

INVESTMENT FRONTIERS CAPITAL PORTFOLIO



PRODUCT OVERVIEW

The Investment Frontiers Capital Portfolio is a tax-efficient, flexible investment vehicle suitable for the purpose of retaining or potentially growing investment capital on a lump sum and/or scheduled investment basis. Investors also enjoy the benefits of a life wrapper, which equates to enhanced investor freedom and tax efficiency. Investors enjoy the flexibility of a comprehensive range of investment opportunities, which span the entire investment spectrum and which can be combined to suit an investor's personal investment risk profile.

The investment is a contract issued by Old Mutual under the provisions of the Long-Term Insurance Act.

INVESTOR PROFILE

This investment product is ideally suited to anyone who wants to build capital with after-tax money, for a medium- to long-term investment objective, but still wants to retain the benefits on offer through a life wrapper. The Investment Frontiers Capital Portfolio does not cater for investors wanting ad hoc liquidity at any time.

FEATURES & BENEFITS

A choice of asset managers

- Access to a range of leading asset managers.

A choice of underlying investment options

- Access to international and local investment markets.
- Investors may choose from a broad spectrum of investment options, including a comprehensive range of risk-profiled funds, multi-manager funds and guaranteed options, depending on their risk profile and investment objectives.
- Capital depreciation risk may be reduced during volatile market conditions or when nearing planned withdrawal by switching into the Secured Money Market Fund or the SA Money Market Fund.

Phased-in investment option

- Investors may also phase in their investments from the SA Money Market Fund or the Secured Money Market Fund at intervals of their choice.

Investment parameters

- Investors may invest in the Investment Frontiers Capital Portfolio at any stage during their lifetime.

Additional investments

- Additional investments can be made during each contract year to a maximum of 120% of the highest investments made during the previous two contract years (and subject to the minimum investment limits applicable at the time). This is commonly referred to as the "20% rule".

Scheduled investments

- Scheduled investments may be made monthly, quarterly, half-yearly or yearly.
- Scheduled investments may be stopped or started with no adverse cost implications or arrear contribution payments.

Liquidity

- Two withdrawals (one loan and one disinvestment) are allowed during the first five years, or during any additional or extended restriction period.
- The total withdrawal amount/s, whether by loan or disinvestment, during the first five years or during any extended restriction period, may not exceed the investments made plus 5% p.a. compounded.
- Outside of a restriction period, unlimited access to funds is available as follows:
 - Investors may request ad hoc withdrawals (loans or disinvestments).
 - Scheduled disinvestments may be made.
 - Investors who opt for regular withdrawals should consider using the low risk funds or money market funds. This is because capital invested in these options is more stable and less exposed to market volatility, compared to equities.
 - Payment to any party other than the investor is not permitted.

Loans

- Non-interest bearing loans are available against most investment options (subject to restrictions under section 54 of the Long Term Insurance Act).



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Non-interest bearing loan

- This loan is granted by Old Mutual and secured against the investment.
- Investors may not alienate or pledge the investment until the loan has been repaid in full.
- This loan attracts no interest.
- Investors must switch units from one or more underlying investment options within the contract to the Capital Secured Fund.
- Old Mutual will grant a loan equal to the value of the units in the Capital Secured Fund. This fund does not participate in any growth.
- If the loan is repaid, the investor must switch out of the Capital Secured Fund into an investment option of their choice.
- A repayment of a non-interest bearing loan does not constitute an investment and therefore the 20% rule does not apply.
- No monthly administration charges are deducted from, nor is interest added to, the outstanding loan balance.
- The full outstanding loan amount becomes payable on the first occurring of the following events:
 - upon any benefits in terms of the investment becoming payable
 - death or insolvency/liquidation of any one of the investors
 - if the value of the investments falls below the minimum limit set by Old Mutual from time to time

Switching flexibility

Investors may switch between underlying investment options at any stage, subject to the terms and conditions of the options available at the time of the switch.

Income tax efficiency

- Any taxable returns within the investment are taxed in Old Mutual's hands as determined by the four-fund approach to taxation. In terms of this rule, investments by individuals are placed in a fund where taxable returns are taxed at 30% as opposed to their marginal rate in their own hands.
- Capital Gains Tax (CGT) is also deducted within the investment in terms of the four-fund approach.
- No income tax and CGT administration is required by the investor.
- The investment proceeds represent an after-tax return and in terms of current Revenue practice are tax free in the investor's hands.

NB: Second-hand policies may, however, be liable for additional CGT over and above that deducted in terms of the four-fund approach. For unit trust funds, CGT will be deducted on disinvestments and switches.

Outright cessions

- Ownership of the investment may be transferred to another legal entity provided that the necessary documentation has been received.
- No transfer costs are incurred.

Collateral cessions

- The investment may be ceded as security provided that the necessary documentation has been received.

Estate planning

- In terms of current practices, investors may nominate beneficiaries for ownership of the investment, which facilitates the estate planning process and can result in significant savings. Beneficiaries may then restructure the investment according to their own needs.
 - Savings on executor's fees of up to 3.99% (incl. VAT).
 - Savings on new investment fees for the nominated beneficiary.
- Upon the death of the investor, the investment forms part of the deceased's estate and may be subject to estate duty.

Ownership

- The investor owns the contract. The underlying investments are held by Old Mutual.

UNDERLYING INVESTMENT OPTIONS

The range of underlying investment options from which investors may select include:

- Elite Range of Funds
- Defender Funds
- Multi-manager Funds
- Multi-manager World Funds
- Specialist Funds (including SA sector funds, international regional funds and bond funds)
- Bonus Funds
- Money Market Funds
- Alternative Investment Strategy Funds
- Fairbairn Capital Bonds
- Over 80 local and rand-denominated Unit Trust Funds



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PRODUCT SPECIFICATIONS

Investment limits

INVESTMENT MINIMUMS	Lump sum investments	R100 000
	Additional investments	R10 000
	Scheduled investments	R2 000 p.m. (or R24 000 p.a.)

UNDERLYING INVESTMENT OPTION MINIMUMS (SUBJECT TO THE OVERALL INVESTMENT MINIMUMS)		SINGLE INVESTMENTS	SCHEDULED INVESTMENTS
	Frontier Funds	R5 000	R1 000
	Unit Trust Funds	R5 000	R1 000
	Fairbairn Capital Bonds	R10 000	Not allowed
	Alternative Investment Strategy Funds	R50 000	Not allowed

Offshore fund limits

- Due to legislative restrictions, International Frontier Funds and Alternative Investment Strategy Funds carry a general limitation on maximum investment amounts. Currently, total investments into these funds are limited to a maximum of R25 million per investor.
- Conversions from maturing Old Mutual endowments or the Guaranteed Capital Fund (GCF) into these funds also carry a limitation of the lesser of 30% of the face value or R25 million per investor. These limits also apply to additional investments into a converted contract.
- These limits are designed to ensure that our capacity for rand-denominated international funds is distributed equitably among our investors. In addition, the funds may be temporarily closed to new investments at certain times to maintain their 100% international exposure.
- Investments into international unit trusts are not subject to the above limits.

Term

- The investment term is an automatically renewable term of five years. This means that investors do not need to request to reinvest at the end of each five-year period. Investors who wish to access their investment at any time, are required to request a loan (non-interest bearing) or a disinvestment (full or part) in writing.
- During the first five years or during any extended restriction period, two withdrawals (one loan and one disinvestment) may be made. The total withdrawal amount/s during any such restriction period may not exceed the investments made plus 5% p.a. compounded. Any additional growth may be accessed outside of the restriction period.
- Complete liquidity of invested capital will occur after the five-year restriction period, on condition that no additional restriction periods have been imposed during that period.
- The restriction period does not impact on investors' ability to switch within the Capital Portfolio, should they wish to do so.

GOVERNING LEGISLATION

The Investment Frontiers Capital Portfolio is mainly governed by the rules of the Long-Term Insurance Act and the Income Tax Act and any specifications made in the contract.

Note: If the investor is not a natural person, please consult our Service Centre regarding any additional documentation required.

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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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