



OLDMUTUAL

# FEES EXPLAINED: OLD MUTUAL UNIT TRUSTS

AUGUST 2021



Please note that this document covers the following products: Old Mutual Unit Trusts; Old Mutual Unit Trusts Tax Free Investment; Old Mutual Life Wrapped Investment; Old Mutual Retirement Annuity Investment; Old Mutual Preservation Fund Investment; Old Mutual Linked Retirement Income.

## FEE OVERVIEW

FEE DESCRIPTION	INITIAL FEES
Initial financial planning fee	Negotiable between you and your planner. A maximum of 3.45% (VAT incl) can be charged* The maximum Initial Fee specific to OM Linked Retirement Income is 1.725% (VAT incl).
FEE DESCRIPTION	ONGOING FEES
Ongoing financial planning fee	Negotiable between you and your planner. The fee maximum is 1.15% p.a. (VAT incl).
Administration fee	Not applicable
Total Investment Charge	The Total Investment Charge (TIC) represents the total cost of investing in a Unit Trust portfolio and comprises of the sum of the Total Expense Ratio (TER) and the Transaction Costs (TC). The TER includes the Annual Service Fee, Audit, Custody, Banking and Trustee charges, as well as the cost of gaining exposure to any underlying Unit Trust (CIS) portfolios, if any.

## OUR FEES EXPLAINED

All fee amounts and percentages shown above include VAT, where applicable. Therefore, if the VAT rate changes, the VAT component of the fees will be adjusted accordingly.

### Financial planning fee

Only applicable when you are investing with the advice and guide of a financial planner. This is the fee that your financial planner charges for preparing your financial plan, monitoring that you are on track to meet your financial goals and delivering all other professional services agreed between you. The level of the initial and the ongoing financial planning fees are agreed between you and your financial planner.

### Unit Trust Annual Service Fee

This is the service fee charged by Old Mutual Unit Trusts, specific to each unit trust fund, for the management of the assets and fees related to this. This fee can be found on the Minimum Disclosure Document (also called the Fund Fact Sheet or MDD) and is included in the TIC values.

## HOW YOU PAY FOR THESE FEES

### Fees that are deducted from new investment amounts

If you have negotiated an initial financial planning fee with your financial planner, your lump sum investment amount and all recurring investment amounts will first be reduced by this fee before the net investment amount is invested in your investment selection.

### Fees that require the selling of some of your existing investments

Ongoing financial planning fees are paid from unit deductions. This means that we will need to sell some of your units after each month-end to pay for these fees. By default, this fee is paid from the sale of units across all the unit trust funds in your contract. If you choose that we deduct the fees from a specific fund instead and there is not enough value in that fund for the fee deduction, the fee will be deducted proportionately from all funds in the contract.

\* This initial planner fee is limited to 0.68% incl. VAT on two capped fund classes, the Old Mutual Bond Fund R and Old Mutual Income Fund R classes. No new investors are allowed in these specific fund classes.

If you are invested in the Old Mutual Life Wrapped Investment and have unit trusts as part of your investment selection, capital gains tax may be deducted. This tax is added to the planner fees that are applied (eg. if R100 is the fee that applies for the month, then R105 could be the fee deducted).

### **Fees charged within the Unit Trust Portfolio**

The Annual Service Fee for each fund, as disclosed in the MDD, is deducted within the daily unit price of each unit trust fund.

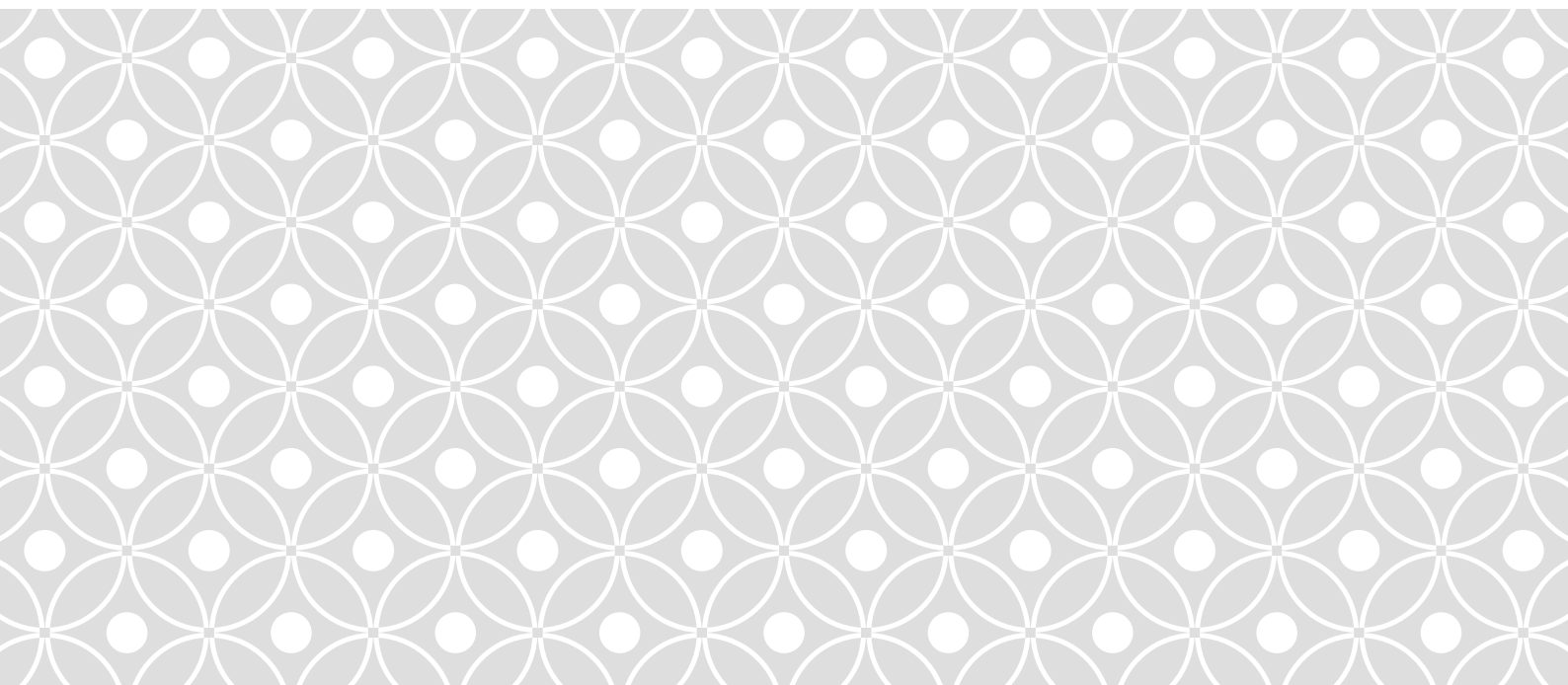
Our Multi-Manager Fund of Funds may invest into underlying unit trust funds that charge a performance fee. This fee is reflected in the Total Investment Charge of the Fund.

## **EFFECTIVE ANNUAL COST (EAC)**

The Effective Annual Cost (EAC) is a measure introduced by the Association for Savings and Investments SA (ASISA) to allow you to compare the cost you incur when you invest in different financial products. The EAC provides a simple breakdown of all of the fees applicable to your investment contract. It is expressed as a percentage of your investment amount. The EAC comprises four separate components into which various charges are allocated as and where they are applicable. The components are:

- Total Investment Charge (TIC) (described above);
- advice charges (described above);
- administration charges; and
- other charges

These last two components are not charged by these Old Mutual Investments.



Old Mutual Unit Trust Managers (RF) (Pty) Ltd is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. The fund fees and costs that we charge for managing your investment are set out in the relevant fund's Minimum Disclosure Document (MDD) or table of fees and charges, both available on our public website, or from our contact centre. Old Mutual is a member of the Association for Savings & Investment South Africa (ASISA).

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