



OLDMUTUAL

# OLD MUTUAL SUPERFUND CHOICE INVESTMENTS PACKAGES

A guide to helping you and your employees  
make the right retirement investment decisions



**CORPORATE**  
RETIREMENT SOLUTIONS

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# OLD MUTUAL SUPERFUND CHOICE INVESTMENT PACKAGES

## A GUIDE TO HELPING YOU AND YOUR EMPLOYEES MAKE THE RIGHT INVESTMENT DECISIONS

The Old Mutual SuperFund Choice solution is designed to offer you as an employer, and your employees, the benefit of investment choice. While this may be a significant enhancement to your current retirement offering and your employees' retirement planning, it also presents a number of potential risks. The information in this document is provided to give you all the information you need to be able to make the right Old Mutual SuperFund Choice investment decisions.

## OLD MUTUAL SUPERFUND CHOICE - AN INVESTMENT OVERVIEW

The Trustee Choice investment package is always made available to members. The underlying investment portfolio provides a high growth expectation, smoothed returns and an 80% capital guarantee. Depending on your eligibility, the full range of Old Mutual SuperFund Choice investment offerings available to you and your employees can also include:

## EMPLOYEE INVESTMENT CHOICE

If you would like to offer employee investment choices, any of the following investment package options (depending on eligibility) can be selected:

- Lifestage investment package - a selection of smoothed or market-linked investment options.
- Employees are automatically switched from an aggressive to a conservative investment portfolio as they approach retirement.
- The Strategy investment package - a selection of Old Mutual and Nedgroup investment portfolios.
- The Extended investment package - a wide selection of single- and multi-managed investment portfolios from various investment providers.
- These investment packages are incremental, so the Strategy investment package can only be offered if the Lifestage and Trustee Choice investment packages are also made available, and the Extended investment package can only be offered if the Lifestage, Trustee Choice and the Strategy investment packages are also made available.

## EMPLOYER CHOICE OF DEFAULT INVESTMENT PORTFOLIO, NAMELY

- Trustee Choice - The underlying investment portfolio provides a high growth expectation, smoothed returns and an 80% capital guarantee.

OR

- ONE of the Lifestage investment options (provided the Lifestage Choice package is made available to employees) - a selection of smoothed or market-linked investment options. Employees are automatically switched from an aggressive to a conservative investment portfolio as they approach retirement.

## POSITIONING THE EXTENT OF INVESTMENT CHOICE

NONE	LIFESTAGE	WIDER	WIDEST
<p><b>TRUSTEE CHOICE</b> Old Mutual Absolute Stable Growth Portfolio (AGP80)</p> <p>“Hands-Off” No investment decision-making required by the member.</p>	<p><b>LIFESTAGE</b> Smoothing Single Manager Multi-Manager Passive</p> <p>“Hands-Free” Some decision-making by member, then runs automatically.</p>	<p><b>STRATEGY</b> Limited range of Old Mutual and Nedgroup investment portfolios</p> <p>“Hands-On” Member must take control of all investment decisions.</p>	<p><b>EXTENDED</b> Wide range of investment portfolios from Old Mutual and other asset managers.</p> <p>“Hands-On” Member must take control of all investment decisions.</p>
<b>R34.85 PM</b>	<b>R34.85 PM</b>	<b>R63.50 PM</b>	<b>R102.50 PM</b>
Available to all Employers		Only available to Employer schemes with 50 members or R250 000 monthly salary bill	
Available to all members	Available to members whose employer chooses to make Lifestage available		

### PLEASE NOTE:

1. If more than one investment package is available to a member, he or she must be fully invested in ONE of the available investment packages at any given time.
2. Members who do not make an investment election will be placed in the default investment portfolio.
3. The Trustee Choice portfolio is the default investment portfolio, except for schemes where the employer specifies one of the Lifestage options as the default investment.
4. Administration fees in the above illustration are applicable from January 2020. These fees are charged per member per month depending on the member’s choice of investment package.

## CHOOSING YOUR DEFAULT INVESTMENT OPTION

If your organisation makes the Lifestage investment package available, you need to consider a number of factors when deciding which investment option to offer your employees as their default investment. These considerations are outlined below:

### CHOOSING AN EMPLOYER DEFAULT

BY CONSIDERING THE FOLLOWING CRITERIA	PASSIVE LIFESTAGE	TRUSTEE CHOICE OR SMOOTHING LIFESTAGE	SINGLE MANAGER LIFESTAGE OR MULTI-MANAGER LIFESTAGE
PERFORMANCE OBJECTIVE (IN GROWTH PHASE)	CPI+5%	CPI+5.5% to 6%	>CPI+6%
STABILITY OF RETURNS	Low	High	Low
CAPITAL PROTECTION	Low	Trustee Choice: High Smoothing Lifestage: Medium	Low
COST	Low	Medium	Single Manager: Medium Multi-Manager: Higher

To help you with this decision, the unique characteristics of each investment option is highlighted with a green circle.

# A CLOSER LOOK AT THE OLD MUTUAL SUPERFUND CHOICE INVESTMENT PACKAGES

## TRUSTEE CHOICE INVESTMENT PACKAGE

### WHAT IS IT?

The Trustee Choice investment package provides members with financial security and peace of mind, without making them take responsibility for their own investment decisions.

### IT SUITS YOU IF..

You don't have any (or many) other retirement savings vehicles other than the fund provided by your employer and you prefer your investment to give you stable returns without too much risk.

### HOW DOES IT WORK?

All Trustee Choice members are invested in a single investment portfolio that has been selected by the Old Mutual SuperFund trustees. The current Trustee Choice investment portfolio is as follows:

INVESTMENT PORTFOLIO NAME	CLASSIFICATION	GROWTH OBJECTIVE
Old Mutual Absolute Stable Growth	Smoothed Bonus	CPI+5.5%

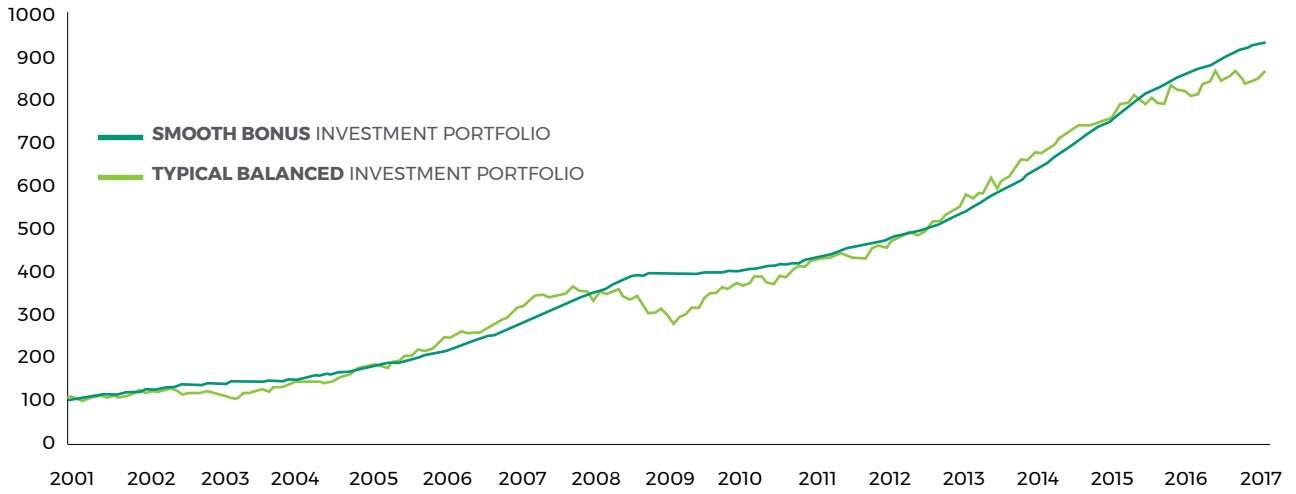
- Targets are over the long-term and are net of capital charges and gross of investment fees.
- Growth objectives are targets and not guaranteed returns.

### AS A MEMBER, WHAT DO YOU GET?

- We target high growth for your retirement savings – your trustees have chosen the Old Mutual Absolute Stable Growth investment portfolio in an effort to help your retirement savings grow so that they can meet your needs when you retire.
- Protection for your investment – while a big drop in the investment markets can cause other investors to lose a lot of money, Old Mutual guarantees that the value of your retirement savings in Absolute Stable Growth will never fall by more than 20% from the highest value they have ever reached. So, even if the markets suddenly lost 50%, your retirement savings would still be protected and secure.

- Smooth and steady savings, in any market – stock market performance will always go up and down, but thanks to Old Mutual's built-in smoothing solutions, your retirement savings have the best chance to keep on growing, regardless of what's happening on the markets. The chart below shows the value of this type of smoothing, especially for your retirement investment.

### OLD MUTUAL ABSOLUTE STABLE GROWTH PERFORMANCE



## THE LIFESTAGE INVESTMENT PACKAGE

### WHAT IS IT?

It offers members a choice of four distinct Lifestage investment styles and the ability to specify their own target retirement age.

### WHO IS IT SUITED TO?

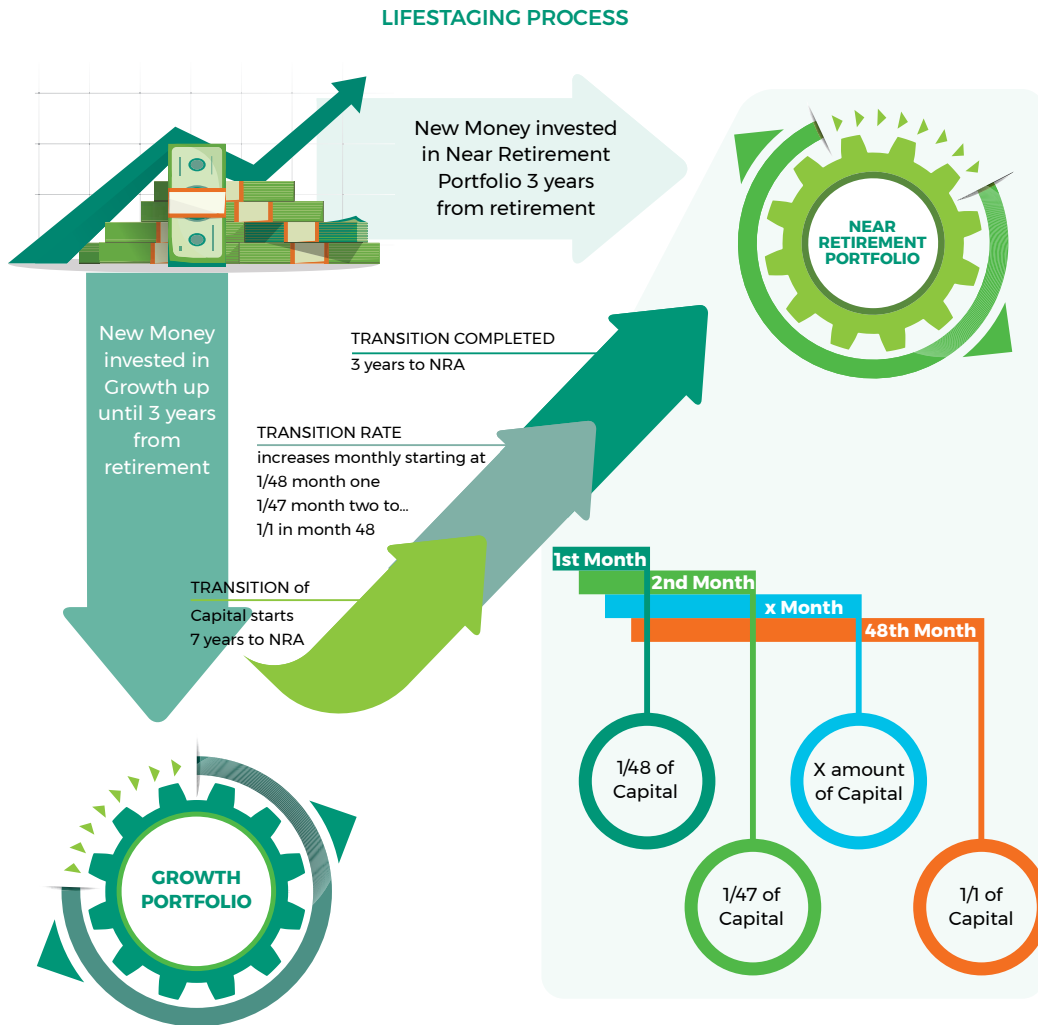
Members who want an automated and seamless investment development solution that switches them into appropriate investment portfolios as they progress through life on their way to retirement. Employers can select one of the Lifestage options as their employer scheme default. This means that all their employees' retirement savings, and future contributions, will be invested automatically in the default Lifestage option unless a member makes his or her own investment election.

### HOW DOES IT WORK?

Members are invested in a growth investment portfolio for most of their working lifetime, and automatically transitioned to more conservative investments as they near retirement as shown below:

RETIREMENT SAVINGS GROWTH PHASE	AUTOMATED MONTHLY TRANSITION	RETIREMENT SAVINGS NEAR RETIREMENT PHASE	TARGET RETIREMENT AGE
(More than 7 years from Target Retirement Age)	(Over a 4-year period, starting from 7 years before retirement)	(3 years and less from your Target Retirement Age)	
<b>Aggressive Performance Objective:</b> <ul style="list-style-type: none"> <li>• CPI+5% - 7%</li> </ul> <b>Short Term Volatility:</b> <ul style="list-style-type: none"> <li>• Tolerated (except for Lifestage Investment Package Smoothing option where volatility is kept to a minimum)</li> </ul>		<b>Conservative Performance Objective:</b> <ul style="list-style-type: none"> <li>• CPI+3% (except Lifestage Investment Package Smoothing Option, which is CPI+5.5%)</li> </ul> <b>Short Term Volatility:</b> <ul style="list-style-type: none"> <li>• Minimised</li> </ul>	

Lifestage is seamless in that members are automatically invested and transitioned according to the number of years to the target retirement date they have set.





Old Mutual works out the anticipated retirement date using the member's Target Retirement Age. Lifestage members can either specify their own Target Retirement Age, or the Normal Retirement Age value associated with the scheme will be used.



Members can choose to move in or out of the Lifestage investment package at any time. The member can also choose to move from one Lifestage option to another, provided that 100% of all retirement savings and future contributions are directed to a single Lifestage option at any given time. The six Lifestage options are outlined visually below:

### LIFESTAGE INVESTMENT OPTIONS

STYLE	RETIREMENT SAVINGS GROWTH PHASE TARGET CPI 5-7%	LINEAR MONTHLY TRANSITION	RETIREMENT SAVINGS NEAR RETIREMENT PHASE TARGET: CPI+3% (SMOOTHING: CPI+5.5%)
	 7 YEARS PRIOR	3 YEARS PRIOR	 TRA TARGET RETIREMENT AGE
SMOOTHING	OLD MUTUAL ABSOLUTE SMOOTH GROWTH →		→ OLD MUTUAL ABSOLUTE STABLE GROWTH
SINGLE MANAGER	OLD MUTUAL INVESTMENT GROUP (MACRO SOLUTIONS) PROFILE EDGE28 →		→ OLD MUTUAL INVESTMENT GROUP (MACRO SOLUTIONS) PROFILE CAPITAL
MULTI-MANAGER	OLD MUTUAL MULTI-MANAGER LIFE INFLATION PLUS 5 - 7 →		→ OLD MUTUAL MULTI-MANAGER LIFE INFLATION PLUS 3 - 5
MULTI-MANAGER	NEDGROUP INVESTMENTS XS DIVERSIFIED FUND OF FUNDS →		→ NEDGROUP INVESTMENTS XS GUARDED FUND OF FUNDS
TRACKER	OLD MUTUAL MULTI-MANAGERS BALANCED TRACKER FUND →		→ OLD MUTUAL MULTI-MANAGERS MODERATE TRACKER FUND
TRACKER	NEDGROUP INVESTMENTS CORE DIVERSIFIED FUND →		→ NEDGROUP INVESTMENTS CORE GUARDED FUND

# THE BROADER MEMBER INVESTMENT CHOICE PACKAGES

If you, as an employer, are eligible for the full range of investment options, and believe your employees need broader investment choice, in addition to the Trustee Choice and Lifestage investment packages, you can also make the Strategy and Extended investment packages available to them.

## WHAT ARE THEY?

The Strategy investment package allows members to choose from a select range of Old Mutual and Nedgroup investment portfolios.

The Extended investment package allows members to choose from a wide range of investment portfolios, including those from Old Mutual and other investment providers.

## WHO ARE THEY SUITED TO?

The Strategy investment package is suited to members who want to choose from a select range of Old Mutual and Nedgroup investment portfolios, at a lower fee than is payable under the Extended investment package. Generally these will be financially sophisticated members with access to personal financial advisers.

The Extended investment package is suited to members who wish to choose from a wide range of investment portfolios. Generally these will be financially sophisticated members with access to personal financial advisers.

## CONSIDERING RISK AND REWARD

Another vital consideration is the risk and reward characteristics of each investment option, and how these align with the risk and reward preferences of your employees.

To simplify this aspect of the investment decision, the investment portfolios available under each investment package have been categorised into three main risk/reward categories:

RISK REWARD CATEGORY	WHAT RETURNS TO EXPECT FROM THESE INVESTMENT PORTFOLIOS
<b>HIGHER REWARD/ HIGHER VOLATILITY</b>	You can expect these investment portfolios to experience higher levels of volatility (investment risk) than the other two categories, but they also offer the potential for higher returns (reward) in the long term. This category will be very heavily exposed to growth assets (e.g. equities).
<b>MEDIUM REWARD/ MEDIUM VOLATILITY</b>	These investment portfolios have a slightly lower proportion of growth assets than the first category and a slightly higher proportion of cash and bonds. This medium volatility profile means you can expect lower returns than in the higher reward category but less volatility.
<b>LOW REWARD/ LOW VOLATILITY</b>	You can expect these investment portfolios to experience lower levels of volatility (i.e. lower investment risk) than the other two categories, but also lower returns in the long term. They have the lowest exposure to growth assets (equities) and the highest exposure to cash and bonds.

Against this risk/reward backdrop, the types of investment portfolios available within the various Old Mutual SuperFund Choice options are broadly as follows:

<p><b>MARKET-LINKED INVESTMENT PORTFOLIOS</b></p>	<p>The returns on these investment portfolios are directly related to returns achieved on the stock and bond exchanges. They will therefore produce more variable returns than smoothed bonus investment portfolios (see below), but will typically deliver a long-term return equal to, or higher than, the smoothed bonus guarantee charge.</p>
<p><b>SMOOTHED BONUS INVESTMENT PORTFOLIOS</b></p>	<p>A smoothed bonus investment portfolio holds some of the returns back in years of better-than-average performance to support returns in years of worse-than-average performance. These investment portfolios still aim to provide long-term returns similar to those earned on market-linked investment portfolios in the same category, but they levy a charge for the guarantees that are built into them.</p>
<p><b>TARGETED RETURN INVESTMENT PORTFOLIOS</b></p>	<p>These are market-linked investment portfolios in which the investment manager targets a specific real return in excess of inflation. The investment mix can vary to reduce the risk of not achieving the targeted return.</p>
<p><b>MONEY MARKET</b></p>	<p>This is also known as “cash” and is a low-risk investment earning a rate similar to what you would earn in a savings or a fixed deposit account from a bank.</p> <p>While such investment portfolios preserve capital (making them useful just before retirement) it is expected that the real return on cash will be lower than that available on the other asset classes. This means they are not suitable long-term investments for retirement savings.</p>
<p><b>FIXED INTEREST</b></p>	<p>These are usually longer-term loan arrangements (known as bonds) issued by the government or companies to raise capital. This is a fairly secure investment with expected returns that are higher than cash over the long-term. A fixed interest portfolio is often used shortly before retirement to manage risk. Over the long term (five years or more), the return on a balanced portfolio that includes equities will typically be higher than the returns on a fixed interest portfolio.</p>

**LIST OF AVAILABLE INVESTMENT PORTFOLIOS AND FEES**

Please visit [www.oldmutual.co.za/superfund](http://www.oldmutual.co.za/superfund) for more information.



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