



A STRONG CASE FOR OLD MUTUAL SMOOTHED BONUS FUNDS

OLDMUTUAL

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A BIT ABOUT SMOOTHED BONUS FUNDS

Smoothed Bonus Funds are savings vehicles that offer steady growth by smoothing out the ups and downs (volatility) often seen in other comparable investments. They invest in a range of assets and pass on the growth in these assets to investors by means of a regular bonus. When markets are doing well, a part of this growth in assets is put aside to smooth out any future volatility so that investors can enjoy steady returns no matter what happens in the markets.

WHO ARE THEY FOR?

Smooth Bonus Funds are mostly used by investors wanting to achieve long-term inflation-beating returns for their retirement, while experiencing low risk. It is also well-suited to any investors who want to save for a specific goal over the long term like a child's education or a significant purchase.

A Smoothed Bonus Fund is a great way to ensure you and your loved ones have the money you need for a series of unforeseen events – like disability or death.

WHY ARE THEY SUCH A GOOD INVESTMENT?

An Old Mutual Smoothed Bonus Fund protects your investment value from market ups and downs, and offer various levels of guarantees. That means you never have to feel uncertain about what the value of your investment will be upon retirement or any of the unforeseen events listed above.

In addition to this value protection, Old Mutual Smoothed Bonus Funds also have a solid history of strong inflation-beating performance and growth, as can be seen from the following example.

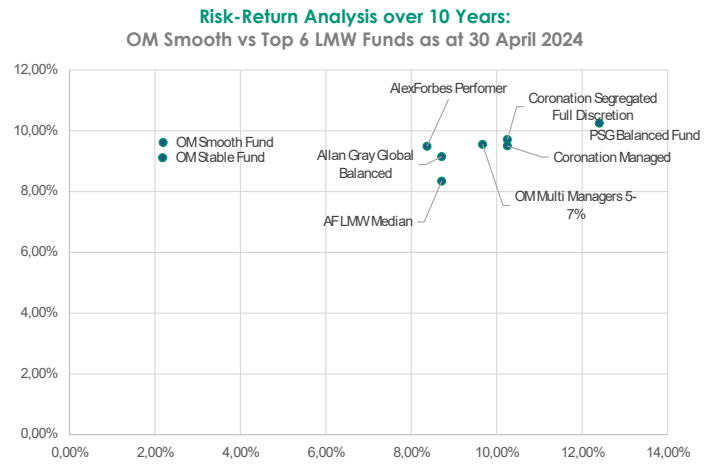
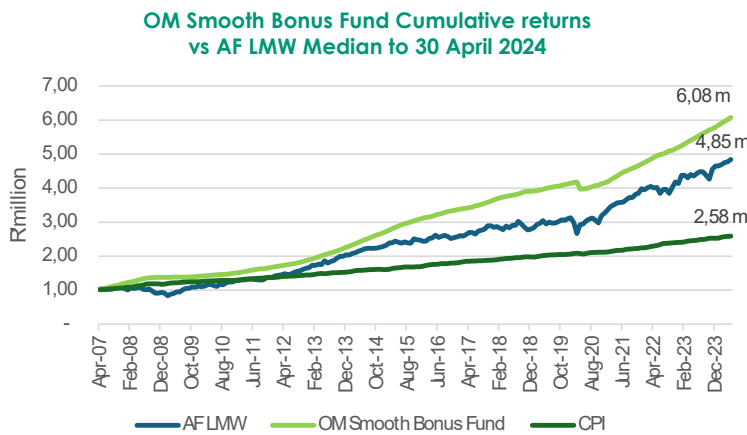
A CASE IN POINT

An Old Mutual client, who was invested in our largest Smoothed Bonus Fund, the Absolute Growth Portfolio, retired at the end of 2008. If he had been invested in a typical balanced fund, the value of his investment would have fallen drastically by around 11.6% over 2008.

The good news for him was that the bonuses paid by his Smoothed Bonus Fund over 2008 were 14.3%. This means that, in the year leading up to retirement, his savings were not only preserved, but grew significantly and avoided the losses he would have incurred in a typical balanced fund, giving him more money to invest so he could receive a higher monthly pension throughout his retirement.

The reason why Smoothed Bonus Funds were able to deliver such consistent returns compared to a typical balanced fund over this period has to do with the way they are designed. OM Smooth Bonus Fund is designed to deliver compelling returns relative to the market linked balanced funds while keeping the volatility experienced very minimal.

A Smoothed Bonus Fund puts aside a portion of the returns it makes in the years when growth is good. This is then used to support the fund's returns and growth in times when the markets are not doing as well. The value of this approach can be seen in the graph that compares the returns of a typical balanced fund with the returns of Old Mutual's Absolute Smooth Growth Portfolio.



So, while balanced funds usually perform poorly when the markets struggle, Smoothed Bonus Funds can limit the impact of this poor market performance – keeping returns and growth consistent for their investors.

PROTECTING YOUR MOST IMPORTANT INVESTMENT

The value of a Smoothed Bonus Fund is especially obvious for investors who are nearing retirement. In the last month before the client mentioned above retired, the markets suddenly performed badly. If he had been invested in a typical balanced fund, his investment value would have dropped significantly just before he needed it. But the Smoothed Bonus Fund he was invested in actually protected him from this drop in the markets and kept his investment growing right until he retired.

The moral of the story: Old Mutual Smooth Funds give you the best of both worlds. Old Mutual Smooth Funds are a proven way to achieve long term inflation beating growth and protect your investment.

OUR IMPACT TO DATE

HOUSING DELIVERY	RENTAL HOUSING	FINANCIAL INCLUSION	EDUCATION	RETIREMENT ACCOMMODATION
R3.7 BN INVESTED	R4.3 BN INVESTED	R6.6 BN INVESTED	R1.8 BN INVESTED	R1.2 BN INVESTED
<ul style="list-style-type: none"> 24 projects 24 500 transfers (units, even & opportunities) 83% in Affordable market 	<ul style="list-style-type: none"> 8 500 rental units 10 200 student beds 92% in Affordable market 	<ul style="list-style-type: none"> 8 300 home loans 230 000 home improvement loans 180 000 unsecured housing loans 11 200 taxis financed 3 400 ATM's 84% in Affordable market 	<ul style="list-style-type: none"> 28 100 learners in 51 schools & 1 900 staff 43 600 learners in 55 schools projected from current commitments 70% of schools in Affordable Market Pass rate 95%(Nat Ave 83%) Bachelor pass 55% (Nat Ave 41%) 	<ul style="list-style-type: none"> 1 700 units in 12 retirement villages Plus 250 committed or under construction Not currently focused on Affordable market Enhance access for elderly market to security, healthcare, support services

Source: Old Mutual Alternative Investments (31 December 2023) Amounts invested include deployed & committed amounts Amounts aggregated by asset class / not by fund

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Visit the Corporate website oldmutual.co.za/corporate

