FUND INFORMATION

RISK RATING: 1 2 3 4 5

FUND OBJECTIVE
This fund aims to achieve long-term inflation-beating growth. The fund has a growth asset bias and will invest more heavily in shares. The portfolio manager actively allocates to other asset classes to take advantage of changing market conditions and to manage the fund's volatility.

WHO IS THIS FUND FOR?
This fund is suitable for investors wanting moderate to high long-term growth, with less volatility in the short term than pure equity. It is suitable as a stand-alone retirement investment.

RECOMMENDED MINIMUM INVESTMENT TERM
1 year+ 3 years+ 5 years+

INVESTMENT MANDATE
The fund is exposed to all sectors of the market (shares, bonds and property) and may invest up to 25% of its portfolio offshore in line with Treasury guidelines. Derivatives may be used for risk management purposes.

REGULATION 28 COMPLIANCE
The fund complies with retirement fund legislation. It is therefore suitable as a stand-alone fund in retirement products where Regulation 28 compliance is specifically required.

BENCHMARK: CPI
PERFORMANCE TARGET: CPI + 4% to 5% p.a. (net of fees)
Performance is targeted over the recommended minimum investment term and is not guaranteed.

ASISA CATEGORY:
South African - Multi-Asset - High Equity

FUND MANAGER(S):
Graham Tucker (Old Mutual Investment Group - MacroSolutions)

LAUNCH DATE: 01/03/1994

SIZE OF FUND: R17.3bn

DISTRIBUTIONS (Half-yearly)*:
Date Dividend Interest Total
30/06/2016 5.61c 13.13c 18.74c
31/12/2015 5.70c 11.38c 17.08c

* Class A fund distributions.

TAX REFERENCE NUMBER: 9440/007/60/8

OTHER INVESTMENT CONSIDERATIONS
MINIMUM INVESTMENTS:
Monthly: R500 • Lump sum: R10 000 • Ad hoc: R500

INITIAL CHARGES (All fees are VAT inclusive):
There is no initial administration charge for investment transactions of R500 and above. Initial adviser fee will be between 0% and 3.42%.

INVESTMENT TRANSACTIONS below the R500 fund minimum incur a 2.28% administration charge.

Ongoing:
Annual service fees Class A Class B1* Class R
Local (incl. VAT) 1.48% 1.08% 1.14%
Offshore* (incl. VAT) 1.68% - 1.98% 1.28% - 1.58% 1.34% - 1.64%
* Range of fees based on exposure to the underlying offshore asset classes, i.e. fees are higher for equities when compared to money market assets.

Total expense Class A Class B1* Class R
Total Expense Ratio (TER) 2.17% 1.69% 1.38%
Performance Fee* 0.70% 0.63% -
Transaction Cost (TC) 0.11% 0.11% 0.11%
Total Investment Charge 2.28% 1.80% 1.49%
* The Class A Fund and Class B1 Fund ceased charging performance-related service fees with effect from 1 January 2015. As TERs are calculated over rolling 36-month periods, a portion of performance fees earned during 2013 and 2014 will be included in the calculation of the class’s TER in 2016.

Other charges incurred by the fund, and deducted from its portfolio, are included in the TER. Old Mutual Balanced Fund A3 may pay 0.57% of its annual service fee as an ongoing adviser fee. A portion of Old Mutual Unit Trusts' annual service fees may be paid to administration platforms.

TER is a historic measure of the impact the deduction of management and operating costs has on a fund's value. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER, which includes the annual service fee, may not necessarily be an accurate indication of future TERs. Transaction Cost (TC) is a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

* Please note: The Class B1 Fund is only available through investment platforms such as Old Mutual Wealth.

FUND PERFORMANCE as at 31/08/2016

<table>
<thead>
<tr>
<th>% PERFORMANCE (ANNUALISED)</th>
</tr>
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<tbody>
<tr>
<td>1-Yr  3-Yr  5-Yr  7-Yr  10-Yr  Since Inception**</td>
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<tr>
<td>---------------------------</td>
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<tr>
<td>Fund [Class R] 6.0  10.4  13.1  12.1  10.8  13.3</td>
</tr>
<tr>
<td>Fund [Class A]* 5.7  9.7  12.2  11.1  9.1  12.1</td>
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<tr>
<td>Benchmark 6.9  6.0  5.8  5.5  6.3  6.6</td>
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* Inception: 30 June 2007
** Performance since inception of the fund. Performance measurements over periods shorter than the recommended investment term may not be appropriate. Past performance is no indication of future performance.

Risk Statistics (3 Years p.a.)
Annual Standard Deviation 6.3% 10.2% 8.6%
Fund (Since Inception) Highest Average Lowest
Rolling 12-Month Return 45.5% 13.9% 23.2%

Risk/Return Profile Class R (3 Years Annualised)

FUND COMPOSITION

<table>
<thead>
<tr>
<th>% OF FUND</th>
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<tbody>
<tr>
<td>37.4%</td>
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<tr>
<td>7.0%</td>
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<td>2.1%</td>
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<td>0.7%</td>
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<tr>
<td>12.0%</td>
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<tr>
<td>14.6%</td>
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<tr>
<td>2.1%</td>
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<td>1.0%</td>
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PRINCIPAL HOLDINGS as at 30/06/2016

<table>
<thead>
<tr>
<th>% HOLDING</th>
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<tbody>
<tr>
<td>5.5</td>
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</tbody>
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* The fund has exposure to African Bank instruments.
OLD MUTUAL BALANCED FUND

FUND MANAGER INFORMATION

Graham Tucker

QUALIFICATIONS:
BSc Actuarial Science (Hons)
CFA Charterholder

CURRENT RESPONSIBILITY:
Graham joined Old Mutual in 2000 and is the portfolio manager of MacroSolutions’ range of balanced funds. Before assuming this responsibility in 2014, he was portfolio manager on a number of aggressive funds, including Edge28.

In addition, Graham is MacroSolutions’ quantitative strategist, risk manager and a member of the asset allocation group. He is quantitatively driven and adds value through his ability to thoroughly test ideas prior to implementation.

PREVIOUS EXPERIENCE:
Prior to joining MacroSolutions, Graham was a quantitative analyst in the Quantitative Research Unit (QRU). There he gained experience in the various risk and data systems within Old Mutual Investment Group, and assisted the team leader with the optimisation procedures for the unit’s aggressive equity offering.

FUND COMMENTARY as at 31/08/2016

August started off calmly enough for local investors: the rand continued to strengthen, testing the R13.30 to the US dollar level, bond yields were moving lower, and local banks were continuing their recent good performance, both in absolute terms and relative to the local equity market. This suddenly changed as news emerged that Finance Minister Pravin Gordhan was instructed to appear before the Hawks, which suggested that his arrest was imminent. This news obliterated the calm, in a not too dissimilar manner to what we saw in December 2015 with Nenegate. The rand weakened sharply from the R13.30/US$ lows to end the month at R14.70/US$ (nearly a 10% move), bond yields rose by nearly one half of a percentage point and there was a selloff in local counters, such as banks and property, as the perceived riskiness of the country rose once more.

This increase in risk overshadowed some of the positive news in the month: signs are that risks today are more prevalent than usual. As such, we have adopted a more diversified portfolio, but have taken positions where we believe the assets to be relatively unaffected by these risks or where they are already largely priced in should these risks materialise. As alluded to earlier, returns will be more muted and volatile going forward, but given our philosophy and process we believe that we are well positioned to deliver good returns to our clients over the medium to long term. The world is dynamic and capable of changing rapidly – one needs to be in a position to alter your investments quickly should new information arise. We believe we’re well positioned to analyse the information and effect any necessary changes timely on your behalf.

We believe in the value of sound advice and so recommend that you consult a financial planner before buying or selling unit trusts. You may, however, buy and sell without the help of a financial planner. If you do use a planner, we remind you that they are entitled to certain negotiable planner fees or commissions. You should ideally see unit trusts as a medium to long-term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, we cannot guarantee the investment capital or return of your investment. How a fund has performed in the past does not necessarily indicate how it will perform in the future.

The fees and costs that we charge for managing your investment are disclosed 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.

Additional information on this proposed investment can be obtained, free of charge, from our public website or our contact centre.

We aim to treat our customers fairly by giving you the information you need in as simple a way as possible, to enable you to make informed decisions about your investments.

Funds are also available via Old Mutual Wealth and MAX Investments.

Helpline 0800 234 234 Fax +27 21 509 7100 Internet www.omut.co.za Email unittrusts@omut.com

We trust you will find our information useful and we look forward to meeting your needs.

Graham Tucker

Old Mutual Unit Trust Managers (RF) (Pty) Ltd (OMUT), registration number: 1965/004707/07 is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. OMUT is a member of the Association for Savings and Investment South Africa (ASISA). OMUT has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

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Issued: September 2016

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The fund has delivered good returns in recent months on the back of a more positive view on emerging markets and South Africa. While the news flow on South Africa turned negative in August, the Fund held up relatively well thanks to good trading and the addition of diversifiers in the portfolio. Longer term, the fund has delivered good returns, ahead of inflation and its average peer. This was, in part, due to the exposure to global assets, which benefited from a weaker currency, but also the overall level of growth assets in the portfolio. Looking forward, we remain of the view that this will be a challenging and volatile environment for achieving outsized returns. However, we believe we are well positioned to identify the opportunities and take advantage of the volatility in the markets.

Diversification remains key in the current environment. The fund has, in recent months, purchased gold, both the metal and the miners, in order to provide the fund with some protection should sentiment change, as it did in August with the re-emergence of SA specific risks. It’s still to be seen if this change is temporary or structural in nature. Our view remains that South Africa is entering a better environment from a macro perspective – inflation will be moving lower; the next move in interest rates should be down, in our opinion, the data supports an improvement in the current account and growth in the second quarter, albeit still very low and not necessarily sustainable, should be good. In this world of a better macro picture, but increased risk, we felt it prudent to somewhat reduce the exposure to South African assets and once again increase the global exposure in the fund.

Within the global portion of the fund, we maintain a sizeable exposure to equity. However, emerging markets are looking more attractive on a cyclical basis. Commodity prices have been improving, the US dollar has stopped strengthening and the currencies of these emerging markets are very weak (one need only think of the value of the South African rand), and valuations are relatively attractive. These factors bode well for emerging markets. As such, the fund has been moving away from developed markets towards emerging markets.

The South African equity market also gives one the opportunity to gain access to the global environment given the increase of the global footprint of the companies listed on the local exchange. While the fund maintains a significant exposure to many of these companies, either due to their opportunities (e.g. Naspers) or their defensive/diversification characteristics (e.g. British American Tobacco), we have been moving into locally focused equities. Banks look very cheap according to our metrics and offer an attractive dividend yield. The fund has also moved into select South African retailers that are offering good dividends into the future.

While there is always an element of uncertainty in the investments industry, our view is that risks today are more prevalent than usual. As such, we have adopted a more diversified portfolio, but have taken positions where we believe the assets to be relatively unaffected by these risks or where they are already largely priced in should these risks materialise. As alluded to earlier, returns will be more muted and volatile going forward, but given our philosophy and process we believe that we are well positioned to deliver good returns to our clients over the medium to long term. The world is dynamic and capable of changing rapidly – one needs to be in a position to alter your investments quickly should new information arise. We believe we’re well positioned to analyse the information and effect any necessary changes timely on your behalf.

Source: Old Mutual Investment Group as at 31/08/2016