

OLD MUTUAL UNIT TRUSTS

PERFORMANCE FEES CHARGED ON THE QUALIFIED INVESTOR (QI) HEDGE FUNDS

WHY IS A PERFORMANCE FEE CHARGED?

A performance fee provides an additional incentive for the fund manager to improve, deliver and maintain long-term performance. This means charging lower fees when performance is poor and higher fees when performance is good, to align the interests of the fund manager and the investor.

WHICH OLD MUTUAL UNIT TRUST QI HEDGE FUNDS CHARGE PERFORMANCE FEES?

- Old Mutual Aristeia Opportunities QI Hedge Fund
- Old Mutual Chronos QI Hedge Fund
- Old Mutual Managed Alpha QI Hedge Fund
- Old Mutual Volatility Arbitrage QI Hedge Fund

WHAT ARE THE MINIMUM FEES FOR THE RELEVANT FUNDS AND CLASSES?

Class	OLD MUTUAL ARISTEIA OPPORTUNITIES QI HEDGE FUND		OLD MUTUAL CHRONOS QI HEDGE FUND		OLD MUTUAL MANAGED ALPHA QI HEDGE FUND		OLD MUTUAL VOLATILITY ARBITRAGE QI HEDGE FUND	
	A1	D3	A1	D2	A1	D2	A1	D3
Annual service fees (incl. VAT)	0.91%	0.50%	1.43%	1.14%	1.43%	1.14%	0.91%	0.50%

WHAT ARE THE FEE DETAILS FOR THE RELEVANT FUND'S CLASSES?

Class	OLD MUTUAL ARISTEIA OPPORTUNITIES QI HEDGE FUND		OLD MUTUAL CHRONOS QI HEDGE FUND		OLD MUTUAL MANAGED ALPHA QI HEDGE FUND		OLD MUTUAL VOLATILITY ARBITRAGE QI HEDGE FUND	
	A1	D3	A1	D3	A1	D2	A1	D3
Minimum service fees (incl. VAT)	0.91%	0.50%	1.43%	1.14%	1.43%	1.14%	0.91%	0.50%
Base/Service fee (Incl. VAT)	0.91%	0.50%	1.43%	1.14%	1.43%	1.14%	0.91%	0.50%
Maximum fees (Incl. VAT)	No max	No max	No max	No max	No max	No max	No max	No max

WHAT ARE THE FEES AT BENCHMARK FOR THE RELEVANT FUNDS AND CLASSES?

The fee at benchmark is the annual service fee that will be charged when the fund's performance is equal to the benchmark.

Class	OLD MUTUAL ARISTEIA OPPORTUNITIES QI HEDGE FUND		OLD MUTUAL CHRONOS QI HEDGE FUND		OLD MUTUAL MANAGED ALPHA QI HEDGE FUND		OLD MUTUAL VOLATILITY ARBITRAGE QI HEDGE FUND	
	A1	D3	A1	D3	A1	D2	A1	D3
Fee at Benchmark (incl. VAT)	0.91%	0.50%	1.43%	1.14%	1.43%	1.14%	0.91%	0.50%



WHAT ARE THE MAXIMUM FEES FOR THE RELEVANT FUNDS?

The QI hedge funds' performance fees are uncapped, so there is no maximum fee charged.

AT WHICH PERFORMANCE LEVEL (ALSO CALLED THE FEE HURDLE) WILL THE MANAGER CHARGE MORE THAN THE FEES AT BENCHMARK?

The manager will charge more than the fees at benchmark when the fund performance is in excess of the benchmark performance.

ARE THE FEE HURDLES THE SAME AS THE RELEVANT FUND BENCHMARKS?

The fee hurdle is different and depends on the fee class of the fund. The retail fee classes all have the same hurdle: the STeFI Call Deposit Index).

WHAT IS THE PERFORMANCE FEE MEASUREMENT PERIOD?

There is no rolling measurement period as performance is measured using the High-Water-Mark methodology since inception. Payment of performance fees occurs every six months. The fund will never lose money and earn a performance fee.

WILL MORE THAN THE BASE FEE BE CHARGED REGARDLESS OF WHETHER THE FUND IS EXPERIENCING POSITIVE OR NEGATIVE PERFORMANCE OVER THE PERFORMANCE FEE MEASUREMENT PERIOD?

If the fund underperforms the benchmark, only the base fee is charged. The fund will never charge a performance fee for negative performance; this is guaranteed by following the High-Water-Mark methodology.

WHAT PORTION OF THE FUNDS' OUTPERFORMANCE WILL THE FUND MANAGER BE ENTITLED TO SHARE, SHOULD THE FUNDS PERFORM ABOVE THEIR FEE HURDLES (ALSO CALLED THE SHARING RATIO)?

For every 1% of outperformance, Old Mutual retains 0.2% and the investor receives 0.8%.

WHAT FEE RATE WILL BE CHARGED IF THE FUND DELIVERS THE FOLLOWING RELATIVE PERFORMANCE OVER ITS PERFORMANCE MEASUREMENT PERIOD:

- The fund performs 10% p.a. less than the performance fee benchmark
- The fund performs 5% p.a. less than the performance fee benchmark
- The fund performs in line with the performance fee benchmark
- The fund performs 5% p.a. more than the performance fee benchmark
- The fund performs 10% p.a. more than the performance fee benchmark

Fund	Fee Class	Fee hurdle	Performance LESS than the performance fee benchmark		Performance in line with performance fee benchmark	Performance MORE than the performance fee benchmark	
			-10%	-5%	0%	+5%	+10%
Old Mutual Aristeia Opportunities QI Hedge Fund	A	STeFI Call Deposit Index	0.91%	0.91%	0.91%	3.64%	4.78%
	D3	STeFI Call Deposit Index	0.50%	0.50%	0.50%	3.23%	4.37%
Old Mutual Chronos QI Hedge Fund	A	STeFI Call Deposit Index	1.43%	1.43%	1.43%	2.72%	4.02%
	D2	STeFI Call Deposit Index	1.14%	1.14%	1.14%	2.44%	3.74%
Old Mutual Managed Alpha QI Hedge Fund	A	STeFI Call Deposit Index	1.43%	1.43%	1.43%	2.72%	4.02%
	D2	STeFI Call Deposit Index	1.14%	1.14%	1.14%	2.44%	3.74%
Old Mutual Volatility Arbitrage QI Hedge Fund	A	STeFI Call Deposit Index	0.91%	0.91%	0.91%	3.64%	4.78%
	D3	STeFI Call Deposit Index	0.50%	0.50%	0.50%	3.23%	4.37%

Fees inclusive of VAT.

DO ANY OTHER CLASSES OF THE FUNDS CHARGE FIXED FEES INSTEAD OF PERFORMANCE FEES?

No other classes of the funds charge fixed fees.

ARE THE PERFORMANCE FEES ACCRUED DAILY (ALSO CALLED THE PERFORMANCE FEE ACCRUAL FREQUENCY)?

Performance fees are accrued daily in the fund price.

DO PERFORMANCE FEE ACCRUALS PERTAIN TO PERFORMANCE PERIODS MORE THAN A MONTH PRIOR TO ACCRUAL?

Yes. Because of the High-Water-Mark methodology, unit holders entering (or leaving) the fund in that period may pay for performance which is higher or lower than that which they have experienced.

IS A ROLLING MEASUREMENT PERIOD USED?

No, a High-Water-Mark methodology since inception is followed.

HOW OFTEN IS THE PERFORMANCE FEE PAID TO THE FUND MANAGER (ALSO CALLED THE PERFORMANCE FEE PAYMENT FREQUENCY)?

Performance fees are paid every six months (but accrued daily).

SHOULD THE FUND EXPERIENCE UNDERPERFORMANCE RELATIVE TO THE FEE HURDLE, HOW LONG IS THAT UNDERPERFORMANCE HELD AGAINST THE MANAGER? IN PARTICULAR, AT WHAT POINT WOULD THAT UNDERPERFORMANCE BE WRITTEN OFF FROM A FEE CALCULATION POINT OF VIEW?

If the fund underperforms the High-Water-Mark the underperformance will be carried forward until the fund outperforms the High-Water-Mark. There is no pre-determined time period. The High-Water-Mark differs across the fee classes of the funds.

DOES PERFORMANCE IN EXCESS OF THE HURDLE NEED TO OVERCOME PRIOR UNDERPERFORMANCE (ALSO CALLED A HIGH WATER MARK SYSTEM)?

Yes.

WILL THE FUND'S PERFORMANCE AFFECT THE PERFORMANCE FEE?

At the very least, the minimum fee will be charged regardless of performance. The fund may charge a performance fee only if it has outperformed the High-Water-Mark and exceeded the hurdle return.

ARE FEES INCLUDED WHEN FUND PERFORMANCE IS CALCULATED?

The fund performance is calculated on a Net Asset Value (NAV) to NAV basis and therefore other fees and charges have already been accrued and present a net performance measure. This NAV includes previous performance fee accruals. The net performance measure will be compared to the performance fee benchmark without any adjustment for fees and charges.

DO ANY UNDERLYING FUNDS CHARGE IMPLICIT PERFORMANCE FEES?

Yes, performance fees are reflected in a fund's TER. The TER will be lower if the fund performs below its benchmark and higher if it outperforms the benchmark. The performance fee portion of the TER is included in the fees and charges section of the funds' minimum disclosure documents. The TER is calculated over a rolling three-year period, coinciding with a calendar quarter-end and annualised. Our QI Hedge funds were launched on 28 February 2017. The performance fees below have been estimated:

Class	OLD MUTUAL ARISTEIA OPPORTUNITIES QI HEDGE FUND		OLD MUTUAL CHRONOS QI HEDGE FUND		OLD MUTUAL MANAGED ALPHA QI HEDGE FUND		OLD MUTUAL VOLATILITY ARBITRAGE QI HEDGE FUND	
	A1	D3	A1	D2	A1	D2	A1	D3
Performance Fee (estimated)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

GLOSSARY OF PERFORMANCE FEE TERMS:

- **Performance Fee Benchmark:** This is the yardstick the performance of the fund is measured against. Each fund may only have one performance fee benchmark.
- **Fee Hurdle:** This is the level of performance the fund must achieve, prior to a fee higher than the Minimum Fee being charged. Fee Hurdle refers to the absolute hurdle (e.g. ALSI + 2% per annum) and not only the threshold (e.g. 2% per annum), and should be linked to the Performance Fee Benchmark.
- **Performance Fee Measurement Period:** The period for which the fund performance is compared to the Fee Hurdle, each time the fee is accrued.
- **Sharing Ratio:** The percentage of performance, relative to the Fee Hurdle, that the manager is entitled to receive as a fee.
- **High Water Mark:** The highest level of relative outperformance of the fund over the Fee Hurdle since inception of the fund.
- **Reset:** In performance fee structures with a high water mark, the reset of the high water mark occurs when a performance fee is triggered.
- **Performance Fee Accrual Frequency:** This is the frequency at which provisions are made in the fund prices in order to allow for fees in excess of the Minimum Fee.
- **Performance Fee Payment Frequency:** This is the frequency at which the amounts provided in the fund in respect of fees in excess of the Minimum Fee are transferred from the fund to the manager.
- **Base Fee:** This is the portion of the annual management fee charged before any performance is taken into account.
- **Fee at Benchmark:** This is the annual management fee that will be charged when the fund's performance is equal to the Performance Fee Benchmark over the Performance Fee Measurement Period.
- **Minimum Fee:** This is the minimum annual management fee that may be recovered from the fund by the manager.
- **Maximum Fee:** This is the maximum annual management fee that may in any instance be recovered from the fund by the manager. This fee includes the Base Fee and all performance fee elements.
- **Total Expense Ratio (TER):** This is a measure of the costs associated with managing and operating an investment fund, giving investors an indication of the effects that these costs have on the growth of their investments.
$$\text{Total Expense Ratio (\%)} = \frac{\text{Costs}}{\text{Total Assets}}$$

Helpline: +27 (0)21 509 7140
Fax: +27 (0)21 509 7100
Email: QIHedgeFunds@OldMutual.com
Internet: www.omut.co.za



This document is for information purpose only and does not constitute financial advice in any way or form. It is important to consult a financial advice before acting on any information contained herein.

Old Mutual Unit Trust Managers (RF) (Pty) Ltd and its directly, officers and employees shall not be responsible and disclaim all liability for any loss, damage (whether direct, indirect, special or consequential and/or expense of any nature whatsoever, which may be suffered as a result of or which maybe attributable, directly or indirectly, to the use of, or reliance upon any information contained in this document.

Old Mutual Unit Trust Managers (RF) (Pty) Ltd is a registered manager in terms of the Collective Investment Scheme Control Act 45 of 2002. Old Mutual is a member of the Association of Savings and Investment South Africa (ASISA).