

OLD MUTUAL
SUPERFUND
ANNUAL REPORT

1 JULY 2016 TO 30 JUNE 2017

2017

OLD MUTUAL
SUPERFUND
**PENSION &
PROVIDENT
FUNDS**



DO GREAT THINGS



OLDMUTUAL
CORPORATE

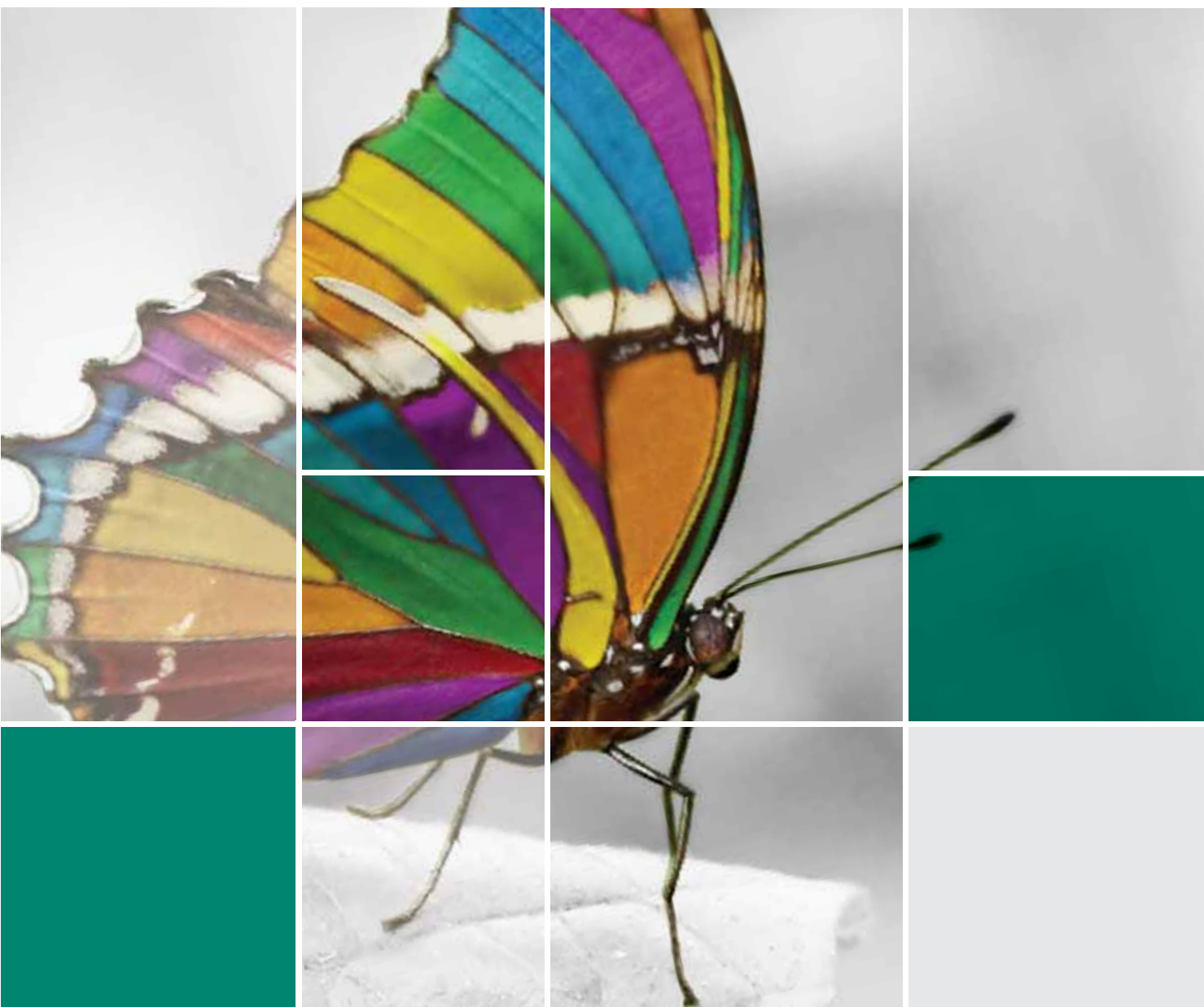


“**CHANGING IS NOT JUST CHANGING** THE THINGS OUTSIDE OF US. FIRST OF ALL, WE NEED THE **RIGHT VIEW** THAT TRANSCENDS ALL NOTIONS INCLUDING OF BEING AND NON-BEING, CREATOR AND CREATURE, MIND AND SPIRIT. **THAT KIND OF INSIGHT IS CRUCIAL FOR TRANSFORMATION** AND HEALING.”

Thich Nhat Hanh

Old Mutual SuperFund is an umbrella retirement fund comprising 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.

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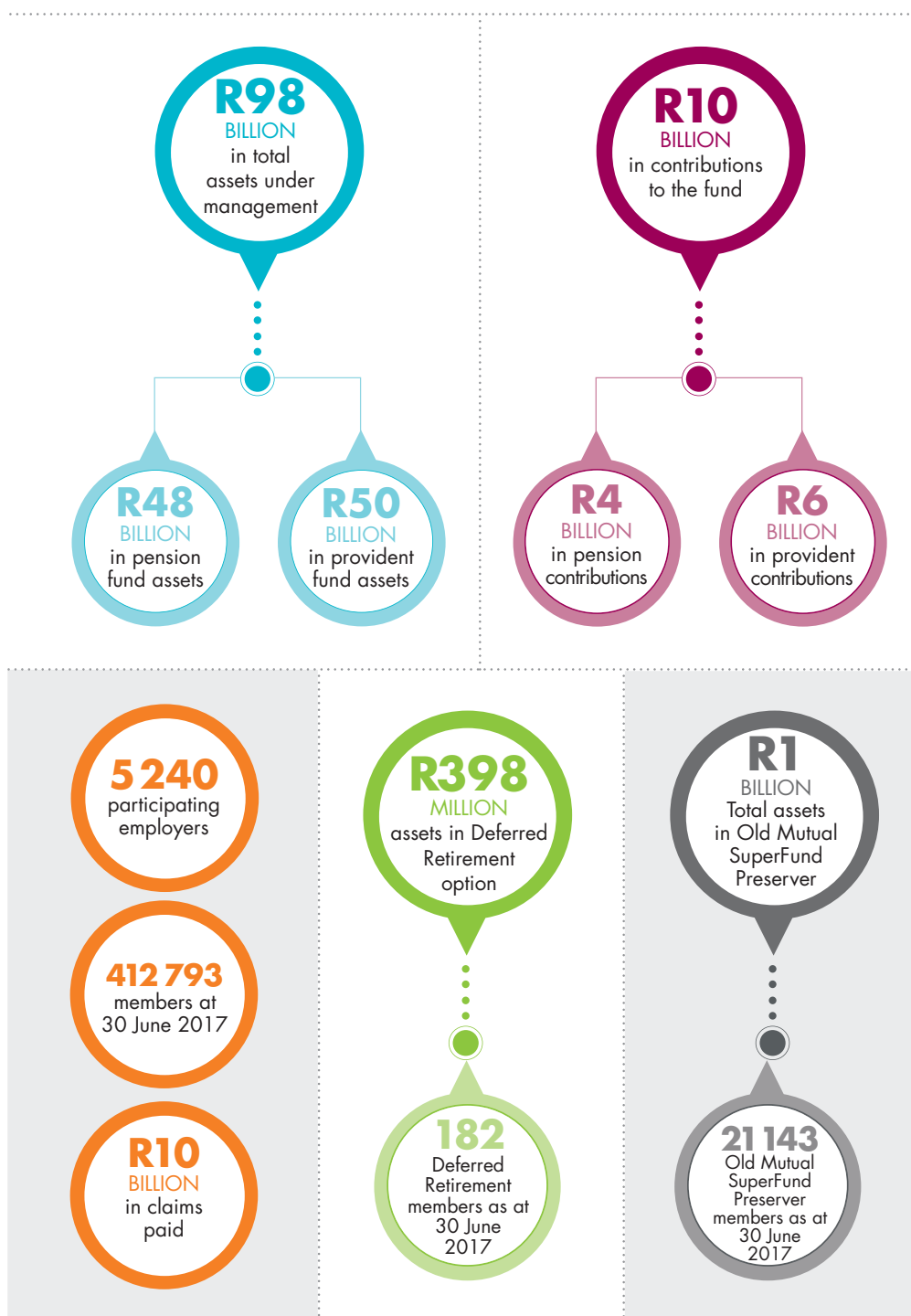


Disclaimer:

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FUND GROWTH 2016/17



HIGHLIGHTS 2016/2017



SOLUTIONS AT RETIREMENT

Making it easy and affordable for Old Mutual SuperFund members approaching retirement age to make good at-retirement investment choices



ENHANCED FINANCIAL WELLBEING PROGRAMME (FWP) E-LEARNING SITE

Updated topic content that makes learning quick, engaging and fun



Increased focus on RESPONSIBLE INVESTING AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT



ZERO DECISIONS against the Fund by the Pension Funds Adjudicator

NEW ENHANCED MEMBER BENEFIT STATEMENT (MBS)

Simplified three-page MBS, easier to understand and highlights the key focus areas for a member

DEFAULT INVESTMENT PORTFOLIO

(Old Mutual Absolute Stable Growth)
Delivered 15% annualised return (gross of fees) over the 5-year period to 30 June 2017, outperforming CPI (inflation) by 8.4% per annum

FINANCIAL WELLBEING PROGRAMME

609 Member Education sessions during the reporting period



INDUSTRY RECOGNITION AND ACCOLADES



2017 IRFA AWARD



At the Institute of Retirement Funds Africa (IRFA) 2017 Best Practices Industry Awards Old Mutual SuperFund was recognised for:

- **Transformation:** In recognition of the transformation initiatives that Old Mutual SuperFund undertakes in making real changes in the areas of social, industry and economic transformation.
- **Investment Practices:** (Gold Standard Certificate) In recognition of the compliance of the investment portfolios currently offered by Old Mutual SuperFund and the way in which the Management Board closely follows processes set out in the Fund's investment policy statement regarding the monitoring and evaluation of the investment portfolios made available to members.



THE IMBASA YEGOLIDE AWARDS 2018

These awards take place in February 2018. Old Mutual SuperFund has been shortlisted in two of the Communication Best Practice award categories.



01 ABOUT THIS INTEGRATED **ANNUAL REPORT**



The Old Mutual SuperFund Management Board with effect from 1 October 2017

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Old Mutual SuperFund (the Fund) recognises its responsibility in terms of the King Reports to ensure the accuracy and integrity of this Annual Integrated Report. The Board has applied its mind to the Report and collectively assessed all content and is of the considered opinion that it addresses and fairly represents all of the material issues relating to the Fund and 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;
- 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 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 acknowledges that it continues to progress on a journey towards comprehensive integrated reporting and remains absolutely committed to providing its stakeholders with a holistic view of the Fund's performance, material issues, governance, strategic development, and financial management.

Given that Old Mutual SuperFund is a retirement fund that exists primarily to deliver effective retirement savings and risk benefit solutions for its members, the nature and extent of our integrated reporting is significantly different from that of a listed company or other organisation.

That said, Old Mutual SuperFund endeavours to align its integrated reporting as far as possible with international best practices, while ensuring that the unique nature of Old Mutual SuperFund is reflected. As such, this report, continues the Fund's commitment to reporting based on integrated thinking and actions aimed at creating value for all stakeholders over time.

As in previous integrated reports, we have made every effort to deliver a concise, but comprehensive view of the Fund's strategy, governance, performance and prospects – all in the context of effective value creation and aligned to those issues and matters that are considered material to fund members, participating employers and all other fund stakeholders. These material issues identified by Old Mutual SuperFund in the 2016/17 financial year include, but are not limited to:

- good governance and full regulatory compliance;
- consistent fair treatment of members and clients;
- sustainable financial and investment performance irrespective of market conditions;
- the provision of reliable retirement and risk protection benefits for all members;
- ongoing social and environmental contributions by the Fund and its stakeholders; and
- protection of fund members' interests in the face of ongoing retirement reforms.

We have sought to align the content of this integrated report as far as possible with these material issues and with the six capitals - financial, manufactured, intellectual, human, social and relationship, and natural – as identified by the International Integrated Reporting Council (IIRC). While the report is not specifically structured to speak directly to these capitals or to the material issues outlined above, the content has been informed by these capitals and material issues and reflects Old Mutual SuperFund's response and commitment to them.

Report Scope & Boundary

This report covers the activities of Old Mutual SuperFund for the period 1 July 2016 to 30 June 2017. It incorporates financial, operational and non-financial information in order to provide a holistic view of the Fund's performance and demonstrates the full value that has been added to members over the past year.

Reporting Principles and Approach

The process followed in creating this Integrated Annual Report was fully guided by the recommendations of the Integrated Reporting Framework of the IIRC, the King Code of Corporate Principles 2009 – otherwise known as the King Reports on Corporate Governance, the Pension Funds Act, No 24 of 1956 and other applicable South African legislation, including the Companies Act 2008.

Levels of Assurance

Old Mutual SuperFund applies an integrated assurance approach to ensure fully coordinated and comprehensive operations and reporting. The combined assurance approach includes the three assurance levels of:

Risk Management - The Board has applied the 'object and duties of a board' specifications, as set out in the rules and sections 7C & D of the Pension Funds Act, as the foundation for its risk management approach. The Board identified risks that may negatively impact the Fund in achieving its mission. These risks were identified using the Fund Risk Universe as developed by Old Mutual. The risks are managed by the Board within the guidelines of agreed policies and practices, which are monitored and managed by sub-committees.

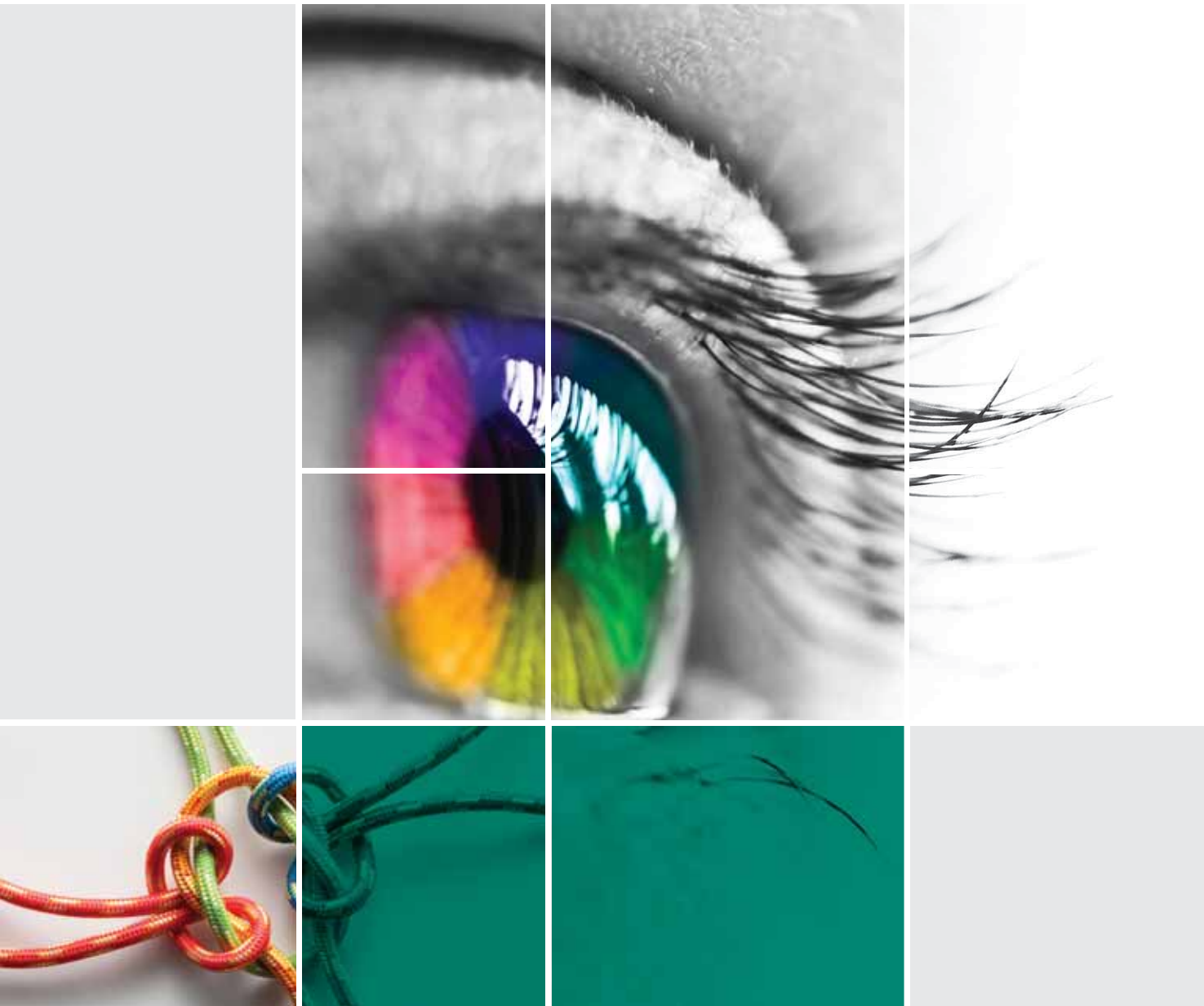
Each sub-committee identifies deviations from the policies and practices that are rated based on the likelihood of them materialising, and the possible impact they will have on the Fund should that be the case. The top ranking issues are reported in the Board Risk Log and all issues are allocated to the various sub-committees responsible for ensuring that appropriate mitigating strategies are implemented in line with their mandates. As the Fund has adequate fidelity cover, only residual risks are measured specifically on a qualitative basis, with a 12-month view.

External Audit - The Administration & Financial Reporting Sub-Committee oversees the external audit process. PricewaterhouseCoopers Inc. (PwC) was appointed by the Fund in 2009 and the Registrar approved the appointment in terms of section 9 (3) of the Act. The appointment of PwC as external auditor followed a comprehensive tender process including due diligence conducted by the sub-committee, which also approved the terms of engagement and remuneration for the external audit function and is responsible for monitoring the performance of PwC. The Management Board formally reviews the quality and effectiveness of the external audit process on an annual basis.

Internal Audit - The Fund's internal audit functions are multi-faceted and include:

- Quarterly compliance monitoring: This is undertaken by the Old Mutual Compliance Officer, who focuses on the Administrator's compliance with legislation directly impacting the administration of the Fund. This compliance monitoring is conducted in line with Old Mutual's compliance risk management methodology.
- Annual compliance monitoring: This is conducted by Old Mutual's Group Internal Audit function. All findings relating to the Fund are reported to the Administration & Financial Reporting Sub-Committee.
- Annual governance and compliance audit: This is the responsibility of the Office of the Principal Officer. The results are reviewed by the Governance & Risk Management Sub-Committee and reported to the Management Board.
- Quarterly audit: Old Mutual's Internal Compliance Officer undertakes a quarterly audit of the payment process relating to a sample of death claims adjudicated by the Claims Sub-Committee. The results are reported to the Claims Sub-Committee and the Management Board.
- An annual valuation: The Fund's Valuator is tasked with confirming that the nature of the assets in the Fund is appropriate, they adequately match the liabilities, and the investment strategy is suitable, taking into account the nature of the Fund and its membership. As at 30 June 2016, the Valuator confirmed that the assets of the Fund exceeded the Fund's accrued liabilities, certified that the Fund was in a sound financial position, and specified that members' accrued benefits were secure. The Fund will undergo another valuation as at 30 June 2017, which will be finalised prior to 30 June 2018 for submission to the Registrar.

02 CHAIRMAN AND PRINCIPAL OFFICER'S REVIEW



MESSAGE FROM THE CHAIRMAN

Bertie van Wyk, Chairman of the Board

The past financial year has been challenging on many fronts, not just for Old Mutual SuperFund, but for all South Africans. However, as economic difficulties increase, the importance of prudent fund management, a sustainable investment approach, and excellent governance becomes ever more apparent. And in all these areas, Old Mutual SuperFund has continued to stand out as a trusted partner to its members, participating employers and, indeed, all its stakeholders, irrespective of the economic environment in which we all find ourselves.

Old Mutual SuperFund's ability to remain such a trusted and dependable retirement funding partner is the direct result of the very hard work that we have put in over the years to ensure that we have strong stakeholder partnerships, a clear strategy and vision, and exceptional people in place to afford our members the peace of mind that their retirement journey always remains firmly on the right track.

Making steady progress through strong partnerships

At Old Mutual SuperFund, we have always recognised the truth in the adage that there is strength in numbers. For this reason, the past year saw us continuing to work very hard at deepening the strong relationships we have with our many valued partners. These partnerships extend to every aspect of what Old Mutual SuperFund does, from the employers, management committees and intermediaries who work closely with us to ensure the benefits of our Fund reach as many people as possible, to our investment managers, sponsor, administrator, and suppliers whom we know share our commitment to delivering on our promises to our members.



And for us, fund members remain the most important partners we have. Not just because without them, there would simply be no Old Mutual SuperFund, but also because our success as a retirement fund is measured by their achievement of their retirement goals. For this reason, we have never seen our role as providing products or services to our members. Rather, we consider ourselves to be 'travel partners' on their retirement journeys and we are committed to taking every step of those journeys with them, from the moment they join our Fund through to their choice of annuity on retirement.

Delivering sustainable performance

A key component of Old Mutual SuperFund's success as a retirement partner to its members is the Fund's ability to deliver consistent performance in all areas. Despite the economic challenges that South Africa has had to overcome in recent months and years, it is pleasing to be able to report that Old Mutual SuperFund continues to perform admirably. This performance for the past financial year is detailed in this report, but it is worth mentioning here that Old Mutual SuperFund's external valuations again revealed that it remains 100% funded and is in a very sound financial position.

As evidence of this continued strong performance, Old Mutual SuperFund has continued to enjoy steady growth in participating employers, fund members and retirement assets under management over the past year. As at 30 June 2017, our total member base stands at more than 412 000 and we enjoy the trust and partnership of over 5 200 participating employers. At R98 billion, our total assets under management make Old Mutual SuperFund the largest independent umbrella fund arrangement in South Africa as at 30 June 2017.

Quoting these growth numbers has nothing to do with boasting about Old Mutual SuperFund's strong position in the market. Rather, the continued strong growth of the Fund is testament to the trust that working South Africans have in both the Old Mutual and Old Mutual SuperFund brands. It's a trust that we never take for granted and we work tirelessly to build it by delivering the solutions and retirement savings growth that every one of our members requires.

Importantly, the growth in membership and employers is key to our ability to continue improving the innovative solutions and services we offer while the economies of scale that are unlocked through an increasing membership mean we are also able to keep our costs under control and pass the savings we achieve on to our members in the form of investment growth.

Helping to transform our industry and country

For us at Old Mutual SuperFund, the sustainability of our Fund and, indeed, of the entire South African retirement industry depends on its ability to achieve effective and comprehensive transformation. The Fund shares the same commitment to being a responsible participant in the financial services industry as the Old Mutual Group, and we fully embrace the spirit and principles of transformation.

We recognise that, as the largest independent umbrella fund in the country, we are in the privileged position to be able to harness our extensive reach and influence within the South African retirement industry to promote awareness of the need for more concerted transformation efforts. We also have many opportunities to partner with like-minded entities to ensure such transformation takes place. In recent years, we have steadily increased our efforts to drive such transformation, and the coming year will see us ramping up those efforts even more by prioritising specific aspects of transformation within our own business, in collaboration with our stakeholders, and across our industry.

Helping our members navigate retirement reform

The issue of retirement reform has now been ongoing for a number of years and continues to create a challenging environment for all the participants in the retirement industry. In the past year, the National Treasury released its long anticipated default regulations, which essentially require the management boards of retirement funds to offer:

- a default in-fund preservation option for members who leave their employers before retirement;
- a default investment portfolio for the members of a fund who don't specify how their savings should be invested; and
- a clear annuity strategy with either in-fund or out-of-fund options.

An important component of the regulations is that all these default options should be understandable, simple, cost-effective and transparent and that management boards ensure their fund members have access to the help and support they need to take advantage of the options available to them.

We at Old Mutual SuperFund welcome and support these default regulations as we believe that affordable and appropriate pre- and at-retirement options are essential for any retirement fund to meet the needs of its members. We have always offered our members these types of default investment and annuity options and, recently we bolstered our at-retirement annuity range with the introduction of our simple and effective Old Mutual SuperFund Solutions at Retirement offering.

Looking forward

While it seems unlikely that South Africa's economic landscape will improve markedly in the coming year, for Old Mutual SuperFund, this has no bearing on our commitment to continuing to deliver the service, support and retirement investment performance to which our members have become accustomed. Over the past years, we have laid a solid foundation of reliable and effective fund administration, industry leading payroll solutions, absolute transparency and award winning member communications. In the 2017/18 financial year, we will continue to work closely with all our partners to further enhance and extend these vital components of our offering while, at the same time, increasing our efforts to drive the transformation of our Fund, its partners, and our industry.

Old Mutual SuperFund has always been a Fund that places a huge emphasis on innovation, and we will continue to embed this culture of innovation in every area of our Fund going forward. We understand that all our stakeholders are living and working in environments characterised by significant change and disruption. For us, the key to thriving in such environments is innovation and we will keep on leveraging our vast intellectual capital and advanced technology capabilities to harness innovation in order to stay ahead of our dynamic industry and keep on delighting our members and all our stakeholders.

Thank you

As a member-centric fund, Old Mutual SuperFund owes a huge debt of gratitude to every one of its members and participating employers. Thank you for the trust you continue to show in us as your partners in successful retirement journeys. We value your belief in us and we will continue to do everything in our power to exceed your expectations.

My immense gratitude also goes to all our intermediaries, without whose dedication, support and partnership, Old Mutual SuperFund would not be the success it is.

Thank you also to all our business partners, suppliers, and regulators whose expertise, support, and guidance make it possible for Old Mutual SuperFund to be a truly industry leading retirement fund.

Finally, my heartfelt thanks goes to my fellow members of the Old Mutual SuperFund Management Board, our exceptional Principal Officer and her team. I am truly honoured to have you as colleagues and team members and your hard work and unfailing commitment is a source of tremendous inspiration for me.

Bertie van Wyk

Chairman: Old Mutual SuperFund Management Board



MESSAGE FROM PRINCIPAL OFFICER

Cheryl Mestern, Independent Principal Officer:
Old Mutual SuperFund

In the 2016/17 financial year, Old Mutual SuperFund continued to deliver on its mandate to partner with its fund members in order to afford them the best possible chance of achieving the retirement outcomes they desire, for their own benefit, and that of their dependants.

Four of the main cornerstones on which the fund has built its capacity to sustainably deliver on this objective include fully integrated operations, absolute transparency, an unwavering commitment to good governance and a strong partnership-based approach.

A highly integrated approach – from operations to reporting

As a retirement fund, Old Mutual SuperFund is not strictly bound, in terms of its reporting, by all the Integrated Reporting rules, regulations and requirements of listed entities and companies. Despite this, we are of the sincere belief that the principles and guidelines set out in the King codes can, and should, be applied to all entities, in particular those that are entrusted with the financial security and wellbeing of their customers or, as is the case with Old Mutual SuperFund, their fund members. Ultimately, good governance is not a 'nice-to-have' component for any such entity. It is a success imperative and represents the assurance for customers and members that their money is in the good hands of a highly committed and well-run entity that has their best interests firmly at heart.

For this reason, at Old Mutual SuperFund, good governance has never been about compliance with codes or scorecards. It is the

golden thread that runs through every single aspect of what we do and informs and shapes how we do it.

Against this backdrop, we are acutely aware of the growing trend of aligning annual reports with 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.

These six capitals are broadly categorised as Financial, Manufactured, Intellectual, Social, Human, and Natural. In essence, these capitals represent the primary resources within an entity that it is able to leverage in order to create value for its stakeholders. While it is not a requirement for integrated reporting to be based strictly on these six capitals, it is a worthwhile exercise to consider them in terms of Old Mutual SuperFund's ongoing value creation efforts. As such, I have briefly outlined the six capitals as they relate to the Fund below.

Financial capital - This is the overall amount of financial resources that is available to Old Mutual SuperFund to harness in order to deliver value to its members, employers and other stakeholders. We have access to the vast financial resources of Old Mutual. We also retain reserves, financed through our cash management policy, to cover any unanticipated expenses. Most significantly, our size enables us to create economies of scale and reduce fees.

Manufactured capital - Manufactured capital is not limited to the items a company makes. It is also the physical infrastructure available to any entity that enables it to create value.

In Old Mutual SuperFund's case this includes the buildings, equipment and infrastructure we have at our disposal to enhance our ability to be excellent stewards and investors of our members' contributions. As the Fund is sponsored by the highly respected Old Mutual Group, this manufactured capital is extensive and is at no risk of being compromised or lost due to market challenges or any other factors.

Intellectual capital - This is a relatively intangible capital because it refers primarily to the knowledge, experience and innovation potential that exists within Old Mutual SuperFund and its partners. This is an area in which the Fund truly excels, not only because of the exceptional skills, capabilities and expertise that exist within the Fund itself, but also because of our strong working relationship with Old Mutual Corporate, which is a recognised thought leader in the financial services industry.

Human capital - This capital essentially refers to the competencies, abilities and talent that exist within Old Mutual SuperFund as a result of the people it employs. This is a very valuable source of capital for the Fund and its stakeholders given the exceptional, dedicated, innovative and loyal professionals that apply their minds and skills daily to maximising the value Old Mutual SuperFund delivers. Old Mutual SuperFund is committed to constantly building the strength of its human capital by identifying and attracting only the very best people in the industry and then creating an environment in which they have everything they need to consistently deliver to their maximum potential.

Social and relationship capital - This is a vital source of capital, particularly for a retirement fund, as it refers to the relationships that exist between the various stakeholders that either contribute to the success of that fund, or benefit from its value delivery. For Old Mutual SuperFund, partnerships are at the heart of effectiveness. That's why we work tirelessly to develop and build strong relationships with everyone involved in our Fund at every level – from the investment professionals who grow our members' money to the members themselves with whom we partner on their retirement journeys to ensure they achieve the outcomes they need to. Our brand and reputation is also one of our primary sources of social and relationship capital, so we ensure that everything we do serves to build that brand and grow the trust that all our stakeholders have in it.

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. While it may seem as if such capital is not particularly relevant to a retirement fund, for Old Mutual SuperFund the preservation and protection of natural capital is of utmost importance. Apart from the social responsibility that we have to help conserve the world's natural resources, doing so makes very good business sense because the state of the planet has a direct impact on the people who live on it – and we are here, primarily, to serve those people. By leveraging off the Old Mutual Group, we invest massively into the protection and growth of natural capital by incorporating environmental, social and governance factors into our investment decisions and making every effort to invest in ways that enhance the wellbeing of communities and the environment while also generating a good return for our members.

Together, these capitals are the foundation on which Old Mutual SuperFund creates value for its stakeholders and we consider the effective management of them as a vital investment into the sustainability of our Fund and its ability to keep growing the value it delivers to our members, participating employers, partners, suppliers and the communities and environment in which we operate. This year our focus turns to King IV.

Continuing our commitment to good governance

In the previous reporting period, the Old Mutual SuperFund, the Management Board and I undertook a comprehensive process of ensuring that all of the Fund's governance structures and frameworks were fully aligned with the requirements and guidelines set out in PF Circular 130 and King III. This process was successfully completed and we continue to monitor and adjust our governance frameworks and processes to keep these aligned with the dynamic regulatory requirements.

This commitment to good governance is not just about making sure that Old Mutual SuperFund is in line with the legal and regulatory requirements placed on it. For us, good governance is the lifeblood of any successful and sustainable fund and, as such, we recognise that it plays a vital part in ensuring that Old Mutual SuperFund:

- consistently delivers the sustainable, long-term investment performance required to ensure its members achieve their desired outcomes;
- always pays due consideration to environmental, social and governance imperatives to ensure that value is delivered across all of these sustainability components;
- is always operated, overseen and managed in an ethical and efficient way;
- is fully transparent in terms of the costs and benefits for members; and
- gains and maintains the trust and confidence of all its members as well as any other stakeholders.

As is evident from all of the above, good governance is a non-negotiable success driver for Old Mutual SuperFund and we continue to strive tirelessly to be an industry leader in the all-important aspect of effective and trusted retirement fund management.

Thank you

My heartfelt appreciation goes to the Old Mutual SuperFund Management Board, the dedicated and hardworking professionals I am privileged to call my team, and my Old Mutual SuperFund and Old Mutual Corporate colleagues. The contributions you have all made and the support you have provided me with over the past financial year have been absolutely key to the success and growth we have achieved, particularly in terms of entrenching our position as leaders in good governance within our industry.

Thank you, also, to Old Mutual as the Sponsor of the Fund. The support, systems and infrastructure you provide make up the backbone of the Fund's day-to-day operations and are vital to its continued success and growth.

Last, but not least, my sincere gratitude goes to all the professional and supportive people who work at the Financial Services Board and the Office of the Pensions Fund Adjudicator. Excellent governance cannot be achieved in isolation, and your input, cooperation, transparency and support are very highly valued, not just by my office, but by all of us at Old Mutual SuperFund.

Cheryl Mestern

Independent Principal Officer: Old Mutual SuperFund



03 OLD MUTUAL SUPERFUND PROFILE



INTRODUCTION TO OLD MUTUAL SUPERFUND

Old Mutual SuperFund is an umbrella retirement fund which is comprised of a pension and a provident fund, as well as preservation components. The fund has a total of over 412 000 members and more than 5 200 participating employers. As at 30 June 2017, Old Mutual SuperFund's assets under management amounted to R98 billion, making it the largest independent umbrella fund arrangement in South Africa.

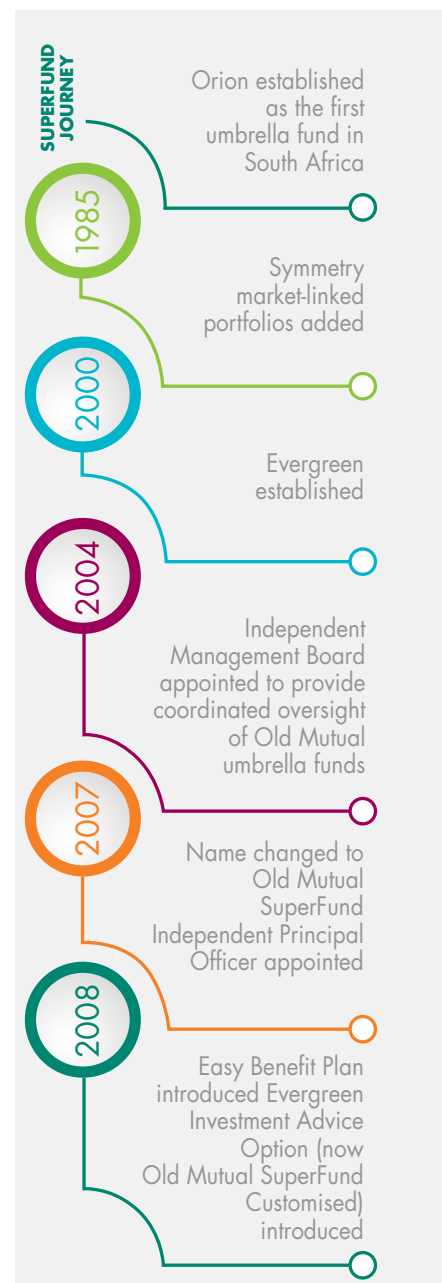
Employers that participate in Old Mutual SuperFund enjoy the peace of mind that it has the full backing and support of one of the most trusted and respected financial services brands in the world, combined with the benefits of an umbrella fund that include good governance, economies of scale, reduced costs, and ultimately, affordability and good value for members.

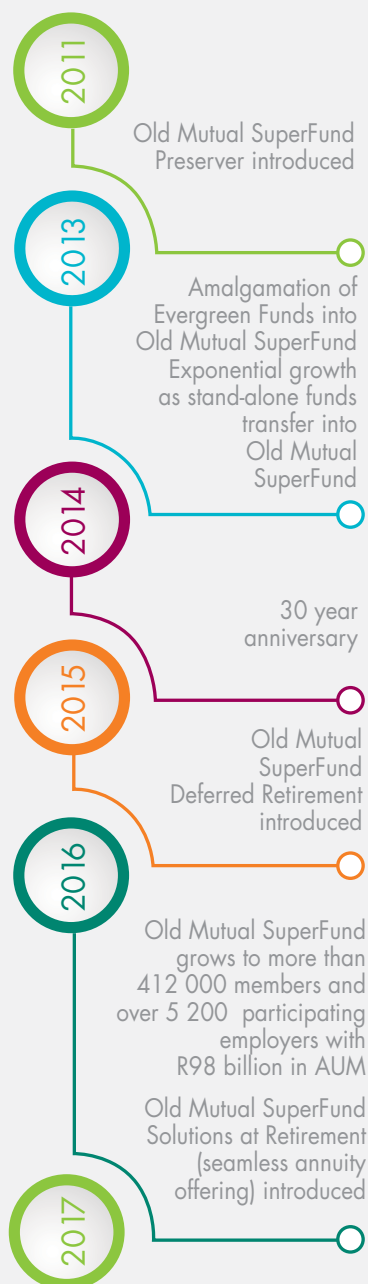
The Old Mutual SuperFund benefit offering

Every employer has unique employee benefits needs, so Old Mutual SuperFund offers three flexible options: Old Mutual SuperFund Customised, Old Mutual SuperFund Choice and Old Mutual SuperFund Easy. Members leaving or retiring from their employers can also continue to invest their retirement savings in the Preserver and Deferred Retirement options.

Old Mutual SuperFund Customised

Designed for large organisations and corporates, this option offers fully customisable solutions for the employer who wants complete hands-on involvement in formulating the retirement and risk benefits for staff. Participating employers are required to establish a management committee that works with an accredited investment consultant to structure the most appropriate investment offering. Employers can opt for the ease and cost-effectiveness of the integrated risk benefits offered by Old Mutual, or a more fully customised risk benefit solution.





Old Mutual SuperFund Choice

Designed for medium to large organisations, this is a flexible solution that offers extensive choice while keeping costs low. Old Mutual SuperFund Choice enables the employer to decide whether its employees require the option of making individual investment choices, or if only the default Trustee Choice portfolio will be offered to them. If an employer does elect to offer choice, the following options are available in addition to the default investment option:

- **Lifestage investment package:** a selection of smoothed or market-linked lifestage investment options within which employees are automatically switched.
- **Strategy investment package:** a selection of Old Mutual and Nedgroup investment portfolios that can be combined to suit the individual investment strategy of each member.
- **Extended investment package:** a wide selection of single and multi-managed investment portfolios offered by a variety of investment managers.

The employer has the option of choosing the Trustee Default or any of the Lifestage options as the default for its employees.

Old Mutual SuperFund Easy

Designed for small to medium companies, Old Mutual SuperFund Easy offers pre-selected, packaged benefits including retirement, death, disability and dread disease benefits, as well as funeral cover and many value added benefits and services. Risk benefits are fixed and affordably pre-priced.

Old Mutual SuperFund Preserver and Deferred Retirement

Preserver

This in-fund preservation solution protects members' retirement savings, if they change jobs or leave their employer, by allowing them to preserve their retirement fund savings in Old Mutual SuperFund. Members enjoy investment choice and good service at a competitive rate, with a seamless transfer into the Preserver facility.

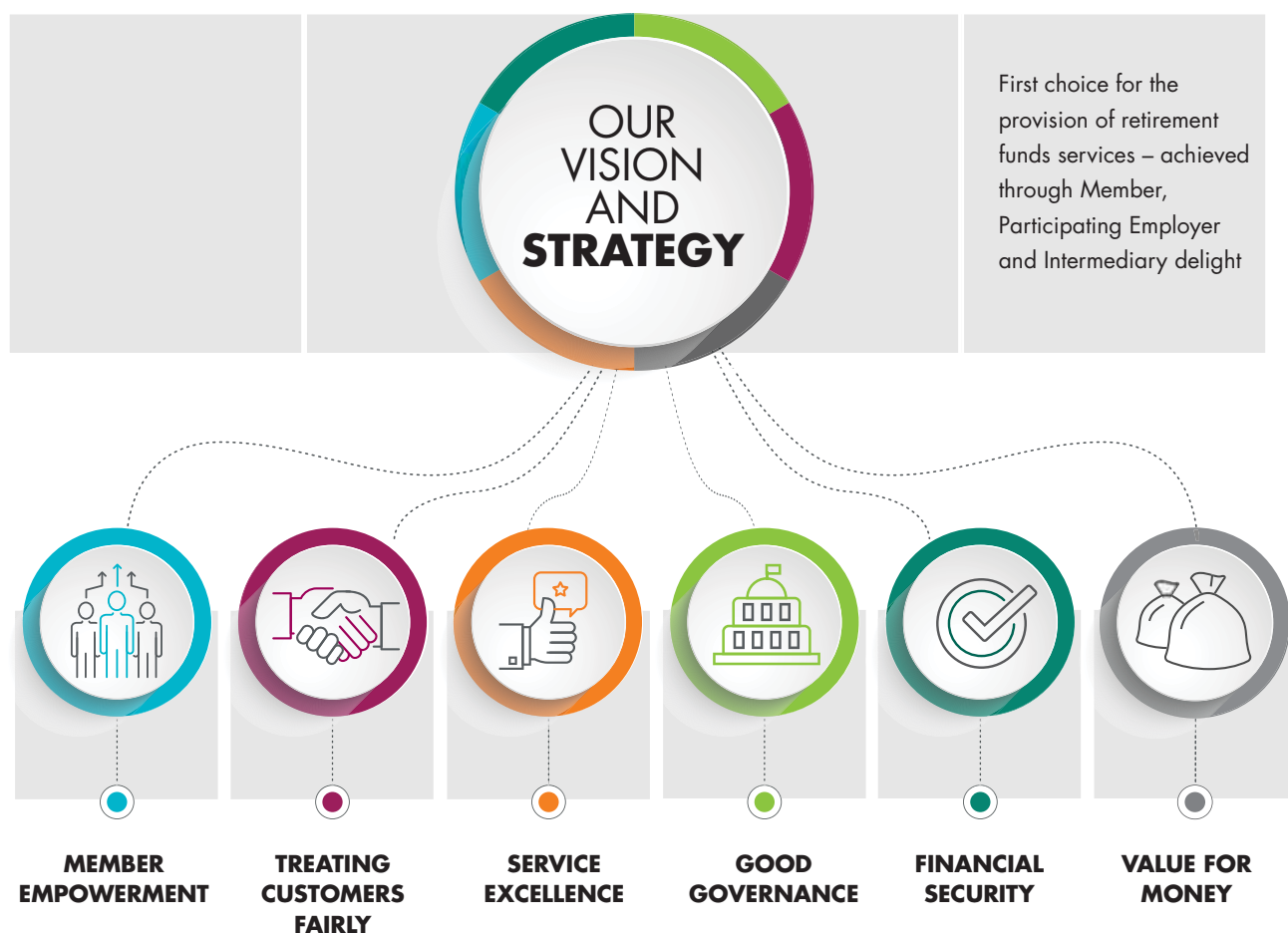
Deferred retirement

This enables retiring members to continue their Old Mutual SuperFund membership even though they have retired from their employer, offering flexibility to individuals who continue to work after retirement, or who have other sources of income and don't require their retirement benefit now.

Old Mutual SuperFund Solutions at Retirement

As a trusted partner in the retirement journeys of all South Africans, Old Mutual SuperFund is committed to providing its fund members with all the options they need to make the best decisions when they retire. To make it easy and affordable for Old Mutual SuperFund members approaching retirement age to make good at-retirement investment choices, Old Mutual SuperFund Solutions at Retirement offers two annuity options, chosen by the Old Mutual SuperFund Management Board. Both of these annuities are supported by a helpful pre- and at-retirement guidance process.

THE OLD MUTUAL SUPERFUND VISION AND STRATEGY



KEY COMPONENTS

MEMBER-FOCUSED	SERVICE PROVISION EXCELLENCE TO ALL STAKEHOLDERS	APPROPRIATE BENEFIT SETS	SUSTAINABILITY
<ul style="list-style-type: none"> To delight every member. To strengthen the link between SuperFund and its members. To maximise the value of members' retirement provision and assurance benefits. To empower members through communication and education to make appropriate financial decisions. 	<ul style="list-style-type: none"> To provide administration that is exceptional value for money, easy to do business with and easily accessible. To leverage relationships with service providers to maximise servicing efficiencies. To apply sound governance in a transparent manner that instils assurance. 	<ul style="list-style-type: none"> To offer a fit-for-purpose range of financial solutions and investment opportunities at a competitive price. To enable seamless transfer between the financial solutions and investment opportunities from one life stage to the next. 	<ul style="list-style-type: none"> To continue a strong, symbiotic relationship with the Sponsor, Old Mutual. To work with the Sponsor to position Old Mutual SuperFund as the industry leader in an ever changing environment through sound governance, relevance and accessibility.

Old Mutual SuperFund's stakeholders

Old Mutual SuperFund is very cognisant of the critical role played by numerous stakeholders, as well as its responsibilities towards these parties. However, it is unquestionable that Old Mutual SuperFund exists for the benefit of its members. As a result, the Management Board's energies are directed to working with other stakeholders to continuously improve member outcomes.

DESCRIPTION	NATURE OF ENGAGEMENTS IN 2016/17	OUR TRANSFORMATION RESPONSIBILITIES
OUR FUND MEMBERS		
<p>The primary stakeholders in Old Mutual SuperFund are the more than 412 000 members of the fund. These are all staff members of employers who have elected to participate in the Old Mutual SuperFund.</p> <p>Old Mutual SuperFund's membership is extremely diverse, representing a cross-section of working South Africans in all industries, locations, work environments, ages, languages, cultures, income levels and financial education levels.</p>	<p>Within the challenging South African economic context, saving for retirement is often a low priority for many people. As a result, contribution rates are low, preservation is poor, and overall retirement provision is inadequate.</p> <p>Adding to these challenges is the relatively low level of understanding of benefits offered under Old Mutual SuperFund, and a lack of understanding of the relationship between risk and reward.</p> <p>The majority of Old Mutual SuperFund's engagement with its members is aimed at helping them address these needs and challenges.</p>	<p>Transforming members' futures through positive financial outcomes.</p> <p>Transforming the lives and prospects of members and their families through effective financial education.</p>
PARTICIPATING EMPLOYERS		
<p>As an umbrella fund, Old Mutual SuperFund is committed to serving its participating employers and partnering with them to support their employees in achieving their retirement objectives. These participating employers are very diverse and range from extremely small to very large organisations, each with its own unique needs and characteristics. The smallest employer has one employee, while the largest accounts for 18 027 employees.</p>	<p>It is critical for Old Mutual SuperFund to offer an appropriate range of benefit options so that participating employers can meet their benefit promises to employees.</p> <p>Further, participating employers need the Fund to make it easy to do business, by providing simple administration, easy ways to submit data and payments, and straightforward communication to their employees.</p> <p>As such, the vast majority of the fund's engagements with participating employers focuses on providing the information, support and guidance they require to ensure that Old Mutual SuperFund enhances their business and they, in turn, enhance the retirement outcomes of their employees.</p> <p>Participating employers also play a critical role in enabling the Fund to meet the needs of members. This includes providing accurate data, timeous payment of contributions, enabling clear communication to members, and assisting the Management Board in the event of the death of a member.</p>	<p>Partnering with businesses to transform their effectiveness in building a more economically secure and stable South Africa.</p>

DESCRIPTION	NATURE OF ENGAGEMENTS IN 2016/17	OUR TRANSFORMATION RESPONSIBILITIES
INTERMEDIARIES		
Intermediaries work with Old Mutual SuperFund to form a critical partnership, without which it would not be possible to provide quality servicing to members and participating employers.	The Fund is committed to strengthening this relationship and making it more straightforward for intermediaries to do business with it, and to improving two-way communication with intermediaries. This focus has seen various enhancements rolled out to intermediaries between 2015 and 2017, including real-time quotation facilities, dedicated service support teams, comprehensive sales tools, and ongoing product training across the country.	Promoting, encouraging and enabling the transformation of intermediary businesses to ensure their long-term effectiveness and sustainability.
OLD MUTUAL AS FUND SPONSOR		
The Management Board has negotiated a comprehensive Governance Agreement with Old Mutual as the Sponsor of the Fund. This Governance Agreement creates clarity regarding the roles, responsibilities and interdependencies of each party. It provides appropriate independence to the Management Board of the Fund so as to enable objective governance focused on the best interests of members.	Old Mutual SuperFund's primary engagements with Old Mutual as the fund's Sponsor focus on ensuring an effective partnership and immediately addressing any issues or challenges in a way that ensures both parties continue to collaborate effectively for the ultimate benefit of members and participating employers.	Aligning the Fund's transformation efforts with those of Old Mutual Group and supporting and augmenting, those transformation commitments wherever possible.
OLD MUTUAL AS FUND ADMINISTRATOR		
The Fund's contractual relationship with Old Mutual as the Administrator of the Fund is separate to the Governance Agreement. This enables the Management Board to ensure appropriate accountability and service standards from the Administrator by clearly defining roles and responsibilities.	Old Mutual SuperFund regularly engages with Old Mutual as the fund's administrator to assess the effectiveness of the partnership, address any issues or challenges that may be experienced by either party within the context of the partnership, and ensure mutual understanding of roles and responsibilities.	Aligning the fund's transformation efforts with those of Old Mutual Group and supporting and augmenting, those transformation commitments wherever possible.
THE REGISTRAR OF PENSION FUNDS		
The Registrar of Pension Funds provides regulatory oversight to the retirement funding industry, focused on the good governance and financial soundness of Funds.	Old Mutual SuperFund has developed clear lines of communication with the Registrar, and the Registrar has acknowledged the high level of compliance and respect for regulation demonstrated in the governance of Old Mutual SuperFund.	Providing input and support, wherever possible, into the Registrar's ongoing efforts to contribute towards the transformation of the retirement funding industry.

DESCRIPTION	NATURE OF ENGAGEMENTS IN 2016/17	OUR TRANSFORMATION RESPONSIBILITIES
ASSET MANAGEMENT COMPANIES		
Old Mutual SuperFund's investment approach is fully aligned with that of Old Mutual and, as such, the fund strives to invest as far as possible with asset managers that display a clear commitment to transforming their own businesses and helping to transform the financial services industry as a whole while generating superior investment returns for our members.	The fund does not directly own investments with asset managers as most investments are held through policies of insurance, but is actively involved in the relationships between Old Mutual and the asset managers involved in the fund's investment offerings. Engagements typically involve ensuring a mutual understanding of the desired outcomes of the Fund's members. Through our investment consultants we undertake to have regular meetings and discussions with our asset managers to agree on performance expectations, conduct transformation and sustainability assessments and address any issues that may arise and may present a risk to the strength of the relationship.	Actively promoting the transformation of asset managers through the inclusion of transformation principles in fund manager selection criteria.
SUPPLIERS		
Old Mutual SuperFund recognises the opportunity and responsibility it has to leverage its position and influence to contribute to the transformation of South Africa's business environment. Our preferential procurement policy guides our procurement decisions and ensures that we maximise our support of supplier businesses that demonstrate a similar commitment to transformation and enterprise development in SA.	In addition to ensuring mutually beneficial relationships, Old Mutual SuperFund's engagements with suppliers is largely indirect as most have their primary relationship with Old Mutual as fund sponsor. However, most supplier engagement by the fund and Old Mutual is aimed at supporting their transformation efforts and guiding them in growing their levels of sustainability, responsible investment, employment equity and economic contribution to SA.	Transforming industry and contributing to enterprise development through preferential procurement principles.

STAKEHOLDER ENGAGEMENT

- **Established Centres of Excellence for Death Claims and Section 14 transfers** - to simplify and optimise these critical processes for members and employers.
- **Rollout of differentiated service model** – implemented as part of our enhanced Intermediary Value Proposition, one of the key components was providing face-to-face training for employers on issues like payroll, registering employees and employers, and intermediary practices to drive an improved service experience.
- **Enhanced Member Benefit Statements (MBS)** – including a simplified three-page MBS and a comprehensive eight-page online version. These enhanced statements have all the relevant information that a member needs, but are much simpler, easier to understand and highlight the key focus areas for a member.

- **Multiple enhancements to the web interface and the Old Mutual App** – Intermediaries have been supplied with a new online dashboard that reflects the administrative health of their participating employers. There is a key focus on providing payroll, claim reports (including claim payment letters and tax certificates), Member Benefit Statements, and a host of other critical administrative documents.
- **Member Educational Newsflashes in five different languages** – we have continued with our series of educating members in their language of choice, given the great take up of this publication we have decided to extend this initiative by implementing a 'New Entrant campaign' in five different languages for new members joining Old Mutual SuperFund. Watch this space...
- **New quarterly online employer administration report** – that provides the employer and intermediary with a detailed overview of investment performance, cash flow statements, membership profile data, claims paid and claims outstanding, payroll cycle times and late payment interest feedback, along with a host of other value-adding information.
- **Launch of Prefunding for Withdrawal and Retirement Claims offering** – Prefunded e-claims can be submitted before the end of the member's month of exit so as to start the process of disinvesting much earlier. If these steps are successfully completed before a members' exit date, their benefit will be paid out within a few days of their exit, instead of the weeks that this process previously took.
- **Introduction of Old Mutual SuperFund Solutions at Retirement** – including a free telephonic consultation with a Member Retirement Counsellor, equipped to answer any questions members have about their financial choices at retirement. Old Mutual SuperFund Solutions at Retirement offers two annuity options that have been specially selected by the Old Mutual SuperFund Management Board to meet the different needs of Old Mutual SuperFund members and provide support to members when choosing and buying an annuity that will provide them with an appropriate income at retirement.
- **Decision Support Framework** - members make the right choices, by asking the right questions about what they need to understand and do at each step of their retirement savings journey. The framework includes ongoing member education, free consultation with an Old Mutual SuperFund Member Retirement Counsellor, and access to professional financial advisers, scheme advisers or worksite advisers.

Our commitment to Treating Customers Fairly

Old Mutual SuperFund is committed to putting customers at the heart of everything we do and we have fully supported the principles and ethos of the Treat Customers Fairly (TCF) initiative since inception.

Old Mutual has implemented a rigorous governance process via a Committee of Customer Affairs Board, who are responsible for interrogating TCF deliveries and operate as the steering committee for TCF improvement initiatives via regular reporting to executive management.

An annual self-assessment review is conducted across the business and independently audited by the Risk and Group Internal Audit Team. Feedback is reported and reviewed by executive management, and the relevant actions are incorporated into the annual TCF Implementation Plan.

Executive management are also responsible for driving TCF-thinking into the day-to-day operational decision-making. TCF elements have been included in performance management scorecards, so that all TCF outcome owners and operational managers are held accountable.

TCF OUTCOMES



CULTURE AND GOVERNANCE

The fair treatment of members is a core priority, and serving the member is the fund's reason for being. This member focus occurs across every aspect of Old Mutual SuperFund's design, administration, governance, operation, and in every form of contact it has with members.

1



PRODUCT AND SERVICE DESIGN

The products and services marketed and sold within the framework of Old Mutual SuperFund are designed to meet the needs of members and the various other stakeholders referred to earlier in this report.

2



DISCLOSURE/INFORMATION

The Fund has a comprehensive communications strategy that provides clear information to prospective and existing participating employers and members before, during and after the time of contracting with the Fund. Old Mutual SuperFund's communications and education strategy is continuously improved to address the information needs of members throughout their retirement journeys.

3



SUITABLE ADVICE

The fund is supported by extensive teams of financial experts, ranging from personal financial advisers to a dedicated Member Support Services call centre. They ensure unbiased, relevant and appropriate member advice. Members are always encouraged to seek advice before making any financial decisions.

4



PERFORMANCE AND SERVICE DELIVERY

Old Mutual SuperFund has the proven ability to deliver retirement and risk benefit solutions that meet the expectations of members and employers. These are complemented by a service ethos that prioritises delighting members and partnering with them to achieve their retirement objectives.

5



AFTER SALES TREATMENT - CLAIMS, COMPLAINTS AND CHANGES

The fund's commitment to customer service is not limited to the pre-entry/sales relationship. In fact, once a prospective employee becomes a member, the service imperative is enhanced to ensure minimal, if any, barriers to satisfaction - whether the member needs to change a product, switch portfolio or provider, submit a claim or make a complaint.

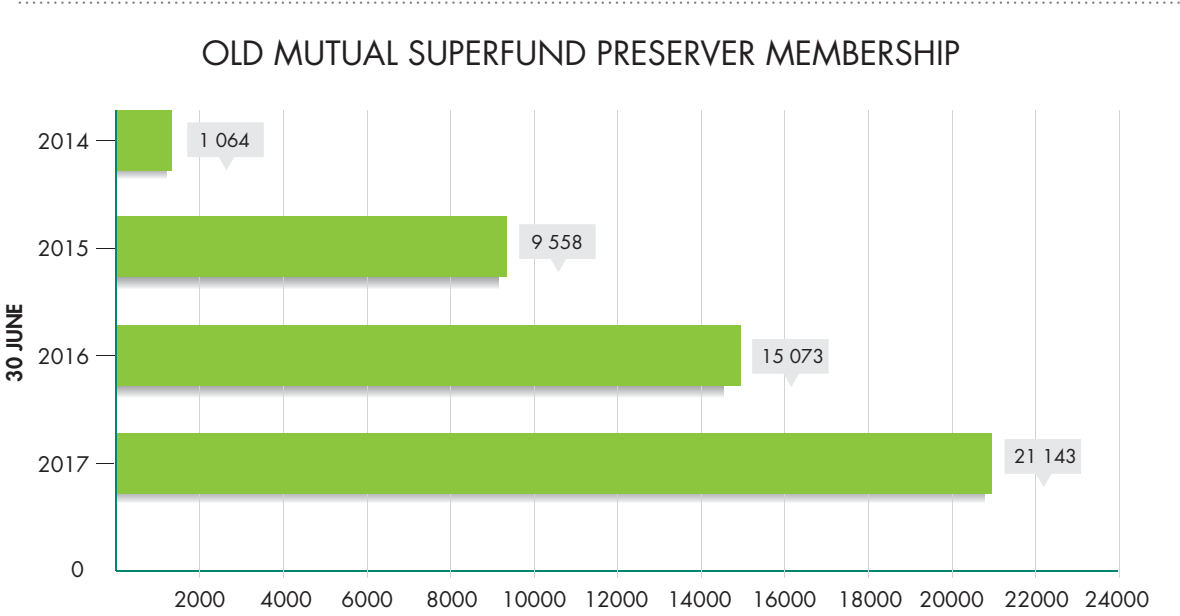
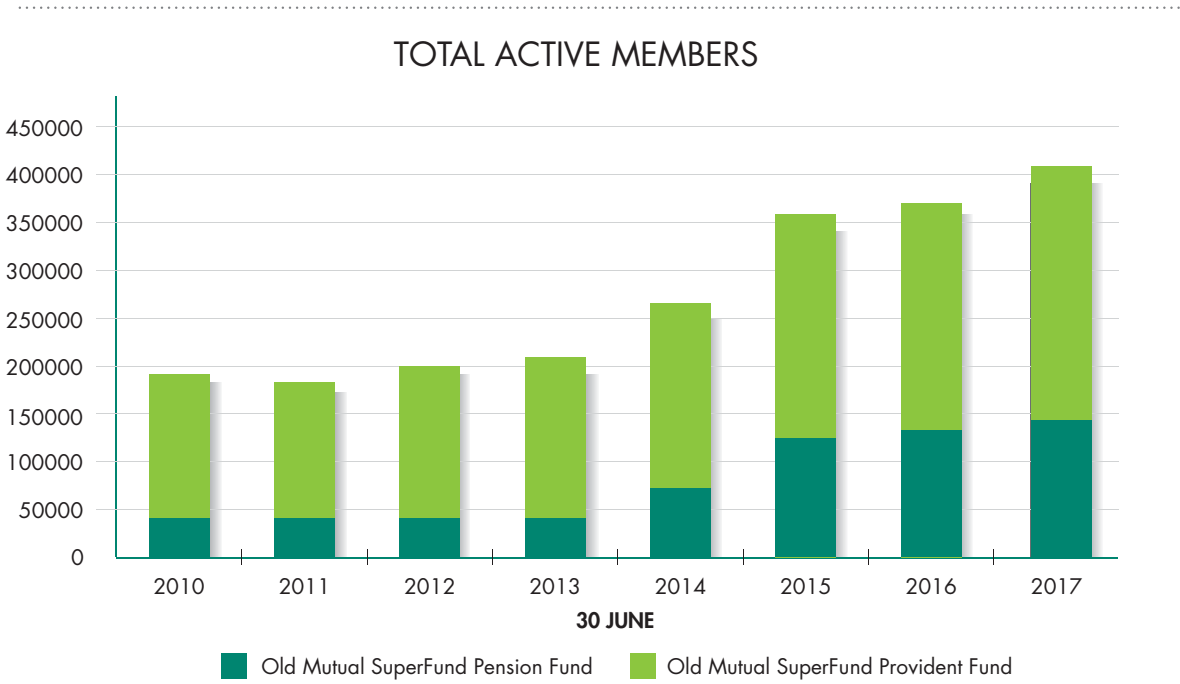
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04 THE 2016/17 YEAR IN REVIEW

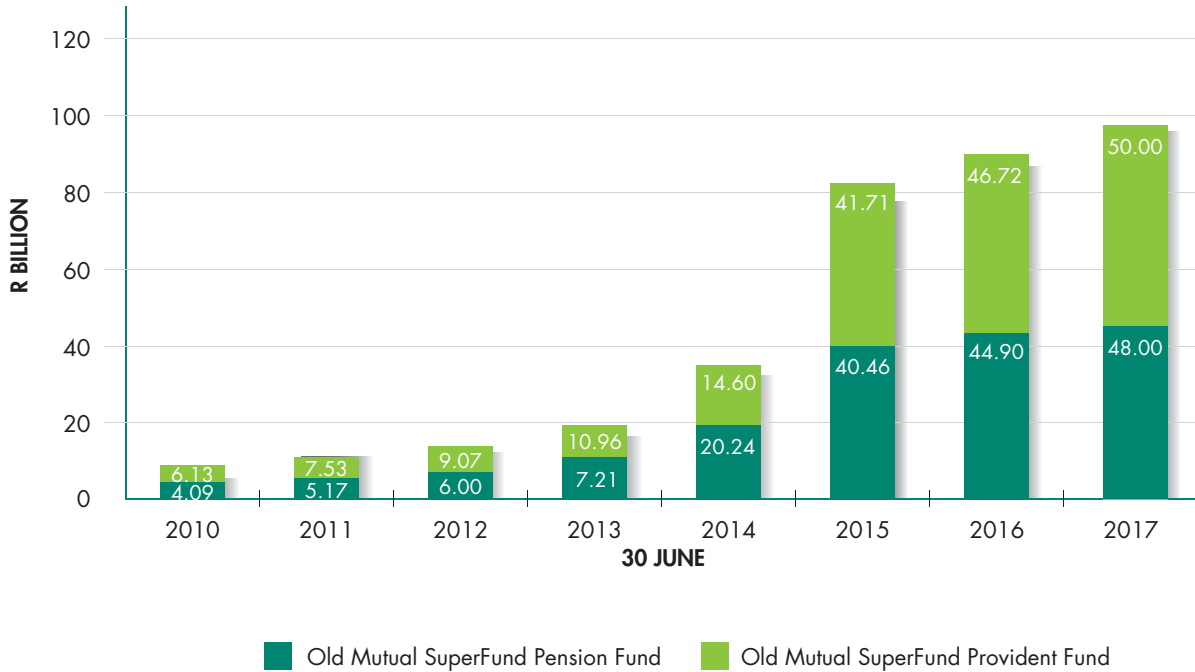


PERFORMANCE METRICS

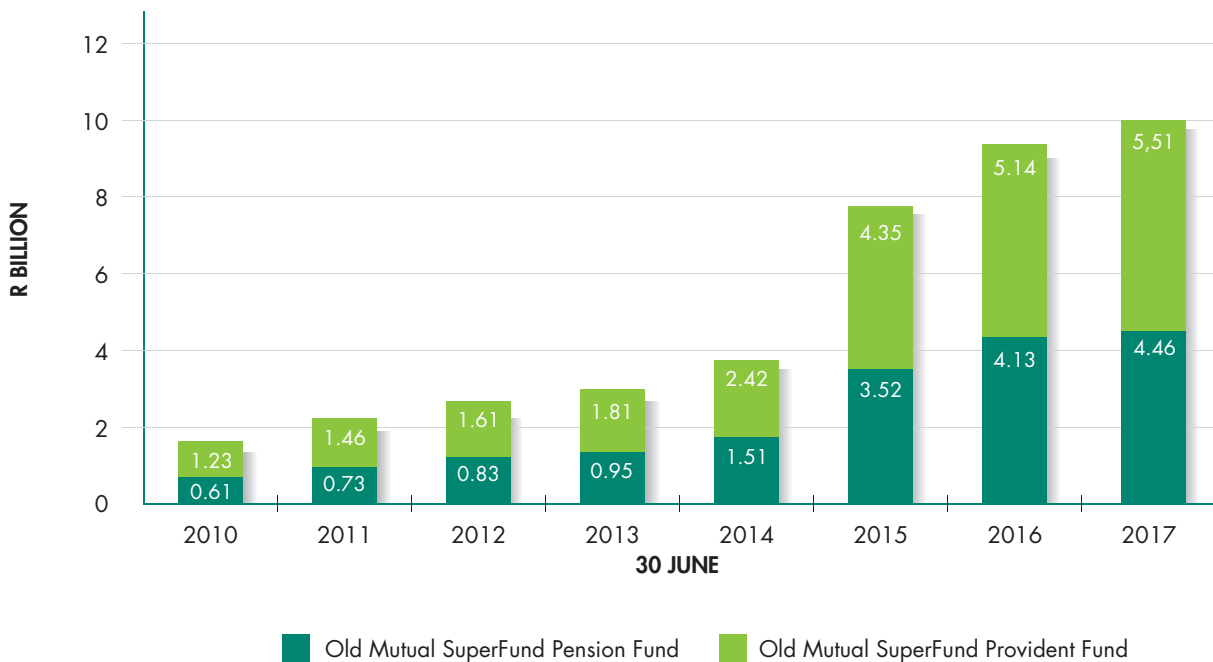


ASSETS

Fair value of fund investments

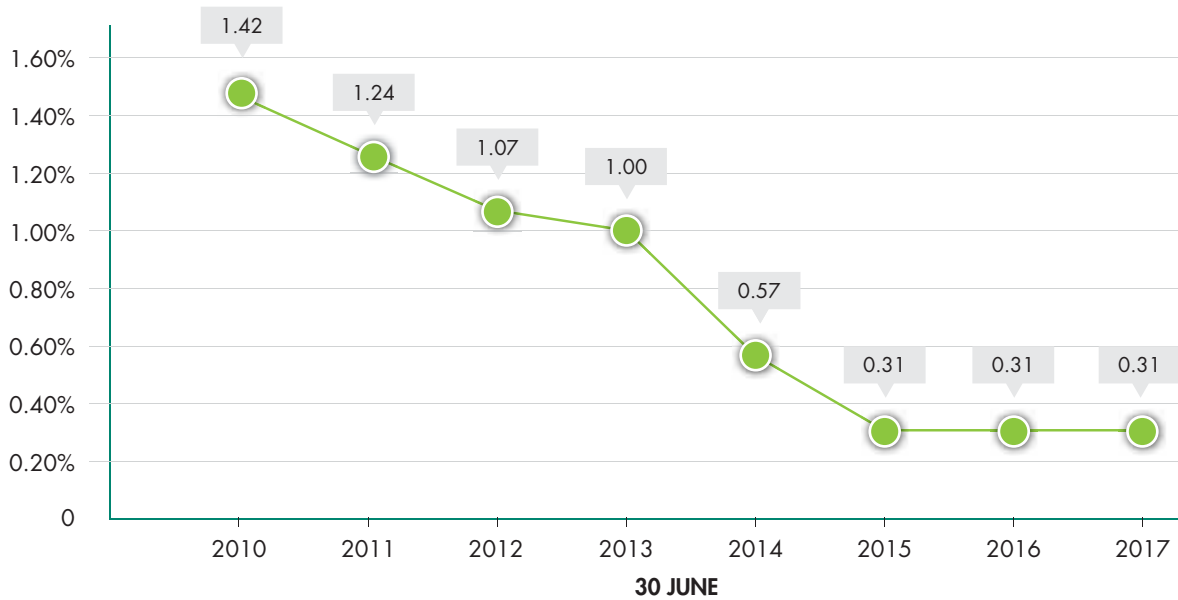


CONTRIBUTIONS



ADMINISTRATION FEES

Administration fees as a % of Assets



ANNUAL REVIEW OF INVESTMENTS

Overview

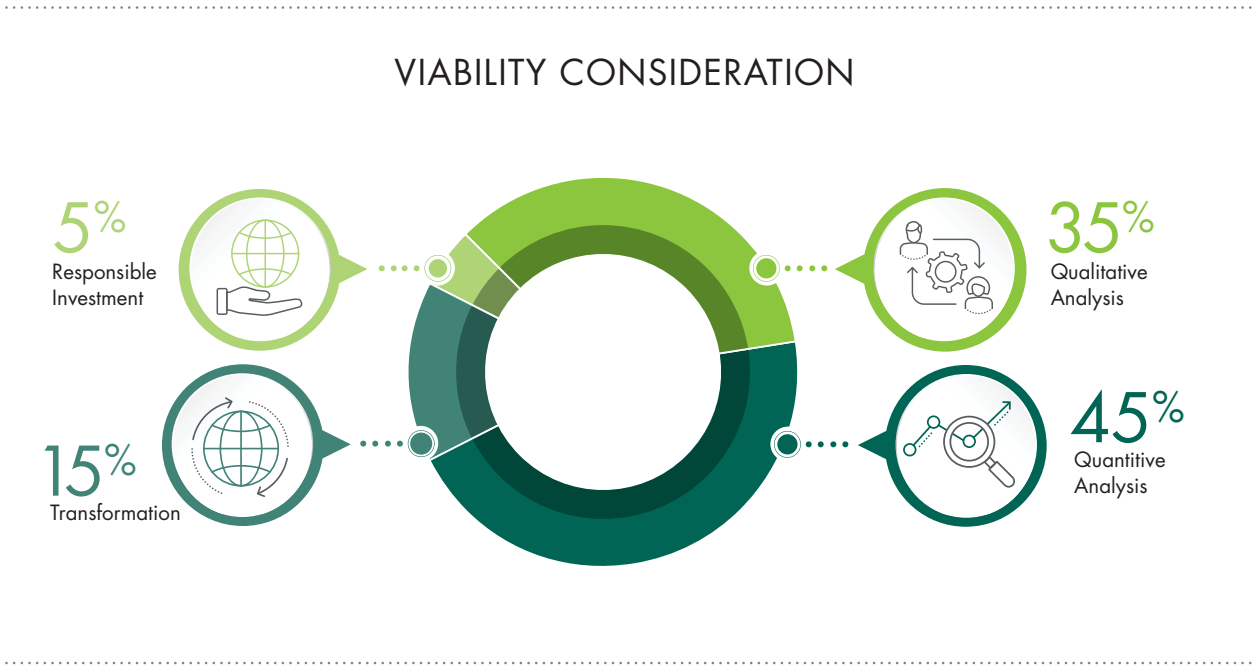
Old Mutual SuperFund offers varying levels of investment choice to participating employers and to members. The Management Board must ensure that the available investment portfolios within each investment option and investment package are appropriate for the investment needs of the membership. Further, the Management Board must ensure that the overall investment strategy, as set out in the Investment Policy Statement (IPS), is suitable for the Fund and the membership.

Old Mutual SuperFund has appointed Old Mutual Corporate Consultants (OMCC) as its investment consultant to advise the Management Board in the development of the investment strategy and the selection of appropriate investment portfolios to offer members. OMCC also assists the Board with monitoring the performance of the investment portfolios, compliance with their respective underlying mandates, benchmarks and legislation, as well as the annual review of the investment portfolios.

The Management Board closely follows the processes set out in the Fund's Investment Policy Statement regarding monitoring and evaluation of the investment portfolios made available to members. The Management Board's investment consultant conducts a detailed annual performance review of all investment portfolios available to members, considering a range of factors including:

- 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.

OMCC believes that the past investment performance of an investment portfolio reflects elements of both good fortune and skill. Over longer periods, when performance analysis is conducted, the impact of good fortune diminishes and past performance is a better indicator of the skill of the relevant investment manager as well as an indication that their investment philosophy and process is sound. However, it is well known that past performance is not a good, or the only indicator, of future performance. For this reason, they also include 'softer' issues in the analysis. Combining all of the factors into an overall qualitative score for each manager. A Viability Factor is also included to ensure a reasonable balance between quantitative and qualitative scores. Graphically the performance analysis can be represented as follows:



The review process

- On a monthly basis, the underlying investment performances of Regulation 28 compliant portfolios are sourced from the universe of portfolio options available for institutional investors offered by asset managers. These are validated and evaluated to ensure the correctness and accurateness of the information that we have at our disposal in order to be able to rely on the outcome of the quantitative analysis that is performed later on as part of the investment review. The historic performance is then evaluated separately for periods when the markets are running strongly (bull markets), when they are contracting (bear markets) and when they are trendless.
- Once a year a due diligence is performed on all asset managers to address the qualitative analysis. OMCC’s qualitative analysis is applied for criteria which are difficult to quantify, and which are often subjective in nature. By attributing scores to these criteria based on specific factors, we aim to remove the subjectivity from the analysis. A number of key areas are considered which includes but are not limited to the time spent together of the relevant investment team, and their approach and philosophy in order to obtain a clear understanding of their portfolio construction. Also important is the ownership and incentive structures, and how decision making is implemented and even having regard to establishing the administration systems that they utilise.

- Particular focus is also placed on Broad-based Black Economic Empowerment (B-BBEE) as well as Responsible Investing. The former is of considerable importance to the Management Board as they are very cognisant of the principles as set out in Regulation 28. The Management Board views this element as essential for the continued sustainability and success of the business and therefore an extensive analysis of the commitment to B-BBEE of asset managers is of great importance.
- The analysis in the annual investment review has enabled the Management Board to take further action by engaging with service providers who do not satisfy B-BBEE principles. In such cases, asset managers are required to present their B-BBEE transformation plans to the Management Board, and within a given period they are required to demonstrate their implementation of such plans.

Based on these analyses, the Management Board takes action where required, to revise the investment strategy, cull or add portfolios, engage with investment managers and work with management committees as applicable.

The Management Board also assesses appropriateness and compliance of the investment strategy, investment consultants, investment portfolios and investment-related communication for clients participating in the Customised option. The goal of the Management Board is to work with the management committees to ensure appropriate oversight of investment-related matters.

Based on these analyses, the Management Board takes action where required, to revise strategy, cull or add portfolios, engage with investment managers and work with management committees.

Findings from reviews conducted in 2016/17

General findings and recommendations

Transformation and B-BBEE

The analysis in the annual investment review enabled the Management Board to take action in terms of engaging with service providers who do not satisfy B-BBEE principles. In such cases, asset managers are required to present their B-BBEE transformation plans to the Management Board, and

within a given period they are required to demonstrate their implementation of such plans.

Diversification and the closure of domestic only portfolios

The annual investment review highlighted the importance of offering fully diversified investments. Not all asset classes react the same way to market events and the review emphasised the importance of spreading assets across asset classes that react differently, in order to lessen the impact of market fluctuations on an investment portfolio, as a whole. In accordance with the investment strategy of the Fund, the Management Board is of the view that all investment portfolios should offer exposure to foreign assets within the limits imposed by legislation as members are best served in the long run by investing in portfolios that include foreign investments. By having this exposure, the investment portfolios achieve appropriate diversification as well as access to multi-national companies that are not listed in South Africa. The Management Board decided, based on the recommendation from the annual investment review, to close domestic only portfolios and move members invested in these products to the equivalent version that includes an allocation to international investments.

“THE UMBRELLA FUNDS
CONTINUE TO DELIVER **QUALITY
INVESTMENT PORTFOLIOS**
TO MEMBERS. THE MANAGEMENT
BOARD CAN TAKE COMFORT THAT
THE INVESTMENT PORTFOLIOS
AVAILABLE TO MEMBERS REMAIN
EXTREMELY COMPETITIVE IN THE
MARKET.”

Old Mutual Corporate Consultants; 2016/17 Investment Review Report

Findings specific to Old Mutual SuperFund options

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 and Old Mutual SuperFund Easy

The investment consultants concluded that the performance of the portfolios offered to members under the Old Mutual SuperFund Choice and Old Mutual SuperFund Easy options was reasonable over the review period. They further reported that Old Mutual SuperFund continues to deliver quality investment portfolios to members, and the investment portfolios available to members remain extremely competitive in the market.

On guidance from the investment consultants, the Management Board elected to make a number of changes to the investment options available under Old Mutual SuperFund Easy and Old Mutual SuperFund Choice, as follows:

Replacement of all domestic-only investment portfolios

The Management Board assessed the performance of domestic-only portfolios against the performance of portfolios that use the foreign investment potential allowed by legislation and have concluded that members are best served by investing in portfolios that include foreign investment.

CLOSED PORTFOLIOS	INVESTMENTS SWITCHED INTO
Allan Gray Domestic Balanced Portfolio	Allan Gray Global Balanced Portfolio
Coronation Domestic Absolute Portfolio	Coronation Global Absolute Portfolio
Investment Solutions 37.5% Equity Local	Investment Solutions 37.5% Equity
Prudential Life Domestic Balanced Portfolio	Prudential Life Global Balanced Portfolio

Investment Solutions 37.5% Equity Portfolio is a new portfolio that was introduced with effect from 1 October 2016.

Default Investment Portfolio

The Old Mutual SuperFund default portfolio must be able to meet the needs of the Fund’s diverse membership, providing appropriate investment returns, so that together with members making sufficient contributions to their retirement savings, it enables members to achieve their retirement goals while managing investment volatility within reasonable bounds and seeking to meet participating employer expectations.

The Management Board favours investment smoothing as the most effective way to satisfy these needs in one portfolio, because it enables long-term investment returns comparable to those of a balanced market-linked fund with the advantage of extremely low volatility.

The Old Mutual Absolute Stable Growth Portfolio has been selected 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 the requisite growth in excess of inflation, with a target of CPI + 5.5% over the long term. It also has a smoothing component, which serves to keep volatility levels low, thereby protecting members against fluctuations in investment markets, and a guarantee that investment values cannot fall by more than 20%.

The latest annual investment review confirmed that the overall performance of the Absolute Stable Growth Portfolio relative to smooth bonus peers in the market is satisfactory. The performance has been satisfactory relative to underlying asset-class benchmarks in respect of local and foreign equities, foreign alternatives and foreign interest bearing assets.

BUILDING BETTER FUTURES THROUGH RESPONSIBLE INVESTING

Responsible investing is widely recognised as having a critical impact on the sustainability of investments. Environmental, societal and governance-related matters are considered a key focus area for the Investment Sub-Committee during the annual reviews.

Since the Fund itself does not directly own investments, it is not able to implement its own responsible investing approach. Old Mutual SuperFund undertakes an Environmental, Social and Governance (ESG) due diligence of all investment portfolios to ensure that investment providers fully embrace and integrate ESG issues into their investment analyses and processes.

The Management Board closely monitors the responsible investing focus of the Fund's default portfolio, and engages regularly with the Head of Responsible Investments within the Old Mutual Investment Group in this regard. Old Mutual is committed to investing in the building blocks of a sustainable

economy, such as housing, education and renewable energy. We incorporate this into Old Mutual SuperFund primarily through our default investment.

When selecting or reviewing managers, the Fund also carefully considers how they comply with responsible investment requirements. The annual review attributes a score to responsible investment to ensure that the Fund considers any factor that may materially affect the sustainable long-term performance of its assets and acts in the best interests of its members by recognising that ESG factors can influence both investment risk and return.

The following are some (but not all) of the factors considered when investment managers are chosen or assessed:

- Is the Investment manager a signatory to United Nations Principles for Responsible Investment (UNPRI)?
- Does it have an internal monitoring protocol in place to ensure continued adherence and compliance with UNPRI?
- Can the investment manager confirm its support of the Code for Responsible Investing in South Africa (CRISA) and demonstrate that it applies the principles as set out by CRISA?
- Does the investment manager decision making process incorporate the key elements of sustainable development with particular reference to integrating ESG issues in determining the long term value of a company?
- Does the investment manager vote, record and disclose as required by their clients, and record a summary of all voting actions taken?
- Does the Investment manager have a proxy voting policy in place?
- Can the investment manager demonstrate how it applied ESG and Responsible Investment to non-equity asset classes?

COMMITTED TO ENHANCING OUR EFFECTIVENESS THROUGH TRANSFORMATION

Financial constraints, inequality, poor infrastructure, and a lack of access to quality education, housing and healthcare, are just some of the many socio-economic challenges that need to be addressed in South Africa. In addition, South Africans continue to demonstrate very low levels of saving and high levels of indebtedness.

Old Mutual SuperFund recognises the responsibility it has to contribute towards addressing these challenges and, as such, a commitment to driving transformation is a strategic priority that underpins everything the Fund does.

Old Mutual SuperFund aligns itself to the transformation commitment and approach of the greater Old Mutual Group. The Fund also recognises that its unique position within the South African employee benefits environment gives it many opportunities to deliver the many benefits of socio-economic transformation directly to a large proportion of South Africa's population.

So, while Old Mutual SuperFund's primary objective will always be to ensure that its members are empowered and equipped to achieve good retirement outcomes, the Fund also recognises that it has many other transformation responsibilities that extend beyond this main objective.

These include the imperative to:

- play an instrumental role, through targeted responsible investment, in the **socio-economic transformation** of South Africa as a whole;
- help transform the futures of all South Africans (not just Fund members) through the provision of meaningful, effective and **accessible financial education**;
- help deliver much **needed transformation within the South Africa financial services** and investment management industries; and to
- serve as an example of the transformative potential and impact of **excellent governance**.

As such, transformation is the golden thread that runs through every aspect of Old Mutual SuperFund and informs all areas of its value proposition to all stakeholders. While transformation lives within every aspect of Old Mutual SuperFund, the key transformation outcomes it

seeks to achieve can be outlined below.

Social Transformation

Through the work and outcomes of Old Mutual SuperFund, we work to:

- transform the futures of our members by partnering with them to achieve the retirement outcomes they desire, and deserve; and
- help transform the future for all South Africans through financial education and support aimed at enabling them to achieve financial wellbeing and prosperity.

Delivering on our social transformation commitment

Transforming members' futures - The inflation-beating investment returns of the Fund over the past 10 years have helped to transform, the futures of hundreds of thousands of fund members by securing them better retirement outcomes.

Transforming the prospects of all South Africans - Old Mutual's research has shown that poor financial planning habits are at the root of poor money management. Old Mutual SuperFund works to correct this through effective education, primarily of its members, but also of all people in the country. The Financial Wellbeing Programme offers tailored, face-to-face and online financial education to help all South Africans successfully manage their finances and investments. Since its inception in 2009, over 300 000 people from all walks of life have benefited from FWP workshops.

Industry Transformation

As a leading role player in the SA retirement industry, Old Mutual SuperFund is committed to helping ensure its transformation by:

- setting an example and benchmark for good fund governance;
- encouraging black economic empowerment through the inclusion of preferential procurement and asset manager selection criteria; and
- proactively participating in all legislative and policy development processes.

Delivering on our industry transformation commitment

Through good governance - The Management Board reflects the demographics of South Africa and due allowance is made for diversity in terms of race and gender in its composition. Currently the Old Mutual SuperFund Management Board fully represents the Fund's commitment to transformation and diversity and consists of two sponsor-employed members and six independent members.

The Board Members also have sufficient collective experience and complementary skills to properly govern the Fund and include persons with practical experience of the administration of a Fund, knowledge of the business of the Sponsor, and expertise in investment, actuarial, accounting, legal and social.

Through B-BBEE-led manager selection - The primary goal of Old Mutual SuperFund is to deliver on its responsibility to members to deliver investment solutions that enable them to achieve the best retirement outcomes. However, in delivering on this objective the fund also has the opportunity to make a positive impact on SA's investment industry as a whole. It delivers on this responsibility by ensuring that principles of B-BBEE, employment equity and social redress are built into its asset manager selection process.

Economic Transformation

Old Mutual SuperFund is fully committed to facilitating economic transformation as one of its key strategic externally focused goals. We strive to achieve this through:

- the incorporation of Environmental, Social and Governance (ESG) principles, as far as possible, in the investments we offer; and
- the inclusion of responsible investment within the Fund's default investment option via significant exposure to the IDEAS fund, which invests in education, housing, and infrastructure projects.

As a result, the Fund and its members have contributed to the following transformative investments to date:

- **40** investments in renewable energy projects across SA including wind farms, solar, hydro, landfill and biomass gas plants amounting to **R14bn**.
- **> R9 billion** committed to the acquisition and construction of homes for the lower & middle income markets.
- Affordable Education: **15 640** learners enrolled across **22** schools.
- **18 000** mortgage loans granted

MEMBER EDUCATION

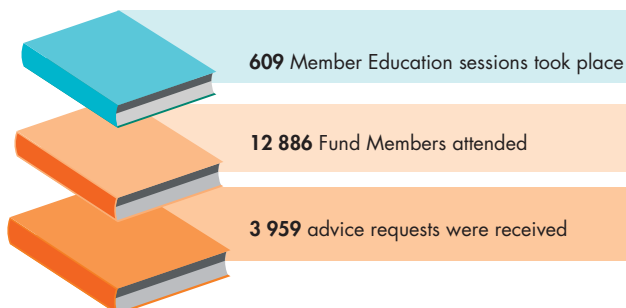
Transforming futures through effective education

Old Mutual SuperFund is committed to helping all South Africans achieve the futures they desire, and deserve. To this end, the Fund prioritises financial education and support as a cornerstone of all its offerings and works to inform and educate its fund members to ensure that they are empowered to make the best possible choices when it comes to achieving their desired retirement outcomes.

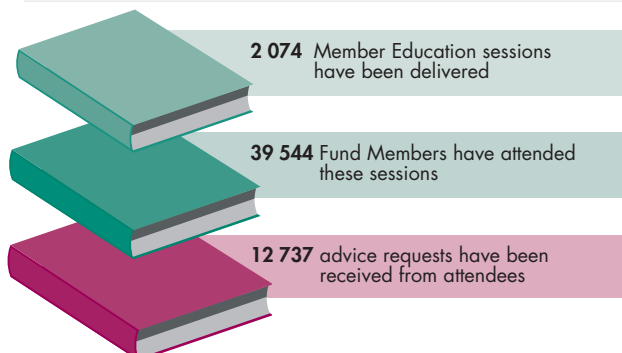
The Old Mutual Financial Wellbeing Programme (FWP)

The Old Mutual Financial Wellbeing Programme (FWP) is a key education initiative that the Fund utilises to deliver vital financial education to all its members. Since it was established in 2009 to empower, educate and enable all South Africans to achieve the best possible financial outcomes, the FWP workshops have been attended by more than 300 000 retirement fund members across South Africa and many more have deepened their financial knowledge by completing the online FWP modules.

BETWEEN 1 JULY 2016 AND 30 JUNE 2017:



IN THE PAST THREE YEARS:



Delivering valuable learning online

Recognising the increasing time constraints facing employers and employees in today's very competitive business environment, the past year has seen us focusing on enhancing and promoting the free online FWP offering. By partnering with employers to make their employees aware that they can enhance their financial knowledge online, in their own time, Old Mutual SuperFund is able to continue delivering the massive benefits of this world-class financial education offering, even to those members who are unable to attend face-to-face workshops or learning sessions.

The learning programmes on offer have been designed to help members understand all they need to about the important topics of:

- Retirement Planning
- Financial Planning
- Short-Term Insurance
- Wills and Trusts (Estate) Planning

The learning material is presented through interactive learning modules that include animated videos supported by detailed reading material, allowing users to further their financial knowledge in their own time and at their own pace

Employee Wellness Days

Old Mutual SuperFund also partners with Old Mutual Corporate to host Wellness Days at the premises of participating employers. Between July 2016 and June 2017:

47 Wellness Days were conducted at 17 Companies and these were attended by more than 3 300 members.

A holistic approach to financial wellbeing

The FWP forms part of a comprehensive and holistic suite of member support services, including the following:

FACILITATED FINANCIAL EDUCATION WORKSHOPS	CUSTOMISED TO THE NEEDS AND KNOWLEDGE LEVELS OF ATTENDEES
ONLINE FINANCIAL EDUCATION MODULES	Financial education and empowerment that's always available to employees.
ON-SITE WELLNESS DAYS	Coordinated by Old Mutual and offered in partnership with employers, these facilitate direct engagement with employees and fund members and help them enhance their financial and personal wellbeing.
FINANCIAL HEALTH TOOLS	To enable employees and members to assess, monitor and manage their finances at all stages of their career and life.
DECISION-BASED SUPPORT	Delivered, via a call centre, by professional consultants from the Old Mutual Member Support Services.
INDIVIDUAL FINANCIAL ADVICE	Professional, one-on-one input that can be accessed when needed to ensure sound financial and investment decisions. This is typically delivered by dedicated and professional worksite advisers who visit fund members at their places of employment.

Management Committee training

A comprehensive training programme is also available to sub-fund Management Committees. The workshops cover a range of topics, including:

- The roles and responsibilities of a Management Committee and its members
- What Old Mutual SuperFund is
- Choosing the right Old Mutual SuperFund solutions and benefits
- Employer benefit structures
- Default options
- Effective member communication

MEMBER EDUCATION IN ACTION - A CASE STUDY

Between July 2016 and June 2017, 13 Management Committee training sessions were offered at nine companies.

Annual research conducted by Old Mutual Corporate as part of its Retirement Monitor and Savings Monitor publications consistently shows that most retirement fund members:

- are not saving enough to ensure they can enjoy a financially secure retirement;
- lack access to simple, effective communications and education about their funds; and
- fail to preserve their retirement savings when they leave or change jobs.

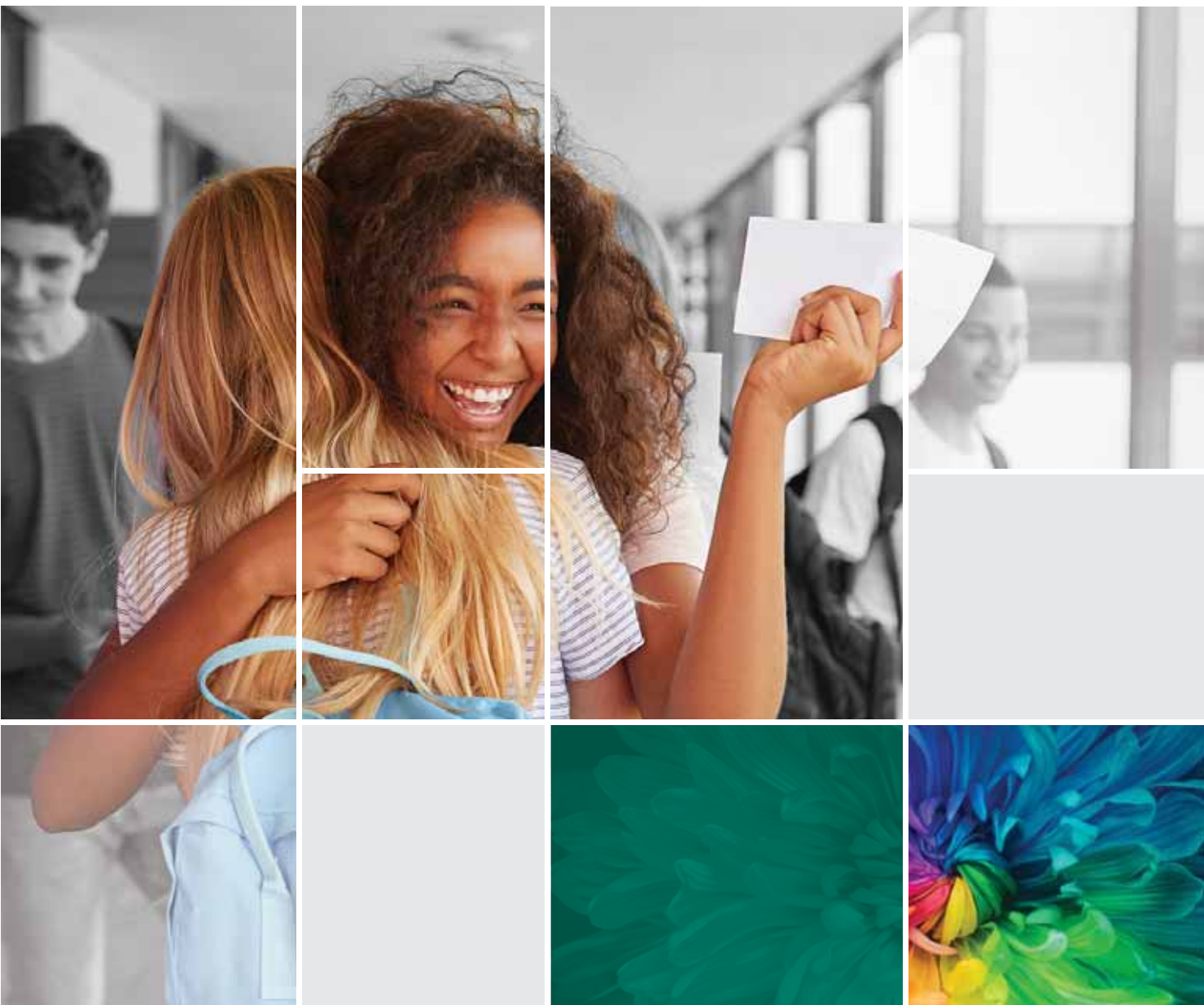
Recognising the vital need to meet its members where they are in terms of their retirement knowledge, and then partner with them on their journey to greater understanding and better decisions, Old Mutual SuperFund identified an opportunity to engage effectively with its members via a series of 'newsflash' communications. These were aimed at providing members with information, in their home language, that simplified complex retirement issues and helped them to understand the need for adequate retirement provision, preservation and sound decision making. Key concepts dealt with in the newsflash communications included:

- Knowing whether you're contributing enough to your retirement savings
- How to contribute more to your fund
- The importance of preservation and how to achieve it

Where possible and feasible, Old Mutual SuperFund partnered with participating employers, both to gain insights into the retirement education needs of their employees and to maximise the reach of each communication. And while the distribution of the newsflashes was aimed at Old Mutual SuperFund members, the content was created to be relevant to members of all retirement funds, thereby ensuring that the project has the potential to contribute, on an even larger scale, to the education and empowerment of all South Africans who are saving towards retirement.



05 OUR COMMITMENT TO **SUPER-GOVERNANCE**



THE OLD MUTUAL SUPERFUND MANAGEMENT BOARD WITH EFFECT FROM 1 OCTOBER 2017



Bertie van Wyk
Capacity: Independent



Jeremy Andrew
Capacity: Independent



Kanyisa Ncemane
Capacity: Sponsor-employed



Rama Govenden
Capacity: Independent



Krishna Patel
Capacity: Sponsor-employed



Shirley Mabusela
Capacity: Independent



Wahida Parker
Capacity: Independent



Thandeka Zondi
Capacity: Independent



Cheryl-Anne Mestern
Independent Principal Officer



Steve Prout
Deputy Principal Officer



Sunil Harilall
Deputy Principal Officer

The Old Mutual SuperFund Management Board is tasked with the responsible management of the Fund and is mandated to exercise the powers, perform the functions and carry out the duties assigned to it by the Rules and by law. This includes exercising its fiduciary duties towards the Fund and its members. All dealings between the Fund and Old Mutual should be conducted at arms-length and the independence of the Management Board maintained.

The Fund and Old Mutual have therefore entered into a Governance Agreement to:

- govern the relationship between Old Mutual and the Fund;
- protect the interests of all parties;
- ensure the effective, efficient and accountable management of the Fund;
- co-operate to ensure the continued success of the Fund for the ultimate benefit of the members.

This commitment to the highest standards of governance aims to achieve the following:

- the efficient management and control of the Fund;
- ensuring the benefits promised to members are delivered smoothly, transparently and efficiently and the Funds' assets are adequately managed.
- the governance structures be regularly monitored, reviewed, assessed and improved; and
- building and maintaining the trust and confidence of the members and other stakeholders.

To deliver on these objectives, the Management Board has acknowledged the need for a Board Charter as recommended in the Code of Governance Principles for South Africa.

COMPOSITION OF THE MANAGEMENT BOARD

Members of the Old Mutual SuperFund Management Board are appointed by the Fund's Sponsor, Old Mutual. 50% of the Board Members are independent of the Sponsor – neither currently employed by Old Mutual Group, nor having been employees within the last two years. The Board currently comprises 8 Board Members, 6 of whom are independent. There are no alternate Board Members.

The Fund has exemption in terms of section 7B(1)(b)(i) of the Pension Funds Act from compliance 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, as the Old Mutual SuperFund exists for the benefit of employees of many different employers.

The board composition makes allowance for racial and gender diversity that reflect the demographics of South Africa. Members possess the skills and experience to properly govern the Fund – including the administration of retirement funds, knowledge of the business of the Sponsor and expertise in the investment, actuarial, accounting, legal and social aspects of fund effective management.

The Board Members elect the Chairperson and Deputy Chairperson, with the Sponsor consulted as a courtesy.

BOARD MEMBER REMUNERATION

Board Members employed by Sponsor are not remunerated by the Fund. Independent Board Members are remunerated from the Fund for their governance (including meeting attendance) in accordance with the Remuneration Policy adopted by the Board as well as reasonable travel expenses as per the Travel Policy.

MANAGEMENT BOARD ROLES AND RESPONSIBILITIES

The Management Board, together with the independent Principal Officer, is responsible for:

- Managing the Fund through effective leadership, based on sound governance and corporate citizenship principles;
- Ensuring the interests of members are looked after and regular and appropriate member communication takes place;
- Appointing the administrator and other service providers;
- Selecting the investment portfolios; and
- Deciding how, and to whom, death benefits are paid.

THE PRINCIPAL OFFICER

The Principal Officer is an official of the Fund and accountable to the Registrar, and her duties are determined by the Fund rules and the Pension Funds Act – including:

- Signing and submitting rules and rule amendments.
- Submitting annual financial statements to the Registrar.
- Signing all Fund documents to be submitted to the Registrar.
- Ensuring that all agreed information is distributed to Fund members.

- Representing the Fund in litigation and complaints.
- Informing the Registrar in writing if he/she becomes aware of any matter which may prejudice the Fund or its members.

Two Deputy Principal Officers, an independent claims assessor, a service provider manager, fund secretary, personal assistant and office administrator support the Principal Officer, who is contracted and remunerated directly by the Fund subject to annual performance and remuneration reviews by the Board.

DELEGATION

The Board delegates various functions to well-structured sub-committees that are responsibly governed in line with the provisions of section 7D(2)(a) of the Pension Funds Act. Each sub-committee's scope of work is reviewed at least once a year.

An established framework for the delegation of authority to the sub-committees, the Principal Officer, Administrator and other persons exists and is documented in the Board's Delegation of Authority policy.

The following sub-committees assist the Board:

SUB-COMMITTEE	BOARD MEMBERS INCLUDED	MANDATE
ADMINISTRATION AND FINANCIAL REPORTING	3	To oversee (and report 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	To manage the risks relating to the allocation of death benefits and assessment of the qualification of members for disability benefits.
COMMUNICATIONS	3	To ensure adequate, appropriate communications to members and other stakeholders.
GOVERNANCE AND RISK MANAGEMENT	2	To guide the Board in matters of governance; To ensure that the Board has implemented an effective policy and plan for risk management that will enhance its ability to achieve its strategic objectives; and To ensure that the disclosure regarding risk is comprehensive, timely and relevant.
INVESTMENT & ACTUARIAL	3	To manage (and report to the Board on) any risks relating to the investment, actuarial and risk benefits of the Fund. This sub-committee is accountable for overseeing the activities of the Old Mutual SuperFund Customised Option.
LEGAL AND CONTRACTUAL	2	To attend to any legal and contractual issues in relation to the Fund.

Each sub-committee comprises of 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 each sub-committee, coordinate the activities of the sub-committees and liaise between the sub-committees where necessary, but without a vote.

The Board may delegate some of its functions relating to a Sub-Fund and its members to the appointed Management Committee of that Sub-Fund in line with such terms and conditions as it deems fit. Any such delegation is formally documented and accepted by the Management Committee.

MEETING PROCEDURES

Management Board meetings take place at least four times each financial year. Sub-committee must meet at least quarterly, with the Death Claims Sub-Committee meeting weekly to adjudicate death claims. Attendance at Management 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	51	51
	Investments	4	4
	Governance	4	4
CHERYL MESTERN (PRINCIPAL OFFICER)/ SUNIL HARILALL (DEPUTY PRINCIPAL OFFICER)/ STEVE PROUT (DEPUTY PRINCIPAL)	Board	4	4
	Claims	4	4
	Claims adjudication	51	50
	Communication	4	4
	Governance	4	4
	Investments	4	4
	Legal	4	4
JEREMY ANDREW	Board meeting	4	4
	Investments	4	4
	Legal	4	4
DUMO MBETE (exit date: 7 December 2016)	Board	4	1
	Investments	4	2
KRISHNA PATEL	Board	4	3
	Administration	4	4
KANYISA NCEMANE	Board	4	2
	Communication	4	1
PIERRE PRETORIUS (exit date: 30 September 2017)	Board	4	4
	Legal	4	4
SHIRLEY MABUSELA	Board	4	4
	Claims	4	4
	Claims adjudication	51	49
	Communication	4	4
THANDEKA ZONDI	Board	4	4
	Administration	4	4
WAHIDA PARKER	Board	4	3
	Claims	5	5
	Claims adjudication	51	45
	Communication	4	4
	Governance	4	4

CODE OF CONDUCT

Each Board Member has signed an acceptance of a Code of Conduct, which includes a process to deal with any breach thereof.

RISK MANAGEMENT AND COMPLIANCE

The Board is accountable for governing risk exposure, tolerance and opportunity for the Fund according to policy and practice guidelines that are monitored and managed by sub-committees. Any deviations are identified and top ranking issues are reported by the sub-committees in the Board Risk Log and 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	COMPLIANCE APPROACH
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	Board Members may accept nominal gifts to the value of less than R500. Gifts in excess of that require Board approval. 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

Old Mutual has been appointed as the Administrator of the Fund, and is approved by the Registrar in terms of Section 13B(1) of the Act. The Fund entered into this administration agreement with Old Mutual as contemplated in paragraph 3 of the Board Notice 24 of 2002. The indemnity documented in the administration agreement highlights the principle underpinning the agreement that members must always find themselves in the position that they should have been in.

The administration agreement incorporates a service level agreement. Old Mutual reports performance against the service level targets on a quarterly basis to the Administration & Financial Reporting Sub-Committee and the Management Board. With the assistance of an independent market research company, the Management Board annually rates the performance of the administrator and other key service providers to the Fund.

TECHNOLOGY

As the administration of Old Mutual SuperFund is outsourced to Old Mutual, the Fund does not own its own Information Technology (IT) infrastructure and relies on Old Mutual to provide the world-class technology systems and infrastructure needed to deliver on its objectives and meet the needs of its members and other stakeholders.

However, while the IT systems are not owned by Old Mutual SuperFund, the Fund is absolutely committed to working closely with Old Mutual and its technology divisions to ensure the systems are designed and maintained to ensure consistent excellent service and exceptional security for the protection of members, participating employers and intermediaries.

Provision for these service and security commitments is also included in the administration agreement with Old Mutual and, as the supplier of technology to the Fund, the group has certified that its principles and practices comply with those recommended by King and required by the Old Mutual Group as a whole.

Prioritising the protection and security of all our stakeholders

Old Mutual SuperFund recognises that information is the new currency and that the personal data of our members, employers and intermediaries have commercial value, particularly for cybercriminals. Such cybercrime has become a global pandemic, with more than 1 200 major company breaches taking place across the world in 2016, in the process exposing the identities and personal information of many millions of individuals and businesses.

As part of our commitment to responsible business practices, we are 100% committed to ensuring the security of all those stakeholders who entrust their money and data to us. This protection takes numerous forms, but it is fully aligned to the security protocols that underpin all of Old Mutual Group's technology systems. Two of the primary focus areas are:

- **Compliance with the Protection of Personal Information Act –** We are committed to ensuring that the personal information of our members, clients and intermediaries is fully protected and secured at every point of their information life cycle with Old Mutual SuperFund. We continually work to align our efforts in this regard with South African legislation and international best practices.
- **Cybersecurity –** Ensuring the security and confidentiality of stakeholder data is a security imperative for the Fund. The Old Mutual IT systems we use are world class in terms of their information security technologies and place a priority on ensuring cyber-resilience through the use of proven cyber-threat detection and response methodologies. These world class systems are supported by ongoing awareness creation and training of staff to limit the possibility of human error in creating any cyber security weaknesses.



06 FINANCIAL REPORTING



AUDITOR'S REPORT

Independent Auditor's Report on the summary financial statements to the Board of Fund of the Old Mutual SuperFund Pension fund and the Old Mutual SuperFund Provident fund

Opinion

The summary financial statements of Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund, set out on pages 52 to 57, which are comprised of the statement of net assets and funds as at 30 June 2017, the statement of changes in net assets and funds for the year ended, and related notes are derived from the audited financial statements of Old Mutual SuperFund Pension Fund and Old Mutual SuperFund Provident Fund for the year ended 30 June 2017.

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 56.

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 report thereon.

The audited financial statements and our report thereon

We expressed unmodified audit opinions on the audited regulatory financial statements in our reports dated 29 November 2017.

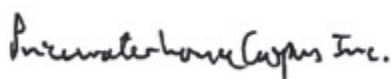
The audit reports on the regulatory financial statements include an emphasis of matter paragraph drawing attention to the principal accounting policies of the regulatory financial statements in which the applicable financial reporting framework, as prescribed by the Registrar, is identified. The paragraph states that consequently the regulatory financial statements and related auditor's report may not be suitable for another purpose. As a result the summary financial statements may also 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 56.

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: 29 November 2017
No 1 Waterhouse Place, Century City 7441, PO Box 2799, Cape Town 8000

OLD MUTUAL SUPERFUND PENSION FUND

STATEMENT OF NET ASSETS AND FUNDS

	NOTES	2016 "R"	2017 "R"
Investments		44 896 196 667	48 128 862 332
	Insurance Policies	40 192 132 743	43 206 430 892
	Segregated Portfolios	2 324 880 489	2 456 373 554
	Collective Investment Schemes	2 379 183 435	2 466 057 886
Transfers Receivable		29 943 356	-
Accounts Receivable		140 659 077	139 344 965
Contributions Receivable		135 228 828	203 468 682
Cash at Bank		193 353 506	18 642 918
Total Assets		45 395 381 434	48 490 318 897
Members Funds		(43 295 803 530)	(47 000 704 810)
Reserve Accounts		(41 358 750)	(54 032 939)
Expense		(7 096 093)	(5 121 336)
Investment		-	-
Processing Error (unitised)		(6 016 209)	(6 188 767)
Processing Error (non-unitised)		(28 246 448)	(42 722 836)
Employer Surplus Account		(397 604 590)	(436 318 010)
Unclaimed Benefits		(40 972 032)	(41 041 418)
Transfers Payable		(31 329 710)	(18 461 766)
Benefits Payable		(1 302 903 502)	(823 299 015)
Lump sum on Retirement			
	Full Benefit	(410 282 758)	(220 842 402)
Lump sum before Retirement			
	Disability	(3 388 503)	(1 195 492)
	Death	(253 155 208)	(242 401 679)
	Withdrawal	(378 066 841)	(308 809 051)
	Divorce Orders	(11 705 273)	(10 849 455)
	Retrenchments	(233 815 118)	(33 434 591)
Liquidation benefits		(12 485 169)	(5 758 064)
Enhancements to former members		(4 632)	(8 281)
Accounts Payable		(285 409 320)	(116 460 939)
Total Funds and Liabilities		(45 395 381 434)	(48 490 318 897)

OLD MUTUAL SUPERFUND PENSION FUND

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

	NOTES	2016 "R"	2017 "R"
Contributions Received and Accrued		(4 125 035 755)	(4 459 381 994)
	Members	(3 850 677 433)	(4 158 836 212)
	Reserves	(274 358 322)	(300 545 782)
Reinsurance Proceeds		(188 466 778)	(180 222 546)
Net Investment Income		(3 913 631 122)	(2 478 361 063)
	Dividends	(49 784 767)	(45 543 123)
	Interest Received	(77 693 927)	(79 431 100)
	Collective Investment Schemes	(6 022 309)	(17 826 824)
	Insurance Policies	(3 073 484 567)	(2 305 853 235)
	Late Payment Interest	(1 478 156)	(1 447 452)
	Fair Value Adjustment	(912 043 064)	(255 342 694)
	Investment Management Fees	206 875 668	227 083 365
Reinsurance Premiums		203 983 014	231 123 772
Administration Expenses		88 957 122	96 697 273
Allocated to Unclaimed Benefits		2 791 434	2 770 253
Transfers from other Funds		(686 335 618)	(2 075 600 409)
Transfers to other Funds		179 316 709	267 268 175
Benefits Accrued		5 266 464 704	4 839 417 650
Lump sum on Retirement			
	Full Benefit	1 856 220 147	2 006 165 112
Lump sum before Retirement			
	Disability	18 390 248	12 778 874
	Death	344 067 534	342 628 697
	Withdrawal	2 048 414 208	2 045 828 834
	Divorce Orders	66 762 500	68 848 447
	Retrenchments	839 952 224	341 161 092
Defaults - Housing loans		754 366	69 675
Liquidation benefits		81 294 688	10 615 182
Return allocated to benefits		10 455 250	11 321 737
Enhancements to former members		153 539	
Net Employer Surplus Accounts Allocations		51 623 977	38 713 420
Balance at Beginning of Year - Funds and Reserves		(40 216 829 967)	(43 337 162 280)
Balance at Year End - Funds and Reserves		(43 337 162 280)	(47 054 737 749)

OLD MUTUAL SUPERFUND PROVIDENT FUND

STATEMENT OF NET ASSETS AND FUNDS

	NOTES	2016 "R"	2017 "R"
Investments		46 724 560 929	49 643 570 554
	Insurance Policies	39 905 565 612	42 499 261 905
	Segregated Portfolios	3 527 495 037	3 735 172 873
	Collective Investment Schemes	3 291 500 280	3 409 135 776
Transfers Receivable		4 664 647	-
Accounts Receivable		386 726 591	135 080 410
Contributions Receivable		253 763 760	329 112 195
Cash at Bank		215 343 686	112 013 078
Total Assets		47 585 059 613	50 219 776 237
Members Funds		(45 223 864 075)	(48 383 981 753)
Reserve Accounts		(154 029 358)	(184 142 753)
Expense		(29 632 614)	(28 591 709)
Investment		-	-
Processing Error (unitised)		(6 004 648)	(6 004 648)
Processing Error (non-unitised)		(118 392 096)	(149 546 396)
Employer Surplus Account		(113 387 894)	(88 592 506)
Unclaimed Benefits		(138 128 678)	(127 181 567)
Transfers Payable		(102 676 202)	(54 295 714)
Benefits Payable		(1 642 945 561)	(1 136 733 849)
Lump sum on Retirement			
	Full Benefit	(331 668 732)	(179 635 706)
Lump sum before Retirement			
	Disability	(13 233 871)	(8 583 894)
	Death	(569 000 307)	(470 280 883)
	Withdrawal	(484 511 525)	(313 467 322)
	Divorce orders	(22 911 299)	(14 233 177)
	Retrenchments	(188 631 116)	(122 519 311)
Defaults - Housing loans		(315 799)	(7 359)
Liquidation benefits		(32 565 477)	(27 998 263)
Enhancements to former members		(107 435)	(7 934)
Accounts Payable		(210 027 845)	(244 848 095)
Total Funds and Liabilities		(47 585 059 613)	(50 219 776 237)

OLD MUTUAL SUPERFUND PROVIDENT FUND

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

	NOTES	2016 "R"	2017 "R"
Contributions Received and Accrued		(5 140 388 827)	(5 507 197 905)
	Members	(4 556 269 096)	(4 887 621 820)
	Reserves	(584 119 731)	(619 576 085)
Reinsurance Proceeds		(388 813 518)	(322 237 267)
Net Investment Income		(4 193 862 253)	(2 396 861 109)
	Dividends	(81 323 229)	(76 958 394)
	Interest Received	(103 825 922)	(98 893 489)
	Collective Investment Schemes	(4 895 463)	(17 767 690)
	Insurance Policies	(2 750 929 978)	(2 063 591 911)
	Late Payment Interest	(3 338 409)	(3 908 897)
	Fair Value Adjustment	(1 473 329 018)	(376 317 254)
	Investment Management Fees	223 779 766	240 576 526
Reinsurance Premiums		436 113 716	460 101 333
Administration Expenses		198 232 194	214 750 168
Allocated to Unclaimed Benefits		8 390 635	10 987 777
Transfers from other Funds		(2 255 051 545)	(1 055 066 556)
Transfers to other Funds		310 650 113	425 563 718
Benefits Accrued		5 893 594 797	5 004 524 156
Lump sum on Retirement			
	Full Benefit	1 712 219 934	1 383 429 987
Lump sum before Retirement			
	Disability	59 915 661	48 572 487
	Death	608 685 433	498 174 046
	Withdrawal	2 269 807 649	2 286 692 188
	Divorce Orders	68 866 145	77 383 068
	Retrenchments	1 080 300 195	592 125 645
Defaults - Housing loans		818 768	437 875
Liquidation benefits		76 356 621	100 524 718
Return allocated to benefits		16 718 076	17 184 142
Enhancements to former members		(93 685)	
Net Employer Surplus Accounts Allocations		92 938 572	(24 795 388)
Balance at Beginning of Year - Funds and Reserves		(40 339 697 317)	(45 377 893 433)
Balance at Year End - Funds and Reserves		(45 377 893 433)	(48 568 124 506)

Note 1 to the Summary Financial Statements: Basis of preparation of Summary Financial Statements

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. These summary financial statements are derived from the audited financial statements of the Old Mutual SuperFund Provident Fund and Old Mutual SuperFund Pension Fund for the year ended 30 June 2017. The statements were prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the Funds and the provisions of the Pension Funds Act and do not contain full or complete details. Any investment decisions by investors and/or members should be based on consideration of the complete set of audited financial statements and the Funds' website as a whole. Should you wish to receive a full set of the audited financial statements please kindly send us an email at superfund@oldmutual.com. 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 56.

Statement of responsibility by the Old Mutual SuperFund Management board for the year ended 30 June 2017

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 52 to 55 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 56.

The regulatory financial statements have been prepared and reported to the Financial Services Board (FSB).

The regulatory annual financial statements have been reported on by the independent auditors, PricewaterhouseCoopers 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 52 to 55.

The summarised financial statements of the Funds' set out on pages 52 to 55 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 2017

I confirm that for the year under review the OLD MUTUAL SUPERFUND PROVIDENT FUND and the OLD MUTUAL SUPERFUND PENSION 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 Registrar of Pension Funds in terms of Section 15 of the Pension Funds Act, 1956.



Cheryl Anne Mestern
Independent Principal Officer
15 December 2017

Summary of the Actuarial Valuation Reports

Old Mutual SuperFund Provident Fund and Old Mutual SuperFund Pension Fund

I have pleasure in presenting the statutory actuarial valuation reports of the Old Mutual SuperFund Provident Fund and the Old Mutual SuperFund Pension Fund as at 30 June 2016 ("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 Provident Fund and the Old Mutual SuperFund Pension 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 Provident Fund and the Old Mutual SuperFund Pension 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 PROVIDENT FUND		OLD MUTUAL SUPERFUND PENSION FUND	
	30 JUNE 2016	30 JUNE 2015	30 JUNE 2016	30 JUNE 2015
Number of Active Members	254 824	241 362	129 199	122 727
Number of Unclaimed Benefits	20 343	6 964	1 056	909

Contingency Reserves

We recommend that the following contingency and investment reserves be held as at 30 June 2016:

	OLD MUTUAL SUPERFUND PROVIDENT FUND	OLD MUTUAL SUPERFUND PENSION FUND
Expense Reserve (umbrella)	11 154 391	0
Expense Reserve (sub funds)	18 478 223	7 096 093
Risk Reserve	0	0
Surplus Apportionment Expense Reserve	0	0
Processing Error Reserve (Unitised Investments)	6 004 648	6 016 209
Processing Reserve	117 703 604	27 977 481

Financial position

The financial position of the Old Mutual SuperFund Provident Fund and the Old Mutual SuperFund Pension Fund (after taking into account the Contingency Reserve recommendations above) is set out here. Comparative figures as at 30 June 2015 are provided.

	OLD MUTUAL SUPERFUND PROVIDENT FUND		OLD MUTUAL SUPERFUND PENSION FUND	
	30 JUNE 2016 (R'000)	30 JUNE 2015 (R'000)	30 JUNE 2016 (R'000)	30 JUNE 2015 (R'000)
Market Value of Assets	45 491 281	41 257 364	43 743 767	40 562 811
Less				
Fund Liabilities & Employer Surplus Accounts	45 223 940	41 132 044	43 693 678	40 548 236
Members' Individual Accounts – Financial Statements	45 223 864	45 223 864	43 295 804	40 199 153
Additional Fund Liabilities (Interest Due not in Financials)	0	0	0	0
Additional Fund Liabilities (Negative member values)	688	3 522	269	3 102
Employer Surplus Accounts	113 388	20 449	397 605	345 981
Less				
Contingency Reserves	153 341	125 320	41 089	14 575
Expense Reserve – Umbrella	11 154	17 487	0	2 152
Expense Reserve – Sub Funds	18 478	19 555	7 096	4 285
Risk Reserve	0	0	0	0
Surplus Apportionment Expense Reserve	0	0	0	0
Processing Error Reserve (Unitised Investments)	6 005	4 344	6 016	768
Processing Reserve	117 704	83 934	27 977	7 370
Equals				
Actuarial Surplus/(Deficit)		0		0
Funding Level (including Reserves)	100.00%	100.00%	100.00%	100.00%
Funding Level (excluding Reserves)	100.34%	100.30%	100.09%	100.04%

Contribution rates

Contribution rates differ by Participating Employer, and are defined in the Special Rules. Because of this, and because the Old Mutual SuperFund Provident Fund and the Old Mutual SuperFund Pension 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
Fellow of the Actuarial Society of South Africa
Old Mutual Corporate Consultants,
a division of OMLAC (SA) Limited
PO Box 1014, Cape Town 8000
Mutualpark, Jan Smuts Drive, Pinelands 7405

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

Please click on the logos to find out more about the investment provider.





08 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 the Fund

Postal address: PO Box 167, Cape Town 8000, South Africa

Physical address: Mutualpark, Jan Smuts Drive, Pinelands 7405



