

Golden With-Profit Annuities

Annual Feedback
Report 2020

momentum
corporate

Highlights

We are pleased to present you with the annual performance feedback report for the Momentum Golden With-Profit Annuities for 2020.

The report provides information about the Momentum Golden With-Profit annuity increases for 2020. We have also included a glossary explaining some of the terms pertaining to your annuity. We trust that you will find this information interesting and that you'll gain insight into how your money is working for you.

Highlights of the report

The main driver of your annuity increase is the performance of investment markets over the smoothing period.

In 2019, investment returns on risky asset classes like equities, improved compared to 2018. Therefore bonuses have improved but are still at relatively low levels given the smoothing formula applied to determine bonuses and the impact of the poor investment returns between 2016 and 2018 still being reflected in the smoothing formula.

The majority of risky asset classes entered 2019 on poor footing following an extensive sell-off at the end of 2018. However, a complete about turn in the global monetary policy stance supported robust returns in 2019. A more accommodative monetary policy stance adopted by the major developed market central banks fuelled developed equity markets by 27.7% in 2019, sending them higher relative to emerging market equity markets (up 18.4%). The South African (SA) equity market trailed global equity markets in 2019 at 12% partly due to weak economic conditions.

While a soft landing in the global economy is expected, we acknowledge the meaningful risk for a deeper recession. From a valuation perspective, none of the primary global asset classes look cheap compared to the past. However, on a relative basis, equities look cheaper than credit and particularly government bonds.

In SA, attractive valuations provide some margin of safety for equities against a weak growth environment. In a yield-deprived global environment, SA fixed income investments continue

to offer very attractive real risk-adjusted returns to more than adequately compensate investors for investment risk.

While the operating environment for listed property shares remains tough against the backdrop of a weak local economy, low valuations show that this is already well discounted, leaving the risk-return profile for listed property with more upside than downside.

Trade friction, geopolitical threats and debt accumulation could further disrupt global economic activity and derail its tepid recovery since the global financial crisis. In Momentum Investments' view, global growth is likely to move sideways from here. Growing business angst over the duration of the current economic upswing has raised questions over how long today's global economic expansion can last, but many traditional indicators of recession are not flashing red yet.

Lack of exciting sentiment heralds a tepid growth recovery in SA from less than 0.5% in 2019 to under 1% in 2020, as confidence edges higher on the execution of easy-to-reach reforms where there is broad agreement. Even with a probable sovereign downgrade by Moody's in 2020, Momentum Investment expects the rand to end 2020 only marginally weaker, boding well for inflation.

In 2019, the "Alexander Forbes Investments Golden Growth With-Profit Annuity" was renamed to the "Momentum Golden Growth With-Profit Annuity - Performer Life" after the Bonus Generating Portfolio was transitioned from a customized investment portfolio that was managed by Alexander Forbes to the Alexander Forbes Performer Life Portfolio. MMI Group Limited was also renamed to Momentum Metropolitan Life Limited and MMI Holdings Limited was renamed to Momentum Metropolitan Holdings Limited.



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01

Introduction

World-class annuity benefits

At Momentum, we strive to develop affordable solutions that enhance the financial wellness of our clients. Our goal is to grow wealth and support the financial health of our clients by providing specialised medium-term to long-term insurance, administration and investment solutions.

Momentum Corporate provides employee benefit solutions, and focuses on offering tailor-made products and services to meet specific needs.

As a proud division of Momentum Metropolitan Holdings Limited, we are able to guarantee you rock-solid financial security. Our team of experts is committed to delivering effective and flexible solutions. We aim to develop meaningful relationships with our clients.

Purpose of this feedback report

This report communicates important information to our annuitants, which allows you to assess where you are on your financial wellness journey.

It looks back at 2019, and in particular how investment performance has impacted annuity increases that have been granted for the 2020 year.

We hope that this report gives you a better understanding of how the Golden With-Profit Annuity works, and the factors (both domestic and international) that can affect your annuity increases in years to come.

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Golden With-Profit Annuities Overview

What is a with-profit annuity?

You are invested in a Momentum Golden With-Profit annuity solution. It gives you peace of mind that you will receive an income for the rest of your life that will never decrease.

The with-profit annuity also gives you the opportunity to share in the experience profits made on the assets funding your annuity, hence the name 'with-profit annuity'. This profit-sharing is done by way of future annual increases (explained further below).

Momentum declares future annual annuity increases to provide income growth over time. 'Profits' arise mainly from investment performance. Mortality experience may have an impact on annuity increases, but this is expected to be minimal over the long-term.

Annual annuity increase

Every December, Momentum calculates the annual annuity increase you will receive in the following calendar year. You are the beneficiary of the experience profits/losses made on the assets backing the annuity. The better the experience on the portfolio, the higher your annuity increases will be.

Other factors will also affect the level of the increase. These include the post-retirement interest rate (PRI) and smoothing.

Post-retirement interest rate (PRI)

The with-profit annuity consists of a number of categories. The distinguishing factor between these categories is known as the post-retirement interest rate (PRI).

The PRI is the minimum net investment return that needs to be earned on the underlying assets before increases can be granted. This means that only investment returns in excess of your PRI are available for annual increases to your annuity income.

For a given purchase sum, the higher your chosen PRI, the higher your starting level of income. However, future annuity increases will be lower compared to lower PRI categories.

Consider for example that you are an annuitant on a 4% PRI and experience profits (investment and mortality) of 10% are available in the year for distribution:

- The first 4% of these returns is required to maintain your current level of income.
- The remaining 6% (10% - 4%) is available to increase your annuity.

A with-profit annuity with a lower PRI will start with a lower income, but it will award higher annuity increases in the future compared with a higher PRI category.

This leads to the following two scenarios - all else being equal:

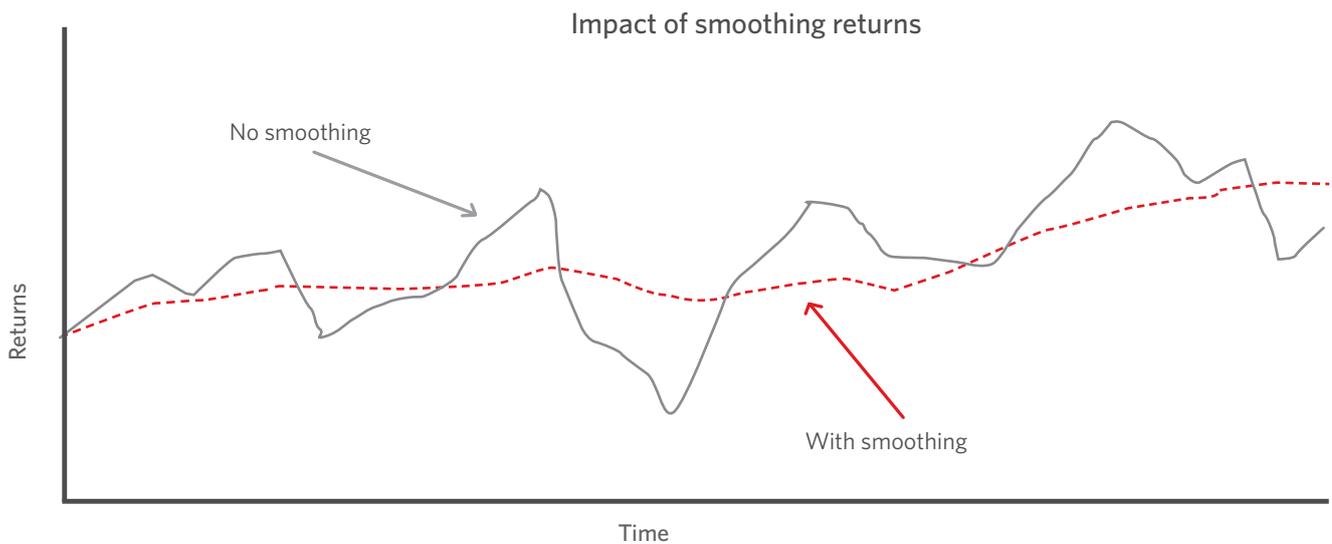
- Annuitants with a high PRI have a higher starting annuity income, but will get lower increases in future.
- Annuitants with a low PRI have a lower starting annuity, but will get higher increases in future.

Smoothing

Investment markets are unpredictable with good investment profits one year and possible losses in the following year. Therefore your annuity increases can be higher or lower from year to year, but we guarantee that they will never be negative. Momentum understands the importance of stability when it comes to annuity investments. In order to protect you from the volatility of the markets, we make use of a technique called 'smoothing'.

Smoothing simply means holding back returns in the good years and giving them back in the bad years. This means that you can expect your increases to remain relatively more stable over the long term despite the uncertainty about future market movements. You still get the full market return over time, but without experiencing all the volatility.

The graph below shows how smoothing protects you against the ups and downs of a volatile investment market.



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Features of the Golden With-Profit Annuities

Our guarantee

We guarantee that your annuity will never decrease. Furthermore, each time an increase is awarded it can never be taken away, and the new higher amount is guaranteed for the rest of your life.

Our financial strength

Your with-profit annuity guarantee depends on our financial strength and our ability to meet our financial commitments in a turbulent investment market environment.

Momentum Metropolitan Life Limited's ratio of long-term insurance business excess capital to the Solvency Capital Requirement (SCR) was 2.08 times as at 30 June 2019. The capital position remains strong and comfortably above the regulatory requirement.

Credit ratings

Moody's Investors Services, as at 18 December 2019, rates Momentum Metropolitan Life Limited's National Insurer Financial Strength (IFS) as Aaa.za; National Long-term rating as Aaa.za; and the rating for our subordinated debt as Aa2.za.

Momentum Metropolitan's credit ratings reflect our top-tier market position, our solid capital position and our flexible product characteristics, which serve to reduce the effect on the group from financial stress events. Momentum Metropolitan has a well-established local franchise with good profitability, liquidity and risk management. Our business has low exposure to financial risks and has a very strong capacity to meet all policyholder and other obligations. This vote of confidence from an independent rating agency verifies the security and financial strength we are able to provide to our policyholders.

Our investment policy

Your annuity assets are invested in a combination of a Bonus Generating Portfolio and a matching fixed income portfolio, with two key overall objectives:

1. To meet our guarantee to never reduce your annuity for as long as you live.
2. To generate investment profit to provide you with an increase.

Your annual increases are linked directly to the on-going performance of the with-profit annuity Bonus Generating Portfolio. We ensure that you get adequate exposure to a wide variety of asset classes in South Africa as well as abroad. Our investment strategy uses exposure to growth assets to generate positive investment experience for annuity increases.

However, these growth assets can also experience losses, so the strategy should also provide adequate protection during times of negative market performance, e.g. a market crash. We regard the investment risk management strategy as 'best in class' for managing the investment risks associated with the product.

The table below shows the strategic asset allocation of the Bonus Generating Portfolio which is managed by Momentum Investments, and aims to achieve a CPI+6% p.a. investment return over a rolling 6-year period.

Asset Class	Strategic Asset Allocation
Local Equities	45.0%
Local Bonds	10.5%
Local Cash	2.5%
Local Property	13.5%
Global Assets	28.5%
Total	100%

The table below shows the strategic asset allocation of the Bonus Generating Portfolio which is managed by Alexander Forbes Investments:

Asset Class	Strategic Asset Allocation
Equities	60%-75%
Bonds	5%-35%
Cash	5%-30%
Property	0%-15%
Global Assets	Max 30%

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Investment Markets in 2019 and looking ahead to 2020

As noted in the highlights section, the majority of risky asset classes entered 2019 on poor footing following an extensive sell-off at the end of 2018. However, a complete about turn in the global monetary policy stance has supported robust returns in global equity markets in 2019. Market returns were further supported late in the year on an easing in trade disputes between the United States (US) and China and a majority win by the Conservative Party in the United Kingdom (UK), suggesting a clearer path towards Brexit.

Global equity markets had their best year since 2009, when markets soared 34.6%. The MSCI All Country World Index ended the year 26.6% higher after collapsing 9.4% in 2018. A more accommodative monetary policy stance adopted by the major developed market central banks fueled developed market equity markets in 2019, sending them higher relative to emerging market equities. Returns in the MSCI Developed Market Index more than made up for an 8.7% dip in 2018 and powered ahead at 27.7% in 2019. This left 2019 as the best performing year since 2009 when the MSCI Developed Market Index climbed nearly 30%. Easier monetary policy and above-trend growth aided robust returns in US equity markets.

The local equity market trailed global equity markets in 2019, partly due to weak local economic conditions. The FTSE/JSE All-Share Index gained 12% in 2019 after losing 8.5% in 2018.

The SA 10-year government bond yield rallied 26 basis points in 2019 after selling off 40 basis points in the year before. The All Bond Index managed a 10.3% gain for 2019, following a 7.7% rise in 2018, while the JSE ASSA Government Inflation-linked Bond Index edged

up only 2.3% higher in 2019 following a 0.4% dip in 2018. Meanwhile, the FTSE/JSE SA Listed Property Index managed to end the year in the black at 1.9% after plummeting 25.3% in 2018.

A rise in global trade optimism left the rand firmer in December 2019. The rand strengthened by 2.5% against the US dollar in 2019 after depreciating by 13.8% in 2018. The rand was 4.9% firmer against the euro at the end of 2019 after depreciating by 9.7% against the euro in 2018, while the rand extended losses against the pound in 2019 by a further 1.3% following 8.6% the year before.

The expected determining factor for the outcome of global financial markets in 2020 is whether the global economy will experience a hard or soft landing. This will primarily be shaped by the interplay between the negative effect of trade tariff increases and the positive growth effect of policy stimulus measures.

Whereas growth assets like equities, credit and property are likely to experience meaningful drawdowns in case of a hard landing for the global economy, defensive assets such as government bonds and gold are likely to flourish in absolute and particularly relative terms under such an outcome. In contrast, if policy makers are successful in engineering a soft landing for the global economy through their combined policy efforts, the more risky asset classes are likely to perform better.

While either the hard or soft landing scenarios unfold in 2020, financial market volatility is likely to rise in line with the ebb and flow of market sentiment across the asset classes. This could be enhanced by additional uncertainties typically associated with events in a US election year.

From a valuation perspective, none of the primary global asset classes look cheap compared to the past. However, on a relative basis, equities look cheaper than credit and particularly government bonds. While a soft landing in the global economy is expected, we acknowledge the meaningful risk for a deeper recession.

History shows that the recent (lack of) returns from SA equities may be a good indicator of better future returns and that the state of the SA economy had little bearing in the past on the returns from the SA equity market. This is a testament to the global nature of the SA equity market. Attractive valuations also provide some margin of safety for SA equities against a weak local growth environment. The main near-term risk for local equities is a hard landing for the global economy, as the SA equity market typically performs poorly around the onset of a US recession.

Unpredictable politics presages a tricky path ahead for the global economy

It is not easy to be optimistic about the world economy, given several downside risks that could further disrupt global economic activity and derail its tepid recovery since the global financial crisis. Trade friction, geopolitical threats and debt accumulation have, in particular, raised prospects for another global recession and pose a downside threat to the International Monetary Fund's (IMF) global growth forecast of 3.4% in 2020 from 3.1% in 2019. In Momentum Investment's view, it is more likely that global growth moves sideways from here.

In contrast to extremely weak global manufacturing and trade data, the world economy's services sector has continued to hold up. This has so far sustained a buoyant labour market, rising wage growth and healthy consumer spending in many advanced economies. Growing business angst over the duration of the current upswing in economic activity has raised questions over how long today's global economic expansion can last.

A few traditional US recession indicators have already signalled stress, including an inversion of the yield curve, when the two-year Treasury tops the 10-year. The distortive effect of quantitative easing on lowering longer-term yields, however, renders this indicator less reliable this time around. Moreover, other indicators of recession (including building permits and initial jobless claims) are not flashing red as yet.

The most significant downside risk to our growth view stems from an escalation in global trade wars and higher global economic policy uncertainty. A bigger negative shift in private

sector confidence could create its own negative reality, preventing a recovery in capital expenditure and leading to a breakdown in consumer confidence, which would see the economy slipping into a deeper growth slumber.

Healthy global liquidity and arrest in global trade contraction not enough to lift all Emerging Market boats

Global synchronised easing and the search for yield should help to sustain portfolio flows into emerging markets, but protectionism and lacklustre global growth will likely continue to create trade headwinds for the composite. Although the growth gap between developed markets and emerging markets is likely to widen in 2020, this is mainly due to a deceleration in developed market growth. Growth in emerging markets, in our opinion, is likely to track only marginally higher from an expected 4.4% in 2019.

SA on a difficult path, but moving slowly in the right direction

Growth in SA's leading indicator, which provides foresight into where the economy is headed, has contracted for the past year, confirming downbeat consumer and business sentiment and heralding a tepid growth outlook. The local economy slipped into its 73rd month of the economic downswing in December 2019 with little to suggest a growth surge is on the horizon. We believe growth in SA is likely to struggle to reach 1% in 2020 on reform efforts, which are too slow to suddenly reinvigorate sentiment, accelerate consumer purchases of bigger-ticket items or encourage the outlay of big capital investment projects just yet.

While SA President Cyril Ramaphosa has affected a number of structural reforms already, the IMF has proven that reform is more politically challenging under weak economic conditions, and the effects of these reforms may be watered down against a brittle growth setting. The need for a social compact in SA, where all stakeholders concede to enduring some of the short-term pain has never been more urgent since the dawn of our democracy. Without this, kick-starting growth and moving our growth potential from around 1% currently assumed to the historic average of closer to 3% will be tough.

We expect the rand to end 2020 marginally weaker on lower domestic political event risk relative to the past few years and a short-term reprieve in the trade war between the US and China. An expected sovereign downgrade by Moody's rating agency to junk status in 2020, based on elevated state-owned enterprise risks and difficulties in curbing the wage bill, could temporarily weaken the rand, but we believe this move is already largely priced in by markets.

05

Your Golden With-Profit Increases

Investment performance as at 30 November 2019

Our with-profit annuities use a Bonus Generating Portfolio to generate investment returns. These returns are used to determine the bonuses and increases that apply. The Bonus Generating Portfolio is managed by Momentum Outcome-based Solutions or Alexander Forbes Investments depending on which product you are invested in. The investment objective is to target returns that exceed inflation, as measured by the change in the Consumer Price Index (CPI), by 6% and 5% per annum over the long term for the Momentum Outcome-based Portfolio and the Alexander Forbes Investments portfolio's respectively.

The Bonus Generating Portfolio uses holdings in multiple asset classes to generate these returns. This includes a significant component in what is regarded as risky assets. We invest in risky assets because they are expected to generate higher returns than less risky assets over the long term.

In determining the bonus to declare (from which increases will be calculated), the Bonus Generating Portfolio investment experience is smoothed over the most recent 6-year period. This is to reduce the impact of investment performance volatility from year to year. The investment returns included in the bonus and increases represent a weighted average over 6 years, with higher weights being allocated to more recent years.

The latest period of investment performance used in our bonus and increase calculations for 2020 is the 12-month period ending 30 November 2019. The investment returns over the previous five years ending 30 November each year are also used as part of the smoothing formula.

The table below gives an indication of the market performance of various asset classes over the one-year and three-year periods ending 30 November 2019, as measured by the change in key market indices within each asset class.

SA Equity	1 year %	3 year % annualised
FTSE/JSE FTSE/JSE All-Share Index (ALSI)	13.08	6.61
FTSE/JSE Shareholder Weighted Index (SWIX)	8.50	4.81
FTSE/JSE Shareholder Weighted Index (SWIX)	6.23	3.22
FTSE/JSE Resources Index	34.98	16.42
FTSE/JSE Financials Index	0.51	4.38
FTSE/JSE Industrials Index	8.94	3.06
SA Property		
FTSE/JSE SA Listed Property Index (SAPY)	2.98	-1.70
SA Bonds		
JSE ASSA All Bond Index (ALBI)	9.00	9.30
JSE ASSA SA Government ILB Index	2.04	1.14
SA Cash		
Short-term Fixed Interest Composite Index (SteFI)	7.31	7.38
Global (shown in rand terms)		
MSCI World Index (All Countries)	20.26	12.94
FTSE World Government Bond Index	13.99	5.30

Source: Momentum Investments (Pty) Ltd, INET BFA, www.msci.com The Total Returns Indices (TRIs) measure the total return on the underlying indices, combining both capital performance and reinvested income.

As can be seen from the key market indices, Investment markets have not performed well over the past three years. For example, the JSE All Share Index was only up 6.61% p.a. over the three years to 30 November 2019. However, the JSE All Share Index was up 13.08% p.a. over the one year-ending 30 November 2019. The historic poor performance negatively impacted the 2020 bonus declaration even though the investment returns improved over the last year. If investment returns continue to improve, future increases will improve, but if the improvement does not continue, then increases may deteriorate in the future.

Increases granted for 2020

We have 5 Bonus Series for our With-Profit Annuities

Where Bonus Generating Portfolio assets are managed by Momentum Outcome-based Solutions:

1. Golden Income With-Profit Annuity
2. Golden Growth With-Profit Annuity Bonus Series 1
3. Golden Growth With-Profit Annuity Bonus Series 2

Where Bonus Generating Portfolio assets are managed externally by *Alexander Forbes Investments:

4. Momentum Golden Growth With-Profit Annuity – Performer Life Bonus Series 1
5. Momentum Golden Growth With-Profit Annuity – Performer Life Bonus Series 2

The Golden Income With-Profit Annuity uses the same risk management technology as the Golden Growth With-Profit Annuity, but has increases on a lower trajectory since bonuses are based on 75% of the investment returns in the Bonus Generating Portfolio. This means that for the same purchase sum, some of the participation in the growth that generates future increases is sacrificed to give a higher starting income.

The Momentum Golden Growth With-Profit Annuity – Performer Life Bonus Series 1 also has increases on a lower trajectory since bonuses are based on 85% of the investment returns in the Bonus Generating Portfolio.

The 2020 increases on the Golden With-Profit Annuities are effective for policy increase dates from 1 January to 31 December 2020. These increases depend on your PRI category, the performance of the assets, smoothing, mortality and some lesser experience items.

The table below shows the 2020 increases that apply to some of the PRI categories for different groups of with-profit annuities. It is important to note that the increases shown below are the standard increases granted to annuitants in the Golden Series With-profit Annuities and do not apply to customized increases on certain annuity policies. If your increases are different to those in the table below, please check your policy terms. The 2020 increase in your annuity will be communicated to you directly in the month in which your increase is due.

PRI	Momentum Golden Income	Momentum Golden Growth		*Alexander Forbes Investments Golden Growth	
		Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
	2020 Increase				
0.0%	6.10%	n/a	n/a	n/a	n/a
0.5%	5.57%	n/a	n/a	n/a	n/a
1.0%	5.04%	n/a	5.14%	n/a	n/a
1.5%	4.53%	n/a	4.63%	n/a	n/a
2.0%	4.01%	n/a	4.11%	n/a	n/a
2.5%	3.51%	n/a	3.60%	n/a	n/a
3.0%	2.96%	5.14%	3.05%	n/a	5.29%
3.5%	2.41%	4.63%	2.51%	2.70%	4.73%
4.0%	1.87%	4.03%	1.97%	2.11%	4.18%
4.5%	1.33%	3.44%	1.43%	1.53%	3.63%
5.0%	n/a	2.85%	0.90%	0.95%	3.09%
5.5%	n/a	2.27%	n/a	0.37%	n/a
6.0%	n/a	1.69%	n/a	n/a	n/a
6.5%	n/a	1.12%	n/a	n/a	n/a

* Previously known as Alexander Forbes Investments Golden Growth

It is important to appreciate that the smoothing practice we use to manage increases means that strong or poor returns in any single year will be spread out over a few years. This enables us to provide more stable increases over time. (Refer to Section 2 for information about smoothing.)

The estimated reduction on the investment performance of the with-profit annuity portfolios of net-priced investment portfolios, performance fees and any other fees paid directly from the underlying assets is estimated to be as follows as at 30 June 2019:

Momentum Golden Income	Momentum Golden Growth		Momentum Golden Growth – Performer Life	
	Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
0.15%	0.20%	0.20%	0.05%	0.05%

Historical increases

Historical increases are shown in the tables below.

It is important to note that the increases shown below are the standard increases granted to annuitants in the Golden Series With-profit Annuities. For some annuitants the increases granted will be different to the standard increases below, as per the terms of their policy contracts.

The following table shows the increase history that applies to some of the PRI categories for the Momentum Golden Income product, as well as the annualised increase over the last three, five and nine-year periods. The product was launched in 2012.

Momentum Golden Income With-Profit Annuity

Year	Percentage increase										
	0.0% PRI	0.5% PRI	1.0% PRI	1.5% PRI	2.0% PRI	2.5% PRI	3.0% PRI	3.5% PRI	4.0% PRI	4.5% PRI	Inflation*
2012	9.50%	8.95%	8.41%	7.88%	7.35%	6.82%	6.26%	5.70%	5.14%	4.59%	6.12%
2013	9.00%	8.45%	7.92%	7.38%	6.86%	6.34%	5.77%	5.21%	4.66%	4.11%	5.60%
2014	8.50%	7.96%	7.42%	6.89%	6.37%	5.85%	5.29%	4.73%	4.18%	3.63%	5.35%
2015	9.50%	8.95%	8.41%	7.88%	7.35%	6.82%	6.26%	5.70%	5.14%	4.59%	5.80%
2016	7.70%	7.16%	6.63%	6.10%	5.58%	5.07%	4.51%	3.96%	3.41%	2.87%	4.77%
2017	5.90%	5.37%	4.85%	4.33%	3.82%	3.31%	2.76%	2.22%	1.68%	1.14%	6.61%
2018	7.10%	6.56%	6.03%	5.51%	5.00%	4.48%	3.93%	3.38%	2.83%	2.29%	4.62%
2019	5.20%	4.67%	4.15%	3.64%	3.13%	2.63%	2.08%	1.54%	1.00%	0.47%	5.18%
2020	6.10%	5.57%	5.04%	4.53%	4.01%	3.51%	2.96%	2.41%	1.87%	1.33%	3.56%
Annualised increase											
3 year	6.13%	5.60%	5.07%	4.56%	4.04%	3.54%	2.99%	2.44%	1.90%	1.36%	4.45%
5 year	6.40%	5.86%	5.34%	4.82%	4.30%	3.80%	3.24%	2.70%	2.15%	1.62%	4.94%
9 year	7.60%	7.06%	6.53%	6.00%	5.49%	4.97%	4.41%	3.86%	3.31%	2.77%	5.29%

* Year on Year Inflation as at November the preceding year.

The following two tables show the increase history that applies to some of the PRI categories for the last ten years for the Momentum Golden Growth bonus series 1 and 2, as well as the annualised increase over the last three, five and ten-year periods. Bonus Series 2 was launched in 2009.

Momentum Golden Growth With-Profit Annuity Bonus Series 1

Year	Percentage increase								
	3.0% PRI	3.5% PRI	4.0% PRI	4.5% PRI	5.0% PRI	5.5% PRI	6.0% PRI	6.5% PRI	Inflation*
2011	6.31%	5.80%	5.19%	4.59%	4.00%	3.41%	2.83%	2.25%	3.58%
2012	7.77%	7.25%	6.63%	6.03%	5.43%	4.83%	4.25%	3.66%	6.12%
2013	7.28%	6.76%	6.15%	5.55%	4.95%	4.36%	3.77%	3.19%	5.60%
2014	7.77%	7.25%	6.63%	6.03%	5.43%	4.83%	4.25%	3.66%	5.35%
2015	8.25%	7.72%	7.11%	6.50%	5.90%	5.30%	4.71%	4.13%	5.80%
2016	7.28%	6.76%	6.15%	5.55%	4.95%	4.36%	3.77%	3.19%	4.77%
2017	4.85%	4.34%	3.75%	3.15%	2.57%	1.99%	1.41%	0.84%	6.61%
2018	6.31%	5.79%	5.19%	4.59%	4.00%	3.41%	2.83%	2.25%	4.62%
2019	3.00%	2.51%	1.92%	1.33%	0.76%	0.18%	0.00%	0.00%	5.18%
2020	5.14%	4.63%	4.03%	3.44%	2.85%	2.27%	1.69%	1.12%	3.56%
Annualised increase									
3 year	4.81%	4.30%	3.70%	3.11%	2.53%	1.94%	1.50%	1.12%	4.45%
5 year	5.31%	4.80%	4.20%	3.60%	3.02%	2.43%	1.93%	1.47%	4.94%
10 year	6.38%	5.87%	5.26%	4.66%	4.07%	3.48%	2.94%	2.42%	5.11%

* Year on Year Inflation as at November the preceding year.

Momentum Golden Growth With-Profit Annuity Bonus Series 2

Year	Percentage increase								
	1.5% PRI	2.0% PRI	2.5% PRI	3.0% PRI	3.5% PRI	4.0% PRI	4.5% PRI	5.0% PRI	Inflation*
2011	9.85%	9.31%	8.78%	8.20%	7.63%	7.07%	6.51%	5.95%	3.58%
2012	10.14%	9.60%	9.07%	8.49%	7.92%	7.35%	6.79%	6.23%	6.12%
2013	10.14%	9.60%	9.07%	8.50%	7.92%	7.36%	6.79%	6.24%	5.60%
2014	9.35%	8.82%	8.29%	7.72%	7.15%	6.59%	6.03%	5.48%	5.35%
2015	8.86%	8.33%	7.80%	7.23%	6.66%	6.10%	5.55%	5.00%	5.80%
2016	7.38%	6.86%	6.34%	5.77%	5.21%	4.66%	4.11%	3.57%	4.77%
2017	5.02%	4.50%	4.00%	3.44%	2.89%	2.35%	1.81%	1.28%	6.61%
2018	5.81%	5.29%	4.78%	4.22%	3.67%	3.12%	2.58%	2.04%	4.62%
2019	3.15%	2.64%	2.14%	1.60%	1.06%	0.52%	0.00%	0.00%	5.18%
2020	4.63%	4.11%	3.60%	3.05%	2.51%	1.97%	1.43%	0.90%	3.56%
Annualised increase									
3 year	4.52%	4.01%	3.50%	2.95%	2.41%	1.86%	1.33%	0.98%	4.45%
5 year	5.19%	4.67%	4.16%	3.61%	3.06%	2.51%	1.98%	1.55%	4.94%
10 year	7.40%	6.88%	6.36%	5.79%	5.23%	4.68%	4.13%	3.64%	5.11%

* Year on Year Inflation as at November the preceding year.

The following two tables show the increase history that applies to some of the PRI categories for the last ten years for the Momentum Golden Growth - Performer Life Bonus Series 1 and 2 products, as well as the annualised increase over the last three, five and ten-year periods. Bonus series 2 was launched in 2009.

Momentum Golden Growth With-Profit Annuity - Performer Life Bonus Series 1

Year	Percentage increase					
	3.5% PRI	4.0% PRI	4.5% PRI	5.0% PRI	5.5% PRI	Inflation*
2011	4.83%	4.23%	3.64%	3.05%	2.46%	3.58%
2012	4.83%	4.23%	3.63%	3.04%	2.46%	6.12%
2013	4.83%	4.23%	3.63%	3.04%	2.46%	5.60%
2014	5.79%	5.19%	4.59%	4.00%	3.41%	5.35%
2015	5.79%	5.19%	4.59%	4.00%	3.41%	5.80%
2016	3.38%	2.78%	2.20%	1.61%	1.04%	4.77%
2017	2.99%	2.40%	1.81%	1.23%	0.66%	6.61%
2018	3.86%	3.26%	2.67%	2.09%	1.51%	4.62%
2019	1.83%	1.25%	0.66%	0.09%	0.00%	5.18%
2020	2.70%	2.11%	1.53%	0.95%	0.37%	3.56%
Annualised increase						
3 year	2.79%	2.20%	1.62%	1.04%	0.62%	4.45%
5 year	2.95%	2.36%	1.77%	1.19%	0.71%	4.94%
10 year	4.08%	3.48%	2.89%	2.30%	1.77%	5.11%

* Year on Year Inflation as at November the preceding year.

Momentum Golden Growth With-Profit Annuity - Performer Life Bonus Series 2

Year	Percentage increase					
	3.0% PRI	3.5% PRI	4.0% PRI	4.5% PRI	5.0% PRI	Inflation*
2011	7.72%	7.15%	6.59%	6.03%	5.48%	3.58%
2012	7.71%	7.14%	6.58%	6.02%	5.47%	6.12%
2013	8.20%	7.63%	7.06%	6.50%	5.95%	5.60%
2014	7.71%	7.14%	6.58%	6.02%	5.47%	5.35%
2015	8.20%	7.63%	7.06%	6.50%	5.95%	5.80%
2016	5.29%	4.73%	4.18%	3.63%	3.09%	4.77%
2017	4.80%	4.25%	3.70%	3.15%	2.61%	6.61%
2018	7.23%	6.66%	6.10%	5.55%	5.00%	4.62%
2019	4.02%	3.47%	2.93%	2.39%	1.85%	5.18%
2020	5.29%	4.73%	4.18%	3.63%	3.09%	3.56%
Annualised increase						
3 year	5.51%	4.95%	4.40%	3.85%	3.31%	4.45%
5 year	5.32%	4.76%	4.21%	3.66%	3.12%	4.94%
10 year	6.61%	6.04%	5.49%	4.93%	4.39%	5.11%

* Year on Year Inflation as at November the preceding year.

Our guarantee

We guarantee that your annuity will never decrease. Furthermore, each time an increase is awarded it can never be taken away, and the new higher amount is guaranteed for the rest of your life.

Inflation considered

Although the Golden With-Profit Annuities do not guarantee that annuity increases will meet inflation in any year, Momentum aims to reduce the impact of inflation on annuitants over the long term. Over the long term, a "Golden Growth" 4% PRI, "Golden Growth - Performer Life Bonus Series 1" 2% PRI, "Golden Growth - Performer Life Bonus Series 2" 2% PRI and a "Golden Income" 2% PRI all are expected to approximately target CPI increases.

The 3-year and 5-year annualised increases in the tables above are currently below this longer term expectation. We would expect this to recover over time if annualised returns recover and as the impact of poor returns experienced during 2016 to 2018, reduces in weight through the effect of our smoothing approach. However, it does require a recovery and increases can remain below the long term expectation if annualised returns remain below the long term expectation.

Conclusion

Investment markets have not performed well over the past three years. The historic poor performance negatively impacted the 2020 bonus declaration even though the investment returns improved over the last year. If investment returns continue to improve, future increases will improve, but if the improvement does not continue, then increases may deteriorate in the future.

We trust that this feedback report has given you some insight into the increase declared on your Golden With-Profit Annuity for 2020. We hope you found the information interesting and useful.

If you have any questions please refer to the back cover for our contact details.

06

PPFM compliance

Momentum's with-profit annuities must be managed in accordance with our Principles and Practices of Financial Management (PPFM). The relevant with-profit annuity PPFM document can be found on our website www.momentum.co.za or you can contact us for a copy of it.

Momentum Metropolitan's Fair Practices Committee is an independent governance forum responsible for dealing with the requirements of the Financial Sector Conduct Authority's

Board's (FSCA's) Treating Customers Fairly ("TCF") regulations, as published.

At the end of each of Momentum Metropolitan's financial years (ending 30 June), the Fair Practices Committee assesses whether the with-profit annuities were managed in accordance with the PPFM over the year. The letter below serves as confirmation that this was indeed the case.

29 October 2019

Manager: Income Solutions
Momentum Corporate

Dear Sir

Momentum Corporate With-Profit Annuity portfolios: Compliance with Principles and Practices of Financial Management for the period 1 July 2018 to 30 June 2019

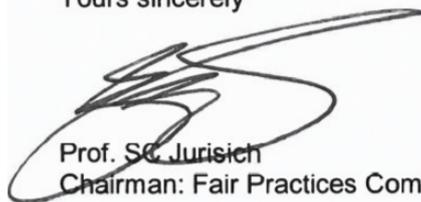
The Momentum Corporate With-Profit Annuity business must be managed in accordance with the Principles and Practices of Financial Management (PPFM) applicable to this business. The Momentum Metropolitan Fair Practices Committee (FPC) is responsible for assessing whether this business is managed in accordance with the PPFM.

The FPC confirms that it is satisfied that the With-Profit Annuity portfolio business was managed in accordance with the applicable PPFM over the period from 1 July 2018 to 30 June 2019 in all material respects.

The Momentum Corporate With-Profit Annuity business includes the following products (including additional bonus series that were launched under these products):

- Golden Growth With-Profit Annuity bonus series 1 (GGWPA)
- Golden Growth With-Profit Annuity bonus series 2 (GGWPA2)
- Alexander Forbes Investments Golden Growth With-Profit Annuity (AFIWPA)
- Alexander Forbes Investments Golden Growth With-Profit Annuity Bonus Series 2009 (AFIWPA2)
- Golden Income With-Profit Annuity (GIWPA)
- Metropolitan Staff Pension Fund Golden Growth With-Profit Annuity (Met Staff-GGWPA)

Yours sincerely



Prof. SC Jurisich
Chairman: Fair Practices Committee

Glossary

Annuity An agreement between an insurer and a policyholder whereby the insurer makes regular payments to the policyholder.

Alternative asset An asset that is not of one of the conventional investment types such as equities, bonds and cash. These include for example hedge funds, derivatives contracts, and futures.

Benchmark A published market index that tracks the performance of general asset classes. A benchmark is used as a standard against which the performance of the various assets in an investment portfolio is measured.

Commodity A physical product supplied without any differentiation across a market, e.g. gold is the same no matter where in the world it is sold. Basic resources and agricultural products such as crude oil, coal, sugar, rice and wheat are other examples of commodities.

Developed market The stock or bond market of a developed country, e.g. the United States and Great Britain. The performance in these markets is regarded as relatively stable and therefore less risky.

Emerging/Developing market The stock or bond market of an economically-developing country, e.g. South Africa and China. The performance in these markets is inclined to be more uncertain and volatile than that of developed countries.

Experience profits The sum of investment profits and mortality profits.

Financials The sector of the investment market where the value is driven by financial services companies such as banks and life insurance companies.

Industrials The sector of the investment market where the value is driven by companies involved in manufacturing goods or services such as mining or agricultural companies.

Inflation A rise in the general price level of goods and services, which leads to decreasing purchasing power of the currency concerned.

Insurer/insurance company A company that agrees to pay the consumer an amount or amounts on the occurrence of an event defined in the contract with the policyholder.

Investment profits/investment return The money made from an investment in assets. This can include growth in the value of an asset or dividends paid to the investor.

Johannesburg Stock Exchange (JSE) A licensed exchange under the Securities Services Act, 2004 and Africa's premier exchange. It has operated as a marketplace for the trading of financial products for nearly 120 years.

Johannesburg Stock Exchange (JSE) All Share Index An equity index intended to reflect the overall performance of the South African ordinary share market.

Monetary Policy Committee (MPC) A body, with members appointed by the South African Reserve Bank (SARB), responsible for determining interest rates in South Africa.

Mortality profits A profit or loss incurred as a result of differences in the actual length of policyholder lifetimes and the assumed length of such lifetimes. To provide an annuity for the life of policyholders, the insurer needs to make an assumption about the expected length of policyholder lifetimes.

Post-retirement interest (PRI) rate A rate representing the minimum amount of investment profit or returns the portfolio underlying the with-profit annuity has to achieve per year to continue paying the current level of annuity.

Resources The sector of the investment market where the value is driven by companies that are involved in the supply of products that have a limited availability, such as diamonds and gold.

Smoothing A technique Momentum applies to investment profits/losses to provide stable increases from one year to the next.

South African Reserve Bank (SARB) The central bank of South Africa, which aims to keep the country's economic system stable by controlling credit conditions and the amount of money in circulation.

With-Profit Annuity An annuity contract that allows policyholders to share in the profits on the assets backing the with-profit annuity. This profit-sharing is done by way of future annual increases.

Bonus Series 1 A with-profit annuity book that was closed to new members during 2009.

Bonus Series 2 A with-profit annuity book that became open to new members during 2009.

If you would like more information or to provide feedback on this report:

- Email us at EBInvestAdmAnnuities@momentum.co.za
- Visit the website at www.momentum.co.za

A more detailed description of the with-profit annuity products and the way in which we manage it is available in the Principles and Practices of Financial Management (PPFM) document on the website.

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