

Wealth Management Presentation 2012

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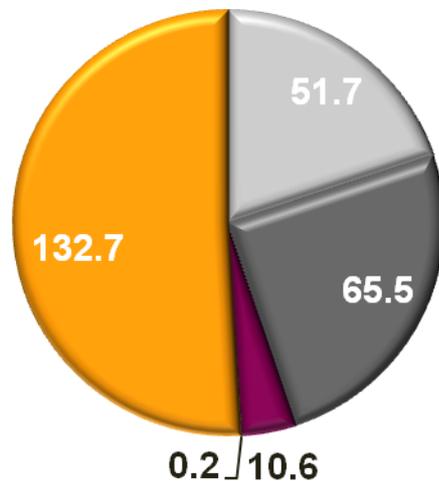
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Wealth Management is an important contributor to the Old Mutual Group

Funds under Management in core operations at 30 June 2012

- Emerging Markets
- Wealth Management
- Nedbank
- Mutual & Federal
- USAM

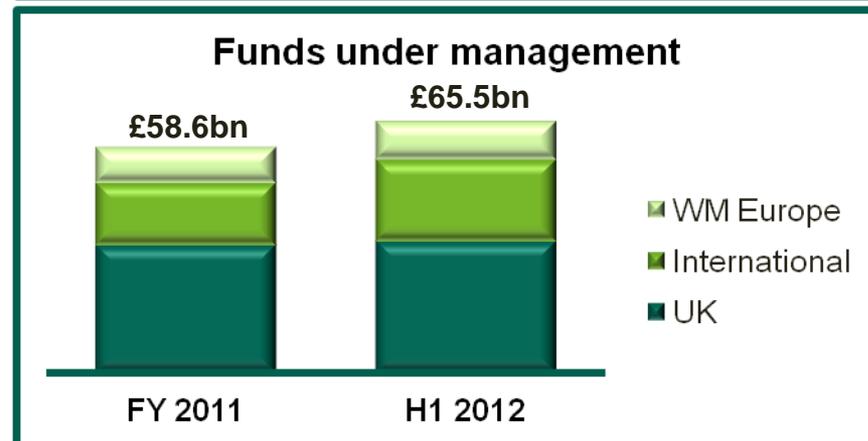
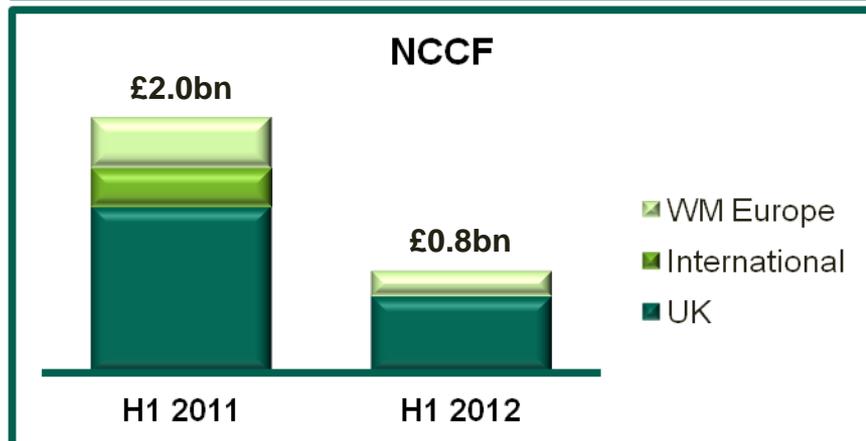
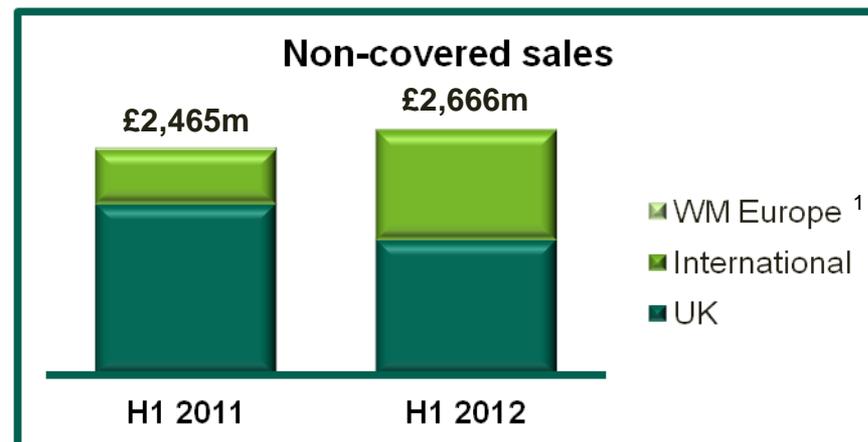
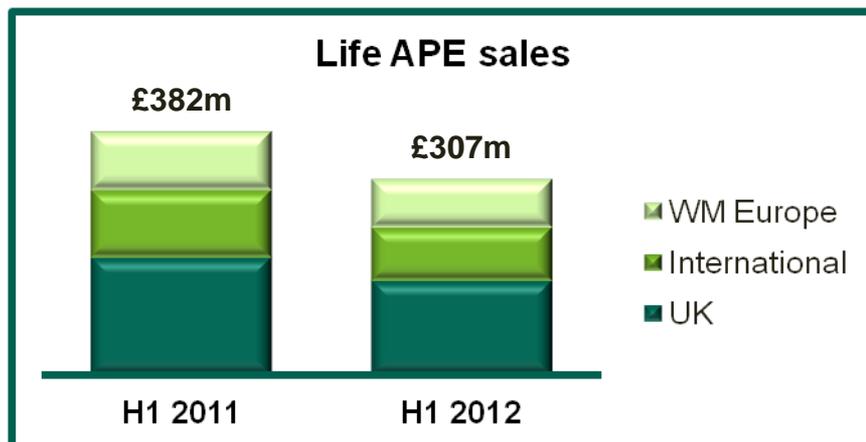


2011 adjusted operating profit (£m)¹



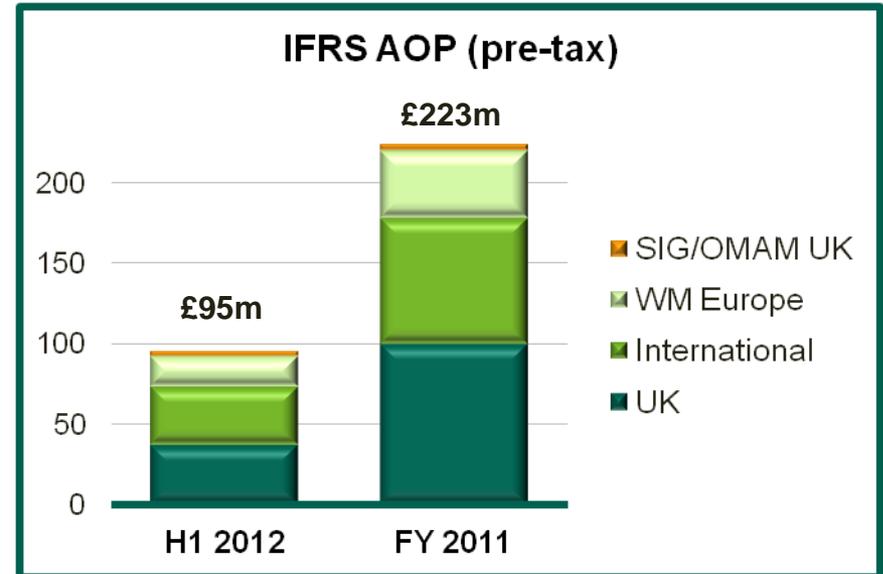
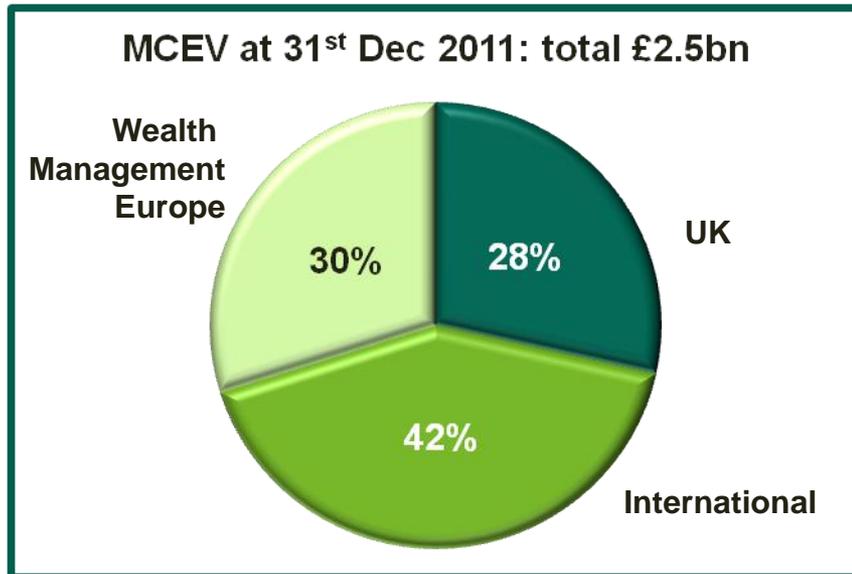
1. Pre-tax and non-controlling interests

Profile of Old Mutual Wealth Management



1. Non-covered sales in Wealth Management Europe: H1 2012 £19m, H1 2011 £19m

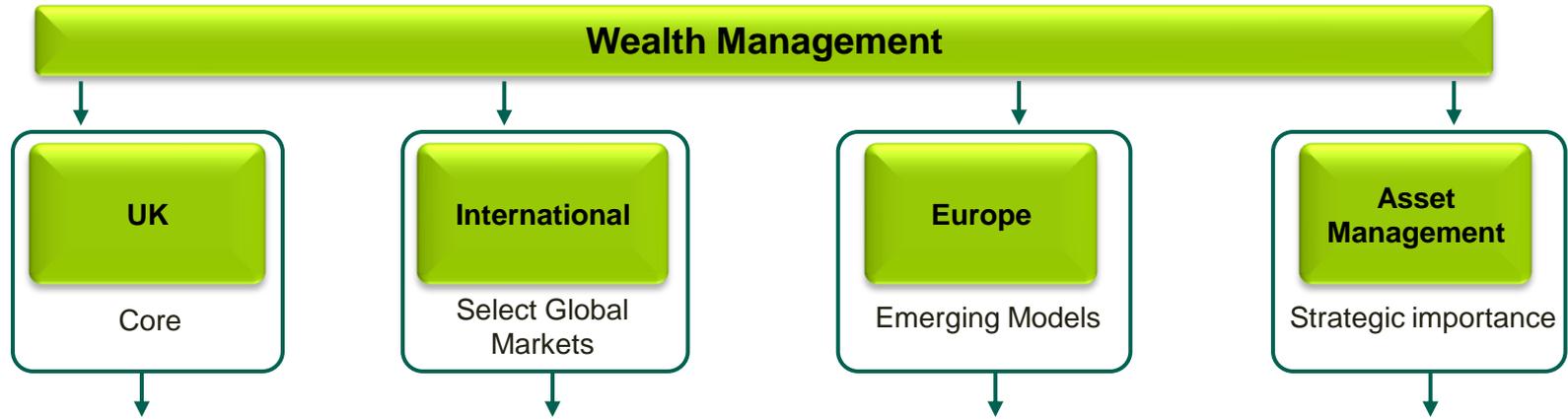
Profile of Old Mutual Wealth Management



Wealth Management operating against a 12-15% RoE target

FY 2010	FY 2011	H1 2012	Target
15%	16%	14%	12-15%

Wealth Management: current & future dynamics



Current market dynamics

- Significant regulatory change
- Platform market growing & competition is increasing

- High margin, driven by tax efficiency of offshore product

- Constrained economic growth & Eurozone uncertainty
- Bank distribution

- Investment performance & demand impacted by economic conditions

Future market dynamics

- Reducing platform margins
- Baby boomer retirement
- Active consumers & multi-channel

- Increased global mobility & need for international solutions
- Increasing regulatory and local anti-tax avoidance pressures

- Platform models growing

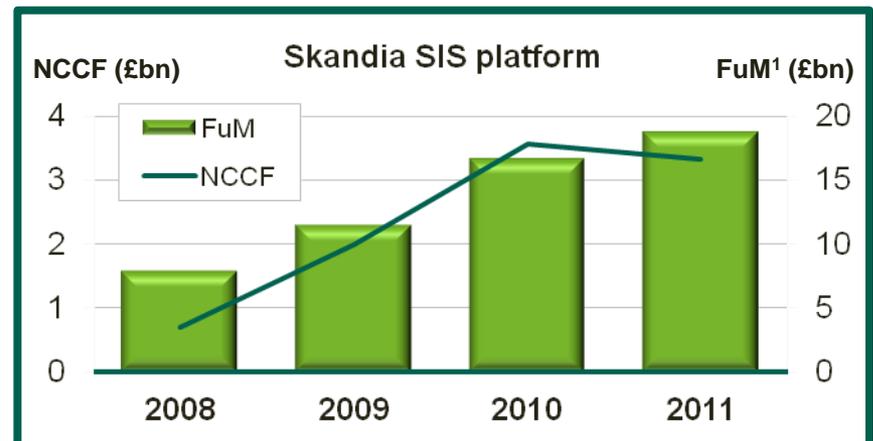
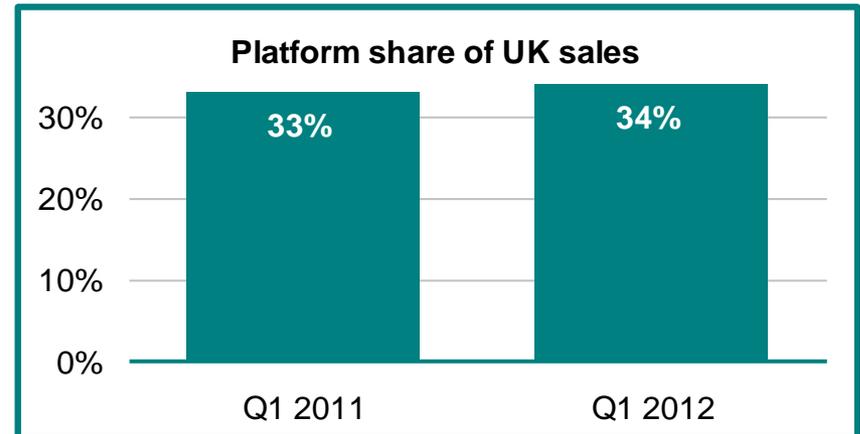
- Increased power in value chain
- Increased need to focus on end investor

Key strategic drivers

1. Broaden product breadth (Asset Management, Retirement, Protection)
2. Increase operational efficiency

The strength of our UK platform supports growth prospects in Wealth Management

- We have the largest retail investment platform in the UK:
 - a leading platform in the largest segment of a growing market
 - customer-driven approach
- Underlying shift towards platforms from traditional life & pensions
- UK platform market c. £190bn (Q2 2012)
- >90% of IFAs use platforms
- Some sub-scale platforms may not survive RDR
- Emergence of restricted models post-RDR creates new opportunities

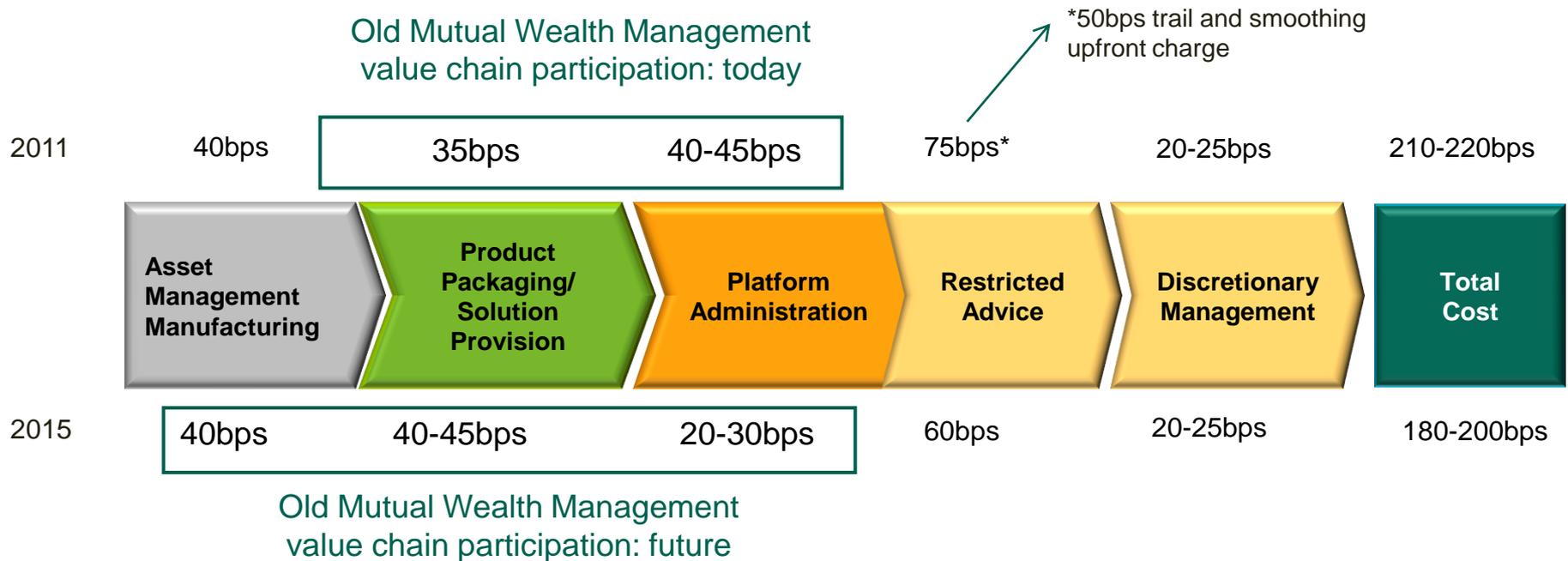


Opportunities exist to grow in new segments

Product	New areas of opportunity
Retail investments	<ul style="list-style-type: none">❑ Cost-effective platform alternative for restricted advice and non-advised investments (smaller non-cash ISAs etc)❑ Downside protection solutions❑ Discretionary portfolio management service❑ Shares trading and index funds
In and at retirement	<ul style="list-style-type: none">❑ Market & customer segment relevant income funds and externally sourced annuities❑ Cross-wrapper income tools & draw-down functionality
Life insurance & critical illness	<ul style="list-style-type: none">❑ High value cover for on-shore and off-shore wealthy customers, business assurance and inheritance tax planning: highly profitable and capital efficient❑ On-platform cover options, interacting with fund balances: rapid growth trend in Australia post “RDR”: opportunity also in offshore markets

A strong asset management capability enables additional margin capture

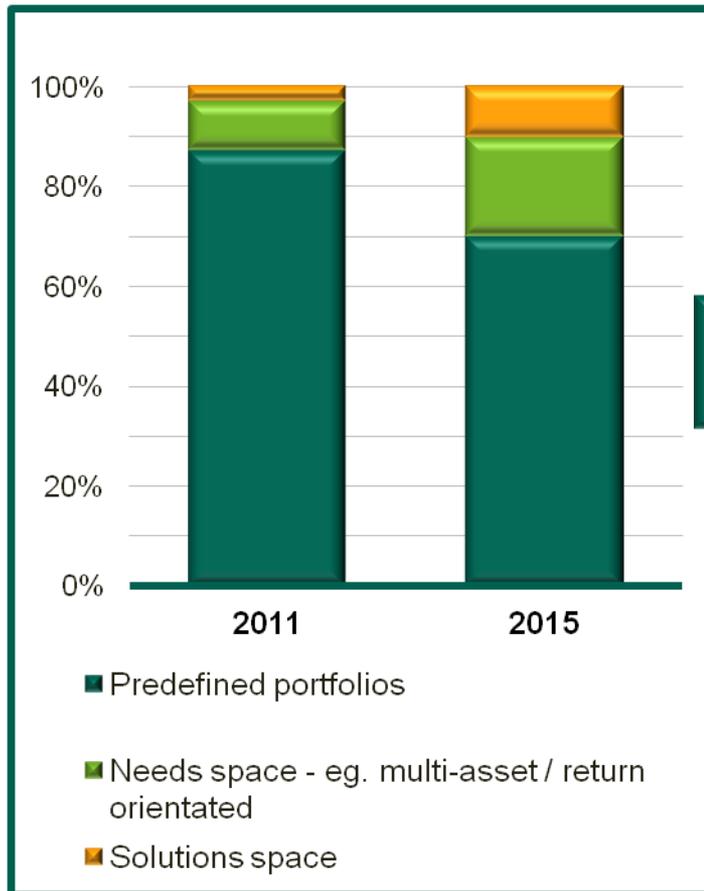
Illustrative industry margins across the value chain¹: Active management



Our future: A wealth management business powered by asset management

1. Internal estimates

Asset Management 2015: multiple capabilities required



OM approach

Promote solutions strongly
(SIG capability)

Develop multi-asset offerings
(return orientated)

Promote and further develop core
building blocks
(OMAM capability)

Building improved asset management capability

- Combining OMAM UK with Skandia Investment Group (SIG)
- Two strong, well-respected and complementary businesses



- Investment engine behind Wealth Management
- Well placed for Retail Distribution Review
- Basis to drive future growth through internal & external distribution partners

Skandia International manufactures cross-border solutions from multiple bases

Flexible wealth management propositions...

- Full open-architecture investment plus packaged solutions
- Portfolio bonds and linked fund products
- Trust wrappers

For high-end affluent and HNW customers...

- International expats & selected locals
- ...through quality advisers...
- Local and global

Sourced from:

- IoM
- Ireland

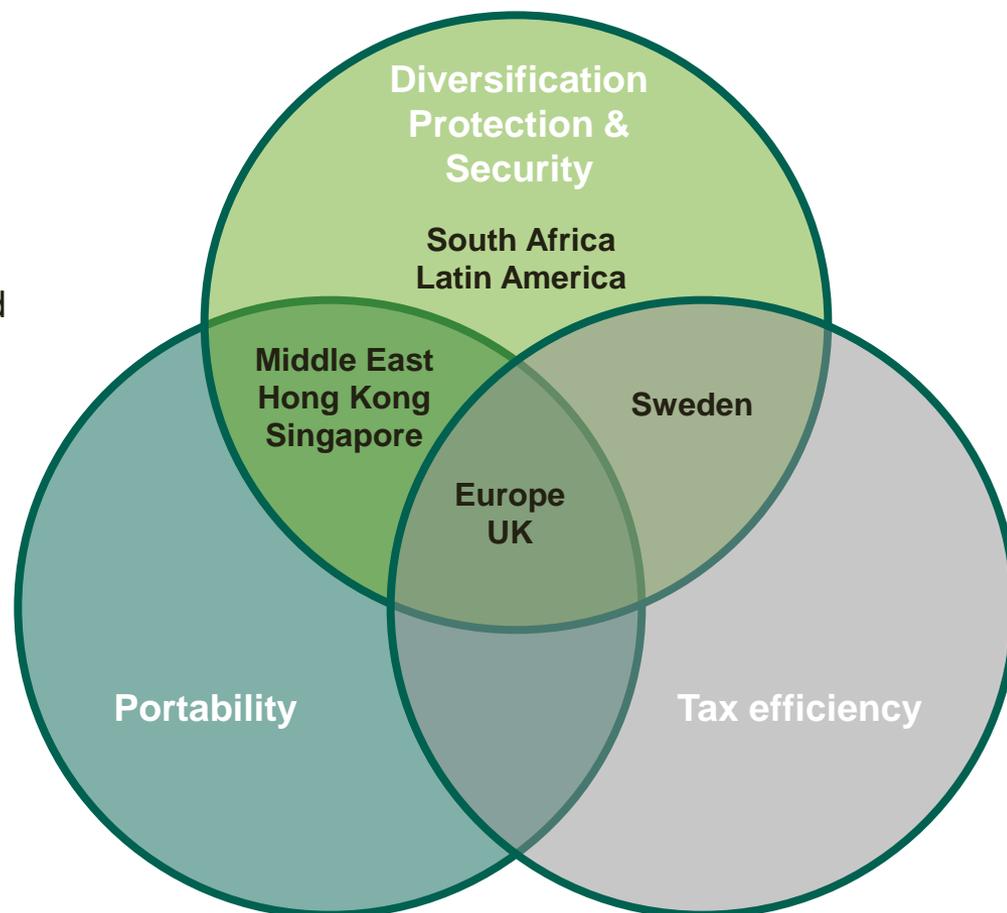
Currently in these markets...

- Middle East
- Far East
- Latin America
- Nordics
- South Africa
- UK
- Europe



Reasons for investing in offshore products

- ❑ **Convenience**
Simplified trading and reporting for wide investment portfolio
- ❑ **Portability**
Access wherever the customer is domiciled subject to territoriality criteria
- ❑ **Diversity**
Full open-architecture investment solutions
- ❑ **Protection and control**
of assets and beneficiaries via trusts
- ❑ **Security**
Offshoring for stability compared to local domicile e.g. currency, economic, austerity measures
- ❑ **Tax efficiency**
Tax efficiency/estate planning



Strategic developments in International

Our primary development focus is Wealth Interactive – a web-interfaced administration and trading system that brings a significant increase in functionality to the business

Wealth Interactive benefits	Protecting current markets	Improving our service & capabilities	Leveraging across WM and OM
Improved automation and straight-through processing – increased efficiency and reduced breakage	✓		
Improved product and service proposition	✓	✓	
A base for other OM businesses to build from – including multi-entity, time zone, currency and language		✓	✓
Quick, nimble, cost-effective new market entry and expansion		✓	✓
Create a base for a direct offering in multiple markets using existing services and core systems functionality			✓

Summary

- ❑ Tough economic conditions affecting current sales momentum
- ❑ Short-term market challenges, but also new opportunities playing out over medium to long term
 - Baby boomers
 - Investors more involved
 - Increased global mobility
 - Structural shifts in value chain
 - Wealth management products converging across markets
- ❑ Product development and asset management capability key
- ❑ Cost efficiency remains important
- ❑ 15% ROE target

SIMPLIFY

UNIFY

GROW

APPENDIX

Customer asset allocation across Wealth Management

	HY 2012	Directional development since FY 2009
Fixed interest	31%	
Equities	52%	
Property	2%	
Cash	10%	
Other ¹	5%	
	100%	

1. Other represents seed capital

Contacts

For further information on Old Mutual please visit the Old Mutual website: www.oldmutual.com/ir

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