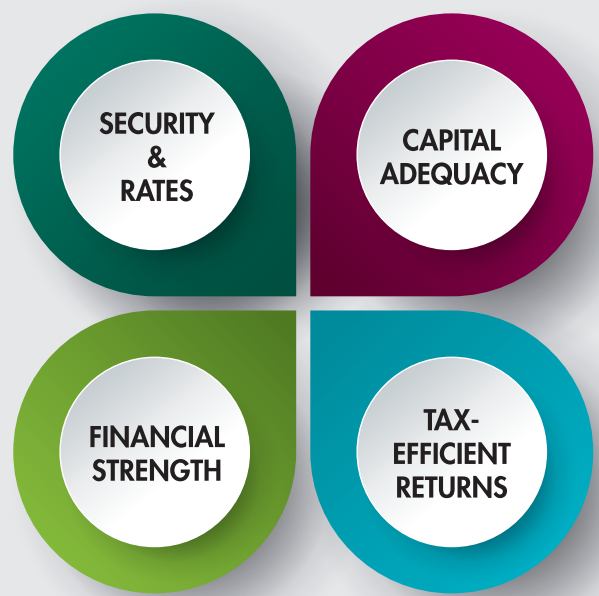




# INTRODUCING THE OMW FIXED BOND

**Fixed Bonds are fixed-term investments** in which both the invested capital and the growth at maturity are guaranteed by Old Mutual Life Assurance Company South Africa (Old Mutual). Fixed Bonds allow clients to invest at a given rate at the time of investment for a specified term, giving them the opportunity to take advantage of current bond rates – particularly if future investment rates look set to decline.

The Fixed Bond rates offered are indicative of the current investment environment and the proceeds payable at the end of the term are determined at the outset and are based on a guaranteed, fixed growth net of tax. The OMW Fixed Bond offers absolute peace of mind in that the client knows exactly the returns or growth they will be receiving and can rely on this. For this reason the OMW Fixed Bond can also assist in ring-fencing a portion of your client’s assets from potential market volatility.



## RETURNS FULLY GUARANTEED BY OLD MUTUAL

- Highest credit rating of SA insurers
- Guarantee NOT linked to underlying assets
- Like-for-like rates comparison is important (linked vs guaranteed)

## SECURITY & RATES

The capital invested, as well as the growth return, is guaranteed by Old Mutual. Old Mutual has an excellent credit rating, and this should play an important role in deciding which company to entrust with guaranteeing your client’s money at a future date. As one of the best capitalised life assurers in South Africa, with a consistently outstanding rating from credit-rating agencies, Old Mutual offers a Fixed Bond guarantee that clients can have great confidence in.

Rating Scale	Rating Description
AAA	Prime
AA+	High Grade
AA	
AA-	
A+	Upper Medium Grade
A	Lower Medium Grade
A-	
BBB+	Non-Investment Speculative
BBB	
BBB-	
BB+	Highly Speculative
BB	
BB-	
B+	Substantial Risk
B	
B-	
CCC+	Extremely Speculative
CCC	
CCC-	
CC	Default Imminent
C	
RD	In Default
SD	
D	

INVESTMENT GRADE

JUNK

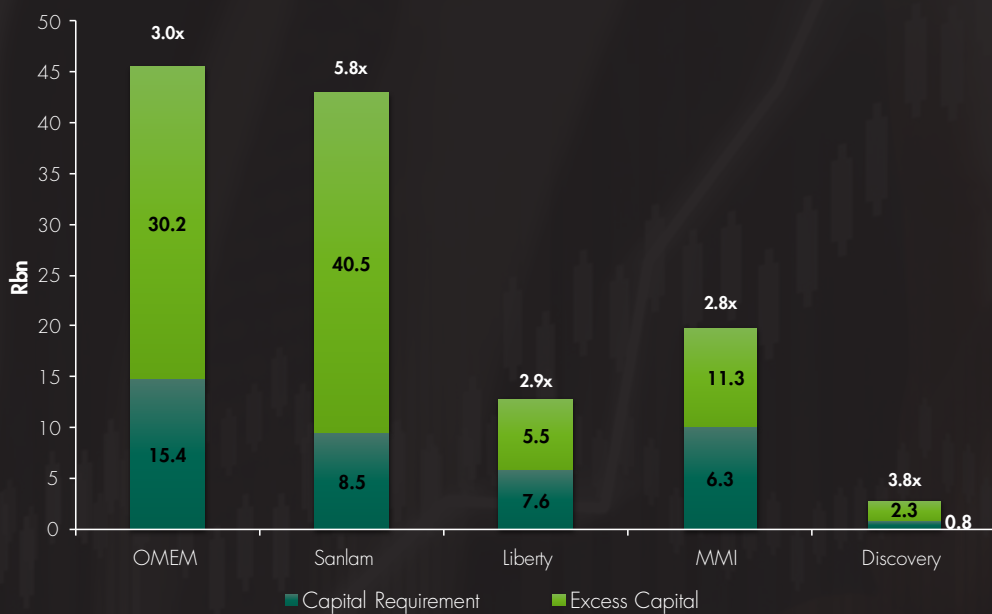
## CAPITAL ADEQUACY

It is also important to note that should Old Mutual Emerging Markets (OMEM) ever become insolvent, which is extremely unlikely given the statutory capital adequacy requirements (and additional internal capital adequacy requirement by which we abide) and other regulatory requirements that apply to life assurance companies, policyholder liabilities will rank above that of shareholders.

## FINANCIAL STRENGTH

Old Mutual South Africa's capital position serves to protect policyholders' guaranteed investments from adverse investment conditions. As at June 2017, OMEM capital set aside for this purpose was 3.1 times more than is required for statutory solvency purposes.

**PEER COMPARISON: DECEMBER 2017 CAPITAL POSITION**



## TAX-EFFICIENT RETURNS

Fixed Bonds may provide a tax-efficient return as the guaranteed rate is net of tax and maturity proceeds are not taxable in the hands of clients. Fixed Bonds come with all the potential tax advantages of investing via the Old Mutual Wealth platform – tax is not payable by the client on the guaranteed maturity value on withdrawal, and the guaranteed returns are quoted after deduction of tax. This means that the quoted investment values are not diluted in any way by taxation – your clients get exactly what they see.

**Old Mutual Wealth** remains focused on assisting clients in achieving their investment and lifestyle goals by providing sound investment solutions and value proposition, and assure you that the capital backing the guarantees offered by Old Mutual remains robust, and cannot be used to support the debt obligations of other subsidiaries within the Old Mutual group, below the statutory capital requirement for our South African liabilities. We remain committed and confident of delivering great value and security to our clients going forward.

## INVEST

- Minimum investment amount of R50 000 and maximum investment amount of R30m.
- Additional investments cannot be made into an existing OMW Fixed Bond but you can invest in another OMW Fixed Bond within the same Life Wrapped Investment with a minimum of R50 000.
- No recurring investments allowed.
- No phase-ins allowed if the OMW Fixed Bond is the only fund in the investment contract.
- You can invest in the OMW Fixed Bond AND other funds.
- Use the online Fixed Bond Calculator to assist in calculating the required investment amount in order to achieve the required guaranteed amount.

## SWITCHES

- To switch into the OMW Fixed Bond you need to first switch into the Old Mutual Money Market Fund and then switch into the OMW Fixed Bond. In this instance the switch from the Old Mutual Money Market Fund will not count as one of your free annual switches.
- You may switch from the OMW Fixed Bond into any other fund at any time, however, this will be subject to an early withdrawal penalty.

## FEATURES & BENEFITS

- The OMW Fixed Bond has a maturity term of 5 years.
- Switching flexibility – you can switch into or out of the OMW Fixed Bond at any point in time.
- The ability to invest in the OMW Fixed Bond and multiple funds (including PCS Portfolios) within the same Life Wrapped Investment contract.
- If an existing Life Wrapped Investment is outside the restriction period, the withdrawal amounts from the OMW Fixed Bond are not restricted by the 5% rule as per Section 54 of the Long Term Insurance Act.

## DISINVESTMENTS

Given that the OMW Fixed Bond is within the Life Wrapped Investment, you are allowed two withdrawals (one zero interest loan & one disinvestment) during the restriction period as per Section 54 of the Long Term Insurance Act.

## MATURITY

- At the end of the 5 year term the guaranteed maturity value from the OMW Fixed Bond matures into the Old Mutual Money Market B1 Class to protect the investment from potential adverse market conditions.
- At maturity, you could reinvest the full maturity amount or a portion into a new OMW Fixed Bond. Alternatively you can disinvest the full maturity amount.
- As per Old Mutual Wealth's existing charging structure, a termination fee is charged when a client fully disinvests from their contract. However, we have waived this fee for the first 6 months after maturity to allow clients enough time to disinvest the guaranteed maturity value. After the 6 month period, the termination fee will be re-instated and apply upon disinvestment.

## IMPORTANT INFORMATION

- New Investments and all supporting documents need to be received by the Service Centre no later than 15h00 Friday of that week to receive that week's rate.
- Switches need to be received by the Service Centre no later than 15h00 Thursday of that week to receive that week's rate.
- Transfers need to be received by the Service Centre no later than 15h00 Wednesday of that week to receive that week's rate.
- Due to potential CGT implications, clients can only switch into the OMW Fixed Bond from the Old Mutual Money Market Fund.
- Switches into the OMW Fixed Bond will not be processed if submitted during the monthly fee run.