



OLD MUTUAL **SUPERFUND** PENSION & PROVIDENT FUNDS

OLDMUTUAL



2018 OLD MUTUAL **SUPERFUND** ANNUAL REPORT

1 JULY 2017 TO 30 JUNE 2018



CORPORATE

DO GREAT THINGS EVERY DAY



THE TIME IS NOW TO LEAD THE WAY

Leaders are individuals with drive, determination, self-discipline and a clear view of where they are headed in every aspect of their life. They believe in themselves, their power to create and innovate, and they have a clear sense of who they are, where they are going and how they will get there.

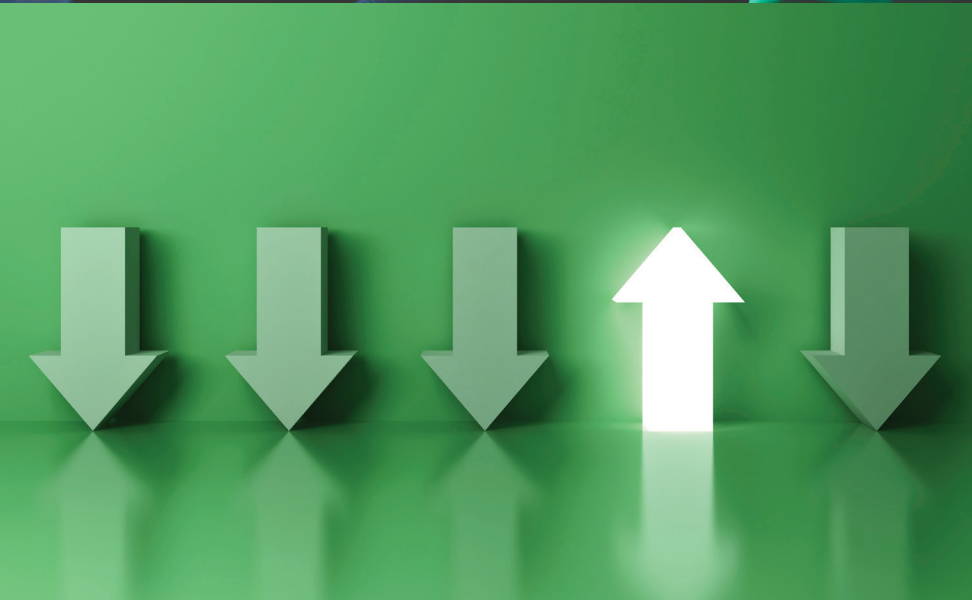
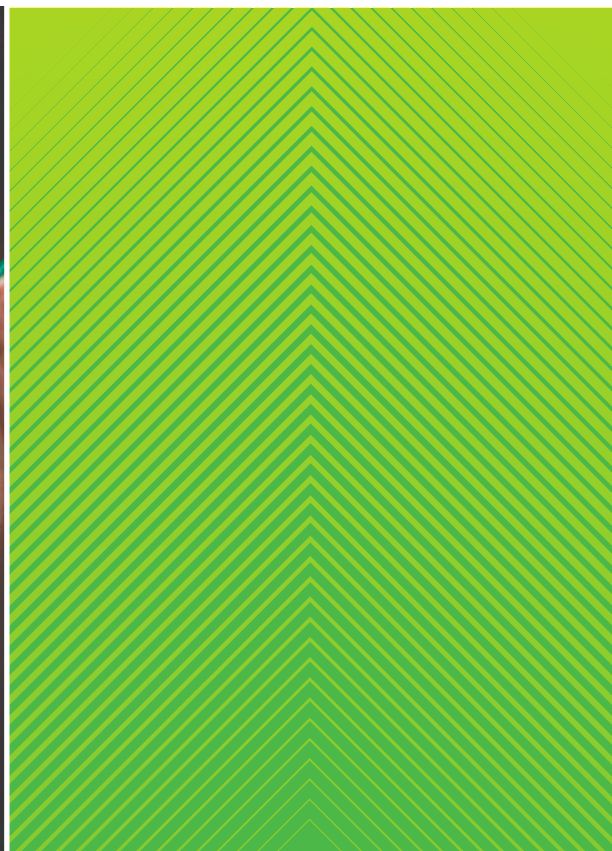
Old Mutual SuperFund is a proven leader within the South African umbrella fund industry. However, a leading fund is only one half of a successful retirement outcome, as retirement success also requires leadership from intermediaries, participating employers and the fund members themselves.

That's why the theme of this 2017/18 Old Mutual SuperFund Report is leadership. It's a reminder to all our members and other stakeholders of the importance of self-leadership in successful retirement planning and saving.

The most important ingredient in achieving the goals we set is the ability and self-discipline to lead ourselves effectively, to make the right decisions and to positively influence ourselves to achieve our objectives. Self-leaders are motivated to take control of their destinies, make informed decisions based on the end-results they want, take purposeful action, and follow through on their choices, even when they face challenges or obstacles.

Every person who is working towards retirement and wants to achieve the best outcomes needs to be such a self-leader. In the case of Old Mutual SuperFund members, this self-leadership is enabled and supported by a Fund that genuinely cares about their retirement goals and offers them industry leading solutions and strong partnerships that enable and maximise their chances of retirement success.

CONTENTS



NOTE: Old Mutual SuperFund is an umbrella retirement fund comprised of a pension fund and provident fund offering, as well as preservation solutions. For the purpose of this report, and unless stated otherwise, the term Old Mutual SuperFund (the Fund) refers to both the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund.

DISCLAIMER: Whilst care has been taken in the compilation of this report, the Old Mutual SuperFund and its officers, editors, compilers, contractors and reporters do not accept responsibility for any loss or damage that may be sustained as a result of reliance by any person on the information contained herein, including, but not limited to information contained in any link embedded in the report.

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2017/18 HIGHLIGHTS AND ACCOLADES

FUND GROWTH

R110 BN
IN TOTAL ASSETS
UNDER MANAGEMENT

R11 BN
IN CONTRIBUTIONS
TO THE FUND

R11 BN
IN CLAIMS PAID

R54 BN
IN PENSION FUND
ASSETS

R5 BN
IN PENSION FUND
CONTRIBUTIONS

R56 BN
IN PROVIDENT FUND
ASSETS

R6 BN
IN PROVIDENT FUND
CONTRIBUTIONS

427 660
MEMBERS
AS AT 30 JUNE 2018

R799 M
TOTAL ASSETS IN DEFERRED
RETIREMENT OPTION

R2 BN
TOTAL ASSETS IN OLD
MUTUAL SUPERFUND
PRESERVER

5 523
PARTICIPATING
EMPLOYERS

247
DEFERRED RETIREMENT
MEMBERS AS AT 30 JUNE 2018

27 599
OLD MUTUAL SUPERFUND
PRESERVER MEMBERS
AS AT 30 JUNE 2018



HIGHLIGHTS 2017/18

SIMPLIFIED MEMBER BENEFIT STATEMENT

- Easy to understand and provides a clear view of retirement savings and fund benefits



GOOD PERFORMANCE FROM DEFAULT INVESTMENT PORTFOLIO

The Old Mutual Absolute Stable Growth Fund has delivered **12.4%** annualised return (gross of fees) over the 5-year period ending 30 June 2018, outperforming CPI by **6.9%** per annum

MEMBER SUPPORT SERVICES

- Over **7 200** new members and **5 100** exiting fund members received retirement support from Member Support Services
- **1 114** members benefited from at-retirement counselling



POPULAR FINANCIAL WELLBEING PROGRAMME (FWP)

- Enhanced e-Learning FWP website attracted over **160 000** users
- More than **600** face-to-face education sessions delivered, with almost **18 000** attendees, in the past financial year

INDUSTRY RECOGNITION AND ACCOLADES

Old Mutual Corporate won three Imbasa Yegolide Awards (hosted by the Batseta Council of Retirement Funds):

The Imbasa Yegolide Awards recognise service providers in the industry who meet the needs and expectations of retirement fund members by delivering excellent service. The Awards recognise the important roles fulfilled by principal officers and trustees of retirement funds in SA.



Investment / Asset / Solutions Consultant of the Year



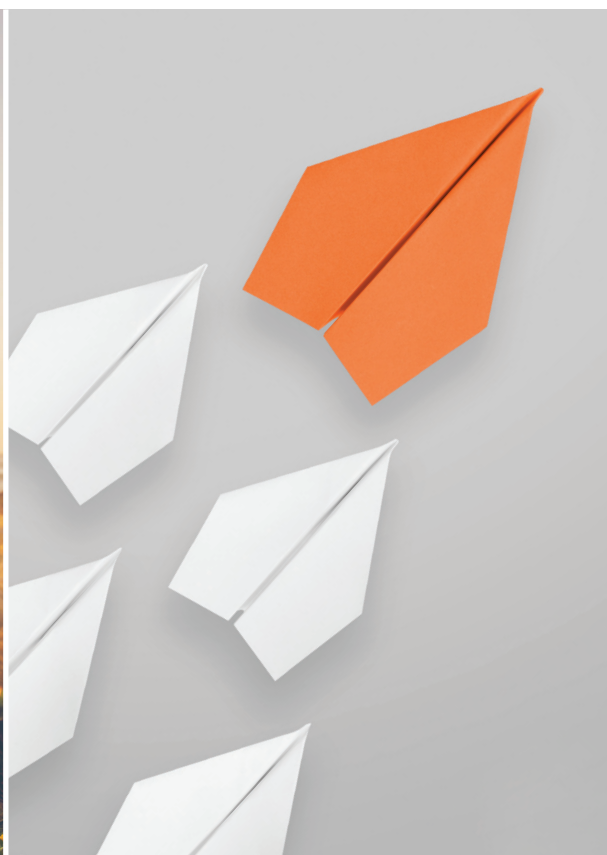
Technology Provider of the Year



Old Mutual Multi-Managers named Manager of Managers of the Year (for the third consecutive year).

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ABOUT THIS INTEGRATED ANNUAL REPORT



STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Old Mutual SuperFund (the Fund) accepts its responsibility to ensure the accuracy and integrity of this Annual Integrated Report in line with the requirements of the King IV Report. The Board has applied its mind to the report and assessed all content, and it is of the opinion that it addresses and fairly represents all the material issues relating to the Fund, as well as the impact it has on members and other stakeholders. In reaching this conclusion, the Board has:

- ensured that proper registers, books and records of the operations of the Fund were kept as required by Section 7D(a) of the Pension Funds Act;
- regarded all the facts and risks that could impact the integrity of this Report;
- reviewed the Annual Financial Statements and the Auditor's (PwC) Report to Management; and
- reviewed the accounting practices and the effectiveness of the internal financial controls as required by Section 7D(b) of the Pension Funds Act.

As such, the 2017/18 Old Mutual SuperFund Integrated Report was unanimously approved by the Board.

Bertie van Wyk

Chairman of the Board

OVERVIEW OF THE INTEGRATED ANNUAL REPORT

Old Mutual SuperFund remains committed to its journey towards fully integrated reporting that offers all its stakeholders a comprehensive view of performance and future plans. This integrated report therefore aligns with the material issues identified for the Fund, and details the governance commitment, strategic objectives, sound financial management and fiduciary duties of the Fund to its members and participating employers.

This 2017/18 Integrated Report again tracks this journey over the past 12 months. However, since Old Mutual SuperFund is a retirement fund with the primary purpose of providing effective retirement savings and risk benefit solutions for its members, its integrated reporting journey is typically very different from that of commercial organisations and companies.

Despite this, Old Mutual SuperFund makes every effort to report in an integrated way and align the content of this report with international best practices, while demonstrating how and where the Fund has delivered value to all its stakeholders.

REPORT SCOPE & BOUNDARY

This report presents an overview of the activities of Old Mutual SuperFund for the financial year 1 July 2017 to 30 June 2018. It covers all financial and non-financial matters identified by the Management Board as being material to the performance of the Fund and having a bearing on its ability to deliver on its mandate.

The key material issues focused on by the Board for the financial year under review include the following:

- good governance;
- full regulatory compliance;
- fair treatment of members and participating employers;
- responsible investment;
- sustainable financial and investment performance;
- contributing to the transformation of fund managers and the retirement industry;
- value creation for all stakeholders;
- reliable retirement outcomes and risk protection benefits for members; and
- alignment of the Fund with ongoing retirement reforms.

CAPITALS

Old Mutual SuperFund is cognisant of the six capitals identified by the International Integrated Reporting Council as being central to the ability of any entity to deliver value to its stakeholders. Though not a requirement for integrated reporting, this report considers these capitals, and much of the content aligns to them in terms of the Fund's established leadership position in creating value for its members. This value creation across the capitals is outlined briefly below:

Financial capital	This is the overall amount of financial resources available to Old Mutual SuperFund to deliver value to its members, employers and other stakeholders. The Fund is backed by the vast financial resources of Old Mutual and also retains appropriate reserve levels. The sheer size of the Fund also enables it to create economies of scale to effectively manage fees.
Manufactured capital	Manufactured capital is not only the items that a business produces; it also refers to the physical infrastructure that enables it to create value. In Old Mutual SuperFund's case this includes the buildings, equipment and infrastructure available to enhance its ability to lead at being an outstanding steward and investor of its members' contributions.
Intellectual capital	This relatively intangible capital is mainly concerned with knowledge, experience and innovation potential. These are areas in which the Fund excels thanks to the exceptional skills, capabilities and expertise that exist within the Fund itself, as well as the close working relationship it has with its various industry leading business partners, particularly Old Mutual Corporate.
Human capital	This refers to the competencies, abilities and talent that exist within Old Mutual SuperFund as a result of the people it employs. This is a valuable source of capital for the Fund and its stakeholders and Old Mutual SuperFund is committed to constantly building the strength of its human capital by attracting, up-skilling and retaining the best people in the retirement industry.
Social and relationship capital	This vital source of capital refers to the relationships that exist between the various stakeholders that either contribute to, or benefit from, the success of the Fund. Old Mutual SuperFund works to develop and build strong relationships with all its stakeholders to ensure we help our members achieve their ideal retirement outcomes.
Natural capital	Natural capital refers to the renewable and non-renewable environmental resources that support the ability of an organisation to operate and deliver value. Old Mutual SuperFund prioritises the protection of natural capital and is committed to conducting itself, and investing, in ways that conserve the world's natural resources. Through the Fund's relationship with Old Mutual, it invests significantly into natural capital in line with the group's commitment to include Environmental, Social and Governance (ESG) considerations in all its investments. Such ESG considerations also form an integral part of the annual investment manager review process.

REPORTING PRINCIPLES AND APPROACH

Wherever possible, this Integrated Annual Report was produced in strict conformance with the recommendations of the Integrated Reporting Framework of the IIRC, the King IV Report on Corporate Governance, the Pension Funds Act, No 24 of 1956 and other relevant South African legislation, including the Companies Act 2008.

LEVELS OF ASSURANCE

Old Mutual SuperFund applies an integrated assurance approach comprising the following three assurance levels:

Risk Management

The Board applies the specifications relating to the 'object and duties of a board', as set out in the rules and Sections 7C & D of the Pension Funds Act. Risks are identified that might negatively impact the Fund or prevent it from delivering on its mandate and objectives. A comprehensive Fund Risk Universe is used to identify these risks and they are then actively managed by the Board in line with agreed policies and practices.

Where sub-committees are tasked with any aspect of managing or overseeing the Fund, those sub-committees are mandated to identify any deviations from the aforementioned policies and practices and assess the likelihood that such deviations may impact negatively on the Fund or its members. Issues assessed to have a high risk of delivering such impacts are reported in the Board Risk Log and appropriate mitigating strategies are implemented.

The Fund has appropriate provision through fidelity cover, which means that only residual risks are specifically measured, on a qualitative basis, with a 12-month view.

External Audit

The external audit process is facilitated by the Administration & Financial Reporting Sub-Committee. PricewaterhouseCoopers Inc. (PwC) is the Fund's external auditor, as approved in terms of Section 9 (3) of the Act. The Management Board formally reviews the quality and effectiveness of the external audit process every year. This assessment was conducted in the financial year in review and PwC was re-appointed for the next financial year.

Governance, Risk, Compliance and Internal Audit - These functions include:

Quarterly compliance monitoring:	The Old Mutual Compliance Office fulfils this role and focuses on the Administrator's compliance with legislation that directly impacts on the administration of the Fund.
Annual compliance monitoring:	Old Mutual Group Internal Audit conducts the annual compliance monitoring and reports all findings relating to the Fund to the Management Board.
Annual governance and compliance audit:	This is the responsibility of the Office of the Principal Officer. The results of these audits are reviewed by the Governance & Risk Management Sub-Committee and reported to the Management Board.
Quarterly compliance audit:	Old Mutual's Internal Compliance Office undertakes a quarterly compliance audit of the processes that have been highlighted by the Management Board on the Risk and Issues log and these results are then provided to the Management Board.
Annual valuation:	The statutory requirement is to do a valuation every three years, however Old Mutual SuperFund subscribes to world class governance and has therefore implemented an annual valuation. The Fund's Valuator is responsible for confirming, to the Board, that the assets in the Fund are appropriate to its objectives, adequately match the liabilities, and that the investment strategy is suited given the Fund's membership. In the most recently available evaluation, the Valuator confirmed that the assets of the Fund exceeded the Fund's accrued liabilities, and the Fund is therefore in a sound financial position.

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CHAIRMAN AND PRINCIPAL OFFICER'S REVIEW



MESSAGE FROM THE CHAIRMAN

Bertie van Wyk

The 2017/18 financial year once again brought its fair share of local and global economic challenges. While there are numerous glimmers of positive change in various sectors of the country, many socio-economic challenges remain. In this environment, it is easy for employees to experience fear or concern regarding their financial futures, particularly in terms of their prospects for a financially secure retirement. Old Mutual SuperFund seeks to allay those fears amongst all our fund members by delivering consistent long-term investment growth and providing members with a sense of comfort that their retirement savings and risk cover needs are in safe hands that they know they can trust fully during their pre-retirement and post-retirement journeys.

The growth and performance achieved by Old Mutual SuperFund over the 2017/18 financial year are testimony of the Fund's success in achieving these objectives, irrespective of the challenging economic and market conditions in which it operates.

By 30 June 2018, the Fund had R110 billion in total assets under management and had also attracted almost 15 000 new members over the past financial year, bringing the total fund membership to 427 660 (2017: 412 793). The number of employers choosing to provide retirement savings and risk cover to their employees through Old Mutual SuperFund also continues to grow steadily, reaching 5 523 at the end of this reporting period, compared to 5 279 at the end of June 2017.

These steady increases in member and employer numbers provide a sense of comfort to existing Old Mutual SuperFund members that they are partnered with the right Fund for their retirement needs. The growth confirms that the Fund is perceived to be delivering real value to its members – a perception that is confirmed by the ability of the Fund to keep cost increases to a minimum, as a result of growing economies of scale.



“The growth and performance achieved by Old Mutual SuperFund over the 2017/18 financial year are testimony of the Fund's success in achieving these objectives, irrespective of the challenging economic and market conditions in which it operates.”



The Board regularly reviews offerings, services and fees levied across the retirement funding industry and benchmarks the Fund against these industry standards, to ensure it provides the best possible service at competitive costs. We also hold all our service providers to the same high standards of excellence to which we aspire.

A TRUSTED PARTNER DURING TIMES OF UNCERTAINTY

While the number one priority for any retirement fund is to deliver inflation-beating investment returns that help its members achieve their retirement objectives, during difficult economic times, the focus needs to also shift towards ensuring optimal risk management to protect members' interests.

Old Mutual SuperFund has always ensured such a balance between returns and appropriate risk mitigation. In recent years, our ability to manage the many and varied risks that apply to the Fund has been tried and tested.

Three of the key risks identified and addressed over the past year have involved the potential for non-compliance with changing legislation, the possibility that members are not saving enough towards their retirement due to personal financial challenges, and low levels of transparency around fees and charges in the umbrella industry.

We have taken deliberate steps to ensure that our members and participating employers are not negatively impacted by these risks. In terms of the risk of non-compliance with changing legislation, Old Mutual SuperFund has implemented a number of mitigating strategies including the implementation of a Default Annuity Strategy, enhanced reporting processes to reduce the time taken to report to the Reserve Bank on any foreign currency

exposure, and ongoing initiatives to manage and reduce costs for our members. We also have skilled, independent claims assessors, robust and defensible principles and guidelines in place for all stakeholders, and undertake weekly meetings, attended by three of our independent Trustees, to adjudicate death claims.

To address the risk that our members may not be saving enough, we now provide every member with an annual savings assessment that details the adequacy of their future retirement provision. Our extensive education programmes (through the Old Mutual FWP team) also include a strong focus on helping members to honestly evaluate and, where necessary, adjust their retirement plans.

In terms of fees and charges, Old Mutual SuperFund's strategy is to prioritise providing members with the best value for money, rather than blindly seeking to charge the lowest fees. We are strongly committed to being affordable to our members and participating employers and we conduct regular competitive analyses, engage with independent consultants, and constantly innovate around pricing to keep our costs as low as possible.

This ability to deliver consistent value is a key ingredient in Old Mutual SuperFund's continued and growing success. Not only in terms of controlling costs, but more so through its capacity to offer exceptional value for money for members and employers. The importance of real value over pure affordability is evident in the new disclosure standards unveiled by the Association for Savings and Investment South Africa (ASISA), that will be implemented across the umbrella fund industry during 2019.

The disclosures come on the back of regulatory pressures that have resulted in an increasing requirement for

umbrella fund participants and members to be able to compare all the costs and fees associated with their retirement fund against other funds in the industry. Achieving accurate cost comparisons has proven relatively challenging in the past, as umbrella fund fees and charges are made up of various components and are often represented differently. This lack of standardisation makes accurate comparisons difficult. The new ASISA disclosure standards will help to standardise the way in which fund fees and costs are presented and promote transparency, thereby making accurate cost comparisons possible.

Old Mutual SuperFund welcomes this as a significant step forward towards better governance in our industry. However, it is important to remember that a 'cheaper' fund is not always a better fund. We encourage existing and prospective participating employers and members to use the standardised fee structures to compare Old Mutual SuperFund costs against what other funds might be charging. However, emphasis should also be placed on the value that funds deliver in helping their members reach their retirement goals, on the quality of the services they offer, and on the consistency of investment returns they achieve. We're confident that, when it comes to such value for money, Old Mutual SuperFund is, and will always be, the leader in the umbrella fund industry. We view full disclosure of fees and expenses as an industry imperative and will continue to drive this agenda to ensure total transparency and standardisation of all fees.

THANK YOU

Thank you to our participating employers and fund members, without whose support and trust Old Mutual SuperFund would not even exist. We look forward

to continuing to reward that trust with consistent performance, superior service, and world-class governance in the years to come.

Thank you also to all my colleagues on the Old Mutual SuperFund Management Board for their dedication and hard work. We are also very appreciative of all our intermediaries, business partners and suppliers and specifically the sponsor Old Mutual Corporate for the commitment they continue to show towards furthering Old Mutual SuperFund's leadership position in our industry. Our gratitude also goes to our regulator, the Financial Sector Conduct Authority, whose door is always open for discussion, and who is always willing to assist in resolving issues pertaining to the Fund.

Finally, on behalf of the entire Old Mutual SuperFund Management Board, I would like to express my appreciation for the outstanding work done by our previous Principal Officer, Cheryl Mestern, and welcome our incoming Principal Officer, Fiona Reynolds. We are very confident that Fiona will build significantly on the strong foundations laid by Cheryl and help us to take Old Mutual SuperFund to even greater heights of success.

Bertie van Wyk
Chairman

Old Mutual SuperFund Management Board

MESSAGE FROM THE PRINCIPAL OFFICER

Fiona Reynolds

It is an immense privilege to be writing my first Integrated Report message in my position as Principal Officer of Old Mutual SuperFund. At the time of writing this, I have held this position for approximately 200 days. In this relatively short time as Principal Officer, I have been very impressed by a number of aspects of this exceptional fund, not least of which is the Fund's position as a valued partner with its members in enabling and helping them to save effectively towards their retirement needs. I have also been very impressed by the sheer depth of experience and commitment of the Old Mutual SuperFund Management Board and all the Fund's stakeholders involved in managing and administering the fund and, indeed, overseeing its investments and risk cover offerings.

Most of all, I have been very encouraged by the unwavering commitment of all these Old Mutual SuperFund stakeholders to ensuring the highest possible levels of good governance, regulatory compliance and ethical behaviour. Like me, the Board, Management and Administrators of Old Mutual SuperFund consider these to be non-negotiable cornerstones on which Old Mutual SuperFund is enabled to provide an effective retirement fund solution for all employees and participating employers in South Africa.

While good governance is critically important from a co-ordinated compliance perspective, we also believe that it is the foundation of a well-run fund. The fact that Old Mutual SuperFund is built on these principles of governance and compliance enhances its ability to consistently deliver excellent performance, service and results for its members and participating employers. Excellence in governance continues to be the rudder by which Old Mutual SuperFund is steadily steered and remains on course for its stakeholders, irrespective of how stormy the waters are through which it has to navigate.

GOOD GOVERNANCE ALSO MEANS A BETTER MEMBER EXPERIENCE

Importantly for Old Mutual SuperFund, this prioritisation of good governance is not just a 'background' aspect that has no real impact on its members or other stakeholders. In fact, the opposite is true. It is as a direct result of Old Mutual SuperFund's commitment to governance and compliance that its stakeholders enjoy – consistently positive service experiences.

Good governance also ensures that Old Mutual SuperFund is well positioned to respond to, and resolve any service issues its members or other stakeholders may experience. An example of this during the year under review was the Fund's response to negative feedback from employers and intermediaries about their service experience during the newly implemented claims system. Thanks to the checks and balances that were put in place throughout the development and implementation of the system, we were able to thoroughly assess it, identify



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areas where our service levels were not of an acceptably high standard, and address the issues to improve the claims experience. While most of the challenges were a direct result of this being an enhanced service, we acknowledge that it impacted on the experience of its users and we are committed to ongoing evaluation and improvement.

That's because Old Mutual SuperFund's governance commitment is not some theoretical construct aimed at ticking regulatory check boxes. It's a culture that permeates every aspect of the Fund and its management and gives effect to a service ethos that is second to none in the retirement funding industry. Suppliers and service providers experience this governance commitment as a beneficial relationship and tremendous ease of doing business.

Employers experience it as a trusted partnership with shared goals and a real desire to help them succeed. And members experience it as a caring and committed retirement savings partner that is determined to enable them to set, and reach, their retirement goals and support and serve them on every step of their journey to that destination.

Based on this understanding of the need to translate good governance into meaningful stakeholder experiences, the Board and I constantly work to ensure that all of the Fund's governance structures and frameworks fully comply with the latest regulatory requirements and guidelines of King IV. We continually monitor and refine the Fund's governance frameworks and processes to ensure these are aligned with changing regulatory requirements and, more importantly, that it is well positioned to consistently deliver the investment performance required to ensure its members achieve the retirement outcomes they deserve.

The Fund continuously strives to improve the member and employer experience. Over the past year the Fund, in partnership with Old Mutual, embarked on a number of initiatives, which are covered in a later section of this report, to achieve this outcome.

WORKING TOGETHER TO ENSURE BEST MEMBER EXPERIENCES

Recent determinations by the Pension Funds Adjudicator have placed a spotlight on the investigation of death claims. The Old Mutual SuperFund Management Board embraces the duty it has to investigate and trace beneficiaries and dependants in the case of the death of a member. However, the Board also relies on participating employers to assist with the investigation and tracing by providing all relevant information. This includes information relating to a deceased member's family and especially his or her dependants, in accordance with the employer's obligations in terms of Rule 15.4(6) of the Fund, which states that the participating employer must take all reasonable steps to assist the fund to trace beneficiaries and inform the fund of all such steps taken.

Such collaboration and information provision is not only vital in terms of ensuring that the dependants of deceased Fund members are fairly treated, but it is also essential in terms of protecting the interests of all stakeholders.

READY FOR THE NEXT CHAPTER

As a well governed and well-run Fund, Old Mutual

SuperFund is in the enviable position of being able to readily embrace the ongoing changes that are constantly taking place in the retirement industry. We closely monitor changes in the Regulatory environment and collaborate closely with the Administrator and the Sponsor, to ensure that we adapt operations and governance structures timeously, where required. The most recent of these was the establishment of the new regulatory body known as the Financial Sector Conduct Authority (FSCA), which has been mandated to supervise and regulate market conduct by financial services providers and support the integrity and efficiency of the sector as a whole, while also focusing on the education and fair treatment of customers.

Such appropriate market conduct and a commitment to fairness and education, have always been at the heart of everything the Old Mutual SuperFund does, so we welcome the FSCA and are committed to supporting it in whatever way we can. We believe that an industry built on sound conduct principles benefits all its stakeholders, particularly consumers and fund members, and we look forward to the positive changes and growth that the involvement of the FSCA are sure to bring about.

We will continuously engage with the FSCA and all the Regulatory bodies, including National Treasury, to help them better understand the needs and views of our stakeholders and to ensure that future changes in the regulatory framework will be to the benefit of all in the retirement fund industry.

THANKS

I would like to express my appreciation and gratitude to my predecessor, Cheryl Mestern, whose passion and commitment contributed significantly to the success achieved by Old Mutual SuperFund to date.

My sincere gratitude also goes to the Management Board and my new colleagues who have helped me to quickly settle into my new role and who work so tirelessly to ensure the Fund continues to exceed the expectations of all its members and participating employers.

Thanks, also, to the FSCA and the Office of the Pensions Fund Adjudicator, as well as Old Mutual Corporate, as sponsor of the Fund, for their support and guidance that make it possible to operate and excel with a fund of the magnitude of Old Mutual SuperFund.

Fiona Reynolds
Independent Principal Officer
Old Mutual SuperFund

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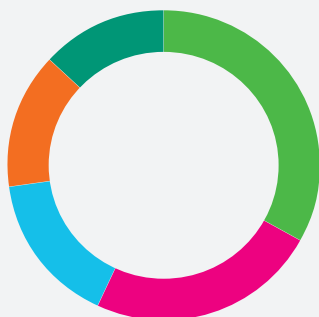
OLD MUTUAL SUPERFUND PROFILE



INTRODUCTION TO OLD MUTUAL SUPERFUND

According to the Annual Review of FSCA Data, as at January 2018, the Old Mutual SuperFund is the largest independent umbrella fund arrangement in South Africa*. The charts below, show the level of assets for the 5 biggest umbrella groups, with the respective market-share percentages, as well as the membership ranked in asset-order.

Assets in R' Billion Market Share Percentage



Old Mutual SuperFund
R99 BN
10,64%

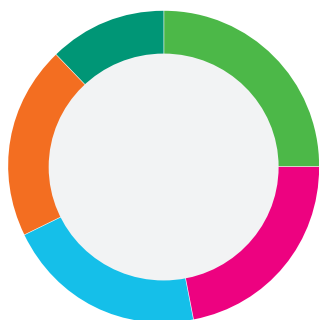
Fund A
R71 BN
7,63%

Fund B
R47 BN
5,04%

Fund C
R41 BN
4,46%

Fund D
R39 BN
4,16%

Top 5 Umbrella Funds by Membership



Old Mutual SuperFund
418 206

Fund A
358 593

Fund B
347 941

Fund C
337 946

Fund D
205 331

*A review of FSCA Data is done annually in January

Employers and members in Old Mutual SuperFund have the confidence that they are invested in a fund that has the backing of one of South Africa's most trusted and respected financial services brands. In addition, Old Mutual SuperFund has a solid reputation for excellent governance, sustained good investment performance and proven value for money.

THE OLD MUTUAL SUPERFUND OFFERING

Old Mutual SuperFund offers three flexible retirement solutions in the form of Old Mutual SuperFund Easy, Old Mutual SuperFund Choice and Old Mutual SuperFund Customised. In addition, members leaving their employment have access to Preserver, a seamless preservation offering, and members retiring from their employers have access to the Deferred Retirement solution.

OLD MUTUAL SUPERFUND EASY

This is the simplest, most cost effective solution and is ideal for small to medium companies and their employees. It offers preselected, packaged benefits including retirement savings and affordable death, disability, funeral and dread disease cover. Old Mutual SuperFund Easy comes with a wide range of value-added benefits and services, most of which are offered at no additional cost to members.

OLD MUTUAL SUPERFUND CHOICE

This highly flexible solution gives employers and members extensive choice without excessive costs. Participating employers can choose from a range of investment options or simply offer their employees the default Trustee Choice portfolio. If an employer offers their employees investment choice, these are presented in addition to the default option. The available investment choices include the following:

- **Lifestage investment package:** a selection of smoothed or market-linked lifestage investment portfolios that automatically switch members as they progress through their careers.
- **Strategy investment package:** a range of Old Mutual and Nedgroup investment portfolios that can be combined to suit the individual investment needs of each member.
- **Extended investment package:** a wide selection of Trustee-approved single and multi-managed investment portfolios offered by various investment managers in South Africa.

OLD MUTUAL SUPERFUND CUSTOMISED

Designed for large organisations and corporates, this Old Mutual SuperFund option offers a fully customisable solution that allows for hands-on involvement in the design of risk cover and retirement investment options for employees. Employers have a choice of an integrated risk benefit offering, delivered by Old Mutual, or a more customised risk benefit solution from approved external providers.

OLD MUTUAL SUPERFUND PRESERVER AND DEFERRED RETIREMENT

Preserver

This is Old Mutual SuperFund's in-fund preservation solution that has been designed to protect members' retirement savings when they change jobs or leave their employer. Preserver allows members to seamlessly retain their fund benefit in Old Mutual SuperFund and enjoy the same investment choices, growth potential, and excellent service – all at a competitive cost.

Deferred retirement

Old Mutual SuperFund members who are retiring from their employers, but who don't yet need to access their retirement benefit, are able to keep it invested in the Fund through the Deferred Retirement solution.

OLD MUTUAL SUPERFUND SOLUTIONS AT RETIREMENT

The Fund is committed to partnering with its members throughout their retirement journey – including when they reach retirement, and beyond. The SuperFund Solutions at Retirement solution provides members with two compelling at-retirement investment offerings in the form of a Trustee-approved life and living annuity. Both of these annuities are supported by a helpful pre- and at-retirement guidance process.

LOOKING FORWARD TO A HOST OF NEW SOLUTIONS AND ENHANCEMENTS

In line with the fast changing retirement environment, Old Mutual SuperFund is committed to constantly innovating to bring new and exciting offerings to the market. A number of these are already in the final development stages, including a collaborative online retirement savings offering specifically designed to meet the unique needs of small and micro businesses and their employees.

OUR VISION & STRATEGY

First choice for the provision of retirement funds services – achieved through Member, Participating Employer and Intermediary delight



FOUR KEY WAYS OLD MUTUAL SUPERFUND LEADS IN ADDING VALUE

MEMBER-FOCUS	SERVICE EXCELLENCE TO ALL STAKEHOLDERS	APPROPRIATE BENEFIT SETS	SUSTAINABILITY
<p>The Fund is committed to:</p> <ul style="list-style-type: none"> Delighting every member. Constantly strengthening the relationship it has with its members. Maximising the value of members' retirement provision and risk benefits. Empowering members to make appropriate financial decisions through communication and education. 	<p>The Fund is committed to:</p> <ul style="list-style-type: none"> Providing administration that is exceptional value for money. Being accessible and making it easy to do business. Leveraging relationships with service providers to maximise servicing efficiencies. Applying sound governance in a transparent manner that instils confidence. 	<p>The Fund is committed to:</p> <ul style="list-style-type: none"> Offering a fit-for-purpose range of financial solutions and investment opportunities at a competitive price. Enabling seamless transfer between the financial solutions and investment opportunities from one life stage to the next. 	<p>The Fund is committed to:</p> <ul style="list-style-type: none"> Continuing a strong, symbiotic relationship with its sponsor, Old Mutual. Working with Old Mutual to position Old Mutual SuperFund as the industry leader in an ever-changing environment through sound governance, relevance and accessibility. Investing in ways that contribute to the development and growth of South Africa and the protection of the environment.

OLD MUTUAL SUPERFUND'S STAKEHOLDERS

Old Mutual SuperFund ultimately exists for the benefit of its members. While the Fund has relationships with a broad range of stakeholders, its dealings with all of these are underpinned by a commitment to leveraging its stakeholder engagements and partnerships to ensure consistent leadership in terms of delivering the outcomes its members deserve. Below is a breakdown of the key stakeholders and the role they play in leading members towards those optimum retirement outcomes.

WHO ARE THEY?	WHY WE ENGAGE WITH THEM
FUND MEMBERS	
<ul style="list-style-type: none"> • 427 660 employees of participating employers • Each one considered a primary stakeholder in Old Mutual SuperFund • Very diverse, but share the same vision – a comfortable, secure retirement 	<ul style="list-style-type: none"> • To help them become leaders in meeting their own retirement objectives • To support them in transforming their futures through positive financial outcomes
PARTICIPATING EMPLOYERS	
<ul style="list-style-type: none"> • 5 523 businesses of varying types and sizes • Each with its own unique needs and characteristics 	<ul style="list-style-type: none"> • To partner with them to ensure they lead their employees to good retirement outcomes • To understand their needs and offer an appropriate range of benefits • To make it easy to do business • To provide the information, support and guidance they require • To help them provide the Fund with accurate and complete data and to make timeous contribution payments • To partner with them to build a more economically stable South Africa
INTERMEDIARIES	
<ul style="list-style-type: none"> • Critical business partners with Old Mutual SuperFund • Providers of quality, professional services to members and employers 	<ul style="list-style-type: none"> • To strengthen the relationship • To make it easy for intermediaries to do business with the Fund • To improve two-way communication • To understand their needs and deliver enhanced services and support • To help them build their businesses into leading providers of retirement solutions
OLD MUTUAL AS FUND SPONSOR	
<ul style="list-style-type: none"> • Old Mutual Group • Relationship managed through a comprehensive Governance Agreement 	<ul style="list-style-type: none"> • To ensure continued independence of the Management Board • To enable objective governance, focused on the best interests of members • To promote an effective partnership • To immediately address any issues or challenges and ensure effective collaboration • To align the Fund's transformation efforts with those of Old Mutual

WHO ARE THEY?	WHY WE ENGAGE WITH THEM
OLD MUTUAL AS FUND ADMINISTRATOR	
<ul style="list-style-type: none"> • Old Mutual Group • Specific administration agreement in place that defines the administration services, deliveries and time standards 	<ul style="list-style-type: none"> • To ensure appropriate accountability and service standards • To maintain clearly defined roles and responsibilities • To assess the effectiveness of the partnership and address any issues or challenges • To ensure mutual understanding of roles and responsibilities
THE FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA)	
<ul style="list-style-type: none"> • Independent body that provides regulatory oversight to the retirement fund industry 	<ul style="list-style-type: none"> • To keep clear lines of communication open • To ensure the highest possible level of compliance • To providing input and support, where relevant
ASSET MANAGEMENT COMPANIES	
<ul style="list-style-type: none"> • Investment managers that display a clear commitment to leading in investment performance and transformation 	<ul style="list-style-type: none"> • To contribute to building relationships between Old Mutual and the asset managers involved in the Fund's investment offerings • To ensure mutual understanding of the desired outcomes of the Fund's members • To agree on performance expectations • To conduct transformation and sustainability assessments • To address any issues that may present a risk to the strength of the relationship • To actively promote the transformation of asset managers
SUPPLIERS	
<ul style="list-style-type: none"> • Providers of products and services to the Fund • Businesses that demonstrate a similar transformation leadership commitment 	<ul style="list-style-type: none"> • To leverage the Fund's position and contribute to the transformation of South Africa's business environment • To give effect to the Fund's preferential procurement policy • To maximise support of supplier businesses • To promote mutually beneficial business relationships • To guide them in growing their levels of sustainability, responsible investment, employment equity and economic contribution to SA

STAKEHOLDER ENGAGEMENT

Highlights of Old Mutual SuperFund's stakeholder engagement efforts over the past financial year include the following:



ANNUAL OLD MUTUAL SUPERFUND SUMMIT

Our Annual Old Mutual SuperFund Summit has evolved from a "Fund Report-Back" to a more "Thought Leadership" event and is held in Cape Town, Johannesburg, Pretoria, Durban and Port Elizabeth. The target audience is participating employers, management committees, intermediaries and prospective clients.

The Summit provides a platform for stakeholders to ask questions, raise any challenges or problems and provide the Fund with valuable feedback. The information gathered is collated and analysed and then used as the basis for the Fund's future development and strategic planning.



EDUCATIONAL COMMUNICATION IN FIVE LANGUAGES

Educational communication is distributed to members on a regular basis. The communication covers and repeats key core messages that encourage behavioral changes aimed at empowering members to "save as much as they can for as long as they can". The communication is available in English, Afrikaans, Xhosa, Zulu and Sesotho and is designed in a newsflash format to ensure that the content is short, simple and easy to understand.



IMPROVED MEMBER ENGAGEMENT

In order to improve the Fund's ability to contact and engage with its members, a feed was set up between the Old Mutual group customer database and the Fund's administration platform. An enhancement was also developed that allows the Fund to identify each member's most recent contact details on record. This has resulted in the Fund being able to reach an additional 65 000 members via their mobile phone numbers that were previously not updated, and approximately 47 000 members via their most recent e-mail addresses.



ENHANCED CLAIMS PROCESS

Fund members have been enabled to take control of their benefit payout by engaging directly with the Old Mutual Corporate Call Centre in order to provide instructions on how, where and when they want their benefit paid.



ENHANCED SECURITY

The newly launched Identity Access Management (IAM) enhances security when members access their fund information. The IAM system also modernised the Fund's IT infrastructure and improved both application security and the quality of user data.



MEMBER SELF SERVICE PORTAL

After a comprehensive exercise of engaging with members to understand their needs and expectations, a new online member self-service portal was launched. The focus of the new portal was on driving an enhanced, converged experience for each member. The new portal has replaced the previous Member Web platform and will also eventually form part of the My Old Mutual platform.

LEADING BY DELIVERING THE TCF OUTCOMES

Old Mutual SuperFund views the fair treatment of its members and participating employers as a non-negotiable component of its commitment to enabling them to be leaders in their retirement efforts.

The Fund is committed to putting its customers (members) at the heart of everything it does. As such, it fully supports the Treating Customers Fairly (TCF) principles and outcomes. Through Old Mutual Group, it has a rigorous TCF governance process in place via a Committee of Customer Affairs Board. The group, including SuperFund, conducts a rigorous annual TCF self-assessment which is independently audited by Group Risk and Internal Audit. The results of this self-assessment are reported to executive management and inform relevant actions as part of the annually reviewed TCF Implementation Plan.

TCF OUTCOMES



CULTURE AND GOVERNANCE

Serving the member is the Fund's reason for being. This member focus is the golden thread that runs through every aspect of Old Mutual SuperFund.



PRODUCT AND SERVICE DESIGN

All Old Mutual SuperFund solutions are specifically designed to meet the needs of members.



DISCLOSURE/INFORMATION

The Fund's comprehensive communications strategy ensures clear information is relayed to prospective and existing participating employers and members before, during and after they enter a relationship with SuperFund.



SUITABLE ADVICE

Teams of experienced financial experts support the Fund and its members. Advice ranges from personal financial guidance to business support.



PERFORMANCE AND SERVICE DELIVERY

Old Mutual SuperFund is committed to delivering retirement and risk benefit solutions that meet the expectations of members and employers.



AFTER SALES TREATMENT - CLAIMS, COMPLAINTS AND CHANGES

The Fund is 100% committed to excellent customer service that ensures minimal barriers to entry and maximum customer satisfaction at all times.

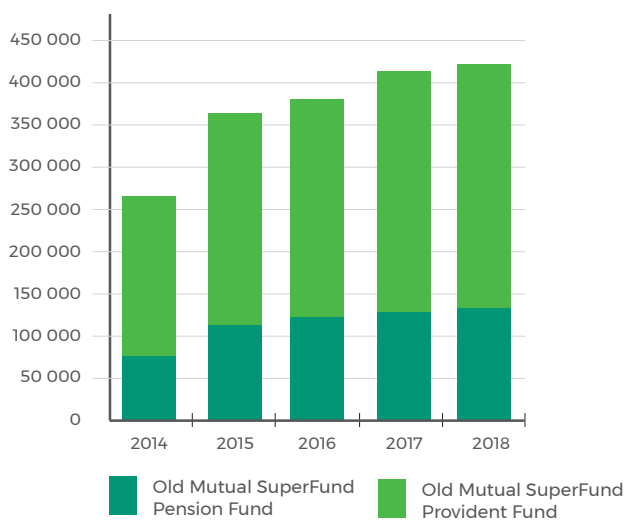
04

THE 2017/18 YEAR IN REVIEW



PERFORMANCE METRICS

TOTAL ACTIVE MEMBERS
AS AT 30 JUNE 2018

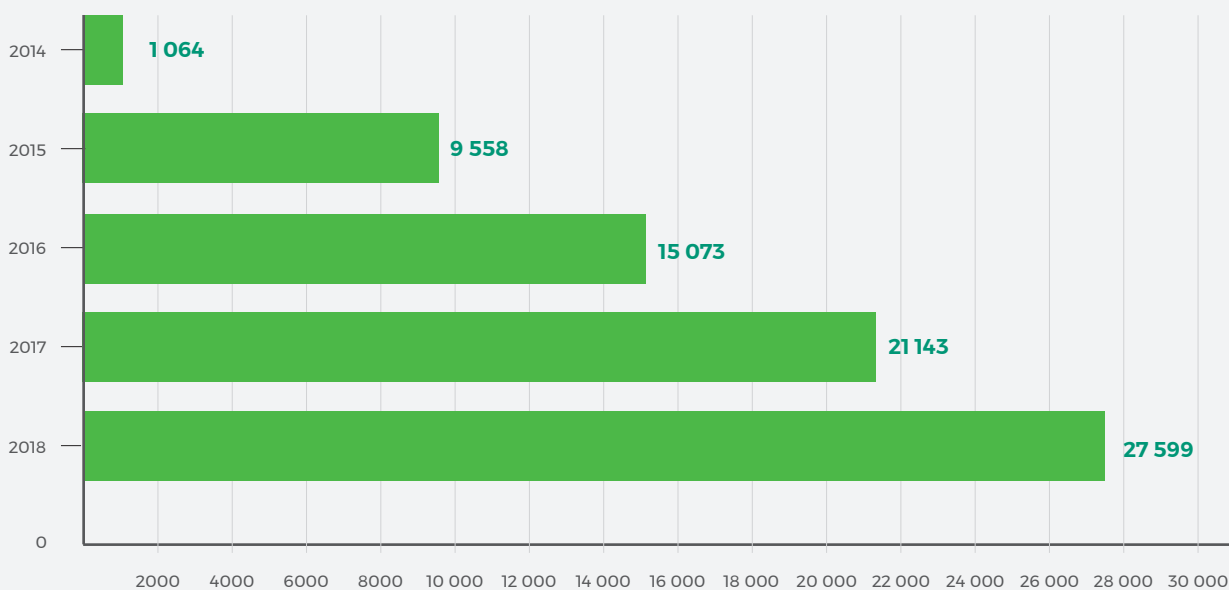


FAIR VALUE OF FUND INVESTMENTS*
AS AT 30 JUNE 2018

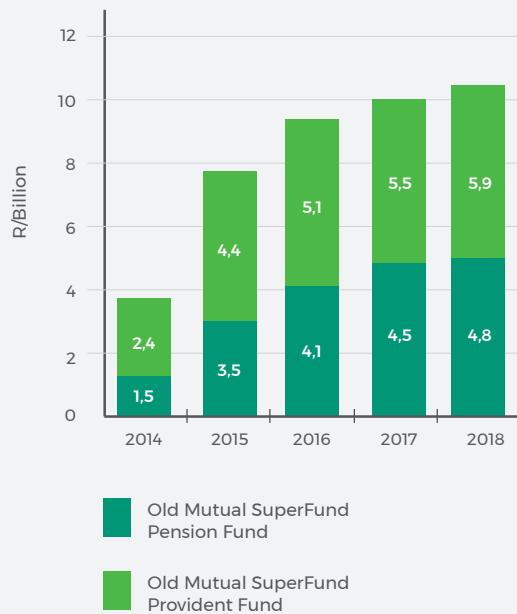


*The Fair Value of Fund Investments is the Total Assets less accruals and bank account balances.

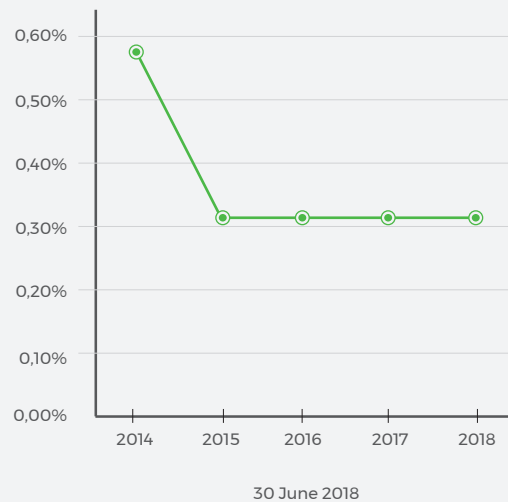
SUPERFUND PRESERVER MEMBERSHIP
AS AT 30 JUNE 2018



CONTRIBUTIONS
AS AT 30 JUNE 2018



ADMIN FEES
AS A % OF ASSETS



ANNUAL REVIEW OF INVESTMENTS

Given that Old Mutual SuperFund offers investment choice to its participating employers and members, the Management Board has a responsibility to make sure that the structures, asset allocations and performance of investment portfolios offered as part of each investment option or package meet the needs and risk/return profiles of the members who choose them.

In addition, the Management Board is committed to ensuring that the overall investment strategy of the Fund is suited to the diverse needs of its members. This investment strategy is set out in the Investment Policy Statement (IPS).

Old Mutual Corporate Consultants (OMCC) has been appointed by the Old Mutual SuperFund Board to act as its investment consultant and provide ongoing advice regarding the Fund's investment strategy as well as the investment portfolios to include across the various retirement solutions.

OMCC also monitors the performance of these investment portfolios, assesses their compliance with their various mandates, benchmarks and regulatory requirements, and provides the board with a detailed annual review of the performance of all the investment portfolios. This detailed annual performance review

of the Fund's investment portfolios included careful consideration of:

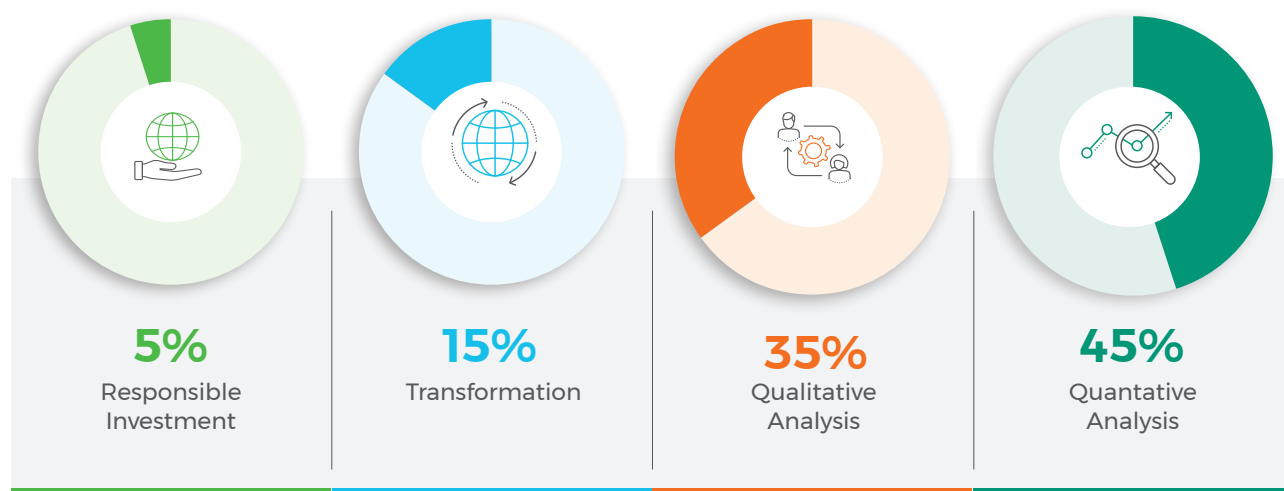
- Historic risk-adjusted investment performance against benchmarks and peers over a range of time periods;
- Qualitative characteristics of the investment managers;
- Transformation concerning Broad-Based Black Economic Empowerment;
- Responsible investing;
- Regulation 28 compliance;
- Investment management fee competitiveness; and
- General compliance with the requirements of the Fund's Investment Policy Statement.

A HOLISTIC, VIABILITY BASED APPROACH TO PERFORMANCE ASSESSMENT

It is a well-known truth that the past performance of an investment portfolio is not a good indicator of future performance, nor should it be the only indicator considered. For this reason, when considering the performance of the SuperFund investment portfolios, OMCC includes a range of factors in their analysis, resulting in a qualitative and quantitative holistic 'score' for each of the portfolio managers.

These quantitative factors are combined with qualitative considerations to deliver a final composite score that points to the expected future performance of the managers and the portfolios they manage. Various other factors are considered that do not necessarily form part of the overall rating. These form part of a viability overlay, and include, but are not limited to, the length of time the investment portfolio has been available within the Fund, the overall assets under management, etc. The overall final score, including the viability factors, is reached as shown below:

VIABILITY CONSIDERATION



THE REVIEW PROCESS

- Every month, OMCC sources information on performances of the Regulation 28 compliant investments underlying the Fund's portfolios as well as the rest of the institutional market. These are validated and then evaluated to ensure the correctness of the information and confirm the accuracy of the quantitative analysis that is performed as part of the annual review. The historic performance is then evaluated separately over varying market conditions.
- Once a year, a comprehensive due diligence is performed on all asset managers as part of OMCC's qualitative analysis. By attributing scores, based on specific factors, to those criteria that are difficult to quantify, OMCC aims to remove much of the subjectivity from the analysis. A number of key areas are considered, including the length of time that the investment team has been together, as well as its overall investment approach, philosophy and decision-making process. This is aimed at obtaining a clear understanding of the portfolio construction. The ownership and incentive structures of the investment management companies are also important, as are insights into their research capabilities and administration systems.
- Other key components of the review process are a verifiable commitment by the managers to Transformation, Broad-based Black Economic Empowerment (B-BBEE) and Responsible Investing. These are key concerns of the Fund's Management Board, which makes every effort to align with the social sustainability commitments of Old Mutual, as well as the transformation principles set out in Regulation 28. Where investment managers are deemed to be under-performing in terms of their transformation commitment or are not making a clear effort to contribute to economic empowerment within the investment industry, the Management Board engages with them to assist and support them in enhancing their B-BBEE and transformation plans.

Based on the performance analyses and recommendations of OMCC, the Management Board makes decisions on where to take action, how to revise and enhance the investment strategy, which portfolios to remove or add, and how best to engage with investment managers or participating employer management committees.

KEY PERFORMANCE REVIEW FINDINGS FOR 2017/18

SMOOTHED BONUS PORTFOLIOS

Default Investment Portfolio

The Old Mutual SuperFund default investment portfolio has a mandate to meet the diverse needs of the Fund's extensive member base. To this end, the Management Board has to ensure that it consistently provides appropriate long-term investment returns, and that members invested in the portfolio are making sufficient contributions, to achieve their retirement goals. At the same time, the Board needs to make sure that the volatility and risk levels of the portfolio remain within acceptable bounds and that the portfolio consistently satisfies the expectations of participating employers.

To meet all these obligations, the Board favours an investment smoothing approach for the default SuperFund portfolio as this delivers long-term investment returns similar to those typically achieved by a balanced fund, but with the added advantage of very low volatility.

The Board has chosen the Old Mutual Absolute Stable Growth Portfolio (AGP Stable) as the default portfolio for Old Mutual SuperFund members. This smooth bonus investment portfolio has a high weighting towards growth assets, giving it scope to provide growth in excess of inflation. It targets a long-term return of CPI + 5.5% and the smoothing component keeps volatility levels low, which protects Fund members from the impact of investment market fluctuations. The portfolio also offers a capital guarantee that affords members the peace of mind that the value of their investments will never fall by more than 20% from the highest level achieved at any time.

As at 30 June 2018, a total of 65% of SuperFund Choice and SuperFund Easy assets were invested in AGP Stable. The portfolio has delivered very competitive declared returns, both within the context of its peer-group and within the context of the SuperFund Choice range of investment funds, and has achieved its goal of providing long-term inflation-beating returns with defined protection against capital loss.

Overall performance of the portfolio, relative to its smoothed bonus peers in the market, has been satisfactory over the various periods considered in the

financial year under review. Performance relative to peers over the most recent two years is also pleasing. Certain asset classes have marginally underperformed relative to their own, very challenging benchmarks, while others have outperformed.

To understand the performance and competitiveness of the Absolute Stable Growth Portfolio in more detail, it is necessary to consider the following factors:

- **Underlying performance of asset class building blocks versus benchmarks.** The performance of some asset classes, relative to their underlying asset-class benchmarks, has been marginally below target. This can, however, be directly attributed to the fact that many of these benchmarks are very challenging.
- **Asset allocation of the portfolio.** The Absolute Stable, Smooth and Secure Growth Portfolios have a greater weighting towards growth assets than any other smoothed bonus portfolio in the South African market. This means that, over the long term and during bull markets, it can be expected to deliver higher returns than other smoothed bonus offerings. However, over the shorter term (and especially during bear and trendless markets) it is likely to underperform other offerings that have more conservative asset allocations. OMCC is of the view that the higher allocation towards growth assets, as favoured by these Old Mutual portfolios, is likely to provide returns in excess of inflation over the long term, while the smoothing of returns provides valuable protection to members during market downturns.
- **Smoothing and the impact of bonus smoothing reserves.** Any short-term comparison of declared bonuses against other smoothed bonus investments must take into account the distorting impact of smoothing and the relative level of each investment fund's bonus smoothing reserve. When considering declared returns, rather than the investment performance of asset building blocks, it is important to consider periods of five-years or longer to minimise the distortions caused by the relative levels of bonus smoothing reserves.

Based on all of the above, OMCC remains satisfied that AGP Stable is appropriate as a default investment for the long-term needs of the Fund and its members.

REVIEW FINDINGS SPECIFIC TO OLD MUTUAL SUPERFUND INVESTMENT OPTIONS

OMCC is satisfied that the performances of the portfolios offered to members in SuperFund Easy and SuperFund Choice were satisfactory over the review period. The Funds continue to deliver quality investment portfolios to members and remain extremely competitive in the market.

OLD MUTUAL SUPERFUND CUSTOMISED

The analysis of the offerings available to members in the Old Mutual SuperFund Customised option found that the strategies and underlying portfolios remain suitable for the members of this option.

OLD MUTUAL SUPERFUND CHOICE

Market-linked portfolios remain very popular amongst members with member level investment choice and no further changes were deemed necessary by OMCC. There is a wide range of portfolios within the medium reward and risk category and OMCC recommended that no further additions be made to this category unless absolutely necessary.

They did, however, recommend that the OMIG Profile Moderate be removed and replaced with the Old Mutual Multi-Managers Absolute Defensive portfolio. OMCC also suggested that the following portfolios be placed on the Board's monitoring list for the coming financial period:

- Alexander Forbes Performer
- Alexander Forbes 37.5% Equity
- OMIG Profile Balanced
- OMIG Profile Moderate
- OMMM Managed
- Oasis Crescent Balanced Progressive Fund of Funds

Finally, a recommendation was made that the Board considers adding the following portfolio within the Fixed Interest (lower reward and risk) category:

- Taquanta Optimal Income Fund

TRANSFORMATION AND B-BBEE

Old Mutual SuperFund embraces its responsibility to be a leader when it comes to helping to address the many socio-economic challenges facing South Africa and its people. Leading at transformation is considered a key component of this responsibility, and is a strategic priority that underpins everything the Fund does. The Fund aligns itself to the transformation commitment and approach of the greater Old Mutual Group and also recognises that it has many unique opportunities to deliver the benefits of socio-economic transformation and black economic empowerment directly to a large proportion of South Africa's population.

Regulation 28 requires that, when contracting services, the Management Board should consider the need to promote broad-based black economic empowerment of those providing the services. The Fund adheres to these requirements and, in situations where services are outsourced from parties that do not satisfy B-BBEE principles, the Management Board engages with the service provider in question to reach a satisfactory outcome.

The Broad Based Economic Empowerment Act of 2003 ("B-BBEE ") provides the legal framework and road map by which investment managers are assessed by the Management Board. Key elements considered in these assessments include the following:

Enterprise Development	From a B-BBEE perspective, this relates to developing enterprises controlled by black owners. In order for companies to earn points in this particular category they must contribute to a beneficiary company of their choice. This contribution can either be monetary or non-monetary, but it needs to be measurable in monetary terms.
Socio Economic Development	This element comprises the two components of industry specific contributions that seek to address needs in a particular industry sector, and corporate social investment that covers a wider range of needs. In order to achieve maximum points in this category a company must contribute 1% of earnings. All of the current investment managers contracted by SuperFund attained a full score in this regard.
Skills Development	A company classified as a small enterprise in relation to its size of business can achieve maximum points in this category if they spend 2% of the company's total salary bill per annum on learning programmes and initiatives for black employees. For medium to larger companies this percentage is higher at 3%. Additional points can also be earned if 5% of employees in the company are black employees participating in learning programmes or if the company spends 0.3% of its salary cost on learning programmes for disabled black employees.

For illustrative purposes, OMCC takes the total value of assets under management by each investment manager and uses their recognition levels to establish an overall SuperFund B-BBEE recognition level with respect to all assets. The result of this calculation places SuperFund on a recognition level of approximately 125%, which translates to a B-BBEE status of a Level 2 Contributor.

While the Fund's primary objective remains leading its members towards the retirement outcomes they need, it also recognises that it can, and must, contribute to:

- the socio-economic transformation of South Africa as a whole through responsible investment;
- transforming the futures of all South Africans (not just Fund members) through the provision of meaningful, effective and accessible financial education; and
- the achievement of real transformation within the South Africa financial services and investment management industries.

LEADING THE WAY TO A BETTER FUTURE THROUGH RESPONSIBLE INVESTMENT

Old Mutual SuperFund does not directly own investments outside of the Customised option. All investments are therefore made through pooled portfolios constituted as collective investment schemes or policies of insurance. This means that, while the Fund supports the principles of responsible investing, it is limited in its ability to actively apply the requirements of Regulation 28 with regard to consideration of ESG factors as well as the Code for Responsible Investing South Africa (CRISA). That said, in terms of its Investment Policy Statement, the Fund considers how its investment managers comply with these requirements as a factor when selecting or reviewing managers.

The Fund therefore seeks to invest in a sustainable and responsible manner, but this is primarily achieved indirectly, through its investment providers. To ensure that such responsible investment contributions are made, the Board strives to ensure that its investment managers:

- are signatories to the Code for Responsible Investment in South Africa ("CRISA Code") and/or the UNPRI;
- take Environmental, Social and Governance (ESG) factors into account when making their investments, without compromising their sound business reasons for making such investments.

As part of the annual review, OMCC evaluated the extent to which asset managers align with these criteria. This process includes the provision of a number of firm-level and fund-level questions around the managers' responsible investment policies, philosophies and overall approach. These questions provide an indication of the following:

- Whether they subscribe to any local or international Responsible Investment (RI) codes or standards and do they provide public disclosure against these codes.
- Whether they have a Responsible Investment (RI) policy or guideline document in place.
- How RI supports their business strategy and their investment rationale for adopting a policy to incorporate RI into the investment decision-making process.
- If their annual employee performance review or remuneration metrics reflect any component for the inclusion of RI.
- Any RI / ESG thought leadership work that their organisation has undertaken recently.
- Whether they employ dedicated ESG/RI professionals and what their roles entail.
- If they provide annual reports on the impacts of their RI activities.

At a portfolio level, the questions were aimed at establishing:

- How (if at all) ESG factors are incorporated into the analysis, valuation, and portfolio construction processes.
- Whether the portfolio's exposure to climate risk is assessed.
- If the carbon footprint of investment portfolios is measured and monitored.
- How often, and in what format, portfolio level reporting on ESG risks and activities is undertaken.
- Clarity on proxy voting policies and confirmation of how often these are revised. Availability of these policies to clients and/or the public was also assessed.
- Insights into, and practical examples of, key ESG engagement activities undertaken over the past twelve months.

OMCC then applies indicative ESG scores to managers and funds based on the responses received to the above questions. Should managers score poorly in this regard, the Management Board will then be afforded an opportunity to engage directly with them to address any ESG shortcomings and improve their responsible investment commitment.

MEMBER EDUCATION

Old Mutual SuperFund recognises that the route to effective financial, investment and retirement self-leadership is paved with a commitment to lifelong learning. So, to help its members achieve the futures they deserve, the Fund places a priority on providing them with good, unbiased financial education and trusted support with every step of their journey.

FINANCIAL EDUCATION

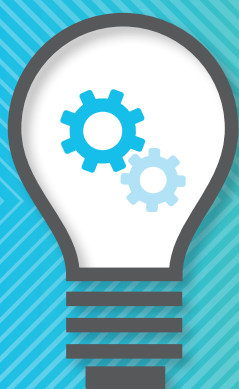
Old Mutual SuperFund's commitment to sound financial education is premised on the understanding that such education:

- Empowers members by increasing their knowledge about the Fund benefits available to them.
- Equips members with confidence and insight to make good financial decisions.
- Affords members access to sound financial advice.
- Encourages members to take the right actions, at the right time, to improve their retirement outcomes.

To deliver on these outcomes, Old Mutual SuperFund offers its members a range of education offerings through the acclaimed Old Mutual Financial Wellbeing (FWP) programme. FWP includes the following valuable components:

- **Fund member education** – Retirement fund-specific member education to inform members on all aspects of their Fund membership including the Fund rules, benefits, member-level investment choice and risk cover options (if available). Other components include guidance on how to use a retirement benefit calculator and implement a retirement plan.
- **On the Money** – Offers vital basic lessons in personal financial management designed to help people with little knowledge on financial matters become better managers of their money.
- **Fin 360** – Provides a solid grounding in basic to more advanced financial and investment matters to help members reach higher levels of financial literacy and self-sufficiency.
- **Today Magazine** – An award-winning print publication offering members insightful research and thought-provoking educational articles.

ACHIEVEMENTS FOR THE 2017/18 FINANCIAL YEAR



600
face-to-face
education sessions
delivered

56
wellness days
presented to
employees of
participating
employers

**ALMOST
18 000**
attendees

6000 +
requests for advice

160 000 +
users of the new open-access
financial education e-learning
website

HIGH LEVELS OF CLIENT SATISFACTION:

88% satisfaction score in annual client survey (end-2017)
Net Promoter Score of **65%** by attendees of education sessions

MEMBER COUNSELLING

Pre-retirement Support Services - Member Support Services (MSS) engaged over 7 200 new members who joined the Old Mutual SuperFund, and over 5 100 exiting members.

At-retirement Counselling - A member retirement counselling service was launched in September 2017 and, by end-June 2018, the team had engaged with 1 114 members who were eligible to retire.

LOOKING FORWARD

Old Mutual Corporate has recently completed a process of identifying and mapping key member journeys. This process identified the six broad points of vital member engagement as follows:

1. Member onboarding
2. Annual reviews
3. Inbound member queries
4. Outbound member communications
5. Retirals
6. Member withdrawals

Based on the outcomes of the journey mapping exercise, in the coming months, Old Mutual SuperFund will be applying behavioural economics insights and techniques to key aspects of its member education, services and communications.

Behavioural economics effectively changes the understanding of why members behave the way they do. By creating an in-depth decision map for each type of member exit, the team has mapped discrete choices along the decision path to raise the likelihood of members making sound financial decisions. This, combined with a clear understanding of the decision context, has allowed the Fund to identify and understand gaps in the existing member engagement, support and education processes and approach.

Supporting these behavioural economics interventions are predictive analytics models that allow for a better understanding of members' likely decisions and actions. This allows the Fund to implement interventions to increase the propensity of members to take the right actions, such as contributing more towards retirement, preserving when leaving an employer, and maximizing annuitisation at retirement.

These are all exciting developments that will enhance the Fund's ability to empower its members on their journey to desirable retirement outcomes.

05

OUR COMMITMENT TO SUPER-GOVERNANCE



THE OLD MUTUAL SUPERFUND MANAGEMENT BOARD

The Old Mutual SuperFund Management Board is responsible for the management of the Fund and is mandated to exercise the powers, perform the functions and carry out the duties assigned to it by the Fund Rules and by law. As such, the Board is responsible for exercising its fiduciary duties towards the Fund and its members and participating employers.

OLD MUTUAL AND OLD MUTUAL SUPERFUND

In keeping with the requirement that all dealings between the Fund and Old Mutual must be conducted at arms-length to maintain the independence of the Management Board, the relationship between the two entities is governed by a Governance Agreement. The aim of this is to:

- govern the relationship between Old Mutual and the Fund;
- ensure efficient management and control of the Fund;
- protect the interests of all parties;
- ensure the effective, efficient and accountable management of the Fund;
- deliver the benefits promised to members smoothly, transparently and efficiently;
- see to it that the Funds' assets are appropriately managed;
- regularly monitor, review, assess and improve governance factors;
- build and maintaining the trust and confidence of members and other stakeholders; and;
- promote co-operation to ensure the continued success of the Fund for the benefit of its members.

COMPOSITION OF THE MANAGEMENT BOARD

Members of the Old Mutual SuperFund Management Board are appointed by the Fund's Sponsor, Old Mutual. At all times, at least 50% of the Board Members are independent of the Sponsor and are not employed by Old Mutual Group. Every effort is made to also ensure that diversity of the Board reflects the Fund's commitment to being fully representative of the demographics of South Africa and to helping ensure the ongoing transformation of the retirement industry. The Board currently comprises the following members:

THE OLD MUTUAL SUPERFUND MANAGEMENT BOARD EFFECTIVE 1 DECEMBER 2018



Back row (from left): SHIRLEY MABUSELA (Independent Trustee), KRISHNA PATEL (Sponsor-appointed Trustee), NANIE ROTHMAN (Sponsor-appointed Trustee), GARY HARTWIG (Independent Trustee), RAMA GOVENDEN (Independent Trustee), THANDEKA ZONDI (Independent Trustee)

Front row (from left): FIONA REYNOLDS (Independent Principal Officer), BERTIE VAN WYK (Chairperson, Independent Trustee), WAHIDA PARKER (Deputy Chairperson, Independent Trustee)

There are no alternate Board Members.

Since Old Mutual SuperFund has thousands of participating employers, it has been exempted from having to comply with the requirement of section 7A(1) of the Pension Funds Act that members of the Fund be given the right to elect no fewer than 50% of the members of its Board.

The Board composition reflects the racial and gender diversity of South Africa and all Board Members are experienced professionals with the proven skills to contribute to the proper management and governance of a retirement fund.

The Chairperson and Deputy Chairperson of the Board are elected by the Board Members in consultation with the Sponsor.

BOARD MEMBER REMUNERATION

Board Members who are employed by the Fund Sponsor are not remunerated by the Fund, but independent Board Members are, including payment for meeting attendance and reasonable travel expenses. This is in keeping with the Fund's Remuneration Policy as adopted by the Board.

MANAGEMENT BOARD ROLES AND RESPONSIBILITIES

The Management Board and Independent Principal Officer are responsible for the following:

- Applying effective leadership and professionalism to manage the Fund based on sound governance and corporate citizenship principles.
- Ensuring the interests of members are looked after.
- Communicating effectively and regularly with Fund members.
- Appointing the administrator and other service providers.
- Selecting the Fund's investment portfolios.
- Making decisions regarding payments of death benefits.

THE PRINCIPAL OFFICER

As an official of the Fund, the Principal Officer is accountable to the Financial Sector Conduct Authority. Her duties are determined by the Fund rules and the Pension Funds Act, and include the following:

- Signing and submitting rules and rule amendments to the Authority.
- Submitting annual financial statements to the Authority.
- Signing all Fund documents that need to be submitted to the Authority.
- Ensuring that all relevant information is distributed to the Fund's members.
- Representing the Fund in any litigation or complaint hearings.
- Informing the Authority, in writing, of any matter that has the potential to prejudice the Fund or its members.

The Principal Officer is supported in her role by two Deputy Principal Officers, an independent claims assessor, a service provider manager, a fund secretary, a personal assistant and an office administrator. All these individuals are contracted and remunerated by the Fund and are subject to annual performance and remuneration reviews by the Board.



From left: LIESL MARAIS (Deputy Principal Officer), SUNIL HARILALL (Deputy Principal Officer), FIONA REYNOLDS (Independent Principal Officer)

DELEGATION

The Board delegates several of its functions to sub-committees governed in line with the provisions of section 7D (2) (a) of the Pension Funds Act. There is a clear and established framework for the delegation of authority to the sub-committees, the Principal Officer, the Administrator and any other persons or bodies. This framework is detailed in the Board's Delegation of Authority policy. Each sub-committee's scope of work is reviewed at least once every year.

The following sub-committees assist the Board in the execution of its duties:

SUB-COMMITEE	BOARD MEMBERS	RESPONSIBLE FOR
ADMINISTRATION AND FINANCIAL REPORTING	3	Overseeing (and reporting to the Board on) administration risks, financial reporting risks, internal financial controls and fraud and IT risks related to the management and governance of the Fund.
CLAIMS SUB-COMMITTEE	3	Managing the risks relating to the allocation of death benefits and assessment of member claims for disability benefits.
COMMUNICATIONS	3	Ensuring adequate, appropriate communications to members and other stakeholders.
GOVERNANCE AND RISK MANAGEMENT	2	Guiding the Board in matters of governance. Ensuring the Board has implemented an effective policy and plan for risk management that will enhance its ability to achieve its strategic objectives. Ensuring that the disclosure regarding risk is comprehensive, timely and relevant.
INVESTMENT & ACTUARIAL	3	Managing (and reporting to the Board on) any risks relating to the investment, actuarial and risk benefits of the Fund.
LEGAL AND CONTRACTUAL	2	Attending to any legal and contractual issues in relation to the Fund.

Each sub-committee comprises at least two Board Members, providing the chairperson of any sub-committee dealing with financial reporting is an Independent Board Member. The Principal Officer and Deputy Principal Officers serve on all the sub-committees, coordinate the activities of the sub-committees and liaise between the sub-committees where necessary. They do not, however, have a vote.

MEETING PROCEDURES

Management Board meetings take place at least four times in every financial year. Sub-committees are required to meet at least quarterly and the Death Claims Sub-Committee meets weekly to adjudicate death claims. Attendance by Board Members at board and sub-committee meetings during the year under review was as follows:

SUB - COMMITTEE MEMBER	MEETING	MEETINGS SCHEDULED	MEETINGS ATTENDED
Bertie Van Wyk (Chairperson)	Board	4	4
	Claims	4	4
	Claims adjudication	49	49
	Investments	4	4
	Governance	4	4
Cheryl Mestern/Fiona Reynolds (Principal Officer); Sunil Harilall (Deputy Principal Officer)/Steve Prout (Deputy Principal Officer)	Board	4	4
	Claims	4	4
	Claims adjudication	49	49
	Communication	4	4
	Governance	4	4
	Administration	4	4
	Investments	4	4
	Legal	4	4
Jeremy Andrew ****	Board	4	4
	Investments	4	4
	Legal	4	4
Krishna Patel	Board	4	4
	Administration	4	4
Kanyisa Ncemane ***	Board	4	2
	Communication	4	3
Pierre Pretorius *	Board	4	1
	Legal	4	1
Shirley Mabusela	Board	4	4
	Claims	4	4
	Claims adjudication	49	46
	Communication	4	4
Thandeka Zondi	Board	4	4
	Administration	4	4
Wahida Parker	Board	4	3
	Legal	4	3
	Administration	4	3
	Governance	4	4
Rama Govenden **	Board	4	3
	Claims	4	3
	Communication	4	3
	Claims adjudication	49	39

* Retired 1 October 2017

** Appointed 1 October 2017

*** Resigned 30 June 2018

**** Retired 30 June 2018

CODE OF CONDUCT

Each Board Member is required to accept a written Code of Conduct, which includes details of the process to be followed should any breach of the code occur.

RISK MANAGEMENT AND COMPLIANCE

The Board takes ultimate responsibility for the governance of risk exposure, tolerance and opportunity for the Fund. This is in accordance with policy and practice guidelines that are monitored and managed by sub-committees. Any deviations from these policies are identified and reported in the Board Risk Log to be dealt with by the Management Board.

Less significant issues are dealt with by the various sub-committees in accordance with their mandates. Lower ranking risks are dealt with by the Principal Officer. The impact of residual risks on the Fund's reputation, relationship with regulators and on members is measured on a qualitative basis with a 12-month view.

ETHICS STANDARDS

The Board has identified, and adheres to, the following specific ethics standards:

ETHICS STANDARD	MEETING
RESPONSIBILITY & ACCOUNTABILITY	Application of best practice governance principles and implementation of the principles and recommendations in the King Reports. Accounting to the stakeholders in a transparent manner for the way in which the Board has conducted decisions and actions related to the affairs of the Fund.
FAIRNESS	Considering the interests and expectations of stakeholders when deciding what is in the best interests of the Fund – always interpreted within the parameters of the Fund as a sustainable enterprise and the requirements for it to be a responsible corporate citizen. Always acting in a manner that is free from discrimination or dishonesty and in conformity with agreed rules and standards.
DECLARATIONS OF INTEREST	Any personal interest that may impact on a Board Member's impartiality in any matter relevant to his or her duties must be declared to the Management Board. Where structural conflicts of interest arise or where a Board Member (or family member) is a shareholder or a director of a potential service provider, such conflict should not only be declared, but the Board Member must also recuse himself/herself from the decision-making process.
CONFIDENTIALITY	Information must be kept confidential. The information must never be used for personal gain, and information given in the course of duty must be true and fair and not intentionally misleading. No Board Member or Fund official may engage with or provide any information to a service provider or potential service provider other than through the official channels.
GIFTS	The purpose of this policy is to determine appropriate conduct in relation to any gift offered to or received by any Board Member or the Principal Officer. In this way the governance of the Fund is intended to be demonstrated as one of integrity independence and accountability.
COMPETITION	Any arrangement that may, in the long-term, prevent the effective operation of fair competition in the delivery of services to the Funds must be avoided.
DISCLOSURE & TRANSPARENCY	All fees and expenses are fully disclosed. The Board deals with the members and stakeholders in an open and transparent manner and in utmost good faith.



ADMINISTRATION AND TECHNOLOGY

The Fund continuously strives to improve the experience of members and employers. Over the past financial year the Fund, in partnership with Old Mutual, embarked on a number of initiatives to achieve this outcome.

New withdrawal and retirement claim functionality was introduced to make it easier for exiting or retiring members to process their benefits, whether this involved withdrawing funds, retiring, preserving or transferring to another fund.

Members can now receive full service by calling the contact centre and do not need to be referred to their employers or HR departments to update their information. The process was also made more efficient and feedback from members and employers is that they are already benefiting from quicker turnaround times for their claim requests.

A new member web portal will be launched in the near future, which will ensure that members have a simple and value-adding experience when they login to the Old Mutual SuperFund self-service web page.

Robotic Process Automation is also being piloted. When implemented, this will allow members and employers to get quicker answers to less complex queries, while freeing up administrative staff to focus on more complex queries. It is an exciting step that is critical if the Fund is to continue to provide services of the highest standard to customers.

In the digital world, security of access to functionality is also very important. To this end, new access functionality was implemented in the year under review, to ensure high standards of security are maintained.

The Fund received feedback on the format and accuracy of employer administration reports and launched an improved format. Work was also done to improve the quality of the information displayed in the reports.

06 FINANCIAL REPORTING



AUDITORS REPORT

Independent Auditor's Report on summary Financial Statements to the Board of Fund of the Old Mutual Superfund Pension Fund and the Old Mutual Superfund Provident Fund

OPINION

The summaries of the financial statements of Old Mutual SuperFund Pension Fund and Old Mutual SuperFund Provident Fund, set out on pages 45 to 49, which comprise the summary statement of net assets and funds as at 30 June 2018, the summary statement of changes in net assets and funds for the year ended, and related notes, are derived from the audited regulatory financial statements of Old Mutual SuperFund Pension Fund and Old Mutual SuperFund Provident Fund for the year ended 30 June 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited regulatory financial statements, in accordance with the basis described in Note 1 on page 50.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by the Regulatory Reporting Requirements for Retirement Funds in South Africa. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited regulatory financial statements and the auditor's reports thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed unmodified audit opinions on the audited regulatory financial statements in our reports dated 28 November 2018.

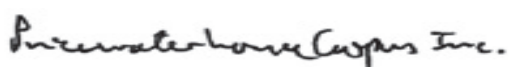
The audit opinions on the audited regulatory financial statements included an emphasis of matter paragraph drawing attention to the principal accounting policies of the regulatory financial statements in which the applicable financial reporting framework is identified, as prescribed by the Financial Sector Conduct Authority. Consequently, the regulatory financial statements and related auditor's reports, as well as the summarised financial statements and related auditor's report, may not be suitable for another purpose.

BOARD OF FUND'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Fund are responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1 on page 50.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited regulatory financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



PricewaterhouseCoopers Inc. | Director: V. Wiese, Registered Auditor | Date: 28 November 2018
5 Silo Square V&A Waterfront, Cape Town, 8002, PO Box 2799, Cape Town 8000

OLD MUTUAL SUPERFUND PENSION FUND
SUMMARY STATEMENT OF NET ASSETS AND FUNDS

	Notes	2017 "R"	2018 "R"
Investments		48 128 862 332	53 283 614 715
	Insurance Policies	43 206 430 892	47 569 779 098
	Segregated Portfolios	2 456 373 554	2 657 814 705
	Collective Investment Schemes	2 466 057 886	3 056 020 912
Transfers Receivable		-	65 367 228
Accounts Receivable		139 344 965	133 427 934
Contributions Receivable		203 468 682	176 211 181
Cash at Bank		18 642 918	141 849 393
Total Assets		48 490 318 897	53 800 469 911
Members Funds		(47 000 704 810)	(51 013 695 034)
Reserve Accounts		(54 032 939)	(67 084 890)
Expense		(5 121 336)	(3 108 203)
Processing Error (unitised)		(6 188 767)	-
Processing Error (non-unitised)		(42 722 836)	(63 976 687)
Employer Surplus Account		(436 318 010)	(748 720 970)
Unclaimed Benefits		(41 041 418)	(57 508 200)
Transfers Payable		(18 461 766)	(468 174 991)
Benefits Payable		(823 299 015)	(1 279 753 554)
Lump sum on Retirement			
	Full Benefit	(220 842 402)	(294 760 418)
Lump sum before Retirement			
	Disability	(1 195 492)	(11 619 520)
	Death	(242 401 679)	(282 068 543)
	Withdrawal	(308 809 051)	(602 554 024)
	Divorce Orders	(10 849 455)	(6 484 924)
	Retrenchments	(33 434 591)	(56 681 167)
Default – Housing loans		-	-
Liquidation benefits		(5 758 064)	(25 584 958)
Enhancements to former members		(8 281)	-
Accounts Payable		(116 460 939)	(165 532 272)
Total Funds and Liabilities		(48 490 318 897)	(53 800 469 911)

OLD MUTUAL SUPERFUND PENSION FUND

SUMMARY STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

	Notes	2017 "R"	2018 "R"
Contributions Received and Accrued		(4 459 381 994)	(4 774 786 759)
	Members	(4 158 836 212)	(4 424 149 062)
	Reserves	(300 545 782)	(350 637 697)
Reinsurance Proceeds		(180 222 546)	(244 292 583)
Net Investment Income		2 478 361 063	(4 267 375 878)
	Dividends	(45 543 123)	(57 164 727)
	Interest Received	(79 431 100)	(88 715 368)
	Collective Investment Schemes	(17 826 824)	(31 304 276)
	Insurance Policies	(2 305 853 235)	(3 272 063 046)
	Late Payment Interest	(1 447 452)	(333 222)
	Fair Value Adjustment	(255 342 694)	(1 045 872 683)
	Investment Management Fees	227 083 365	227 410 900
Reinsurance Premiums		231 123 772	275 559 673
Administration Expenses		96 697 273	108 561 749
Allocated to Unclaimed Benefits		2 770 253	1 263 636
Transfers from other Funds		(2 075 600 409)	(2 104 971 030)
Transfers to other Funds		267 268 175	876 093 424
Benefits Accrued		4 839 417 650	5 791 502 633
Lump sum on Retirement			
	Full Benefit	2 006 165 112	2 297 771 110
Lump sum before Retirement			
	Disability	12 778 874	45 142 775
	Death	342 628 697	394 918 429
	Withdrawal	2 045 828 834	2 403 375 896
	Divorce Orders	68 848 447	62 936 740
	Retrenchments	341 161 092	515 728 760
Defaults - Housing loans		69 675	308 569
Liquidation benefits		10 615 182	56 637 332
Return allocated to benefits		11 321 737	14 683 022
Net Employer Surplus Accounts Allocations		38 713 420	312 402 960
Balance at Beginning of the Year for Funds and Reserves		(43 337 162 280)	(47 054 737 749)
Balance at Year End Funds and Reserves		(47 054 737 749)	(51 080 779 924)

OLD MUTUAL SUPERFUND PROVIDENT FUND
SUMMARY STATEMENT OF NET ASSETS AND FUNDS

	Notes	2017 "R"	2018 "R"
Investments		49 643 570 554	55 145 712 752
	Insurance Policies	42 499 261 905	46 969 979 202
	Segregated Portfolios	3 735 172 873	4 802 902 161
	Collective Investment Schemes	3 409 135 776	3 372 831 389
Transfers Receivable		-	181 427 275
Accounts Receivable		135 080 410	179 115 921
Contributions Receivable		329 112 195	308 196 665
Cash at Bank		112 013 078	147 683 130
Total Assets		50 219 776 237	55 962 135 743
Members Funds		(48 383 981 753)	(52 230 599 980)
Reserve Accounts		(184 142 753)	(210 455 926)
Expense		(28 591 709)	(26 316 368)
Processing Error (unitised)		(6 004 648)	-
Processing Error (non-unitised)		(149 546 396)	(184 139 558)
Employer Surplus Account		(88 592 506)	(723 355 579)
Unclaimed Benefits		(127 181 567)	(156 912 631)
Transfers Payable		(54 295 714)	(123 090 891)
Benefits Payable		(1 136 733 849)	(2 304 189 855)
Lump sum on Retirement			
	Full Benefit	(179 635 706)	(360 726 924)
Lump sum before Retirement			
	Disability	(8 583 894)	(17 944 940)
	Death	(470 280 883)	(612 485 550)
	Withdrawal	(313 467 322)	(1 031 272 414)
	Divorce Orders	(14 233 177)	(13 646 422)
	Retrenchments	(122 519 311)	(209 432 033)
Default – Housing loans		(7 359)	-
Liquidation benefits		(27 998 263)	(58 681 572)
Enhancements to former members		(7 934)	-
Accounts Payable		(244 848 095)	(213 530 881)
Total Funds and Liabilities		(50 219 776 237)	(55 962 135 743)

OLD MUTUAL SUPERFUND PROVIDENT FUND

SUMMARY STATEMENT OF CHANGES IN NET ASSETS AND FUNDSS

	Notes	2017 "R"	2018 "R"
Contributions Received and Accrued		(5 507 197 905)	(5 851 128 834)
	Members	(4 887 621 821)	(5 178 441 891)
	Reserves	(619 576 084)	(672 686 943)
Reinsurance Proceeds		(322 237 267)	(533 779 227)
Net Investment Income		(2 396 861 109)	(4 494 041 353)
	Dividends	(76 958 394)	(98 668 027)
	Interest Received	(98 893 489)	(115 428 294)
	Collective Investment Schemes	(17 767 690)	(24 296 857)
	Insurance Policies	(2 063 591 911)	(2 870 218 353)
	Late Payment Interest	(3 908 897)	(1 314 259)
	Fair Value Adjustment	(376 317 254)	(1 620 266 748)
	Investment Management Fees	240 576 526	236 151 185
Reinsurance Premiums		460 101 333	510 808 416
Administration Expenses		214 750 168	232 432 349
Allocated to Unclaimed Benefits		10 987 777	5 709 326
Transfers from other Funds		(1 055 066 556)	(2 265 111 805)
Transfers to other Funds		425 563 718	578 604 318
Benefits Accrued		5 004 524 156	7 308 812 336
Lump sum on Retirement			
	Full Benefit	1 383 429 987	1 913 069 794
Lump sum before Retirement			
	Disability	48 572 487	72 626 689
	Death	498 174 046	775 357 347
	Withdrawal	2 286 692 188	3 423 585 638
	Divorce Orders	77 383 068	64 579 342
	Retrenchments	592 125 645	923 159 235
Defaults - Housing loans		437 875	860 352
Liquidation benefits		100 524 718	113 811 859
Return allocated to benefits		17 184 142	21 762 080
Net Employer Surplus Accounts Allocations		24 795 388	634 763 074
Balance at Beginning of the Year for Funds and Reserves		(45 377 893 433)	(48 568 124 506)
Balance at Year End Funds and Reserves		(48 568 124 506)	(52 441 055 906)

NOTE 1 TO THE SUMMARY FINANCIAL STATEMENTS: BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS

The summaries of the financial statements were derived from the regulatory financial statements of the Old Mutual SuperFund Pension Fund and Old Mutual SuperFund Provident Fund for the year ended 30 June 2018 which were compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa.

The summary financial statements are prepared in accordance with criteria developed by management and is the responsibility of management. Under management's established criteria, management discloses the summary statement of net assets and funds, the summary statement of changes in net assets and funds and other information which management determined as relevant. The purpose of the summarised annual financial statement is to give the reader a broad overview of the financial position of each Fund as well as other relevant income and expense account movements, without providing the level of detail as per the regulatory financial statements.

Any investment decisions by investors and/or members should be based on consideration of the complete set of audited financial statements and the Fund's website as a whole. Should you wish to receive a full set of the audited financial statements, please kindly send us an e-mail at superfund@oldmutual.com.

STATEMENT OF RESPONSIBILITY BY SUPERFUND MANAGEMENT BOARD FOR THE YEAR ENDED 30 JUNE 2018

The annual financial statements of the Old Mutual SuperFund Provident Fund and the Old Mutual SuperFund Pension Fund are the responsibility of the Management Board of the Funds. The Board hereby confirms that, to the best of its knowledge and belief, during the year under review, in the execution of its duties it has complied with the duties imposed by Pension Funds Act legislation and the Rules of the Fund, including the following:

- Ensured that proper registers, books and records of the operations of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund.
- Ensured that proper internal control systems were employed by or on behalf of the Fund.
- Ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the Rules of the Fund.
- Took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the Fund or reported where necessary, in accordance with section 13A and regulation 33 of the Pension Funds Act in South Africa.
- Obtained expert advice on matters where they lacked sufficient expertise.
- Ensured that the Rules and the operation and administration of the Fund complied with the Pension Funds Act and all applicable legislation.
- Ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the Rules of the Fund.
- Ensured that investments of the Funds were implemented and maintained in accordance with the Funds investment strategy.

The summarised financial statements set out on pages 46 to 49 have been prepared for communication purposes with limited disclosure compared to the regulatory financial statements, which are compiled in terms of the Regulatory Reporting Requirements for Retirement Fund in South Africa. These summarised financial statements have been prepared in accordance with the basis set out in Note 1 on page 50.

The regulatory financial statements have been prepared and reported to the Financial Sector Conduct Authority (FSCA).

The regulatory annual financial statements have been reported on by the independent auditors, Pricewaterhouse-Coopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of the Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on page 45 to 49.

The summarised financial statements of the Funds set out on pages 45 to 49 were approved by the Board of the Funds. The financial statements have been signed by the Chairman and two trustees on behalf of the Board of the Funds.

STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER FOR THE YEAR ENDED 30 JUNE 2018

I confirm that for the year under review the OLD MUTUAL SUPERFUND PENSION FUND and the OLD MUTUAL SUPERFUND PROVIDENT FUND have timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act. To the best of my knowledge all applicable legislation, except for the matters listed in the Statement of Responsibility by the Board of Fund and in Schedule I, Factual Findings Report to the Financial Sector Conduct Authority in terms of Section 15 of the Pension Funds Act, 1956.



Fiona Reynolds

INDEPENDENT PRINCIPAL OFFICER

28 November 2018

SUMMARY OF THE ACTUARIAL VALUATION REPORTS

Old Mutual Superfund Pension Fund and Old Mutual SuperFund Provident Fund

I have pleasure in presenting the statutory actuarial valuation reports of the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund as at 30 June 2017 ("the Valuation Date"). These summaries are for reference purposes only, and should be read in the context of the full reports prepared for each fund. This report takes cognisance of the professional standards of the Actuarial Society of South Africa, the professional body governing the conduct of retirement valuers.

Financial condition

The Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund each have a level of funding of 100%, and both entities are in a sound financial position at the Valuation Date.

The analysis of the complete member dataset has provided comfort that the Member Accounts of both the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund have been maintained in line with the Rules. Based on my analysis, I am satisfied that the individual member data for this period is adequate for the purposes of this report.

Membership

	OLD MUTUAL SUPERFUND PENSION FUND		OLD MUTUAL SUPERFUND PROVIDENT FUND	
	30 JUNE 2017	30 JUNE 2016	30 JUNE 2017	30 JUNE 2016
Number of Active Members	139 160	129 199	273 633	254 570
Number of Unclaimed Benefits	1 296	1 056	4 117	10 015

Contingency Reserves

We recommend that the following contingency reserves be held as at 30 June 2017:

	OLD MUTUAL SUPERFUND PENSION FUND 'R'	OLD MUTUAL SUPERFUND PROVIDENT FUND 'R'
Expense Reserve (Umbrella)	379 365	8 554 844
Expense Reserve (Sub Funds)	4 741 971	20 036 865
Risk Reserve	0	0
Surplus Apportionment Expense Reserve	0	0
Processing Error Reserve (Unitised Investments)	6 188 767	6 004 648
Processing Reserve	42 309 928	147 117 664

Financial position

The financial position of the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund (after taking into account the Contingency Reserve recommendations above) is set out here as at 30 June 2017. Comparative figures as at 30 June 2016 are provided.

	OLD MUTUAL SUPERFUND PENSION FUND		OLD MUTUAL SUPERFUND PROVIDENT FUND	
	30 JUNE 2017 (R'000)	30 JUNE 2016 (R'000)	30 JUNE 2017 (R'000)	30 JUNE 2016 (R'000)
Market Value of Assets	47 491 056	43 734 767	48 656 717	45 491 281
Less				
Fund Liabilities & Employer Surplus Accounts	47 437 436	43 693 678	48 475 003	45 337 940
Members' Individual Accounts – Financial Statements	47 000 705	43 295 804	48 383 982	45 223 864
Additional Fund Liabilities (Negative Member Values)	413	269	2,429	688
Employer Surplus Accounts	436 318	397 605	88 593	113 388
Less				
Contingency Reserve Accounts	53 620	41 089	181 714	153 341
Expense Reserve – Umbrella	379	0	8 555	11 154
Expense Reserve – Sub Funds	4 742	7 096	20 037	18 478
Risk Reserve	0	0	0	0
Surplus Apportionment Expense Reserve	0	0	0	0
Processing Error Reserve (Unitised Investments)	6 189	6 016	6 005	6 005
Processing Reserve	42 310	27 977	147 118	117 704
Equals				
Actuarial Surplus/(Deficit)	0	0	0	0
Funding Level (including Reserves)	100.00%	100.00%	100.00%	100.00%
Funding Level (excluding Reserves)	100.11%	100.09%	100.37%	100.34%

Contribution rates

Contribution rates differ by Participating Employer, and are defined in the Special Rules. Because of this, and because the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund are Defined Contribution in nature, I have not made any recommendations here regarding contribution rates.



Stephen Walker
VALUATOR

PROFESSIONAL SERVICE PROVIDERS

ACTUARY/VALUATOR

Stephen Walker
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AUDITORS

PricewaterhouseCoopers Inc.
PO Box 2799, Cape Town 8000
5 Silo Square, V&A Waterfront, Cape Town 8002

BENEFIT ADMINISTRATOR

Old Mutual Life Assurance Company (South Africa) Limited
PO Box 1014, Cape Town 8000
Mutualpark, Jan Smuts Drive, Pinelands 7405

INVESTMENT CONSULTANT

Old Mutual Corporate Consultants,
a division of OMLAC (SA) Limited
PO Box 1014, Cape Town 8000
Mutualpark, Jan Smuts Drive, Pinelands 7405

RISK PROVIDERS

- Old Mutual Life Assurance Company (South Africa) Limited
- Alexander Forbes Life Limited
- Capital Alliance Life Limited
- Discovery Life Limited
- Hollard Life Assurance Company Limited
- Liberty Group Limited
- Lion of Africa Life Assurance Company Limited
- MS Life Assurance Company Limited
- MMI Life Limited
- Momentum Group Limited
- Sanlam Life Insurance Limited

CUSTODIAN

- Nedbank Limited

07 INVESTMENT PROVIDERS



ADMINISTRATION DETAILS

OLD MUTUAL SUPERFUND PENSION AND PROVIDENT FUND

Old Mutual SuperFund is registered in terms of the Pension Funds Act, No 24 of 1956 and the Income Tax Act, No 58 of 1962 under registration numbers:

- Pension Fund: Registration No: 12/8/20237/1 and SARS Approval No: 18/20/4/20740
- Provident Fund: Registration No: 12/8/20246/1 and SARS Approval No: 18/20/4/21305

REGISTERED OFFICE OF OLD MUTUAL SUPERFUND

Physical address: Mutualpark, Jan Smuts Drive, Pinelands, 7405

Postal address: P O Box 167, Cape Town, 8000, South Africa

Old Mutual is a Licensed Financial Services Provider



