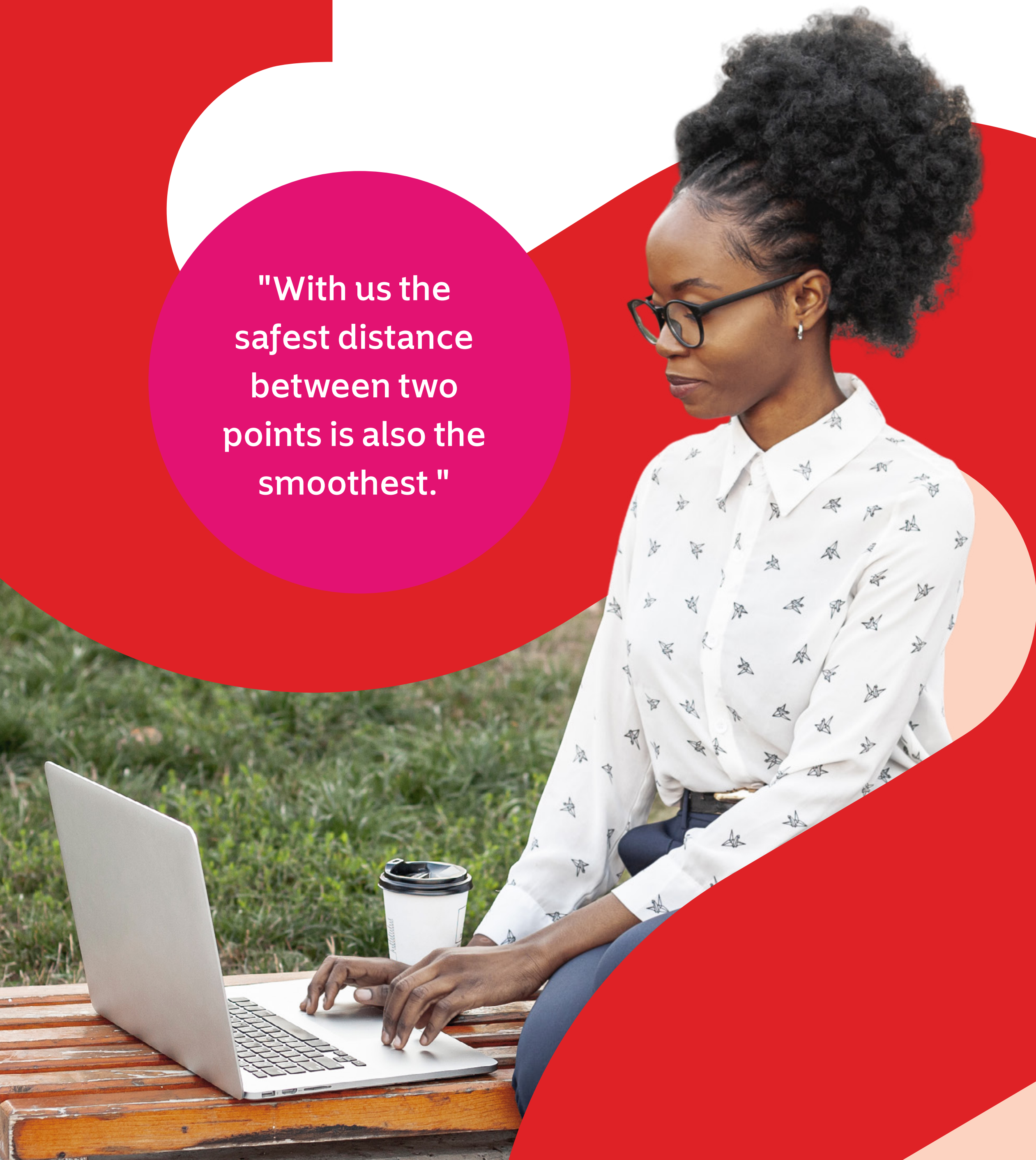
momentum
corporate

Smoothed Bonus Quarterly Report

Second Quarter 2026

"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 second quarter of 2026 was characterised by continued geopolitical uncertainty, with the consequences of the Israel and the United States (US) attack on Iran which started in March 2026 remaining the dominant influence on global financial markets throughout the period. Investor sentiment shifted repeatedly between concerns over further escalation and optimism that a negotiated settlement could be reached. Elevated oil prices during April and May 2026 heightened inflation concerns and contributed to increased market volatility. However, sentiment improved towards the end of the quarter following the announcement of a draft ceasefire agreement, supporting a recovery in global risk assets and improving confidence across financial markets.

Against this backdrop, global equities were the strongest performing asset class during the quarter, supported by resilient corporate earnings, continued investment in artificial intelligence (AI)-related technologies and improving investor sentiment towards the end of the quarter. Emerging market equities outperformed developed markets, while the US was the strongest performing developed market, led by continued strength in the technology sector.

Stronger than expected US economic data, together with more hawkish communication following the appointment of Federal Reserve Chair Kevin Warsh, led markets to reassess the expected path of US interest rates. Combined with ongoing concerns around fiscal sustainability, this pushed developed market bond yields to multi-decade highs, resulting in global bonds delivering the weakest returns among the major global asset classes during the quarter.

Global growth remained resilient despite geopolitical uncertainty. While elevated oil prices through much of the quarter weighed on inflation expectations, the announcement of a draft ceasefire agreement between the US and Iran in June 2026 resulted in a sharp decline in oil prices towards the end of the quarter, easing stagflation concerns and improving investor sentiment.

South Africa (SA) financial markets delivered mixed performance during the quarter. Improving global risk sentiment encouraged renewed foreign investor interest in domestic fixed income assets, supporting a decline in long-term bond yields. As a result, local bonds delivered strong returns, while listed property was the best performing domestic asset class, with the FTSE/JSE SA Listed Property Index returning 10.5% for the quarter.

The FTSE/JSE All Share Index declined by 2.4% over the quarter. The Resources and Financials sectors generated positive returns of 8.3% and 4.8%, respectively. However, the Industrials sector declined by 4.5%, with weakness among several large index constituents weighing on overall market performance.

The rand strengthened against the US dollar by 5.0% during the quarter as global risk sentiment improved and confidence increased that the conflict in the Middle East would move towards resolution.

For further market and economic insights, refer to the analysis by Sanisha Packirisamy, Group Economist at Momentum, and Herman van Papendorp, Head of Research and Insights in Momentum Investments' macro research team, on page 8.

Momentum Corporate smoothed bonus portfolios

The Momentum Corporate Smoothed Bonus Portfolios continued to demonstrate resilience during the quarter ended 30 June 2026, delivering strong returns supported primarily by robust global equity market performance.

Performance over the quarter reflected the benefits of a well-diversified investment strategy. Strong global equity markets were the primary driver of returns, while asset allocation decisions and effective manager selection across local fixed income and global equity mandates generated the majority of excess returns. Strong returns from local bonds also contributed positively to overall portfolio performance, demonstrating the value of maintaining exposure across a diversified range of asset classes in varying market conditions.

As at 30 June 2026, all portfolios remain fully funded and well positioned to deliver steady returns over the short to long term. We remain confident that our disciplined investment approach, broad diversification and active portfolio management will continue to support consistent long-term outcomes for our investors.

Kind regards

Waseema Hassen

Sreyas Maharaj

Product Specialist
Structured Solutions

Trumponomics, 18 Months In:

When Donald J Trump was reinaugurated as the president of the United States of America (US), he brought back Trumponomics.

This encompassed reshaping the American economy through policy reforms that reduced reliance on foreign trade and creating more jobs by revitalising the industrial sector (Khan, 2026). However, 18 months into his second term, has Trump delivered on his promises or have global markets grown accustomed to Trumponomics?

This article will focus on two aspects of Trumponomics, namely:

- Trump's "Liberation Day" tariffs; and
- How deregulation under Trumponomics has resulted in the rise of AI.

Each section will highlight what the intent was behind these policy changes and what the actual effect was on the markets.

Liberation Day:

Trump's Liberation Day tariff policy entailed two aspects (Picchi, 2025):

- A 10% universal import duty on all goods brought into the US; and
- Reciprocal tariffs on 90 different countries.

These tariffs were imposed to simultaneously boost the American economy while reducing its reliance on imported goods. The local economy benefits because higher tariffs make imported goods more expensive than local alternatives, thereby increasing the attractiveness of locally produced goods (Clarke, 2026). On the other hand, if demand for imported goods remains high despite the tariffs, the US economy will gain higher tax income through these new tariffs. As such, the universal 10% import duty would already increase this tax income substantially. The reciprocal tariffs, however, were enacted primarily as a bargaining tool to renegotiate trade agreements and reduce the trade deficit to the US. However, just a week after Liberation Day, Trump decided to postpone the reciprocal tariffs, due to the market turmoil caused by these sudden tariff changes (Buchwald & Liptak, 2025).

After Liberation Day, Trump would threaten the return of these reciprocal tariffs and then delay their enactment until the targeted country agreed to a newly negotiated tariff arrangement. One of the countries that were in the firing line of this strategy was China. China was one of the few countries to not have the reciprocal tariffs dropped. Instead, Trump enforced a 125% tariff on all Chinese goods being imported into America. The reasoning behind this decision was due to America heavily relying on Chinese imports over the last 10 years. However, these tariffs may not have achieved their intended goal. Chinese imports fell by just over 44% compared to the previous year, marking the largest change in trade value since 2002 (Macrotrends, 2026).

China was not the only country that suddenly reduced their trading with the US after Liberation Day. The European Union (EU) had been one of the US's main import partners, however after Liberation Day, exports to the US have been sliding (Eurostat, 2026). This, combined with the bilateral trade flows prior to Liberation Day, resulted in the EU's Q1 2026 exports shrinking by 30% compared to the Q1 2025 figure.

China has since repositioned itself as the new global trading partner after Liberation Day. After reducing its imports directly to the US, China started to trade more with ASEAN countries (Asia and Southeast Asian Nations), primarily with Vietnam, Thailand, Malaysia and Cambodia (Lin, 2026). The main reason for choosing these countries in particular is that they have strong trading relationships with the US and thus, will be able to export Chinese goods into the US without having to pay higher tariffs (Lafargue & Gehrig, 2026). Simultaneously, these ASEAN countries become recognized as trading hubs; thus allowing them to attract more local business and stimulate their own economic growth. However, this was not an isolated case as global trade grew by 6% in 2025, with the main contributing factor being the opening of new trade routes between countries (BNP Paridas, 2026). This ultimately means that Trump's tariff tactics have created market uncertainty and volatility, soured relations with traditionally well-established trade partners and ultimately boosted global trading whilst excluding the US from the table.

Deregulation and the run on AI:

On the 23rd of July 2025, Trump passed "Winning the Race: America's AI Action Plan" (Hunton, 2025). This piece of legislation was put together to keep the US on the cutting edge of AI development and ensure that it would be the driving force within the industry. Trump's plan of action revolved around 3 main pillars; the acceleration of AI Innovation in the country, building up the infrastructure to support US made AI servers, and being a leader in AI diplomacy and security on the global stage. It is through the first 2 pillars in which AI companies suddenly took off in the US.

The majority of the "Magnificent 7" (a group of seven tech focused companies) had already been market leaders. However, once AI became the talking point of the next leap forward, these companies showcased higher than average market returns. To visualise this, the below table showcases each the Magnificent 7's annualised 2-year returns as well as how much they have outperformed against the average annual return of the S&P 500 of 10.51% (Maverick, 2026).

Name	2-Year Annualised Return*	Overperformance
Alphabet	49,78%	39,27%
Amazon	23,25%	12,74%
Apple	19,39%	8,88%
Meta	37,04%	26,53%
Microsoft	14,25%	3,74%
Nvidia	94,12%	83,61%
Tesla	34,53%	24,02%

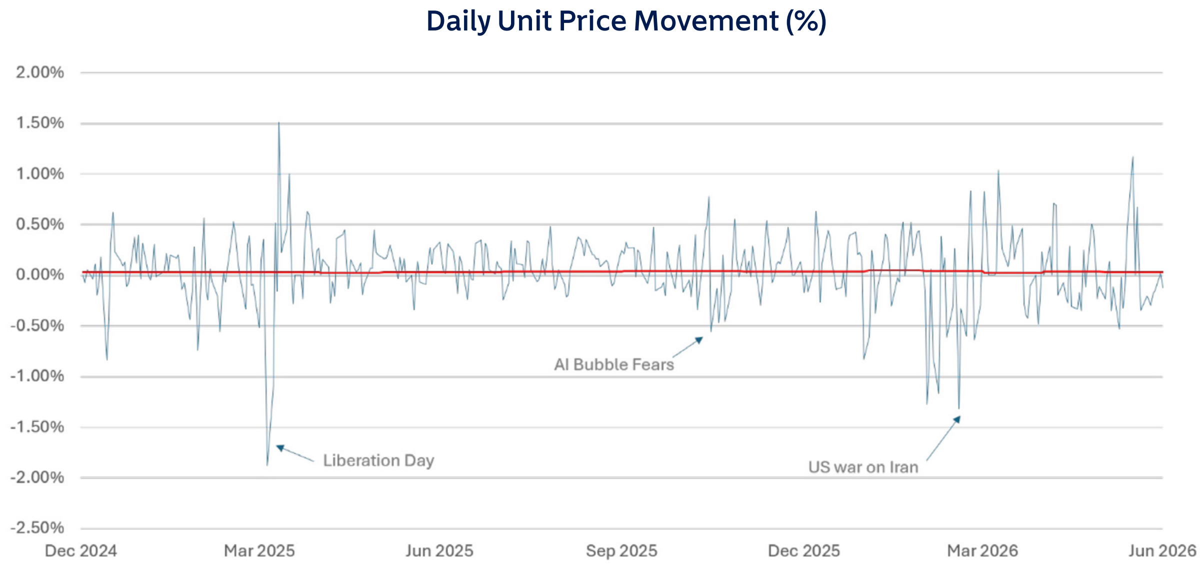
**Values based on adjusted closing share price as quoted on StockQuote.io*

These favourable returns have captured the interest of many investment portfolios, each of which is trying to maximise its investors' returns. However, such return profiles are not typically observed during normal market cycles and may be indicative of speculative, bubble-like behaviour which may not continue into the future. A new bubble seems to be on the horizon and investors have an important question to ask themselves; how can they participate in growth opportunities while limiting exposure to periods of heightened market volatility? One potential solution is a smoothed bonus portfolio.

What is a Smoothed Bonus Portfolio:

A smoothed bonus portfolio is an investment product that is specifically designed to provide a smoother return experience in times of market volatility and uncertainty, with traditional smoothed bonus portfolios offering full capital protection for investors. These portfolios grow in line with monthly bonus rates that are declared in advance at the discretion of Momentum. The major benefit of traditional smoothed bonus portfolios is that they will never declare a negative bonus rate. Momentum may choose to retain some of the positive investment returns during bullish markets, so as to keep providing investors positive bonus rates during periods of a market downturn.

So how volatile have the markets become since the return of Trumponomics? The below blue line graph shows the daily unit movement of a market linked portfolio with high growth asset exposure over the past 18-months. The downward spike observed just after March 2025 reflects the impact of the previously mentioned 'Liberation Day', and the subsequent upward spike represents the impact of the partial reversal of the proposed tariffs. Market volatility subsequently eased; however, as illustrated in the latter half of the graph, volatility picked up again with the biggest fluctuations occurring during the US war on Iran.



In contrast, the red line illustrates the daily bonus rate that a smoothed bonus portfolio would've applied throughout the same period. Despite periods of significant market volatility, the bonus rate remains relatively stable and is protected from falling below 0%. This smoothing mechanism helps shield investors from short-term market fluctuations, providing them with greater certainty and peace of mind during periods of heightened market uncertainty.

Momentum offers smoothed bonus portfolios that provide high-growth asset exposure, in both global and local markets, such as Momentum Smooth Edge. These portfolios offer full capital protection while targeting inflation-beating returns and delivering a smoother experience regardless of market conditions. As a result, investors can utilise smoothed bonus portfolios to give themselves peace of mind that their capital investment will be protected from market fluctuations.

The first 18 months of Trumponomics have brought nothing but market volatility. Whether it be the highs from the AI boom or the lows of sudden tariffs, Trumponomics has the uncanny ability of never allowing markets to be stable. Fortunately, smoothed bonus portfolios offer investors the opportunity to safely invest their capital whilst still having high growth asset exposure.

Momentum Investments market commentary for the quarter ended **30 June 2026**

by Sanisha Packirisamy and Herman van Papendorp

Key financial markets review takeaways for the second quarter of 2026

- The Iran war remained the dominant influence on global markets during the second quarter of 2026, with investor sentiment swinging repeatedly between fears of further escalation and hopes for a negotiated settlement. Elevated oil prices throughout April and May pushed global inflation expectations higher and prompted markets to reassess the likely path of interest rates. Strong United States (US) economic data, especially labour market indicators, combined with more hawkish-than-expected commentary from new Federal Reserve (Fed) Chair Kevin Warsh, reinforced expectations that the next US policy move could be an interest rate hike rather than a cut.

- More bearish inflation and monetary policy expectations, together with ongoing concerns about fiscal profligacy, drove developed market (DM) bond yields to multi-decade highs, causing global bonds to produce the weakest returns among the global asset classes in the second quarter, while also weighing on precious metal prices. As a result, the gold and platinum exchange-traded funds (ETFs) were the weakest-performing investments for South African (SA) investors during the quarter.

- The decline in precious metal prices, combined with rand strength, also placed considerable pressure on SA resource shares. Although local financial and industrial companies generated positive returns, their gains were insufficient to offset losses in the resources sector, resulting in negative overall returns for the SA equity market in the period. Improving confidence that the Iran conflict would ultimately move towards resolution benefited SA fixed-income assets and listed property, with the latter ending the quarter as the best-performing local asset class.

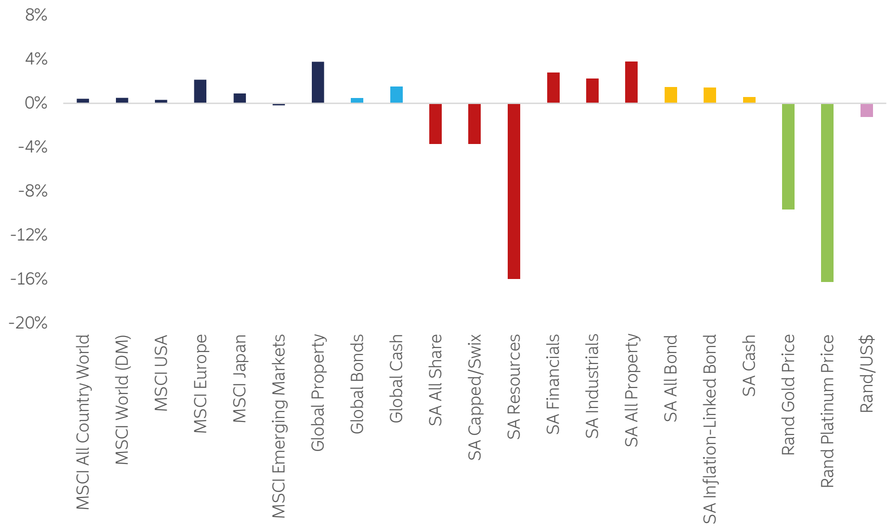
- Global equities were the strongest-performing asset class in the quarter, supported by resilient US corporate earnings, continued enthusiasm around artificial intelligence (AI)-driven investment themes and moderating stagflation fears. Emerging markets (EM) significantly outperformed DMs, largely due to exceptional gains in semiconductor-heavy markets such as South Korea and Taiwan. Within DMs, the US delivered the strongest performance, with technology companies once again acting as the primary drivers of returns.

Key financial markets outlook takeaways

- Our overarching asset allocation positioning remains unchanged: a clear preference for SA equities, listed property and nominal bonds, complemented by selective exposure to EM equities and diversification assets like gold, while remaining cautious on global fixed income and global property. SA asset classes continue to stand out as offering undeniable value, with valuations remaining depressed relative to both history and EM peers. This creates a favourable risk-reward asymmetry for investors. For our detailed financial market outlook, please **click here.**

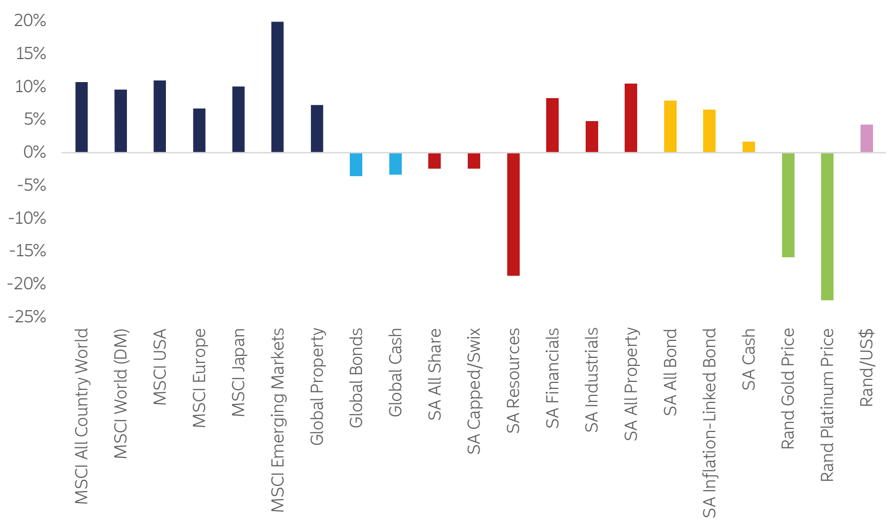
Asset class returns

Chart 1: Month to end of June 2026 - rand returns in %



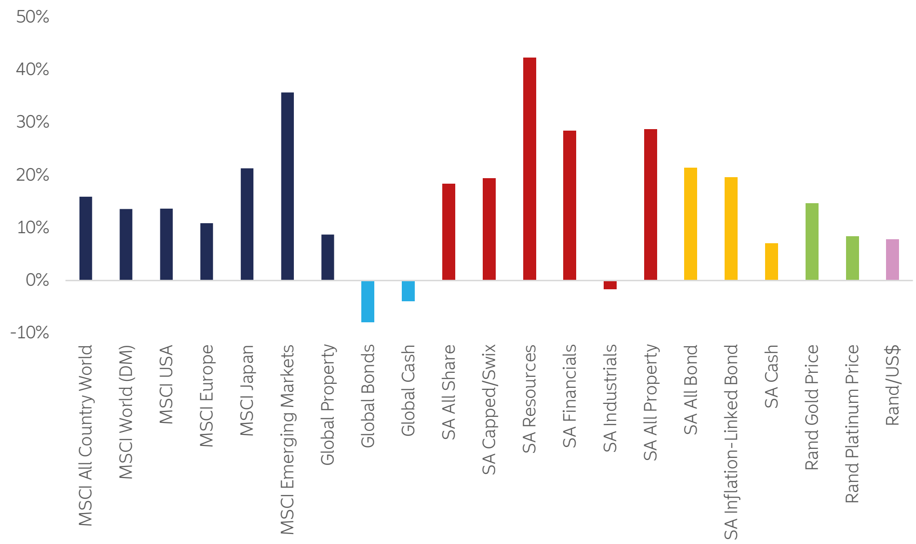
Source: Momentum Investments, various sources

Chart 2: Three months to end of June 2026 - rand returns in %



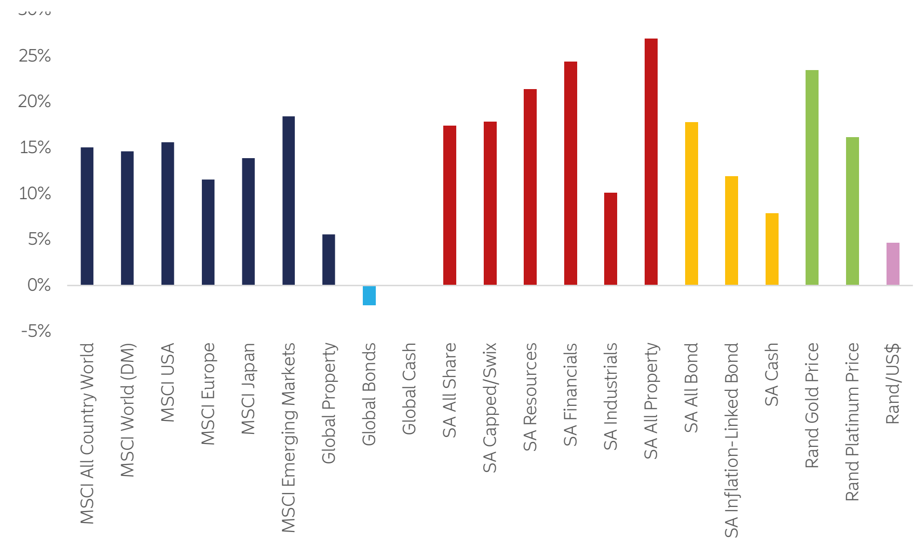
Source: Momentum Investments, various sources

Chart 3: Year to end of June 2026 - rand returns in %



Source: Momentum Investments, various sources

Chart 4: Three years to end of June 2026 - rand returns in %



Source: Momentum Investments, various sources

General improvement in global risk sentiment supported global equities and EM assets

The war in Iran remained the dominant theme in global capital markets in the second quarter of 2026, with a continual seesawing of newsflow between conflict escalation and de-escalation driving performance. Oil prices stayed elevated during April and May, driving up inflation expectations worldwide and a resultant bearish change in anticipated paths for policy rates. Strong reported economic data in the US, particularly for the labour market, and more-hawkish-than-expected initial utterances from the new Fed Chair Kevin Warsh, also contributed to a shift in expectations during the quarter for the next Fed interest rate move to be a hike rather than a cut.

More hawkish global monetary policy expectations, together with ongoing concerns about fiscal profligacy, helped drive DM bond yields to multi-decade highs in the second quarter. These higher bond yields, particularly of US real yields, exposed the vulnerability of gold as a non-interest-bearing asset in the quarter. As a result, the gold ETF, together with the platinum ETF, were the weakest-performing assets for SA investors in the second quarter.

The combination of falling precious metal prices and a stronger rand also put SA resource shares under severe downward pressure in the second quarter. Good returns from SA financial and industrial shares in the quarter were not sufficient to counter the sharp resource sector decline, leaving overall SA equity returns in negative territory.

The general improvement in global risk sentiment during the quarter, as it became increasingly likely that some sort of a settlement will be reached on the Iran war, enticed foreign investors back to the high-yielding SA bond market after a short exit in March, assisting 10-year nominal yields to decline by 80 basis points in the quarter. Not only did this cause strong returns from both nominal bonds and inflation-linked bonds (ILBs), but it also aided SA listed property to provide the highest returns among the local asset classes in the quarter.

When the US and Iran signed a draft ceasefire deal around mid-June, oil prices plummeted, reaching pre-war levels by the end of the month. This calmed some of the stagflationary fears towards the end of the quarter, supporting global equities and causing some rebound in sovereign bonds. Nevertheless, global bonds and cash registered the lowest rand returns among all main asset classes in the quarter, with only the gold and platinum ETFs producing more negative returns.

Robust US reported results for the first quarter of the year leading to widespread upward revisions to forward profit expectations, together with a rampant showing by global semiconductor stocks in the US and EM on the back of increased confidence about the sustainability of AI infrastructure demand, helped global equities to be the strongest-performing overall asset class in the second quarter. Among global equities, EM outperformed DM by a large margin, due to rampant semiconductor stocks in South Korea and Taiwan. Technology counters also supported strong returns by the US equity market, the outperformer within DM.

Asset class outlook summary (Our view for the year ahead)

Sanisha Packirisamy
Chief Economist

SA cash

While SA cash still offers decent positive real yields above long-term averages, potential returns have declined from 2024 highs as interest rates fell. Although cash always plays a liquidity role in portfolios and serves a short-term capital preservation function during geopolitical stress periods, we currently see it as an inferior return-seeking asset on a one-year view.

SA nominal government bonds

SA nominal government bonds continue to offer attractive real yields, while fundamental fair-value analysis suggests the potential for capital appreciation. As local inflation first stabilises and then retraces after the Iran war, policy rates should decline again. Bond yields are hence expected to fall, resulting in capital gains supplementing income returns.

SA inflation-linked bonds (ILBs)

SA ILBs should receive near-term fundamental support from rising inflation due to the war-related spike in energy prices. However, this support is expected to diminish soon as inflation moderates, reaching the 3% target by the second quarter of 2027, reducing ILBs' relative attractiveness compared to nominal bonds beyond the very short term.

SA listed property

SA listed property companies continue to report strong results, with improving distributions and dividends reflecting firmer operational performance and lower funding costs. Operational fundamentals have improved significantly, supported by lower vacancies, positive base rental growth and broadly stable cost-to-income ratios. Overall, SA listed property offers a compelling combination of improving fundamentals, attractive valuations and supportive macro conditions.

Herman van Papendorp

Head of Asset Allocation

SA equities

We see SA equities as a compelling investment in a post-Iran war environment, with the combination of attractive valuations, recovering fundamentals and structural positioning supporting a strong investment case going forward. SA equities trade at significant discounts to both its own history and EMs, with forward price-to-earnings multiples and multiple relatives well below historical averages. The domestic macroeconomic environment should improve after the war in Iran. Once inflation has peaked and expectations for a resumption of a falling interest rate cycle take hold, corporate profitability should be buoyed.

Global equities

US positive earnings surprises have been substantial and widespread. Moreover, corporate profit growth is expected to be robust worldwide in 2026-27, not just in the US. Despite this supportive fundamental environment for global equities, there are some risks. Valuations, particularly in the US, remain elevated, and the sustainability of returns is increasingly dependent on interest rate dynamics. Strong economic data, often supportive of US equities via the profit driver, currently triggers market declines amid expectations of tighter future monetary policy.

Global bonds

Global bond markets face structural headwinds. Rising inflation, elevated fiscal deficits, high issuance levels and significant US refinancing risks, with a large portion of debt maturing soon, are contributing to persistently high bond yields. These dynamics remain fundamentally negative for bond returns and undermine their traditional defensive role.

Global cash

While selective opportunities exist, global listed property continues to face macro challenges, primarily related to interest rate sensitivity. The risk of rising bond yields would increase financing costs and reduce the relative attractiveness of property income yields compared to fixed-income assets even more from already elevated levels.

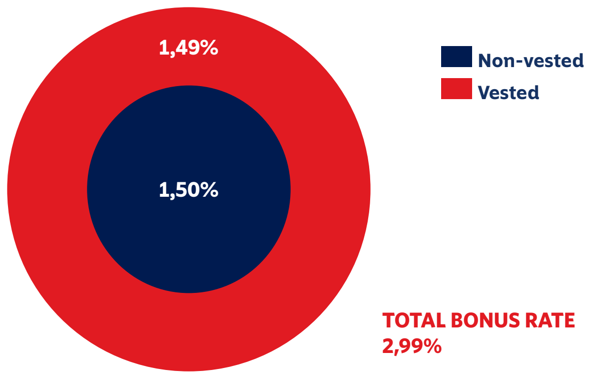
Partially Vesting Smoothed Bonus Range
Smooth-Edge Fund

Fund Snap Shot

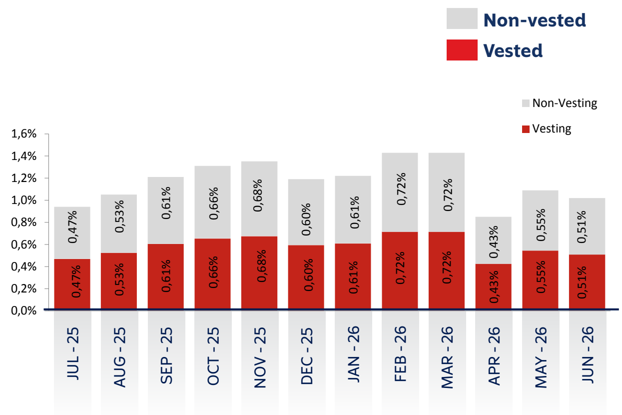
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Feb 2019	105% - 110%	R3,3bn	0,82%	15,22%

Performance

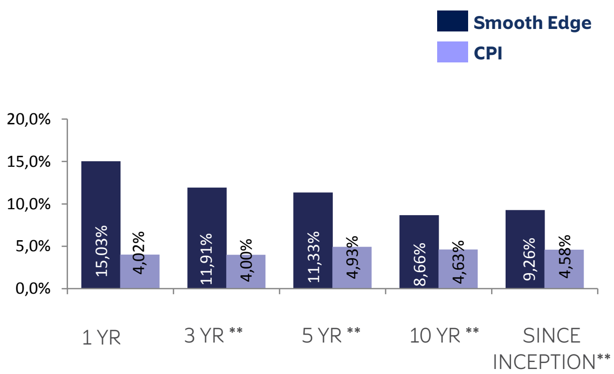
The total bonus rate for the past quarter on the Momentum Smooth-Edge Fund is shown below.



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.



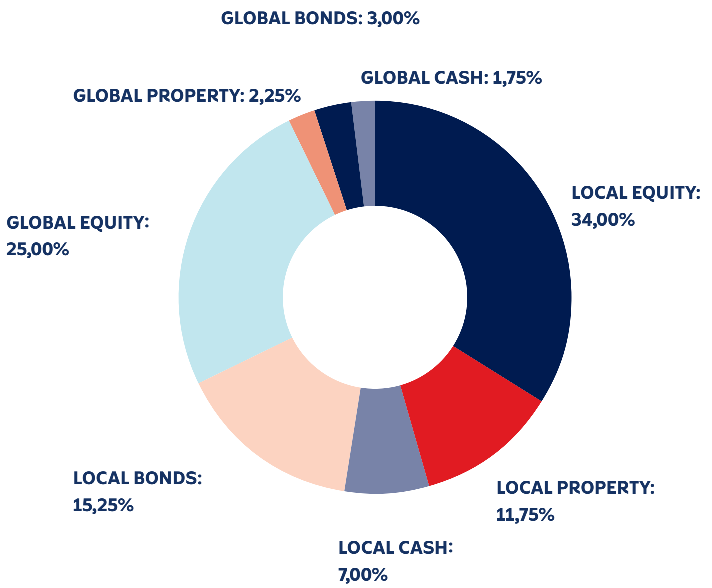
CPI figures are lagged by two months

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

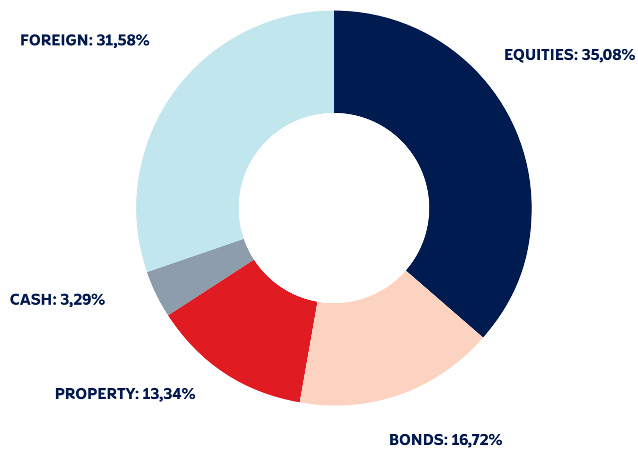
** Annualised

Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.

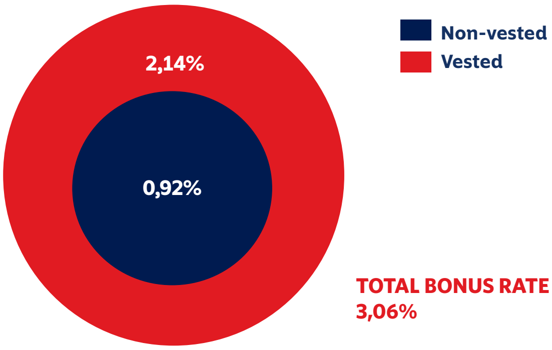


Partially Vesting Smoothed Bonus Range
Multi-Manager Smooth Growth Fund Global

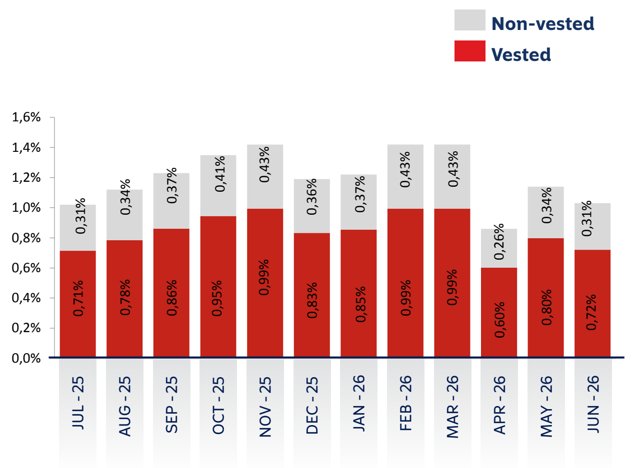
Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	105% - 110%	R7,4bn	0,74%	14,41%

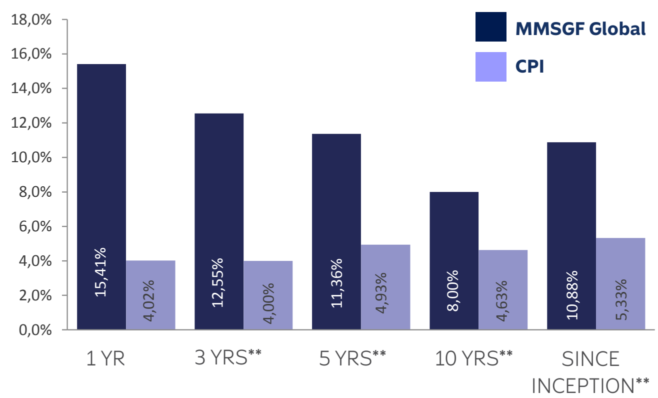
Performance



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.



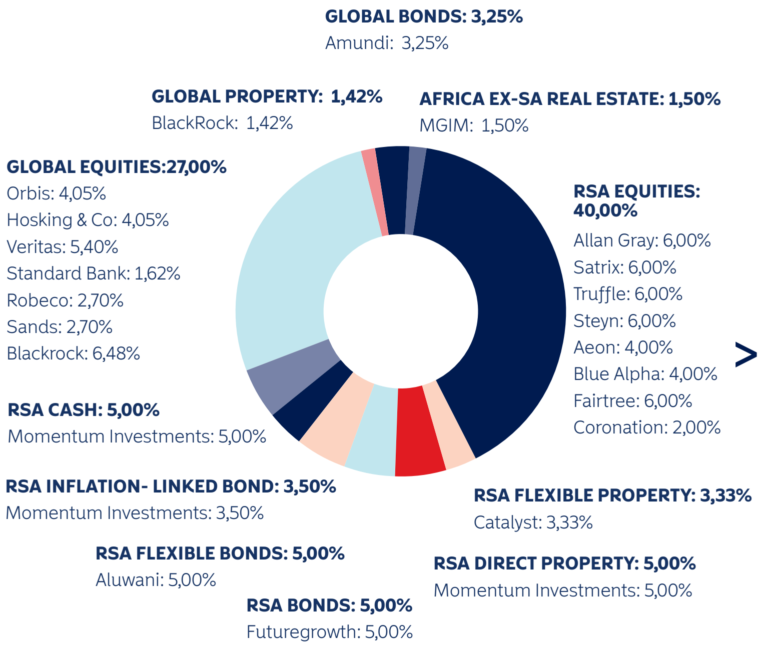
CPI figures are lagged by two months

* The bonus rates are gross of the policy fee

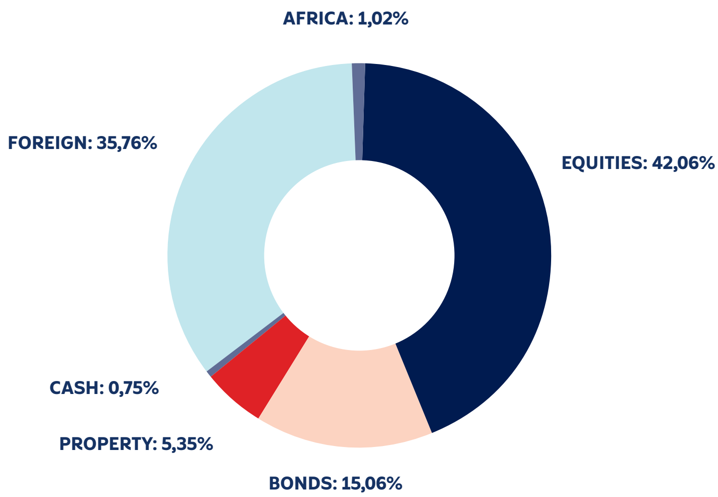
** Annualised

Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



Partially Vesting Smoothed Bonus Range

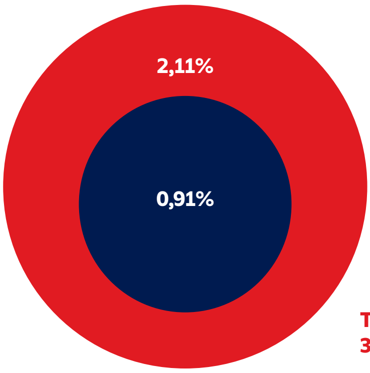
Smooth Growth Fund Global

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	105% - 110%	R1,7bn	0,76%	14,26%

Performance

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



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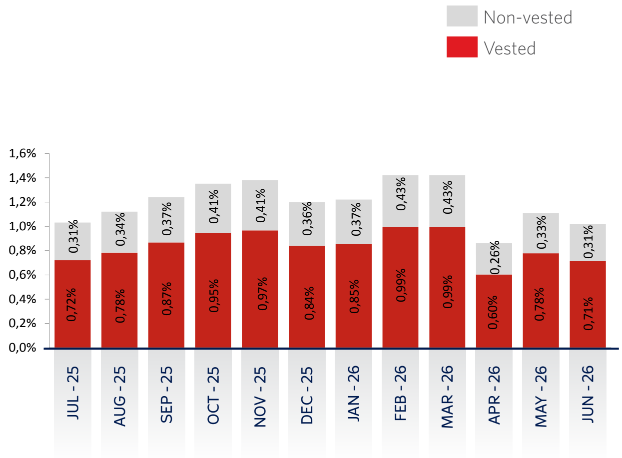
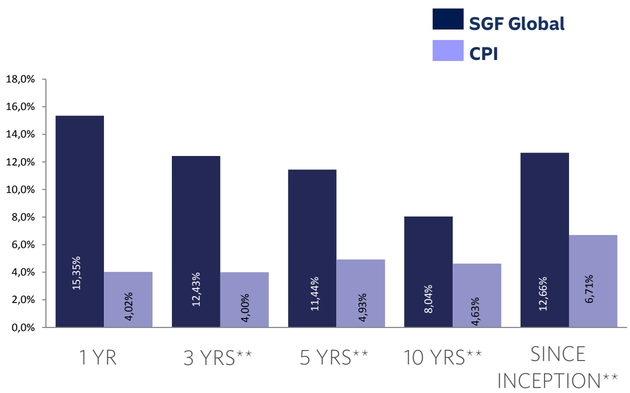


The chart below shows the long term bonus* performance of the Smooth Growth Fund Global against CPI.



CPI figures are lagged by two months

* The bonus rates are gross of the investment management fee

** Annualised

Asset Allocation

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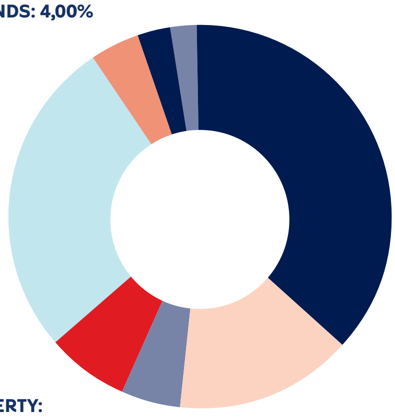
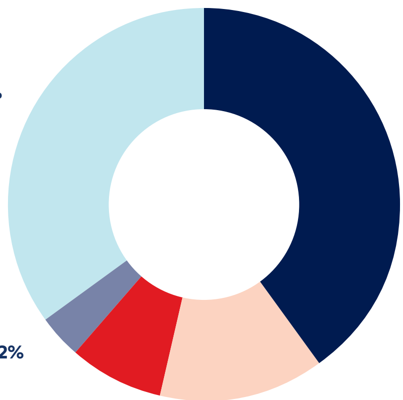


The effective asset allocation is shown below.



Partially Vesting Smoothed Bonus Range

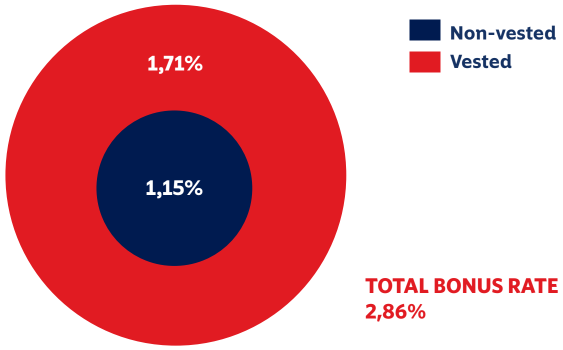
Universal Multi-Manager Smooth Growth Fund

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	105% - 110%	R741m	0,71%	14,46%

Performance

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



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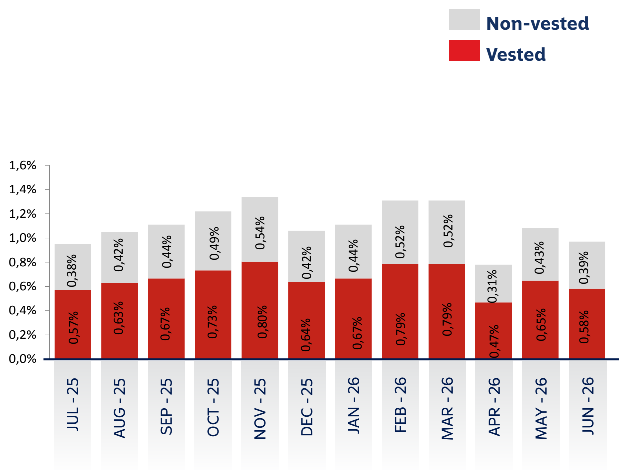
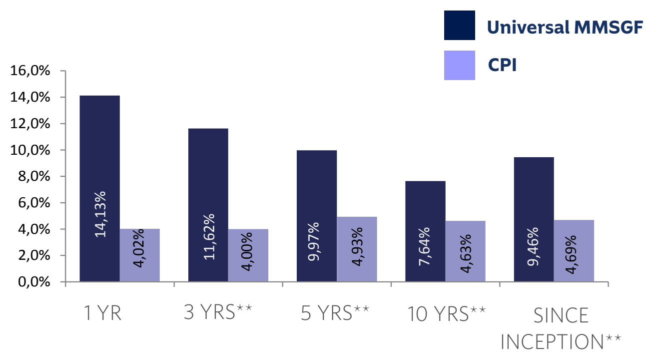


The chart below shows the long term bonus* performance of the Universal Multi-Manager Smooth Growth Fund against CPI.



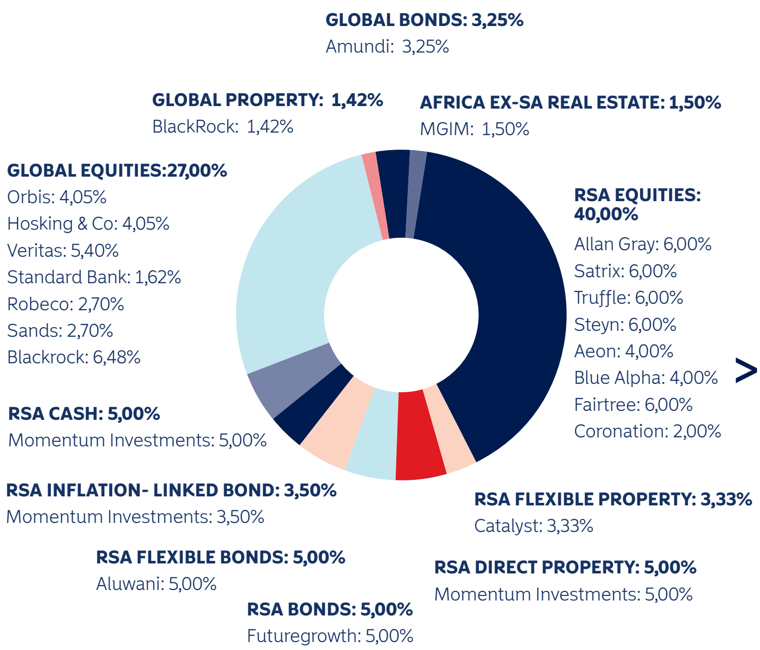
CPI figures are lagged by two months

* The bonus rates and back-tested bonus rates are gross of the policy fee

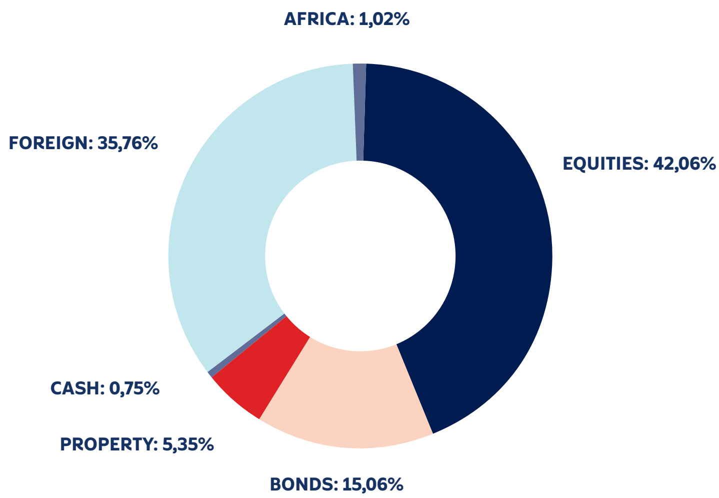
** Annualised

Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



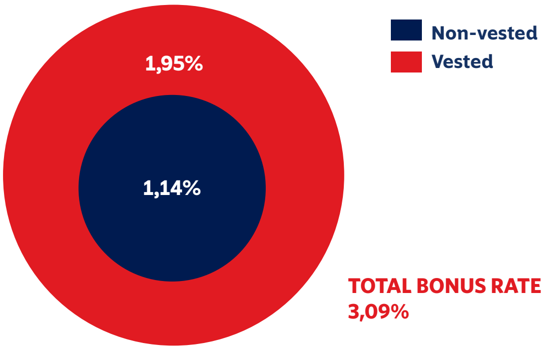
Partially Vesting Smoothed Bonus Range
Universal Smooth Growth Fund

Fund Snap Shot

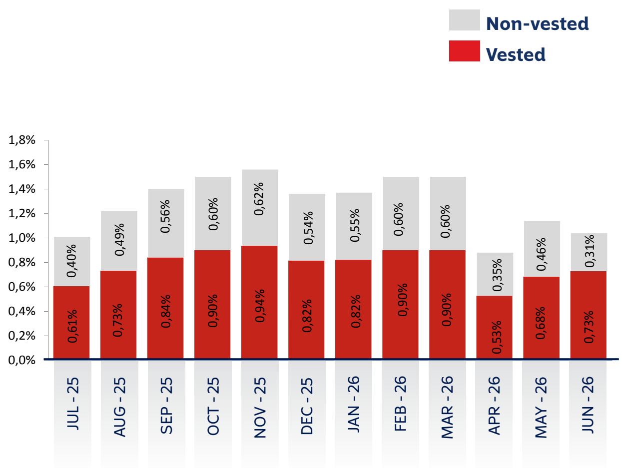
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jun 2020	105% - 110%	R428m	0,96%	14,34%

Performance

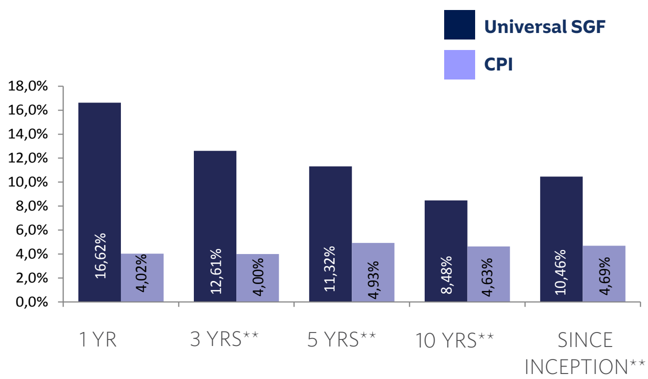
The total bonus rate* for the past quarter on the Universal Smooth Growth Fund is shown below.



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.



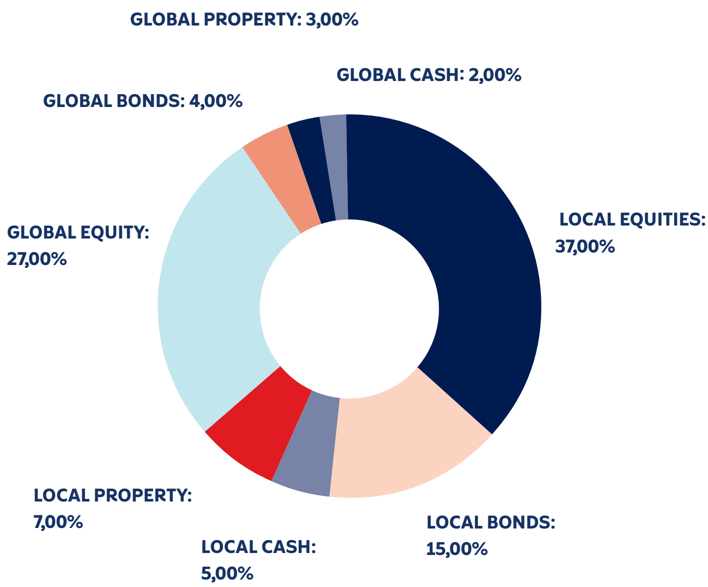
CPI figures are lagged by two months

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

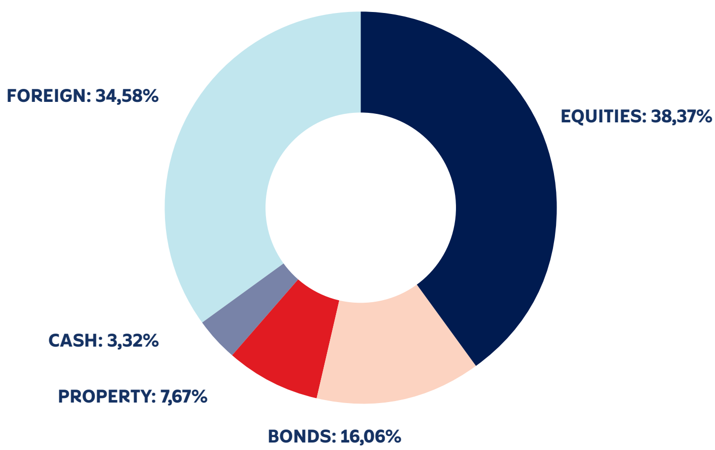
** Annualised

Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



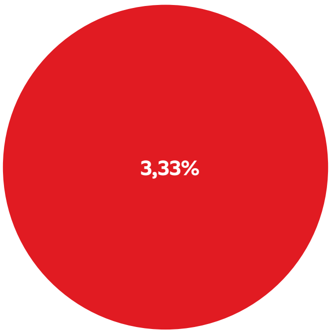
Fully Vesting Smoothed Bonus Range
Universal Smart Guarantee+3 Fund

Fund Snap Shot

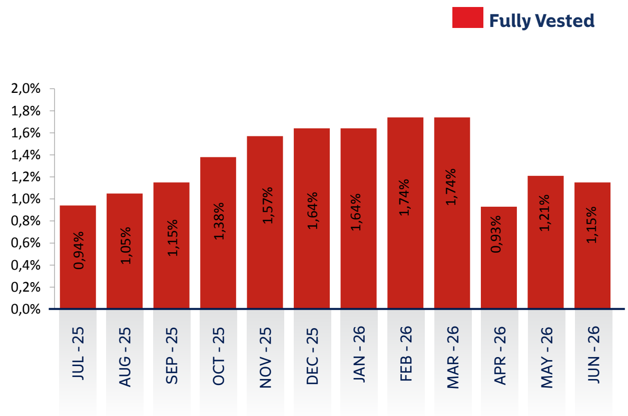
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN OF BONUS GENERATING PORTFOLIO
Oct 2013	105% - 110%	R587m	1,39%	14,02%

Performance

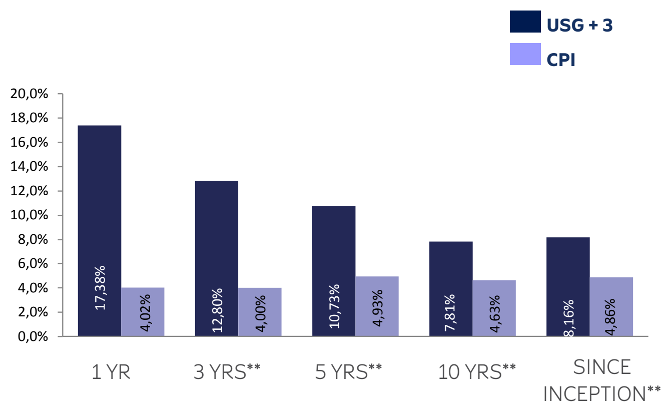
The total bonus rate* for the past quarter on the Universal Smart Guarantee +3 Fund is shown below.



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



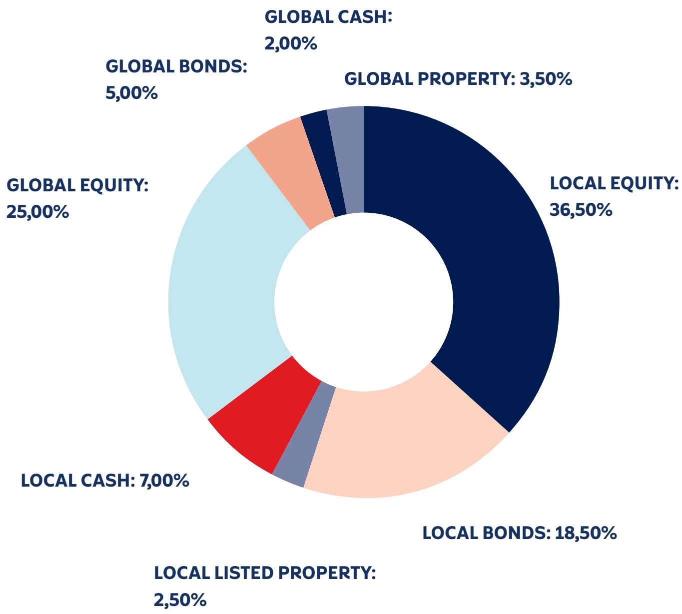
The chart below shows the long term bonus* performance of the Universal Smart Guarantee +3 Fund against CPI.



CPI figures are lagged by two months

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 16,67% of bonuses will still be declared.

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

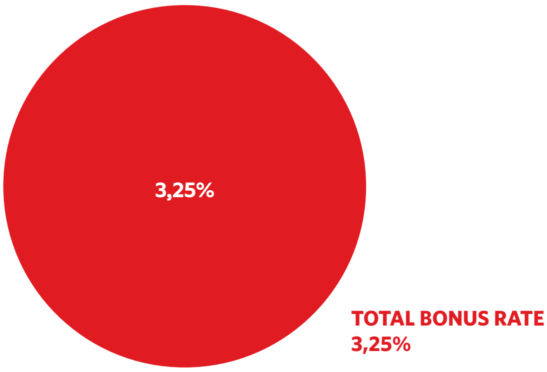
Fully Vesting Smoothed Bonus Range
Multi-Manager Secure Growth Fund

Fund Snap Shot

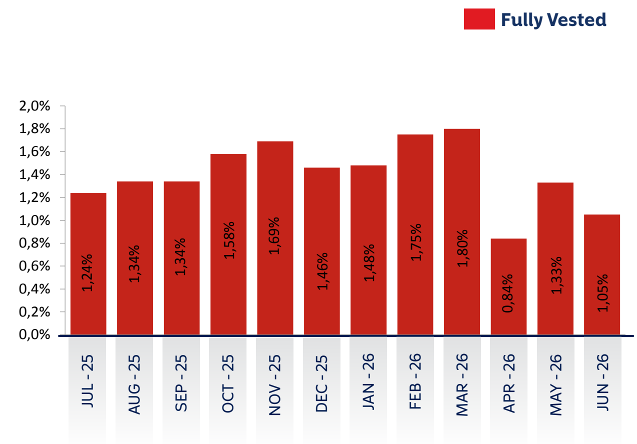
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUS RATES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Nov 2007	105% - 110%	R71m	1,13%	14,30%

Performance

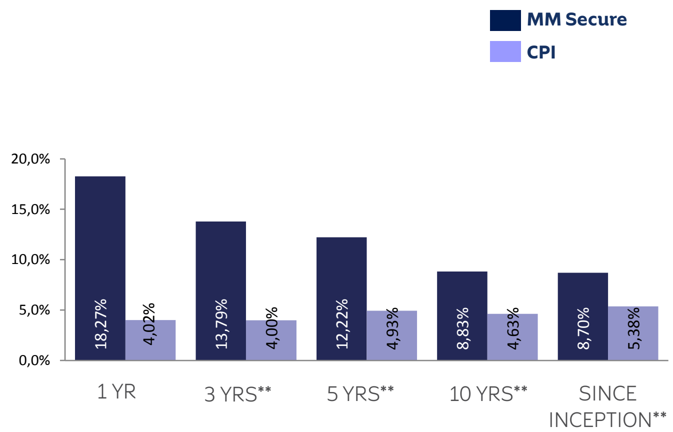
The total bonus rate* for the past quarter on the Multi-Manager Secure Growth Fund is shown below.



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.



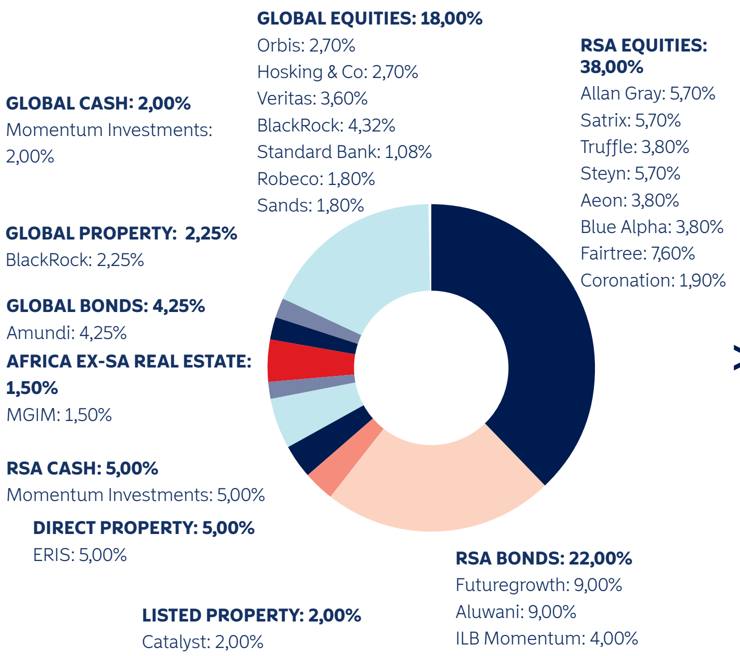
CPI figures are lagged by two months

* The bonus rates are gross of the policy fee

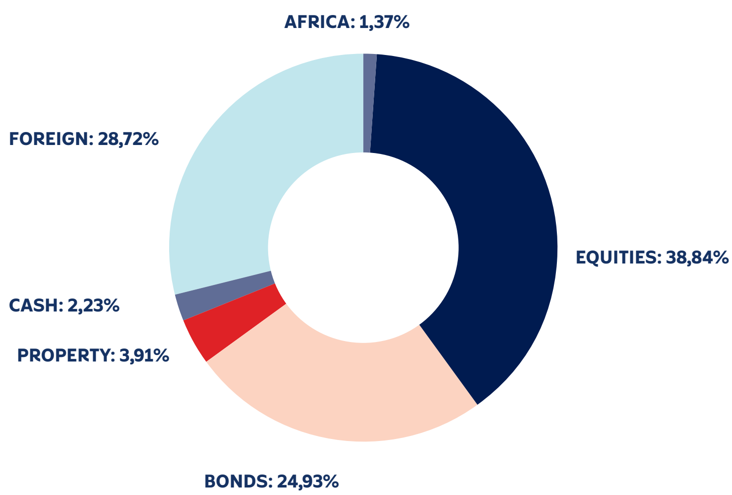
** Annualised

Asset Allocation

The strategic asset allocation is shown below.



The effective asset allocation is shown below.



Smoothed Bonus Portfolios Key Features

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Vesting	Fund	Fund Return Objective	Manager	Mandate Type	Guarantee on Policy Benefits[1]	Market Value Adjustment on Voluntary Exits[2]	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[3]	January 2004
Partially Vesting	Universal Multi-Manager Smooth Growth Fund	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[3]	June 2020
Partially Vesting	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[3]*	January 1989
Partially Vesting	Universal Smooth Growth 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	0,90% pa	0,45% of the first R10m, 0,35% of the next R40m, 0,25% of the excess above R50m[3]*	June 2020
Partially Vesting	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[3]*	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[3]	November 2007
Fully Vesting	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[3]*	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).

momentum corporate

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