

INFLATION PLUS BOND



FUND OVERVIEW

The Inflation-Plus Bond provides a secure, fixed-term investment that offers a guaranteed return above inflation. This unique offering will protect the purchasing power of your capital by guaranteeing an attractive after-tax return of inflation plus 2%^{1,2} per year on the net amount invested over a five-year period. No initial fees are charged by Fairbairn Capital.

Fairbairn Capital's Inflation-Plus Bond is exclusively available to individual investors via the Investment Frontiers Capital Portfolio for discretionary investments.

Note that this investment is open for a limited period only.

INVESTOR PROFILE

The Inflation-Plus Bond is best suited to the conservative investor looking for inflation protection, tax efficiency, and firm guarantees from one of the most solid and reputable financial institutions in South Africa.

The Bond is likely to be particularly attractive to investors on a high marginal income tax rate, who have used their annual tax-exempt interest allowance.

Investors should be prepared to invest their money for the full five-year term, as it is a fixed-term investment with limited liquidity during the term, and the guaranteed return only applies if the investment is held until maturity.

WHY INVEST IN THE INFLATION-PLUS BOND?

1. Inflation-beating returns
2. Guaranteed returns
3. Returns that aren't dragged down by tax in the investor's hands

Many investors look for all three features in their investments. However, the majority of investments can't provide all three, and the search for one often compromises the others. Fairbairn Capital's Inflation-Plus Bond provides an inflation-beating return, guaranteed

by Old Mutual, with no further tax to pay in the investor's hands, over a specified five-year period. In other words, the three key investment requirements are delivered.

KEY FEATURES

Investment subscription period

The Inflation-Plus Bond is available for subscription during a specified period only. Client will be invested in the Inflation-Plus Bond at the end of every monthly tranche.

Investment term

The investment term of the Bond is five years, beginning on the first day after the end of the investment subscription period.

Fees

The initial administration fees are as follows:

INVESTMENT AMOUNT	FEE AS % OF INVESTMENT AMOUNT
First R250 000	2.25%
Next R250 000	1.25%

There will be no initial administration fee. An initial adviser fee, negotiable between the adviser and the investor, is payable up to a maximum of 5% (incl. VAT) of the investment amount.

Early subscription bonus

An early subscription bonus will be added to the invested amount (after deduction of initial adviser fee, if applicable) to provide the investor with a return during the investment subscription period, before the start of the investment term. The early subscription bonus will be calculated using a fixed interest rate declared at the time of the investment.

Net investment amount

The net amount that will be applied to the investment is the gross amount invested, plus the early subscription bonus, less the initial adviser fee.



FAIRBAIRN CAPITAL INFLATION PLUS BOND

Minimum investment amount

The minimum investment amount is R100 000.

Guaranteed return

The guaranteed return on the net investment amount over the five-year investment term is inflation + 2%^{1,2} per year.

Maturity value

The maturity value of the Bond will be the net investment amount, adjusted by inflation + 2%^{1,2} per year for five years.

Face value

The face value reflects the current value of the investment on the assumption that the Bond is held to maturity. It is calculated as the net investment amount at the start of the investment term, adjusted by inflation + 2%^{1,2} per year to the current date. The face value is adjusted on a monthly basis, and is merely an indication of the current value of the investment. It is not an amount that is available to disinvest or switch out.

Disinvestment before maturity

The early disinvestment value is determined by Old Mutual. The value will be based on the prevailing real yields available on inflation-linked bonds of comparable remaining term to maturity in the South African bond market, with an adjustment to allow for a fee to Old Mutual for providing liquidity before the maturity date.

It should be noted that the Inflation-Plus Bond is designed to be held in full to maturity, and the guaranteed return does not apply to early disinvestment. The early disinvestment value is subject to a maximum of the face value at the time of disinvestment, but could well be less than the face value or net investment amount. Part disinvestment and switches to other investment options within the Fairbairn Capital Life Wrapped Investment Plan will be allowed. No loans will be allowed from the Bond.

Regulated liquidity restrictions apply to withdrawals from the Fairbairn Capital Life Wrapped Investment Plan contract during the first five years or any restriction period.

Currency/allowable tax status

The investment value is payable in South African rands and is only available to individual investors or to trusts with only natural persons as beneficiaries.

INVESTMENT SUMMARY

MINIMUM INVESTMENT INTO THE BOND	R100 000
INVESTMENT TERM	5 years
GUARANTEED RETURN ON NET AMOUNT INVESTED	Inflation + 2% ^{1,2} per year
INITIAL ADMINISTRATION FEES	Depends on investment size – refer to the Investment Frontiers charge details or an individual quotation

1. Inflation is calculated as the growth in the Headline Consumer Price Index (Headline CPI) as published by Statistics South Africa, with a 2-month lag.
2. It should be noted that the overall return to the investor from the point in time at which they invest to the point in time at which they exit the investment will not necessarily be equal to inflation + 2% per year, for two possible reasons:
 - The return during the subscription period, before the start of the investment term, will depend on the early subscription bonus rate and the initial fees charged.
 - The Bond is designed to be held in full to the maturity date, and the guaranteed return does not apply to early disinvestments or switches out.

This guide has been compiled as an information document and is based on information available. Fairbairn Capital and/or Old Mutual does not accept liability for any loss, damage or expense that may be incurred as a direct or indirect consequence of reliance placed upon this guide. Any reference to Fairbairn Capital, Investment Frontiers and/or Old Mutual constitutes reference to Old Mutual Life Assurance Company (South Africa) Limited.

For Unit Trust funds only:

Unit trusts are generally medium to long-term investments. The value of the units may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices. A schedule of fees and charges and maximum commissions is available on request from the management company. Commission and incentives may be paid, and if so, would be included in the overall costs. Forward pricing is used. In the case of Money Market Funds, a constant unit price will be maintained.

Other funds:

These are generally medium to long-term investments. The value of the units may go down as well as up and past performance is not necessarily a guide to the future.

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