

PRIVATE SHARE PORTFOLIO FUND



Technical Document

Positioning

The Private Share Portfolio fund (PSP) is earmarked for the sophisticated investor who wants to invest in listed securities on the JSE which will form part of the Equity portion of their Retirement Annuity / Living Annuity. The PSP also enables the investor to participate in the modelling of a portfolio tailored to their circumstances rather than a blanket mandate offered by collective investments schemes.

Note that although the client has input into the construction and management of the Private Share portfolio, the stockbroker retains ultimate discretion and the portfolio must remain within the broader portfolio limits set by the brokerage and Old Mutual.

Portfolio Availability

The Private Share Portfolio is an underlying fund available to clients invested in the:

- Investment Frontiers Retirement Capital Portfolio
- Investment Frontiers Retirement Income Portfolio

Minimums

Retirement Capital Portfolio – R250 000*

Retirement Income Portfolio – R1 000 000*

**Please Note: the amounts stipulated are initial investment amounts (gross amounts) required for the Private Share Portfolio Fund and prevailing product prior to initial fees and income provisions have been allowed for. Monies invested in the PSP may be switched to other funds in the event that the balance in the PSP falls below an acceptable minimum.*

Trading

Brokerages/Management Companies may only invest in JSE listed equities and hold cash. No trades in warrants, options, futures or other derivatives are allowed. Restrictions apply to Old Mutual plc, Nedbank and Mutual and Federal shares which may not be held in the PSP. Dividends generated will be reinvested in the PSP.

Modelled portfolios

Shares traded by the Management Companies form part of their modelled portfolios. For the purposes of this fund clients and Management Companies will be prohibited from participating in execution only mandates.

BoE Thematic Equity Strategy

The BoE Thematic Equity Strategy is a high conviction, specialist equity portfolio that aims to maximise total return. The strategy attempts to identify beneficiaries of certain investment themes and the constituents of the portfolio will at times vary considerably from established market benchmarks such as the JSE Top 40 Index. The portfolio will contain stocks based on the manager's conviction in the identified themes and companies that are best placed to deliver long run total returns in excess of inflation.

BoE Core Equity Strategy

This strategy is a general equity portfolio that will seek to provide investors with capital growth and a degree of dividend income over the long term, by investing in equities traded on the JSE. The fund is actively managed and selects liquid large-cap blue-chip stocks that have good long-term growth track records. The fund does not take speculative positions but rather has a longer-term investment and growth horizon. However, this portfolio is aimed specifically at investors that seek a degree of flexibility to take advantage of discrepancies between long-term valuations and short-term prices.

BoE Dividend Focus Equity Strategy

The BoE Dividend Focus Equity Strategy aims to achieve a high dividend income stream as well as long term capital growth through the selection of highly cash-generative, defensively positioned and quality companies. The strategy seeks a diversified combination of companies such that the portfolio generates a consistently high dividend yield, irrespective of the stage in the economic cycle.

PSP Investment Objective

By the very nature of the underlying investments, the PSP is an aggressive investment. No investment guarantees are offered and there is a risk of capital loss. The fund value may go down as well as up. Investors should have a long-term investment horizon. Past performance is not necessarily an indication of future performance. As a result the PSP forms part of the building block approach where a solution is constructed and guidance is given as to what the solution should look like.

Chargeable Fund

A chargeable fund, for this purpose, is a fund that has sufficient liquidity to ensure monies can be withdrawn without restrictions. Chargeable funds exclude Fixed Bonds and the Private Share Portfolio fund. There must be sufficient funds available to source the fees. Therefore a mandatory 5% of the investment amount is allocated to source fee deductions.



Annuity Payments

In respect of the Retirement Income Portfolio, sufficient money to source the annual annuity income and trail fees for the full year must remain in a chargeable fund. Annuity payments can be sourced from all allowable funds, excluding the Private Share Portfolio fund. If there is insufficient money in the fund sourcing the annuity, the annuity will be sourced proportionately from all the allowable funds. If the client has a chosen source fund, and should there be insufficient money in that fund, after this income deduction, a top-up switch from the PSP will be automatically generated and applied to the fund.

Private Share Portfolio fund Fees

Old Mutual Fees

Portfolio Administration Fee: 0.25% p.a.

BoE Fees

Portfolio Management Fee: 1.2% p.a. excl. VAT

Transactional Charges: Per the standard fee paying brokerage scale below, based on the value of each transaction conducted on a securities exchange PLUS all associated costs (e.g. STRATE, custody and settlement charges and taxes and levies) plus VAT.

Brokerage Scale:

Dealing Consideration	Brokerage Rate
Up to R25,000	1.00%
R25,000 - R35,000	0.75%
R35,000 - R50,000	0.70%
R50,000 - R75,000	0.70%
R75,000 - R150,000	0.65%
Minimum charge per deal	R100

Dealing Consideration	Brokerage Rate
R150,000 - R200,000	0.60%
R200,000 - R250,000	0.55%
R250,000 - R750,000	0.45%
R750,000 - R1,000,000	0.40%
R1,000,000 and above	0.35%
Minimum charge per deal	R100

Note:

1. These fees and costs are in force as at the date of disclosure. Fees, costs and other contract conditions can change from time to time. The actual fees and costs applied will be those that are in force as at the date of deduction.
2. The above fees will not be directly visible to the Investor in the Investment Frontiers reporting but will be implicit in the PSP fund value. BoE will however provide the Investor with monthly statements that will detail the trading activity and fees deducted.
3. The portion of the Administration and Adviser fees attributable to the PSP and charged at policy level as referred to in the investment application form is deducted from "chargeable funds".

Liquidity

Product Liquidity

Product liquidity only allows disinvestments for the following reasons (This is as per current practice):

- Death
- Ill-Health Retirement
- Commutation
- Retirement
- Section 14 Transfer Out
- Divorce Order

PSP Fund Liquidity

As a result of the nature of the fund, investors need to be sensitive to the fact that certain trades may be difficult to execute in the desired time horizon. In some circumstances there may be a delay if there is corporate action pending. In such a case the brokerage will endeavour to notify the client and keep them abreast of the situation. A Rand amount (part withdrawals) or percentage (full withdrawals) must be specified when disinvesting proceeds from the PSP.

The realisation of assets underlying the PSP could take up to 30 trading days from the date Old Mutual receives the instruction. Disposals will be undertaken on a best endeavours basis and subject to prevailing market and liquidity conditions, which can potentially affect both the actual sale and the price realised upon disposal. It can also happen from time to time that restrictions are placed on the sale of JSE listed securities which means that the same restrictions will apply to the PSP in which the Investor is invested. This may significantly delay the processing of switches, disinvestments and encashments. No growth on the investment will be reflected during this period.



Process

Investing (new business)

On selecting the appropriate investment portfolio, an IF application form is then completed detailing these choices. If the client is investing into the PSP fund, he/she cannot directly choose this option at the new business stage. The investment amount earmarked for the Private Share Portfolio will first be invested into the SA Money Market fund and then switched from this fund into the PSP fund. Before this, the client must complete all the relevant Management Companies documentation and undergo a separate Needs Analysis with a Stock Broker. The completed IF application, together with the proof of payment into the Fairbairn Capital bank account, can then be faxed to the Old Mutual Fairbairn Capital Service Centre or automatically fed through via the Finalisor application.

Note that when utilising Finalisor for investments into the PSP fund, PSP must be indicated in the comments section of Finalisor and faxed together with the Disclosure Document.

The switch to the PSP Fund will be triggered by a communication from the Management Company, confirming that all legalities have been finalized. Admin requirements: Investment Application Form, Disclosure Document and Proof of payment.

Switching out

On receipt of the switching instruction the switch will be coded on the Investment Frontiers Product Administration System. A Rand (part switch) amount or percentage (full switch) must be specified when disinvesting proceeds from the PSP Fund. This transaction will trigger the generation of a Sell order that is sent through to the Management Company the following day. The switch transaction will remain in a pending state until the Management Company confirm that the transaction has been successfully processed, confirmation of the amount disinvested, as well as confirmation of the cash in our bank account. Once confirmation of this sell transaction is received, the switch into the selected fund will be triggered. Admin requirements: Switch Instruction Form

Switching in

On receipt of the switching instruction and confirmation from the Management Company, the switch into the PSP Fund will be processed on the Investment Frontiers Product Administration System.

Note that the only point of entry into the PSP Fund is via the SA Money Market. All money will therefore be switched into this fund first before switching into the PSP Fund.

Payment will be made from the Investment Frontiers bank account to the Management Company bank account. With this payment, a purchase order instruction will be sent to the Management Company. This serves as the instruction for the Management Company to invest the money in the relevant shares as negotiated by the client and the stockbroker. Once received and fully processed by the Management Company, they will send a confirmation file to Old Mutual, displaying the PSP Fund investment amount and relevant market movements. Admin requirements: Switch Instruction Form and Disclosure Document.

Quoting

The signed disclosure document serves as a quote for the PSP fund with relevant fees indicated. It needs to be submitted together with the standard Fairbairn Capital quote when submitting business.

Reporting

On a daily basis the Management Company will send a file to Old Mutual depicting the market value of each client's PSP portfolio. Only the total holdings and not the Individual shares underlying the PSP Fund will be indicated on client's reports on www.fairbairncapital.com. They will be available from the Management Company concerned.

Legal

Reg 28

This regulation imposes certain restrictions on the equity exposure of retirement funds. Old Mutual will apply the principles of this regulation to both the Retirement Capital Portfolio and Retirement Income Portfolio at the initial investment stage and at subsequent switches, disinvestments or investments. Thus the equity exposure in your Retirement Capital Portfolio and Retirement Income Portfolio will not exceed 75%. The full PSP allocation will count towards the maximum equity exposure limit of 75%.

Other

Neither SARAF (in the case of the Retirement Capital Portfolio) nor Old Mutual makes or gives any representation, guarantee or warranty with regard to the performance, investment returns and the suitability of this investment option or composition of the PSP and neither of them shall have any liability to the Investor for any losses suffered by the Investor as a result of the advice regarding the selection of the underlying equities nor as a result of the Investor's failure to obtain (or, having obtained, to have acted upon) advice concerning which might affect this investment option.