

**Smoothed Bonus  
Quarterly Report**  
Fourth Quarter 2025

“With us the  
safest distance  
between two  
points is also the  
smoothest”





# Review of the last quarter



**Waseema Hassen**

Technical Marketing:  
Investment Deal Maker  
Momentum Corporate

## Dear valued investors

The fourth quarter of 2025 was influenced by several global and local trends that had been developing throughout the year. Global economic growth proved stronger than expected, even as trade protectionism increased. Tariffs became a structural feature of global policy, unsettling markets and prompting supply chain realignment without tipping the world into recession. Strong domestic demand helped support growth, with resilient labour markets and adaptive firms. Persistent trade fragmentation, heightened political risk in the United States (US), and ongoing fiscal and policy adjustments in South Africa (SA) remained central drivers of market sentiment.

In the US, trade policy continued to move in a more protectionist direction. The broader scope of tariffs unsettled markets, raising concerns around global inflation, investment flows and the ability of economies to operate in a fragmented trading environment. Although higher tariffs have increased US government revenues, customs duties still account for less than 2% of total revenues and are insufficient to meaningfully address the country's growing debt burden.

Political risk came sharply into focus during the quarter as record polarisation in the US culminated in the longest government shutdown in history, beginning in October 2025, negatively affecting investor sentiment. Government spending was halted, essential services were disrupted, and concerns around the debt ceiling and fiscal sustainability resurfaced. Rising debt-servicing costs and age-related spending pressures continue to cloud the US's long-term fiscal outlook, while deep political divisions make long-term budget reform unlikely.

Global growth remained more resilient than expected, despite the fractured trade backdrop. Trade volumes held up better than anticipated as companies redirected trade and shipped goods through alternative routes. Domestic demand was supported by steady employment and consumer spending. However, momentum softened toward year-end as the negative effects of trade disruptions and the US government shutdown filtered through to weaker economic activity, tempering earlier expectations of a "no-landing" outcome.

SA benefited from strong commodity prices, with higher gold and platinum prices alongside lower oil costs, helped protect the economy from global shocks and supported the rand. These factors improved SA's terms of trade and supported local financial markets.

Consumer pressures remained moderate. Stable inflation expectations, a stronger rand, and lower oil prices helped keep the cost-of-living under control. This favourable external environment helped limit imported inflation, allowing consumers to maintain their purchasing power despite global trade disruptions.

A stronger rand, together with a weaker US dollar and lower oil prices, created a favourable backdrop for the shift toward a lower 3% inflation target and improved the longer-term outlook for inflation stability, borrowing costs, and consumer purchasing power. Inflation remained well-contained within the revised 3% target range.

The quarter ended positively for SA's fiscal position. Fiscal discipline was rewarded with S&P Global upgrading South Africa's sovereign rating in December 2025. SA was also removed from the Financial Action Task Force greylist, reflecting improved public finances and stronger investor confidence.



SA financial markets performed well in the fourth quarter of 2025. The FTSE/JSE All Share Index continued to show solid performance with a return of 8,10%. The FTSE/JSE Resources Index returning 10,29% and the FTSE/JSE Financials Index, gaining significant momentum compared to the previous quarter, returning 18,44% for the quarter ended 31 December 2025. The Industrials sector detracted slightly, with the FTSE/JSE Industrials Index returning -1,21%. Fixed income assets offered stable returns. Nominal bonds outperformed inflation-linked bonds as yields fell, the All Bond Index gained 8,96% and inflation-linked bonds were up by 8,33%. Listed property benefited from lower borrowing costs and improved earnings. Money market returns lagged due to continued interest rate cuts.

Sharp rand appreciation on the back of rising gold and platinum prices and a weakening US dollar helped SA assets outperform global assets for local investors in 2025. The rand strengthened against the US dollar by 3,85%.

For further market and economic insights, refer to the analysis by Herman van Papendorp and Sanisha Packirisamy of Momentum Investments' macro research team on page 9.

## Momentum Corporate Smoothed Bonus Portfolios

The Momentum Corporate smoothed bonus portfolios delivered strong investment performance for yet another quarter, for the quarter ended 31 December 2025, evidencing our robust performance and solid underlying asset positioning.

Local assets, particularly equities, were significant contributors to positive returns in this quarter, supported by a strong rally in resource stocks and boosted by a weaker US dollar that reduced the drag from global exposure. Local listed property also contributed positively and the portfolio marginally trailed its strategic benchmark over the quarter. Global equities added further positive returns to the overall portfolios.

**As of 31 December 2025, all portfolios remain fully funded and positioned to deliver reliable short to long-term returns. Looking ahead, we anticipate continued market volatility influenced by global trade policies and domestic economic reforms. We remain committed to navigating these challenges and opportunities with you to achieve long-term investment objectives.**

Kind regards

**Waseema Hassen**



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**Ryan Olivier**

Product Specialist  
Structured Solutions

## The **4% Rule** from a **South African** perspective

The 4% Rule is a simple and widely known retirement income guideline, developed by US financial planner William Bengen in 1994. By stress testing withdrawal strategies against decades of US financial market data from the 1920s onward, Bengen showed that for a retiree invested in a balanced portfolio, a 4% initial withdrawal rate, with annual inflationary adjustments, was the maximum sustainable rate that would see their portfolio last through even the toughest market periods like the Great Depression. This article explores whether this “rule of thumb” make sense for South African retirees, given the very different local retirement landscape.

## South African challenges

The biggest challenge to the 4% Rule in South Africa is that many retirees simply cannot, or do not, save enough during their employment years to start off their retirement income drawdown on just 4% of their total retirement savings at retirement. If a retiree's essential living expenses exceed the inflation-adjusted equivalent of 4%, they will inevitably withdraw what they need and prioritise immediate needs, like healthcare and food, over the longevity of their retirement savings. An annual study by ASISA confirms this, as the average drawdown rate for living annuities have generally hovered below 7% in recent years, with the exception of 2024, which showed a decline in withdrawal rates to 5,6%. For these retirees, with limited retirement savings, life annuities with higher starting payouts or living annuities with higher initial drawdown rates are often used to meet their income needs.

In addition to the lack of sufficient retirement savings, South African retirees face additional challenges in the local investment landscape that do not align with the assumptions used in Bengen's 1994 study:

- **Asset allocation restrictions:** Although living annuities are mostly not subject to the asset allocation limits of Regulation 28 (Pension Funds Act), which restricts retirement funds to 45% offshore exposure, some providers of living annuities may impose caps on offshore investments, reducing diversification opportunities and increasing reliance on local markets. Sluggish performance of the local stock market could reduce the ability of the retiree's portfolio to grow in real terms. This strong South African bias in many living annuity portfolios is in stark contrast with the 100% US market exposure assumed in Bengen's study.
- **Market concentration:** The South African stock market is notably concentrated with a significant portion of the total market capitalisation dominated by a small number of large-cap stocks. This limited selection of highly liquid assets reduces diversification opportunities for local investors and can reduce the portfolio's ability to deliver consistent returns over the long term. Again, in contrast to Bengen's study, the South African retiree does not have access to the same breadth and depth of assets that US investors enjoy.
- **Currency and inflation risks:** While Rand depreciation increases returns on global assets, it reduces local purchasing power for imported essentials like medicine, which are especially important for retirees as they age. As such, the living costs of South African retirees often outpace headline CPI, meaning that the 4% Rule's annual inflation adjustments are likely insufficient for retirees. Retirees would require adjustments above CPI each year, which is more than what was assumed in Bengen's study.

Taking these factors into account questions the feasibility and appropriateness of the **4% Rule** in the South African context.

## The reality of retirees who used the 4% Rule

Theory aside, what happens when South African investors retire right before markets crash? This section evaluates the financial position of three retirees who retired right before the Asian Debt Crisis (1998), the Dotcom Bubble (2000), and the Global Financial Crisis (GFC - 2008). A period of 200 months was evaluated, which falls short of the desired 360 months as per Bengen's study (due to the periods being considered). Two examples will be shown below:

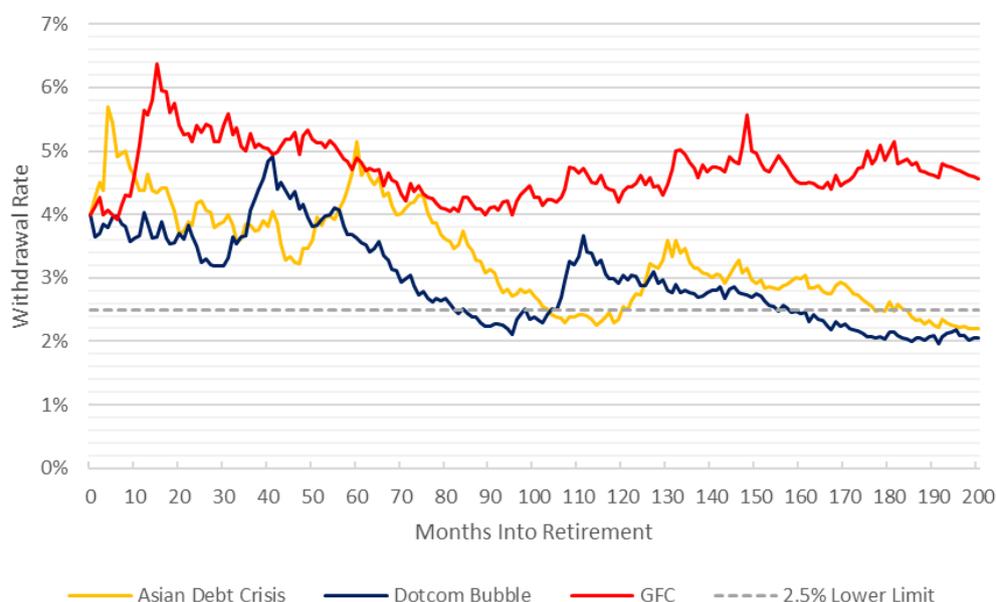
- 1. The ideal scenario:** the retirees start with the suggested **4%** initial withdrawal rate with annual **CPI** adjustments.
- 2. The realistic scenario:** the retirees start with a **6,5%** initial withdrawal rate (average drawdown rates based on ASISA statistics over the past 5 years) with an annual **CPI+1%** adjustment (to account for higher than CPI increases in cost of living for retirees).

For these scenarios the retirees began retirement with the same benchmark portfolio – a composite index portfolio reflecting the relevant asset allocation restrictions over time – with returns that are net of an all-inclusive 1% fee.

### The ideal scenario

The chart below shows that, although each retiree's journey was different, their 4% initial drawdown rates and annual adjustments were prudent enough to eventually maintain sustainable drawdown rates over the longer term and not run out of money.

#### Effective Withdrawal Rate Over time



\*Note: the 2,5% withdrawal rate floor in living annuities was ignored for the illustration above.

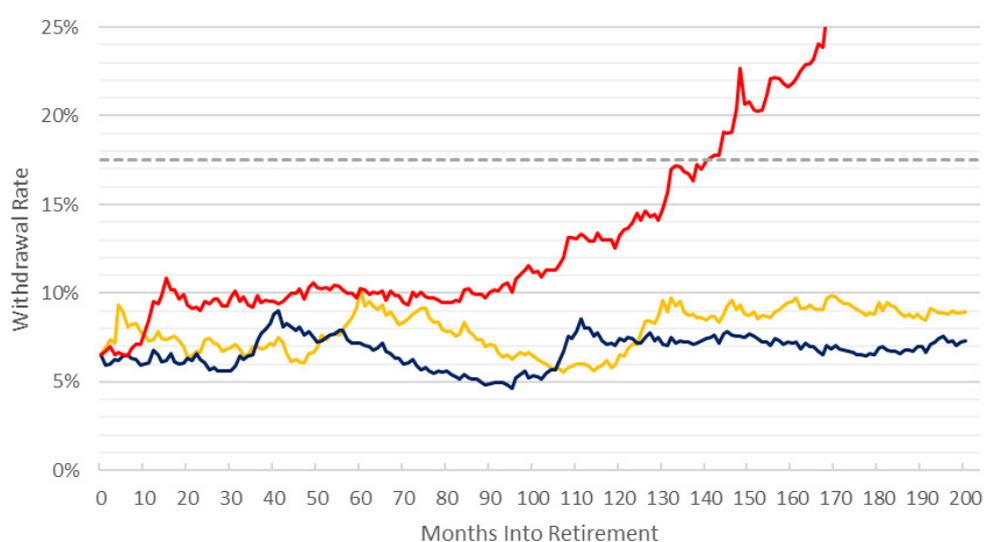
As shown above, some withdrawal rates settled to below 4% after 200 months, indicating that these portfolios could potentially sustain the full 360-month planned retirement period (although this cannot be guaranteed). This demonstrates that the 4% Rule has held up reasonably well (if followed closely), even under some of the toughest market conditions.

<sup>1</sup> The composite index portfolio consists of the appropriate indices for SA equity, SA bonds and Global equity, where data for that index was available.

## The realistic scenario

In contrast to the healthy outcomes observed in the ideal scenario above, the reality for many South African retirees looks significantly different. Unlike the Asian Debt Crisis and Dotcom Bubble retirees, those who retired just before the GFC have already faced financial ruin. Under this more realistic scenario, their portfolios reached the 17,5% drawdown cap within the first 12 years, forcing them into significant lifestyle sacrifices almost halfway through their planned 30-year retirement.

### Effective Withdrawal Rate Over time



*\*Note: the 17,5% withdrawal rate ceiling in living annuities was ignored for the illustration above.*

This example highlights how a living annuitant in South Africa who initially started with a 4% drawdown could eventually require withdrawals that exceed the 17,5% regulatory limit, a situation that is not feasible under the current rules, to maintain their standard of living. At that point, the bequest motive, which is often cited as a key selling point of living annuities, becomes secondary to the retirees' immediate needs.

## Unrealistic for some but useful for all

The 4% Rule is not a one-size-fits-all solution. While it has its limitations and is not feasible for many South Africans, it remains a valuable guideline for those who can afford to follow it. However, retirees must understand its limitations and consider alternative strategies, such as investing part of their savings into a smoothed bonus solution that offer downside protection, should the 4% Rule not meet their retirement income needs. This is where engaging with a financial adviser becomes vital, ensuring that the chosen retirement solution is tailored to each retiree's financial situation, risk tolerance and their long-term objectives.

To see how smoothed bonus portfolios can help manage sequence of returns risk in adverse market conditions, see this [article](#).



# Momentum Investments market commentary for the quarter ended **31 December 2025**

by Sanisha Packirisamy and  
Herman van Papendorp

## Key economic outlook takeaways

- South Africa's (SA) economy is expected to have expanded by around 1.2% in 2025, with growth projected to improve further to about 1.6% in 2026, marking a steady upward trend from the 0.5% outcome recorded in 2024. Local inflation is expected to drift slightly higher in 2026 due to base effects. But at an expected average of around 3.5% it should remain comfortably within the new 3% target with a  $\pm 1$  percentage point tolerance band, which should provide scope for the SA Reserve Bank (SARB) to support growth by cutting interest rates further without compromising price stability. The rand is supported by firmer domestic fundamentals, ongoing terms-of-trade benefits from the combination of firm gold and platinum prices and a low oil price, as well as a soft United States (US) dollar. For a detailed economic outlook by our chief economist, Sanisha Packirisamy, please [click here](#).

## Key market review takeaways for 2025

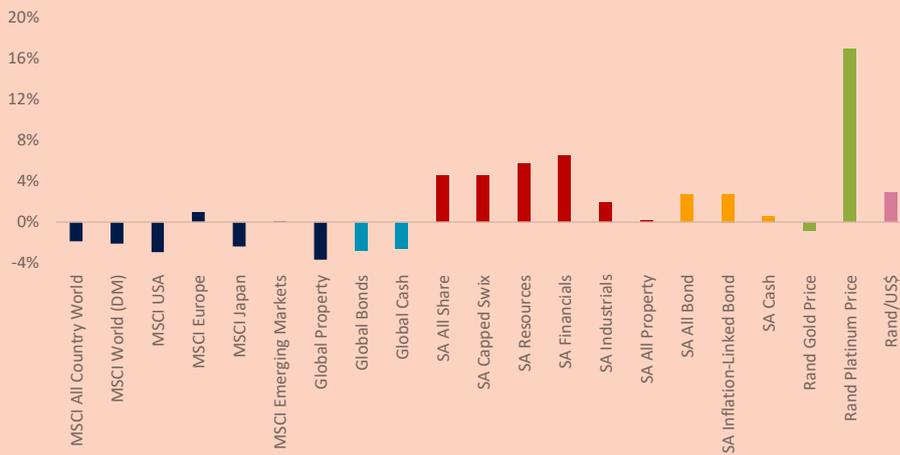
- Despite the heightened uncertainty induced by the second Trump presidency, 2025 turned out to be an exceptional year for SA investors due to rampant Platinum Group Metals (PGM) and gold prices, with broad-based strong absolute returns generated across asset classes, particularly among the local assets.
- Sharp rand appreciation on the back of rising gold and PGM prices and a weakening US dollar helped SA assets to provide superior returns relative to global assets for local investors in 2025. Within the global asset space, equities outperformed fixed income in 2025, with emerging market (EM) equities outshining developed market (DM) equities and Europe providing the best returns within DMs. Global cash was the worst-returning asset class in the year as interest rate cuts by central banks eroded returns.
- Although the strong showing by the SA resources sector was the predominant reason SA equities were the best-performing main asset class in 2025, the SA financial and industrial sectors also played positive supporting roles, as the SARB cut interest rates and bond yields fell sharply. SA nominal bonds firmly outperformed inflation-linked bonds (ILBs) in 2025. SA listed property provided higher returns than the local fixed-income asset classes in 2025, on the back of the geared impact of lower local bond yields and accelerating earnings momentum. Cash was the clear lagging SA asset class in the year, as returns were eroded by local interest rate cuts.

# Key financial market outlook takeaways

- Anticipated rising US inflation, fiscal stimulus measures, Federal Reserve (Fed) rate cuts amidst a potential threat to Fed independence, together with higher and more synchronised global regional profit growth in 2026, fundamentally favour global equities over bonds. Although US equities appear expensive compared to US bonds, they are likely to remain well supported as long as profit growth stays robust within a soft-landing environment. We have a cautiously constructive outlook for local asset class performance in 2026, underpinned by anticipated further rate cuts and modest growth acceleration from a low base. SA's recent strong equity performance may help revive long-dormant foreign investor interest, as has already been seen in the SA bond market. With solid profit momentum, SA equities continue to screen attractively relative to global peers and to their own historical valuations. For our detailed financial market outlook, please [click here](#).

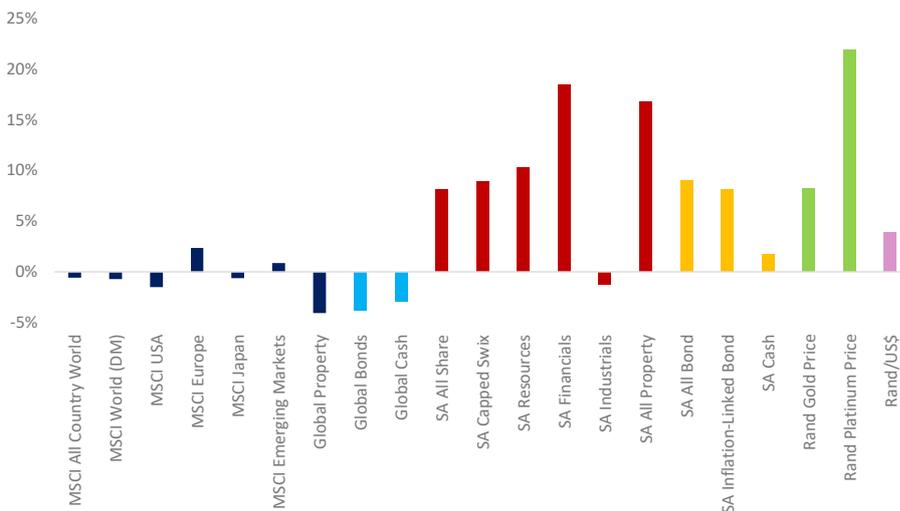
## Asset class returns

Chart 1: Month to end of December 2025 - rand returns in %



Source: Momentum Investments, various sources

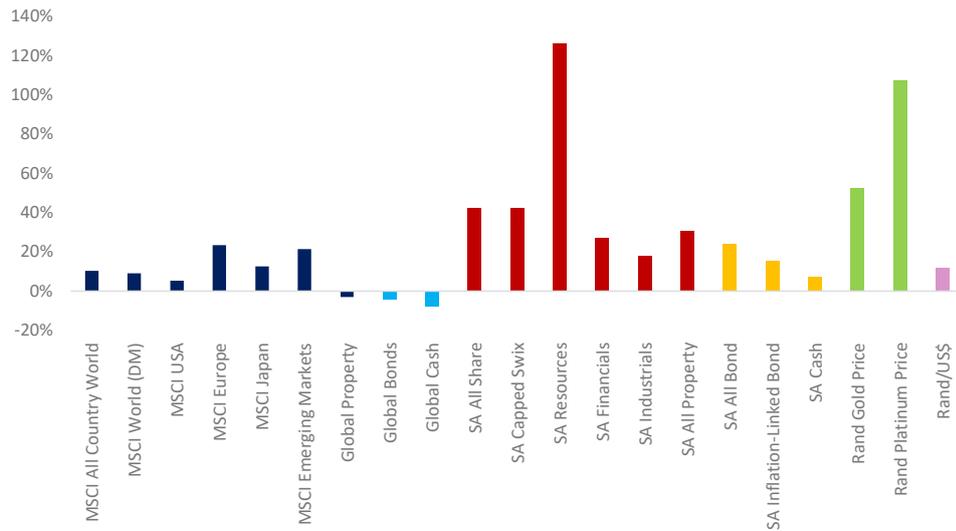
Chart 2: Three months to end of December 2025 - rand returns in %



Source: Momentum Investments, various sources

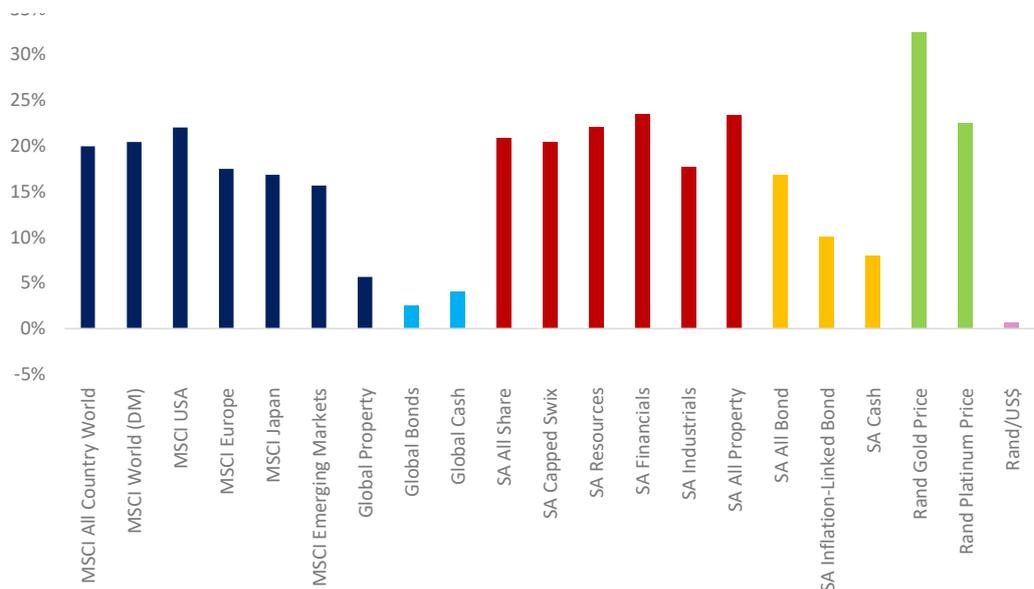


**Chart 3: Year to end of December 2025 - rand returns in %**



Source: Momentum Investments, various sources

**Chart 4: Three years to end of December 2025 - rand returns in %**



Source: Momentum Investments, various sources



## Despite Trumpolitics, 2025 was an exceptional year for SA investors due to rampant PGM and gold prices

The platinum ETF was the strongest-performing asset class in both December and the fourth quarter of 2025 (4Q25) despite an appreciating rand, as supportive supply-demand fundamentals and the commodity's increasing investment appeal as an alternative diversifier to gold in portfolios supported dollar platinum prices.

SA asset classes outperformed global assets in December and the 4Q25, partly due to commodity price-induced rand strength. Amongst global assets, equity returns outpaced those from fixed income in both December and 4Q25 as the Fed continued to cut interest rates, with global property providing the worst returns of all asset classes. Of all the main DM equity markets, only Europe gave higher returns in December and 4Q25 than EM equities.

Within SA asset classes, nominal government bonds provided slightly higher returns than equities and ILBs in the fourth quarter, with SA cash the clear return laggard. Falling local policy rates and bond yields made SA financials the equity sector winner in the fourth quarter, although sharp commodity price rises (particularly PGMs) also supported the resources sector. In sharp contrast, SA industrial shares gave negative returns in the quarter. SA listed property was the best-performing local asset class after the platinum ETF in 4Q25, driven by falling bond yields and positive profit momentum in the sector.

Despite the heightened uncertainty induced by the second Trump presidency, 2025 turned out to be an exceptional year for SA investors due to rampant PGM and gold prices, with broad-based strong absolute returns generated across asset classes, particularly among local assets.

The sharp rises in PGM, and to a lesser extent, gold prices in 2025 made the SA resources sector the standout return performer in the year. Ongoing geopolitical uncertainty throughout the year, rising expectations for Fed rate cuts, worries about the future independence of

the Fed and a weakening US dollar supported gold prices and later PGM prices as an alternative to gold. Platinum also benefited from lowered expectations for future electric vehicle demand and its likely partial substitution by hybrid vehicles. Although the strong showing by the SA resources sector was the predominant reason SA equities were the best-performing main asset class in 2025, the SA financial and industrial sectors also played positive supporting roles, as the SARB cut interest rates and bond yields fell rapidly.

SA nominal bonds firmly outperformed ILBs in 2025 on the back of downside inflation surprises, the introduction of a lower inflation target and a decline in SA's sovereign risk premium as the country was removed from the Financial Action Task Force's (FATF) greylist and SA's sub-investment grade sovereign rating was upgraded by S&P rating agency. These developments increasingly enticed foreign investor flows into the SA bond market as the year unfolded. SA listed property provided higher returns than the local fixed-income asset classes in 2025, on the back of the geared impact of lower local bond yields and accelerating earnings momentum. Cash was the clear lagging SA asset class in the year, as returns were eroded by local interest rate cuts.

Sharp rand appreciation on the back of rising gold and PGM prices and a weakening US dollar helped SA assets to provide superior returns relative to global assets for local investors in 2025, with only local cash lagging global equity returns. Within the global asset space, equities outperformed fixed income in 2025. Global equities were underpinned by resilient economic growth and profits, AI optimism, falling policy rates and a prevailing risk-on investor sentiment, with EM equities outshining DM equities and Europe providing the best returns within DM. Global cash was the worst-returning asset class in the year as interest rate cuts by central banks eroded returns.



## Houseview summary (Our view for the year ahead)

**Sanisha  
Packirisamy**

Chief Economist



### Growth

SA's economy is expected to have expanded by around 1.2% in 2025, with growth projected to improve further to about 1.6% in 2026, marking a steady upward trend from the 0.5% outcome recorded in 2024. Growth in household consumption should ease slightly but remain resilient, supported by firmer real wage growth, marginally better consumer sentiment, and solid wealth gains from housing and equity markets. Fixed investment is likely to pick up as energy reforms progress and logistics gradually recover. A tougher global trade environment will still weigh on exports, but overall momentum should be modestly stronger than in 2025.

### Inflation

Headline inflation is expected to drift slightly higher in 2026 due to base effects. But at an expected average of around 3.5% it should remain comfortably within the new 3% target with a  $\pm 1$  percentage point tolerance band, supported by an oversupplied oil market and a firmer currency containing broader price pressures. Nonetheless, upside risks persist, particularly from medical aid and administered prices, where public-service failures continue to filter through. We therefore expect inflation to hover above the target midpoint over the next two years. Although the SARB argues that better-anchored expectations will hasten disinflation, we remain cautious and view its projections as overly optimistic.

### Currency

The rand's recent strength reflects firmer domestic fundamentals and ongoing terms-of-trade benefits. Improved fiscal discipline has helped restore investor confidence in SA's policy trajectory. Moreover, the SARB's shift to a tighter 3% inflation target has further anchored expectations and created a more predictable environment for growth. Globally, a softer US dollar amid anticipated Fed interest rate cuts, together with firm gold and platinum prices that bolster SA's mining-driven export earnings, has added momentum. While coalition politics, in a municipal election year, together with relatively subdued near-term growth prospects and a high debt burden still present risks, the above-mentioned tailwinds position the rand favourably into 2026.

### Interest rates

While the SARB will remain cautious in assessing the lagged effects of its earlier interest rate cuts, from 8% in September 2024 to 6.75% at the November 2025 meeting, we believe it is well positioned to implement two additional 25 basis-point cuts in 2026. A benign inflation trajectory and a stable macroeconomic backdrop provide scope to support growth without compromising price stability. Moreover, the expected continuation of SA's modest economic recovery allows further easing, while still-elevated real interest rates strengthen the case for a more accommodative policy stance.



## Herman van Papendorp

Head of Asset Allocation



### SA cash

The combination of moderately rising inflation in 2025 and 150 basis points of SARB rate cuts since September 2024 has pushed available real SA cash rates down towards their long-term average, making local cash an inferior investment alternative among the SA asset classes, in our view.

### SA nominal government bonds

The 186 basis points rally by SA nominal bonds in 2025 on the back of positive surprises from actual local inflation numbers, the introduction of a 150 basis points lower inflation target, improving fiscal numbers and a sovereign ratings upgrade has eroded the positive spread with global bonds. But the real ex-ante SA bond yield is still above historical average levels, which indicates that there is still some support for SA vanilla bonds from attractive real yields.

### SA inflation-linked bonds (ILBs)

Although the absolute level of SA ILB yields is still high, the absence of inflationary pressures in the coming year points to a lack of fundamental support for ILBs, with no breakeven widening expected in 2026 and monthly inflation accruals predominantly low and below average in the next year.

### SA listed property

Fundamentals in the listed property space continue to improve. Companies are reporting the strongest like-for-like net operating income (NOI) growth since 2018, with the earnings recovery guided to continue in 2026. Listed property funding conditions have also improved, with funding rates now the lowest in three years. Furthermore, the sector's balance sheet recovery remains intact due to previous asset disposals and rising asset values.

### SA equities

SA's recent strong equity performance may help rekindle long-dormant foreign investor interest in SA equities, as has already been the case for SA bonds. An increased global allocation to EM equities could simultaneously result in material global inflows supporting SA equities, particularly given that SA is a high-beta play on EM equities. Due to strong profit momentum, SA equities remain attractively valued against global peers and its own history.

### Global equities

Anticipated rising US inflation, fiscal stimulus measures, Fed rate cuts amidst a potential threat to Fed independence, together with higher and more synchronised global regional profit growth in 2026, fundamentally favour global equities over bonds. Although US equities look expensive against US bonds, they will likely remain supported as long as profit growth remains solid in a soft-landing scenario. However, the magnitude of future US equity returns should be constrained by high valuations that have little room for disappointment.

### Global equities

The typical time lag between announced tariff increases and when they are finally reflected in the economy implies that the negative tariff impact on US inflation and growth should become more evident in the coming months, with potential adverse readthroughs for both US bonds.

### Global cash

We view global cash as a preferred fixed-income asset class, offering return potential comparable to global bonds but with lower risk and volatility, especially given the broad trend of fiscal deterioration worldwide, which is putting pressure on the long end of global yield curves.

# Partially Vesting Smoothed Bonus Range

## Smooth-Edge Fund

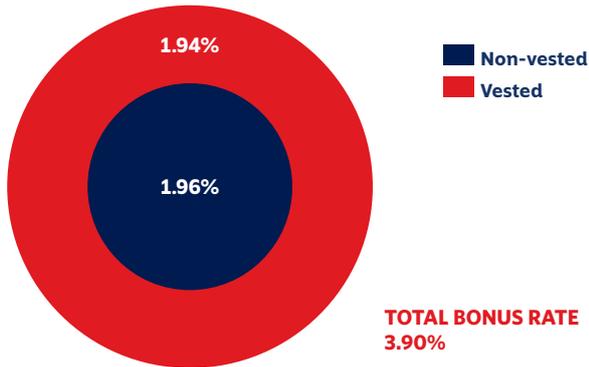


### Fund Snap Shot

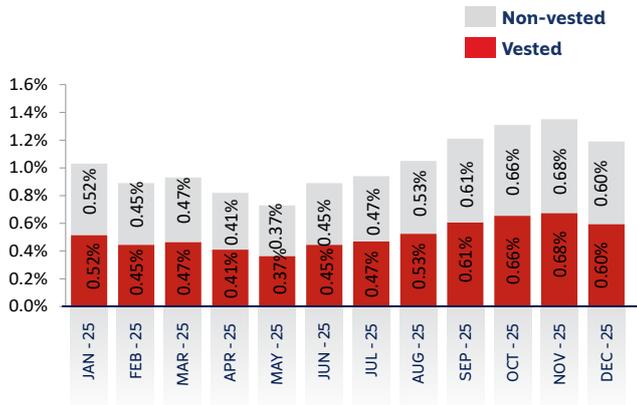
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Feb 2019	110% - 115%	R3.0bn	0.69%	15.91%

### Performance

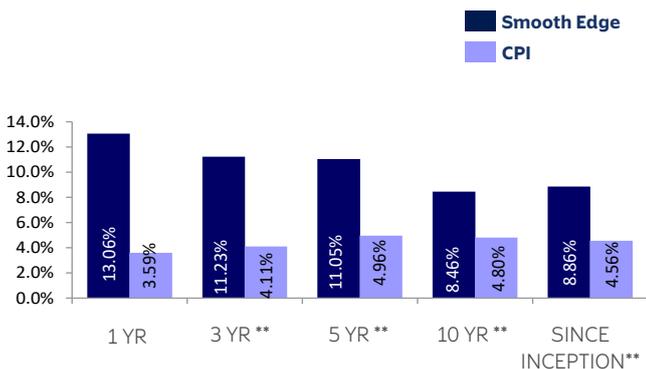
The total bonus rate for the past quarter on the Momentum Smooth-Edge Fund is shown below.



The chart below shows the actual monthly bonus rates\* for the past 12 months.



The chart below shows the long term back-tested bonus rates\* performance of the Smooth-Edge Fund against CPI.

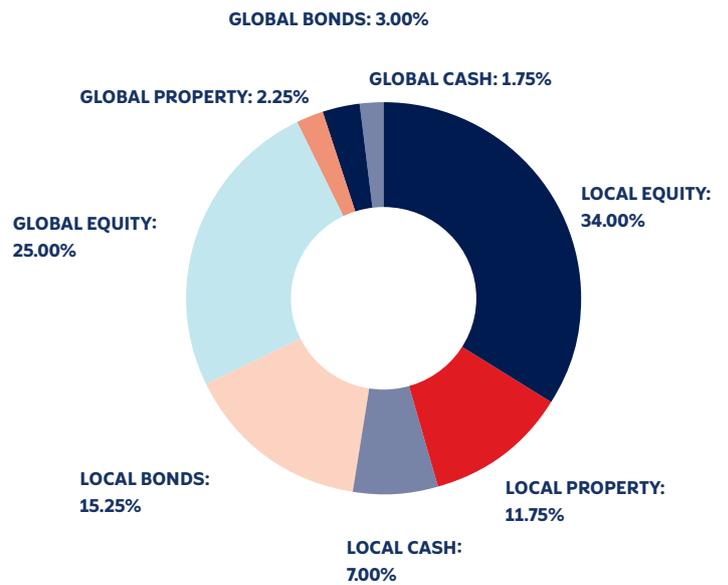


CPI figures are lagged by two months

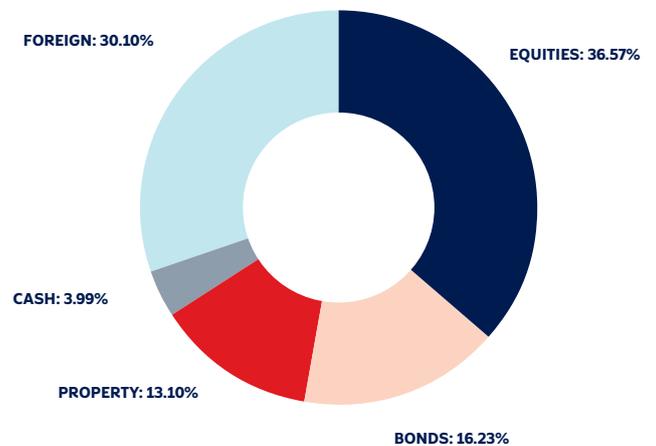
\* The bonus rates and back-tested bonus rates are gross of the investment management fee  
 \*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Partially Vesting Smoothed Bonus Range

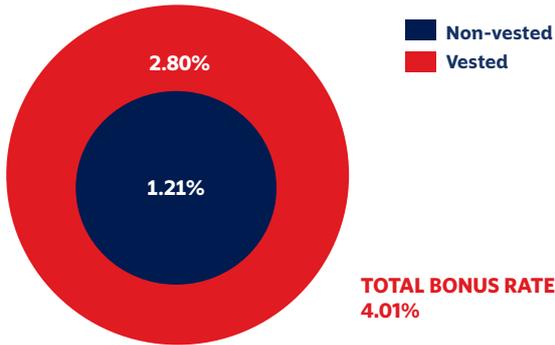
## Multi-Manager Smooth Growth Fund Global



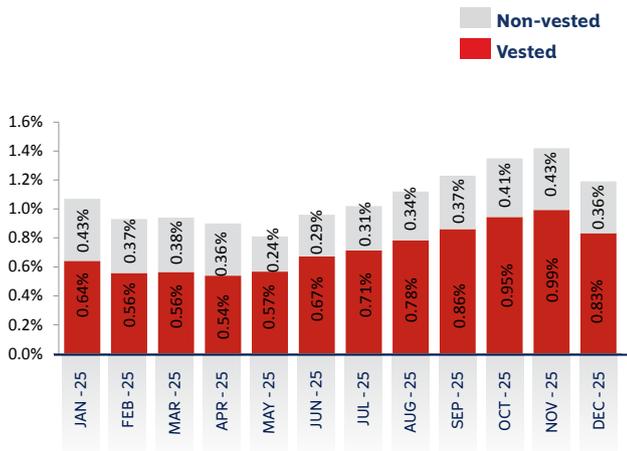
### Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	110% - 115%	R7.3bn	0.63%	15.43%

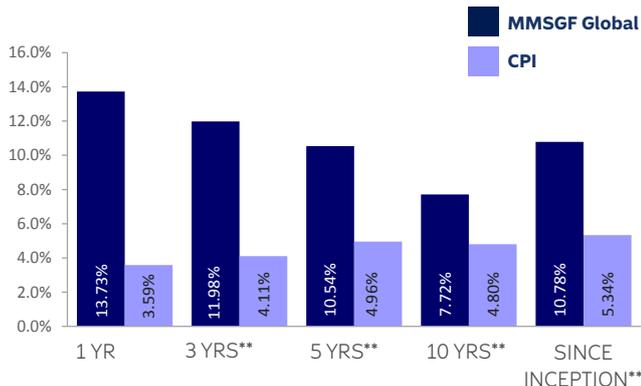
### Performance



The chart below shows the monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Multi-Manager Smooth Growth Fund Global against CPI.

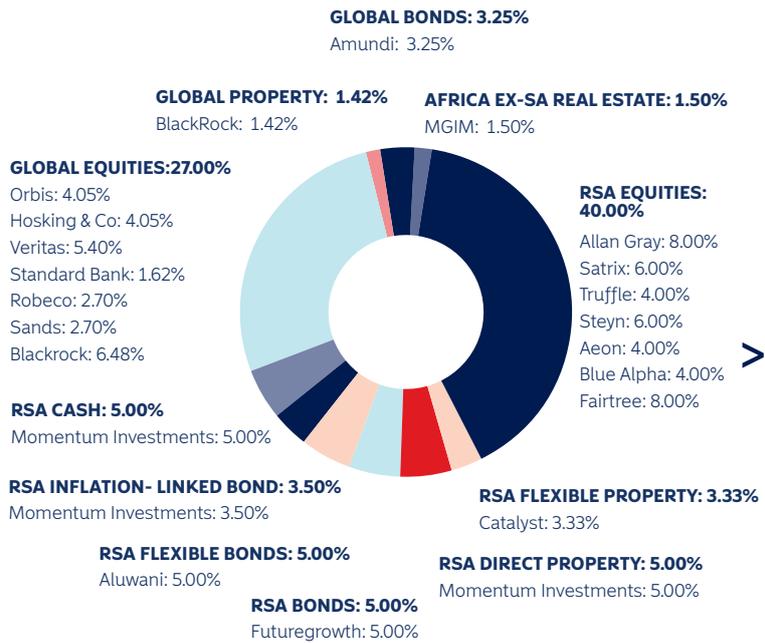


CPI figures are lagged by two months

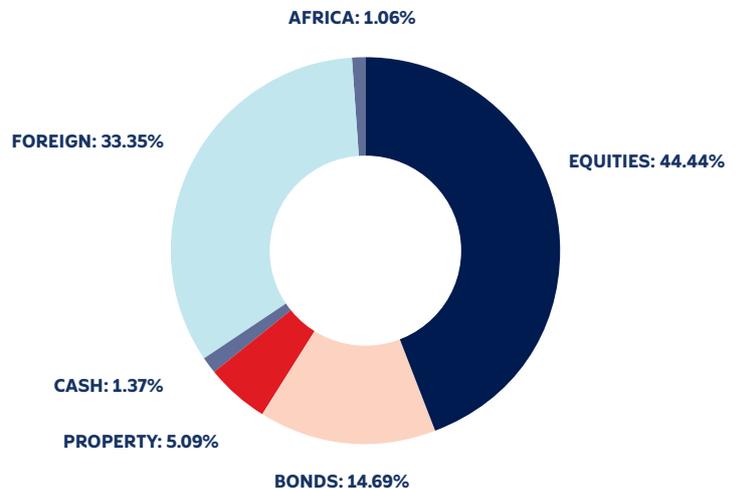
\* The bonus rates are gross of the investment management fee  
 \*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Partially Vesting Smoothed Bonus Range

## Smooth Growth Fund Global

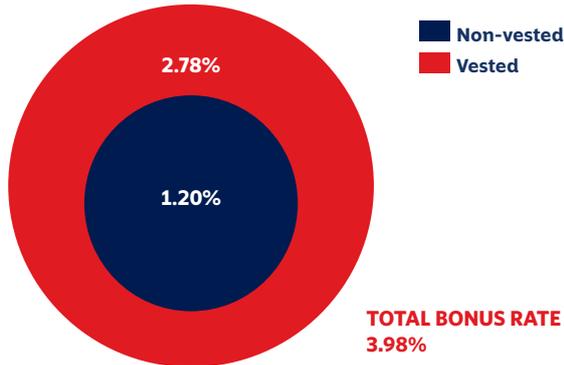


### Fund Snap Shot

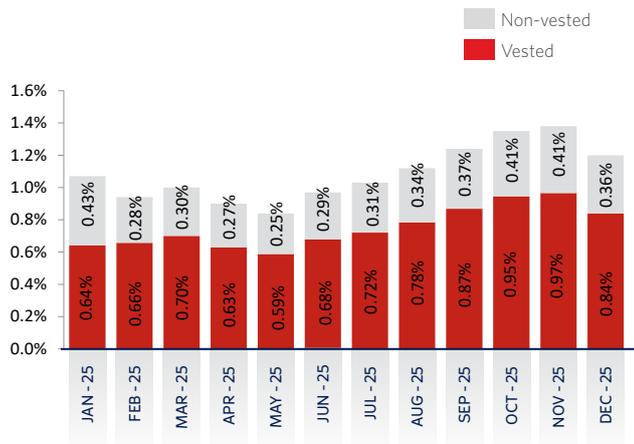
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 1989	110% - 115%	R1.7bn	0.64%	15.30%

### Performance

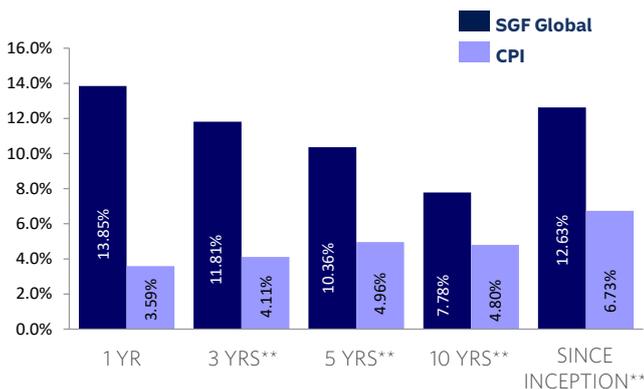
The total bonus rate\* for the past quarter on the Smooth Growth Fund Global is shown below.



The chart below shows the monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Smooth Growth Fund Global against CPI.



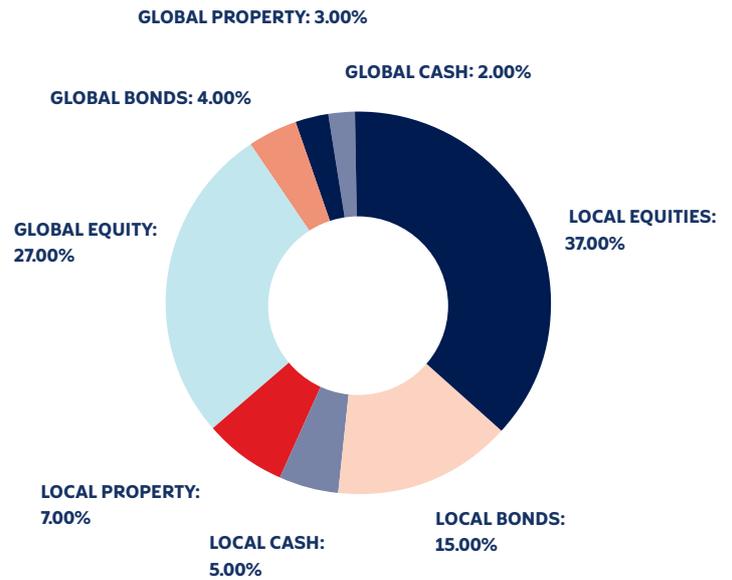
CPI figures are lagged by two months

\* The bonus rates are gross of the investment management fee

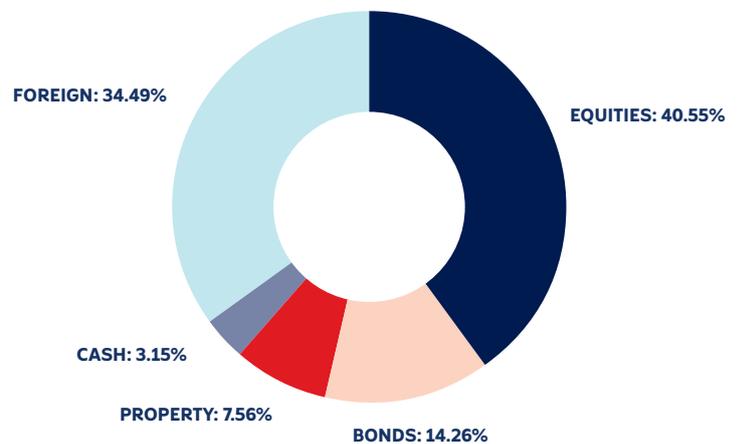
\*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Partially Vesting Smoothed Bonus Range

## Universal Multi-Manager Smooth Growth Fund

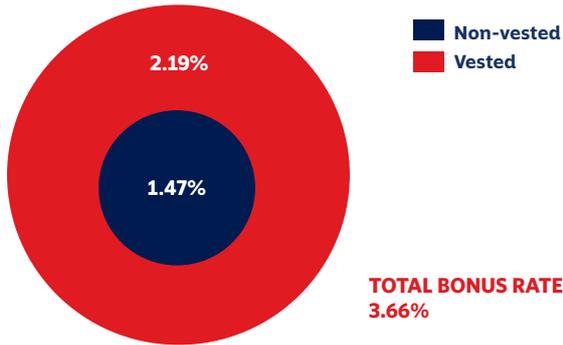


### Fund Snap Shot

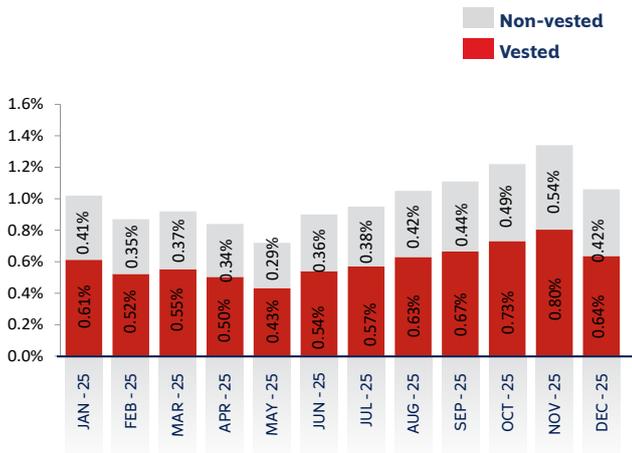
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jun 2020	110% - 115%	R776m	0.62%	15.69%

### Performance

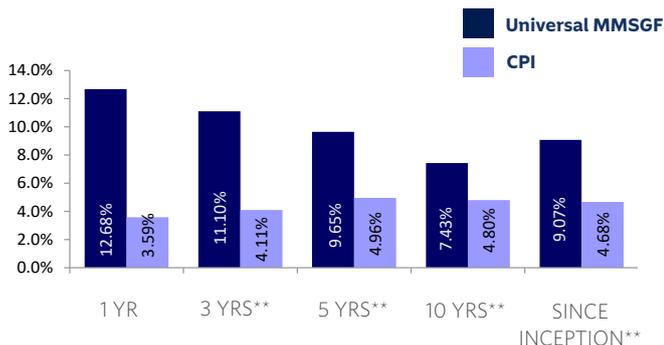
The total bonus rate\* for the past quarter on the Universal Multi-Manager Smooth Growth Fund is shown below.



The chart below shows the monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Universal Multi-Manager Smooth Growth Fund against CPI.

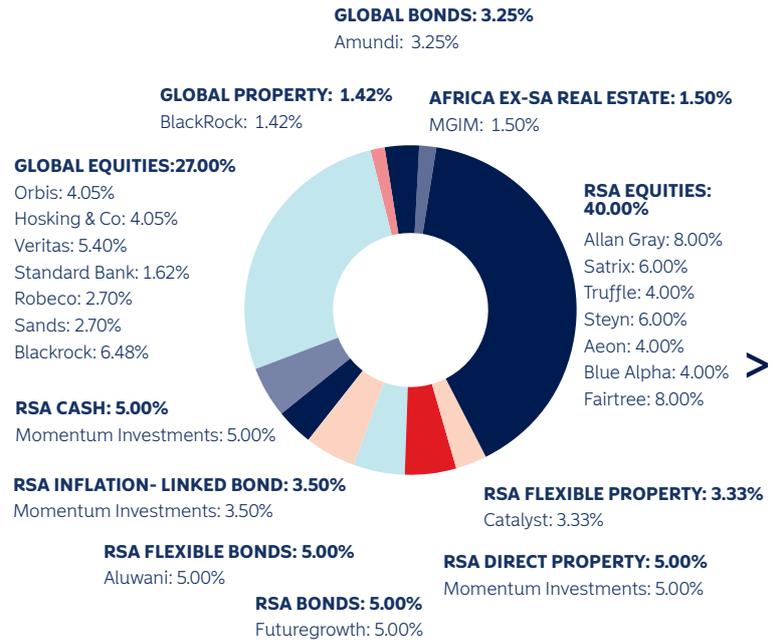


CPI figures are lagged by two months

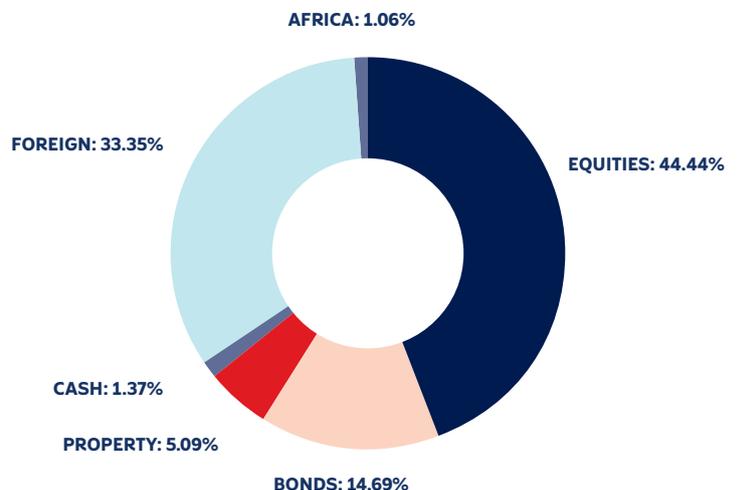
\* The bonus rates and back-tested bonus rates are gross of the investment management fee  
 \*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Partially Vesting Smoothed Bonus Range

## Universal Smooth Growth Fund

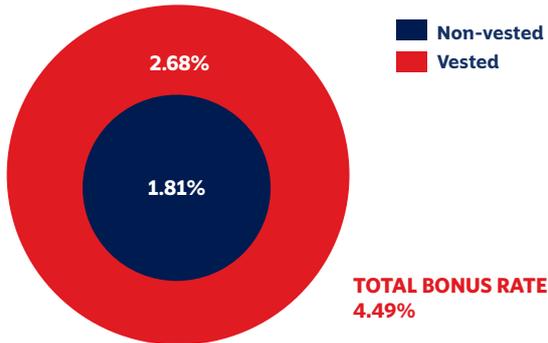


### Fund Snap Shot

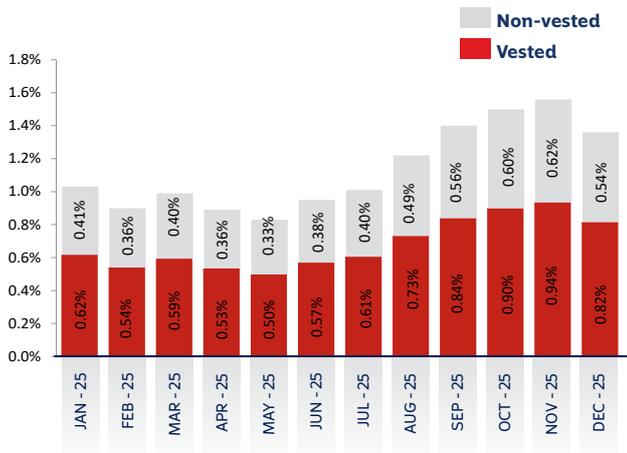
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jun 2020	110% - 115%	R388m	0.83%	15.41%

### Performance

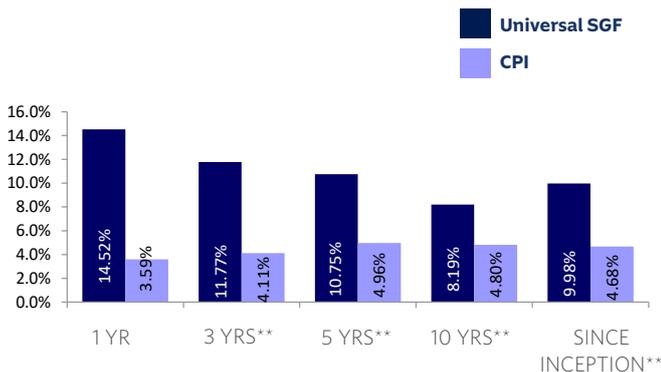
The total bonus rate\* for the past quarter on the Universal Smooth Growth Fund is shown below.



The chart below shows the monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Universal Smooth Growth Fund against CPI.



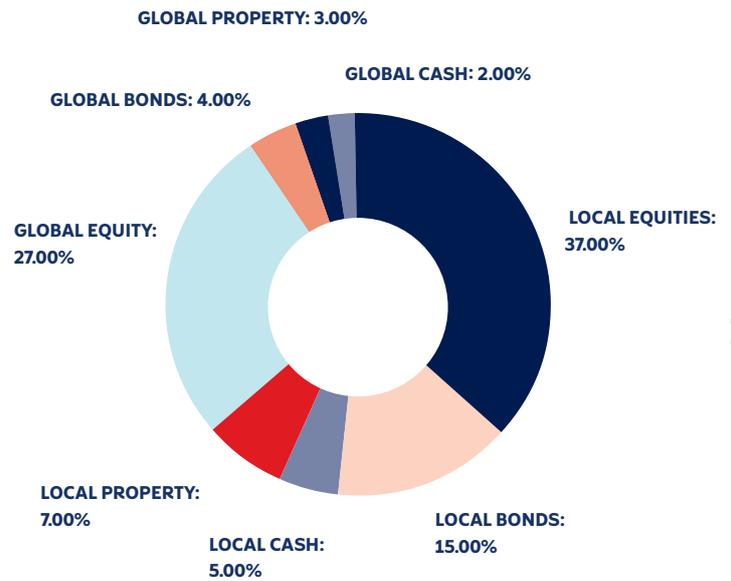
CPI figures are lagged by two months

\* The bonus rates and back-tested bonus rates are gross of the investment management fee

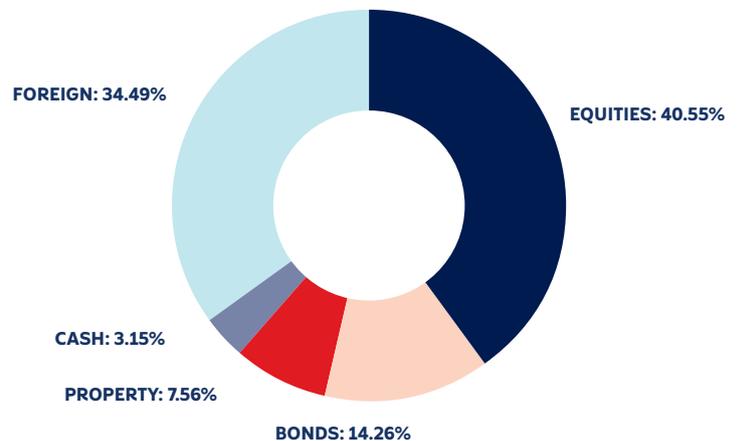
\*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Fully Vesting Smoothed Bonus Range

## Universal Smart Guarantee+3 Fund

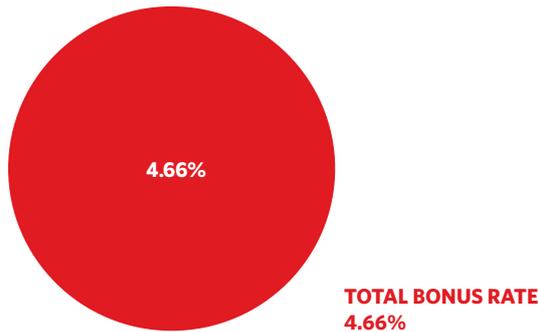


### Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN OF BONUS GENERATING PORTFOLIO
Oct 2013	110% - 115%	R559m	1.24%	15.85%

### Performance

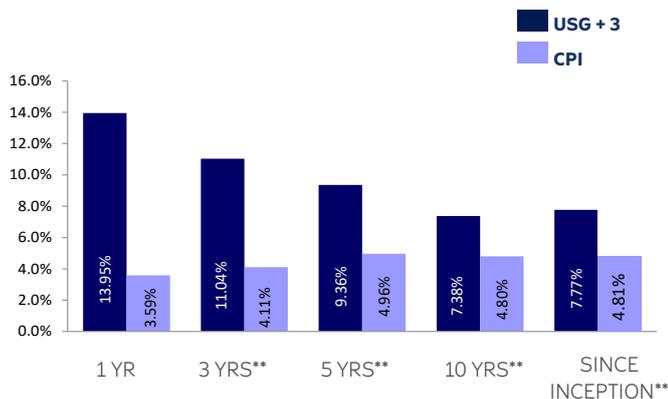
The total bonus rate\* for the past quarter on the Universal Smart Guarantee +3 Fund is shown below.



The chart below shows the actual monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Universal Smart Guarantee +3 Fund against CPI.



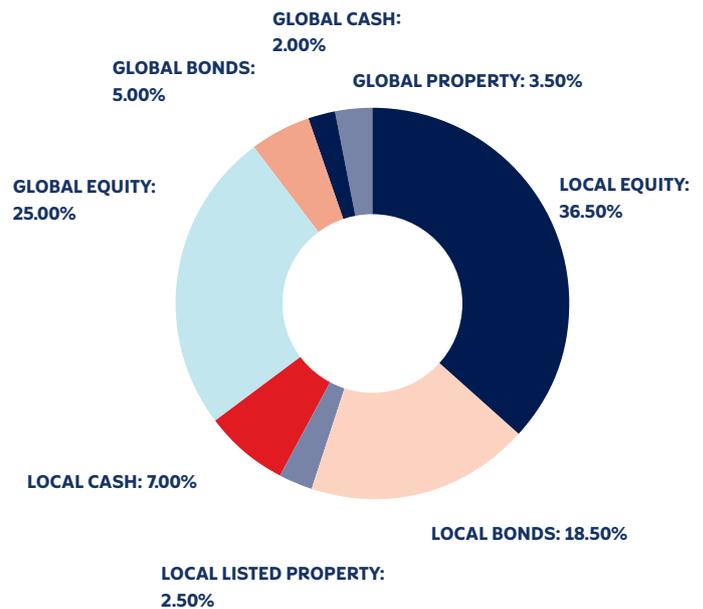
CPI figures are lagged by two months

\* The bonus rates are gross of the investment management fee

\*\* Annualised

### Asset Allocation

The strategic asset allocation of the bonus generating portfolio (Momentum Dynamic Hedging Reference Portfolio) is shown below.



For bonus declarations, 90% of the underlying asset returns of the bonus generating portfolio are smoothed over a three-year period as per the smoothing formula.

The liability driven investment strategy employed includes a dynamic protection overlay to secure the guarantee. As a result, the value of the underlying asset portfolio is sensitive to changes in asset values (and interest rates) and the effective asset allocation will reflect both the bonus generating portfolio and the dynamic protection overlay.

### USG +3: Bonus rates to be declared

Given that the monthly bonuses are based on the weighted average of the previous 36 months' returns of the bonus generating portfolio, it is possible to calculate the future bonuses that will be declared under various future investment return assumptions. Assuming zero returns over the following 34 months (there is a 2 month lag), around 26.88% of bonuses will still be declared.

# Fully Vesting Smoothed Bonus Range

## Multi-Manager Secure Growth Fund

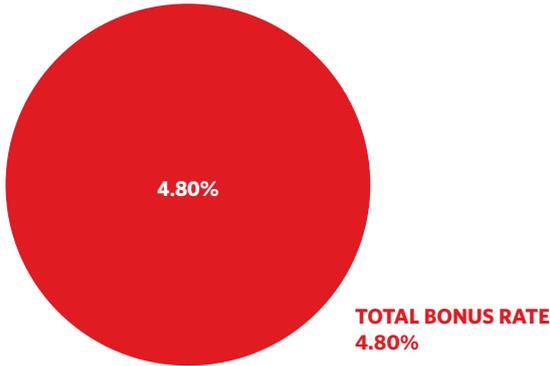


### Fund Snap Shot

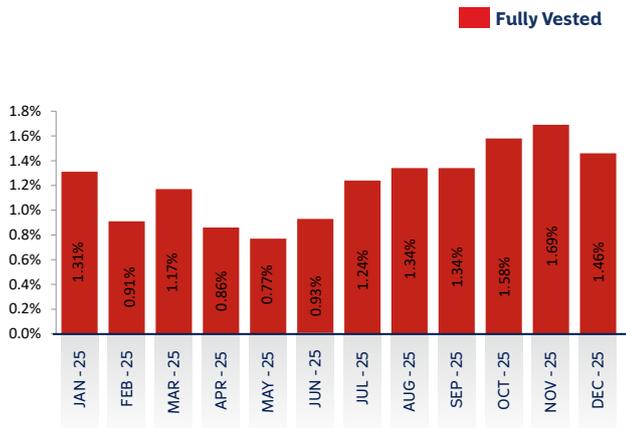
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Nov 2007	115% - 120%	R70m	0.92%	14.49%

### Performance

The total bonus rate\* for the past quarter on the Multi-Manager Secure Growth Fund is shown below.



The chart below shows the monthly bonus rates\* for the past 12 months.



The chart below shows the long term bonus\* performance of the Multi-Manager Secure Growth Fund against CPI.



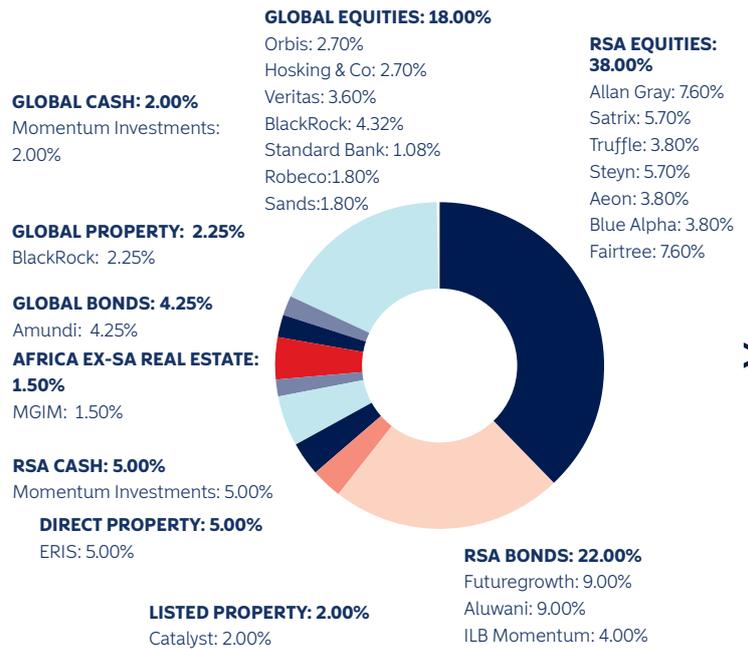
CPI figures are lagged by two months

\* The bonus rates are gross of the investment management fee

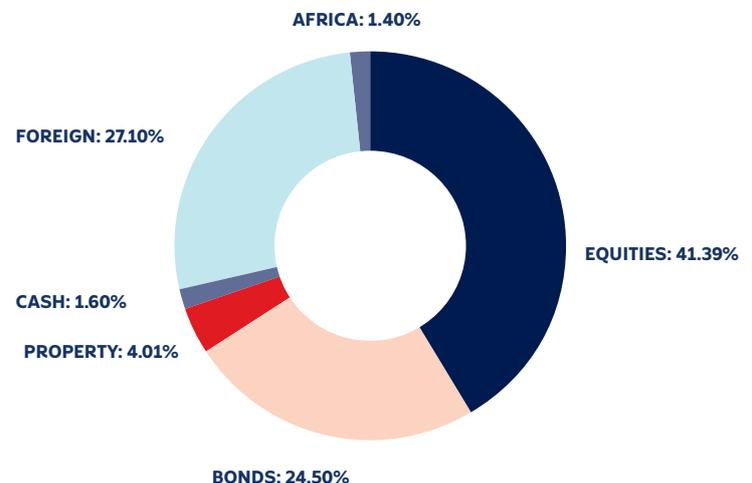
\*\* Annualised

### Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



# Smoothed Bonus Portfolios Key Features

		Fund Return Objective	Manager	Mandate Type	Guarantee on Policy Benefits <sup>1</sup>	Market Value Adjustment on Voluntary Exits <sup>2</sup>	Capital Charge	Policy Fee or Investment Management Fee*	Inception Date
Partially Vesting	Multi-Manager Smooth Growth Fund Global	CPI + 4% pa, net of the policy fee and underlying asset charges over the long term	Multi-Manager	Moderate Balanced	100% of net capital invested and vested bonus declared (net of the Policy fee)	Yes	0.90% pa	0.35% of the first R50m, 0.25% of the excess above R50m <sup>3</sup>	January 2004
	Universal Multi-Manager Smooth Growth Fund								June 2020
	Smooth Growth Fund Global	CPI + 4% pa, net of the investment management fee and underlying asset charges over the long term	Momentum Investments	Moderate Balanced	100% of net capital invested and vested bonus declared (net of the investment management fee)	Yes	0.90% pa	0.45% of the first R10m, 0.35% of the next R40m, 0.25% of the excess above R50m <sup>3*</sup>	January 1989
	Universal Smooth Growth Fund								June 2020
	Smooth-Edge Fund	CPI + 4% pa, net of the investment management fee and underlying asset charges over the long term	Momentum Investments	Moderate Balanced	100% of net capital invested and vested bonus declared (net of the Investment management fee)	Yes	0.60% pa	0.25% pa <sup>3*</sup>	February 2019
Fully Vesting	Multi-Manager Secure Growth Fund	CPI + 2% pa, net of the policy fee and underlying asset charges over the long term	Multi-Manager	Moderate Conservative Balanced	100% of net capital invested and total bonus declared (net of the Policy fee)	Yes	1.40% pa	0.35% of the first R50m, 0.25% of the excess above R50m <sup>3</sup>	November 2007
	Universal Smart Guarantee+3 Fund	CPI + 3% pa, net of the investment management fee and underlying asset charges over the long term	Insurer Liability Driven Investment	Insurer Liability Driven Investment	100% of net capital invested and total bonus declared (net of the Investment management fee)	Yes	0.50% pa	0.75% pa <sup>3*</sup>	October 2013

\*Policy fee includes the cost of investment administration.

\*Investment management fee includes policy fee and certain fees related to the management of the assets (not included in underlying asset charges).

1. Policy benefits include but are not limited to death, disability, resignation or retirement. The full list policy benefits is outlined as well as other terms and conditions specified in the client policy contracts.
2. Market value adjustments may be applied on member switches out, terminations and other non-policy benefits if a client is underfunded.
3. Underlying asset charges include capital charge and net priced asset fees and performance fees (where applicable).



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