OptiPlus. These portfolios consist of diversified exposure to equity, property, bonds, alternative assets and international assets.

INCREASES

Pensions OptiPlus has a range of post-retirement interest rates (PRI), starting at 3.5% and increasing by 0.5% up to 8%. The PRI represents the minimum rate of return Old Mutual needs to earn on the assets underlying the annuity portfolio in order to maintain the current level of pension. Returns over and above the PRI plus charges are then used to grant increases to pensioners. A lower PRI therefore corresponds to higher expected future increases, but a lower starting pension for a given initial investment and vice versa.

The following graph shows how a typical pension (starting at R100) might progress.

ILLUSTRATION OF PENSION INCREASE CATEGORIES



		Pension category (Pricing Interest Rates)						
		3.5%	4%	4.5%	5%	6%	8%	CPI
Year	2016	11.0%	10.4%	9.7%	9.1%	7.8%	5.4%	4.6%
	2017	10.5%	9.9%	9.2%	8.6%	7.4%	4.9%	6.1%
	2018	10.0%	9.4%	8.7%	8.1%	6.9%	4.5%	5.1%
	2019	9.5%	8.9%	8.2%	7.6%	6.4%	4.0%	4.9%
	2020	9.0%	8.4%	7.7%	7.1%	5.9%	3.5%	4.1%
3-Year average		9.5%	8.9%	8.2%	7.6%	6.4%	4.0%	4.7%
5-Year average		10.0%	9.4%	8.7%	8.1%	6.9%	4.5%	5.0%
Since inception		11.0%	10.4%	9.6%	9.0%	7.8%	5.3%	8.9%

OLD MUTUAL'S PENSIONS OPTIPLUS IS WELL SUITED TO CLIENTS WHO

- Want a secure retirement with a pension payable for life
- Want a pension with increases that offset the effects of inflation and can never decrease
- Want their pension to be managed by the local market leader in annuities

GROWTH OBJECTIVE

To maximise growth of the portfolio, and hence increases, subject to the limits imposed by the protection objective.

PROTECTION OBJECTIVE

Once declared, pension increases can never be revoked. Pensions can never decrease.

INCREASE FREQUENCY

Annual, in arrears (default 1 Jan).

FEES AND CHARGES

Capital charge	Ranges from 1.0% to 1.9% p.a.
Investment management fee	Approximately 0.75% to 0.85% (incl. VAT) of assets p.a., varying slightly depending on asset allocation and outperformance.
Administration fee	Upfront and renewal fees depending on annuity specifics built into the upfront premium.

FUND SIZE

R14.6 billion (30 June 2019)

MANAGEMENT STYLE

Active

ASSET MANAGER

Old Mutual Investment Group (Pty) Limited (OMIG)

INCEPTION DATE

1993

CONTACT DETAILS

OLD MUTUAL CORPORATE

Area	Intermediary Consultants
Johannesburg	011 217 1246
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Western Cape	021 504 7813
KwaZulu-Natal	031 582 0600
Eastern Cape	041 391 6300

NOTE. In terms of Financial Services Board Directive 147.A.i, Old Mutual is required to define and publicise the principles and practices of financial management (PPFM) that are applied in the management of its discretionary participation business. The PPFM document, as well as a consumer-friendly version specific to Old Mutual Corporate's Guided Growth Fund is available on Old Mutual's website at oldmutual.co.za or can be obtained in hard copy on request. For other regular information on this investment product, please visit Old Mutual's website at oldmutual.co.za.