HOW YOUR MONEY IS PROTECTED
OCTOBER 2018

For UK investments only

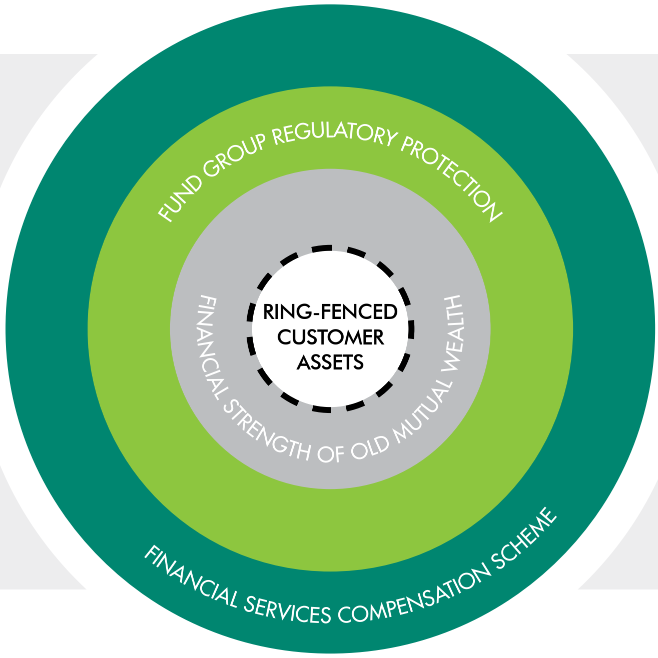
When you invest through a reputable product provider like Old Mutual Wealth there are a number of safeguards to protect your money in the highly unlikely event that the provider, or the manager of the funds you invest in, becomes insolvent. This document explains those safeguards for your peace of mind.

KEY POINTS

Whatever product you hold with us:

- your money and assets are segregated and ring-fenced from the company's own money and assets
- we and the fund groups you are invested in provide extensive financial reports to our regulators, so that they can be assured we have enough assets to meet our liabilities
- if all other protection fails, in most cases you would be protected by the Financial Services Compensation Scheme (FSCS).

PLEASE NOTE: Words in **bold** within the body copy of this text are explained further in the glossary at the end of this leaflet.



GENERAL SAFEGUARDS

STRICT SAFEGUARDS PUT IN PLACE BY REGULATORS

You know when you invest that you accept the risk that the value of your investments can go up or down. Yet you still want to be sure that your money is well looked after in the unlikely event that something goes wrong – both to prevent issues arising and assist a prompt and orderly resolution.

Fortunately, there are strict regulations which ensure that there are a number of safeguards in place. These schemes work differently depending on the products you invest through, as we will explain.

Because we make these regulations and customers' interests a priority in our business, you can be assured that Old Mutual Wealth is a well run, secure business. Remember that a protection scheme is only important when things go wrong.

OLD MUTUAL WEALTH

HOW FINANCIALLY SECURE IS THE PROVIDER?

The businesses that comprise Old Mutual Wealth (Old Mutual Wealth Ltd (OMWL), Old Mutual Wealth Life & Pensions Ltd (OMWLP) and Old Mutual Wealth Life Assurance Ltd (OMWLA)) are all UK regulated firms. This means that they must comply with the rules of the UK regulatory regime relevant to them.

Old Mutual Wealth is part of Quilter, a leading provider of advice, investments and wealth management both in the UK and internationally, managing £116.5 billion of investments on behalf of over 900,000 customers (as at 30 June 2018).

Key details in relation to these entities are:

- The Old Mutual Wealth UK **platform** is the second largest retail advised platform in the UK by **Assets under Administration (AuA)**[1] with £52.3 billion of AuA as at 30 June 2018.
- The Old Mutual Wealth UK **platform** is the most widely used platform among advisers with over 4,000 active third party UK advice firm relationships[2]. It had **gross sales** of £8.9 billion and **net client cash flows (NCCF)** of £4.5 billion as at 31 December 2017[3].
- Whilst credit/financial strength ratings may not reflect the potential impact of all risks related to a firm, independent financial services research firm, AKG, has awarded a financial strength rating of B+ ('Very strong') to OMWLP as at 16 March 2018 and OMWL as at 5 May 2017.
- OMWLP is well capitalised with a **solvency II ratio** of 156% as at 31 December 2017.
- OMWLA has been awarded an **AKG rating** of B+ ('Very strong') as at 16 March 2018, a **Fitch Insurer Financial Strength** rating of 'A' as at 23 November 2017 and a **Moody's Insurer Financial Strength** rating of 'A2' as at 4 July 2018. It is also well capitalised with a **solvency II ratio** of 146% as at 31 December 2017.

[1] *Source: Fundscape Q2 2018 report*

[2] *Source: Investment Trends UK Adviser Technology & Business Report, May 2018*

[3] *Source: Quilter plc 2017 full year results, 15 March 2018*

PROTECTION BY THE FINANCIAL SERVICES COMPENSATION SCHEME

The UK has a protection scheme, the Financial Services Compensation Scheme (FSCS), which covers customers of the UK Financial Services industry.

The FSCS is independent of government and the financial services industry, and was created under the Financial Services and Markets Act 2000 (FSMA). It is an industry-funded compensation scheme of last resort (there is no charge to individual customers to use the service), providing customers of UK authorised financial services firms with a safety net should the firm be unable to meet its financial obligations.

The availability of compensation depends on several factors:

- The type of product or investment you take out.
- Which party is unable to meet its obligations (e.g. Old Mutual Wealth or the manager of funds you choose to invest in or the deposit taker (bank) where we hold your cash).
- The country the investments are held in. If the investment is managed outside of the UK, you may be eligible under a compensation scheme in that country, or the manager may have bought-in to the FSCS scheme. You should speak to your financial adviser for further details where this is relevant to you.

SAFEGUARDS IF YOU HOLD AN ISA OR COLLECTIVE INVESTMENT ACCOUNT, PROVIDED BY OLD MUTUAL WEALTH LIMITED

In the unlikely event that Old Mutual Wealth Limited was unable to meet its obligations, there are a number of regulatory safeguards in place to protect investors' interests. These have been formalised by the Financial Conduct Authority (FCA) and include the following:

- Extensive financial reports are required to be provided to the UK financial regulator, the FCA, to help them ensure firms meet capital adequacy standards.
- Client money is held within statutory trust accounts (client money bank accounts), ring-fenced away from company assets.
- Regular reconciliations of cash (daily) and assets (monthly) by regulator designed/approved methodologies are conducted and are subjected to rigorous auditing. This ensures all customer cash and assets are accounted for and are where they should be.
- The firm is required to maintain a 'resolution pack' – essentially a living will – enabling an insolvency practitioner to promptly identify all money and assets and who they belong to.

What would happen if Old Mutual Wealth Limited were to become insolvent?

Were Old Mutual Wealth Limited (OMWL) to become insolvent, it is possible that its assets would be transferred to another financial services firm where they would continue to be invested on your behalf. This produces the minimum disruption to customers whilst generating a cash sum (the purchase price) for the insolvency practitioner to use to wind up the company.

If no buyer could be found, the insolvency practitioner would need to return cash and assets to investors. Insolvency rules allow the practitioner to use client assets to pay the costs of this return of assets, but not to meet liabilities to creditors. However, in the event that insufficient funds were available to pay their claim in full, whether due to the costs of distributing cash and assets, accounting error or fraudulent activity, eligible investors would be able to make a claim to the Financial Services Compensation Scheme (FSCS), up to a maximum of £50,000 per investor.

What would happen if a fund group became insolvent?

In the unlikely event that a fund management group with which you hold investments through OMWL, was unable to meet its obligations, the same safeguards and compensation arrangements as above would apply. FSCS compensation of up to £50,000 is applied on a 'per investor/per event' basis, so diversification of your investments across fund groups can further lessen any small potential risk of loss.

You should be aware that some fund groups operate under a number of trading names, but the FSCS cover would aggregate claims against all trading names within a marketing group (i.e. looking through to the underlying ownership).

If the fund you are invested in is operated outside of the UK, you may be able to claim compensation from a compensation scheme in that other country, or the fund may have 'bought into' the FSCS. Your financial adviser will be able to provide more information.

What would happen if one of the banks we use became insolvent?

Un-invested or client money (money waiting to be invested or to be paid to you as income or as the proceeds of a sale) is held in one or more ring-fenced client money bank accounts. The client money bank accounts are not available to the administrators should Old Mutual Wealth Limited fail, so should be available to you.

We seek to pay any cheques we receive into the client money bank account on the day of receipt, failing which they are held in a secure location until they can be banked.

In the event of the failure of one of the banks we use to hold these accounts, investors would be covered by the FSCS up to £85,000 per investor.

SAFEGUARDS IF YOU HOLD A COLLECTIVE RETIREMENT ACCOUNT OR COLLECTIVE INVESTMENT BOND, OR IF YOU HAVE ONE OF OUR OLDER PENSIONS, BONDS OR LIFE ASSURANCE CONTRACTS

The Collective Retirement Account and Collective Investment Bond are provided by Old Mutual Wealth Life and Pensions Limited (OMWLP), and the older pensions, bonds and life assurance products are provided by Old Mutual Wealth Life Assurance Limited (OMWLA).

Policyholder assets in these firms are segregated from Old Mutual Wealth's own assets in compliance with Prudential Regulatory Authority (PRA) regulations regarding the segregation of policyholder and shareholder funds.

All policyholder assets are subject to monthly reconciliation by regulator designed/approved methodologies. These reconciliations are subject to rigorous auditing and reported to the regulator, with material breaches notifiable without delay.

Both firms are required to prepare and publish a Solvency and Financial Condition Report (SFCR) each year for the UK regulator. This report details the financial position of the organisation and enables comparison with other life assurance firms' financial positions. You can access this document from our website www.oldmutualwealth.co.uk/financial-stability.

What would happen if OMWLP or OMWLA became insolvent?

In the event of liquidation, whilst the administrator/liquidator cannot use policyholder funds to meet claims by the firm's creditors, it can use them to pay its costs in distributing assets to policyholders. It is therefore beneficial to be invested with a large, strong firm where these costs would be distributed between a large number of investors, minimising the cost each investor might have to pay.

In the event of either business becoming insolvent, the FSCS would work with the FCA to secure continuity of cover through the transfer of holdings to, or the issue of substitute policies by, another firm.

The EU Solvency II Directive contains specific rules dealing with the winding up of insurance companies, meaning that policyholder claims take precedence over most others claims. Only if meeting these other claims means that the remaining assets are insufficient to meet policyholder claims in full would a policyholder need to call upon the FSCS.

The amount that can be claimed from the FSCS is up to 100% of the amount payable under the policies or contracts you have with the relevant firm, including outstanding life or critical illness claims, with no upper limit.

What would happen if a fund group became insolvent?

If you have invested into a fund group that goes into liquidation, then Old Mutual Wealth Life Assurance Limited and/or Old Mutual Wealth Life & Pensions Limited are unable to claim compensation from the FSCS on your behalf as you are not the legal owner of the funds. This is because the contract you have is known as a 'life policy'. Under this contract the company undertakes to pay you an amount based on the value of the assets held within the funds, which are owned legally by the relevant life company.

GLOSSARY

AKG rating - AKG is an independent organisation that provides a customer-focused assessment of a company's ability to maintain operational capability to meet the needs of customers. These ratings are specifically designed for use by advisers, working on behalf of these customers. AKG's financial strength ratings scale is A (highest), B+, B, B-, C, D (lowest).

AuA - Assets under Administration - This is the total amount of customer money that we look after and invest on their behalf. This is influenced by our **net client cash flow** and global stock market movements.

Fitch/Moody's Insurer Financial Strength (IFS) rating - Both Fitch and Moody's are leading credit rating agencies. IFS ratings are assigned to insurance and reinsurance companies and relate to the likelihood of the company being able to meet claim payments when due. They are used as a way of judging if the company is likely to remain solvent.

Their current ratings scales are shown below.

FITCH	AAA, AA+, AA, AA–, A+, A, A–, BBB+, BBB, BBB–, BB+, BB, BB–, B+, B, B–, CCC, CC, C
MOODY'S	Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2, Caa3, Ca, C

Gross sales - The gross cash inflows received from customers during the current reporting period. Typically this is a measure of how much new business is received.

Net Client Cash Flow (NCCF) - This is the difference between the amounts which new and exiting customers invest with us and the amounts which are being withdrawn.

Platform - This is the technology that facilitates the online administration of a pension, bond or investment product. The technology is used by both financial advisers and their clients to invest and manage their assets in line with the investors objectives. In the case of Old Mutual Wealth, our platform technology supports four products, two are administered by our platform business (Individual Savings Account and Collective Investment Account) with the remaining two products (Collective Retirement Account and Collective Investment Bond) administered by our life business, Old Mutual Wealth Life and Pensions Ltd.

Solvency II ratio - Solvency II focuses on the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. A Solvency II ratio is a key measure used to demonstrate the financial strength of a business to its stakeholders, including the regulator and its customers.

Please note that Old Mutual Wealth Limited, Old Mutual Wealth Life & Pensions Limited and Old Mutual Wealth Life Assurance Limited are separate legal entities that do not have any legal recourse to each other's assets or benefit from any form of mutual credit support, including guarantees. Similarly, they do not have any legal recourse to the assets of, or benefit from any form of credit support, including guarantees, from Quilter plc or other entities in the Quilter group, and vice versa.

Where we use the term 'platform' in this document, this means Old Mutual Wealth's technology platform, which hosts collective investments and ISAs as well as bonds and pensions products.

www.oldmutualwealth.co.uk

Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.

Old Mutual Wealth is the trading name of Old Mutual Wealth Limited which provides an Individual Savings Account (ISA) and Collective Investment Account (CIA) and Old Mutual Wealth Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

Old Mutual Wealth Life Assurance Limited, Old Mutual Wealth Limited and Old Mutual Wealth Life & Pensions Limited are registered in England & Wales under numbers 1363932, 1680071 and 4163431 respectively. Registered Office at Old Mutual House, Portland Terrace, Southampton SO14 7EJ, United Kingdom.

Old Mutual Wealth Life Assurance Limited and Old Mutual Wealth Life & Pensions Limited are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Financial Services register numbers are 110462 and 207977 respectively.
Old Mutual Wealth Limited is authorised and regulated by the Financial Conduct Authority with register number 165359.
VAT number for all above companies is 386 1301 59.

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