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Golden With-Profit Annuities

Annual Feedback **Report 2022**

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We are pleased to present you with the annual performance feedback report for the Momentum Golden With-Profit Annuities for 2022.

Highlights

Highlights of the report

The main driver of your annuity increase is the performance of the bonus generating portfolio (BGP) over the smoothing period (in most cases 6 years). With the performance of the BGP being driven by the underlying investment markets.

Investment returns have continued to be volatile, and following the poor outcomes of 2019, we are happy to report that returns for 2021 are very good, largely on the back of very buoyant equity markets. This bodes well for bonuses although given the smoothing formula only part of the healthy 2021 returns are included in the current bonus calculation. Of course the good news is that this good 2021 return remains in the smoothing formula for a further 5 years.

The JSE Capped SWIX All Share Index, which measures investment market performance, was up 27,8% for the 12-months to November 2021. That provided considerably better than the performance over the previous 3 years. To give perspective, the index was down 1,7% last year for the 12-months to November 2020. In isolation returns for 2021 are excellent, but this is coming off the back of a very difficult period. The annualised return of the JSE Capped SWIX All Share Index for the 6-years to November 2021 is 5,5%, and only marginally above inflation over the same period at 4,7%.

The bonuses for 2022 reflect the improved investment performance, but with the annualised return of the BGP over the 6-years to November 2021 being only 5,8%, bonuses are below their respective inflation targets.

The report provides information about the Momentum Golden With-Profit annuity increases for 2022. 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 you have the certainty of receiving a guaranteed income for the rest of vour life.

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Introduction

World-class annuity benefits

At Momentum, we strive to develop affordable solutions that enhance the financial success 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 journey to financial success.

It looks back at 2021, and in particular how investment performance has impacted annuity increases that have been granted for the 2022 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 product. The better the experience on the product, 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 several 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.



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 1,73 times as at 30 June 2021. The capital position remains strong and comfortably above the regulatory requirement.

Credit ratings

Moody's Investors Services, as at 15 December 2020, 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 rating reflects 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 wellestablished 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 ongoing 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 in the form of listed equities and property 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:

Asset Class	Strategic Asset Allocation
Local Equities	41,2%
Local Bonds	12,0%
Local Cash	9,8%
Local Property	7,0%
Global Assets	30,0%
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 2021 and looking ahead to 2022 As more and more countries move away from a zerotolerance stance towards COVID-19, the negative growth impact of each new COVID mutation wave is likely to become less severe going forward, unless vaccines become less effective against new virus variants or new mutations become more fatal.

Financial asset prices have been hugely supported by abundant policy stimulus in 2020/21, materially contributing to the good investment returns posted for 2021. The transition in the policy environment in 2022 from less stimulus to eventual policy tightening, should culminate in a less conducive backdrop for asset class returns and could lead to periodic drawdowns in riskier asset classes. While the anticipated slowdown in profit momentum (associated with lower global growth) also points to a lower global equity return outlook in 2022, the magnitude and longevity of any potential equity sell-offs will be limited as long as the global economic recovery remains intact.

The Bloomberg median consensus forecast expects growth of 3,9% in developed markets (DM) and 5% in emerging markets (EM) for 2022.

Although global equities look cheaper than cash or bonds in relative valuation terms, widespread expensive absolute valuations across asset classes put a major constraint on the future returns that can be expected from each of global equities, bonds and cash in 2022. Furthermore, should the rand appreciate from current undervalued levels as Momentum Investments anticipate, this would erode the local currency returns from global assets for South African (SA) investors.

If US real bond yields rise in anticipation of tighter monetary policy as Momentum Investments expect, this should benefit the rest of the world's (RoW) equity markets over the US with its long-duration growth characteristics and high valuation premium.

Against a backdrop of milder global growth, shaped by less accommodative fiscal and monetary policy, demand for South Africa's (SA) exports are likely to soften. Moreover, lingering unemployment will take the shine off consumption spending in 2021. As such, Momentum Investments see growth slowing from an estimated 4,9% in 2021 to 2% in 2022 and 1,8% in 2023.

Pressure on SA equity market profits in 2022 is expected due to a slowdown in global and SA economic growth, on top of the high profit base created in 2021. As such, returns will have to come from a re-rating in market valuations. Fortunately, the SA equity market valuation picture looks quite favourable.

Not only are SA real bond yields currently attractive versus developed market (DM) and emerging market (EM) yields, but SA's real yield premium is also high against historical averages. Relative to SA equities and cash, nominal bonds have consistently been the cheapest

asset class since 2013. In the inflation-linked bond (ILB) space, there is scope for further break-even widening in the interim, with inflation expected to peak in the first quarter of 2022. After the recent rate hike by the SA Reserve Bank (SARB), the prospective SA real cash yield has risen to above zero.

Momentum Investments think a large part of the negative fundamental backdrop for SA listed property has already been discounted.

A more fragmented political landscape presents challenges to fast-tracking key structural reforms to resolve low trend growth in SA. Restraining expenditures, defunct municipalities and increased allocations to financially- and operationally ill state-owned enterprises (SoEs) remain key risks to SA's fiscal consolidation path.

While potentially permanent increases in government spending threaten a looser fiscal policy stance relative to government's envisioned consolidation path, monetary policy has shifted into tightening mode. In our view, wellbehaved inflation, anchored inflation expectations and a pedestrian growth outlook advocate for a more moderate interest rate hiking cycle.

The above provides our views of the economic opportunities of the relevant assets classes that underpin the With-Profit Annuity. The common theme for most of the assets classes is that following a year of well above-average returns, expectations in respect of short-term returns are far more muted with a number of potential speed bumps in the road ahead. The portfolio is accordingly positioned to achieve its long-term objective and hence provide pensioners with increases that aim to retain the real value of their pensions.

Your Golden With-Profit **Increases**

Investment performance to 30 November 2021

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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% respectively per annum over the long term for the Momentum Outcome-based portfolio and the Alexander Forbes Investments portfolio 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 except for the Golden Income Performer Life product which uses equal weights over the 6 years.

The latest period of investment performance used in our bonus and increase calculations for 2021 is the 12-month period ending 30 November 2021. 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 2021, as measured by the change in key market indices within each asset class.

SA Equity	1 year %	3 year % annualised	6 year % annualised	
FTSE/JSE FTSE/JSE All-Share Index (ALSI)	28,53%	15,51%	8,70%	
FTSE/JSE Shareholder Weighted Index (SWIX)	20,28%	10,13%	5,83%	
FTSE/JSE Capped SWIX All Share Index	27,83%	10,11%	5,49%	
FTSE/JSE Resources Index	37,52%	30,02%	22,87%	
FTSE/JSE Financials Index	29,16%	-1,02%	0,77%	
FTSE/JSE Industrials Index	21,69%	15,33%	5,90%	
SA Property				
FTSE/JSE SA Listed Property Index (SAPY)	44,31%	-5,70%	-4,31%	
SA Bonds				
JSE ASSA All Bond Index (ALBI)	8,14%	8,39%	8,35%	
JSE ASSA SA Government ILB Index	13,01%	5,80%	3,88%	
SA Cash				
Short-term Fixed Interest Composite Index (SteFI)	3,79%	5,58%	6,48%	
Global (shown in rand terms)				
MSCI World Index (All Countries)	24,85%	22,14%	13,87%	
FTSE World Government Bond Index	-1,76%	8,54%	4,63%	

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. This is reflected in the performance of the JSE Capped SWIX Index which measures investment market performance. The index was up 27,83% p.a. for the year ending 30 November 2021 and up 10,11% p.a. over the three years ending 30 November 2021. The domestic property asset class has also been severely impacted by COVID-19, ending the past year over 40% higher. If investment returns continue to be poor, increases will continue to be low (or even zero) in the future.

Increases granted for 2022

We have 6 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. Golden Growth With-Profit Annuity Performer Life Bonus Series 1
- 5. Golden Growth With-Profit Annuity Performer Life Bonus Series 2
- 6. Golden Income With-Profit Annuity Performer Life

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 2022 increases on the Golden With-Profit Annuities are effective for policy increase dates from 1 January to 31 December 2022. These increases depend on your PRI category, the performance of the assets, smoothing, mortality and other experience items.

The table below shows the 2022 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 2022 increase in your annuity will be communicated to you directly in the month in which your increase is due.

	Golden	Golden	Golden	Growth	Golden Growth	- Performer Life
	Income	Income - Performer Life	Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
PRI				2021 Increase		
0,00%	6,60%	6,00%	n/a	n/a	n/a	n/a
0,50%	6,06%	5,47%	n/a	n/a	n/a	n/a
1,00%	5,54%	4,95%	n/a	7,42%	n/a	n/a
1,50%	5,02%	4,43%	n/a	6,89%	n/a	n/a
2,00%	4,50%	3,92%	n/a	6,37%	n/a	n/a
2,50%	4,00%	3,41%	n/a	5,85%	n/a	n/a
3,00%	3,44%	n/a	7,08%	5,29%	n/a	5,29%
3,50%	2,89%	2,31%	6,57%	4,73%	7,92%	4,73%
4,00%	2,35%	1,77%	5,96%	4,18%	7,30%	4,18%
4,50%	1,81%	1,24%	5,35%	3,63%	6,69%	3,63%
5,00%	n/a	n/a	4,76%	3,09%	6,09%	3,09%
5,50%	n/a	n/a	4,17%	n/a	5,49%	n/a
6,00%	n/a	n/a	3,58%	n/a	n/a	n/a
6,50%	n/a	n/a	3,00%	n/a	n/a	n/a

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 2021:

Golden	Golden Income	Golden (Growth	Golden Growth – Performer Life		
Income	- Performer Life	Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2	
0,25%	0,48%	0,25%	0,30%	0,22%	0,24%	

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 ten-year periods. The product was launched in 2012.

Veer					Perce	entage incr	ease				
Year	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*
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	5,89%	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%
2021	1,60%	1,09%	0,59%	0,09%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	3,17%
2022	6,60%	6,06%	5,54%	5,02%	4,50%	4,00%	3,44%	2,89%	2,35%	1,81%	5,47%
					Annı	ualised incr	ease				
3 year	4,74%	4,22%	3,70%	3,19%	2,82%	2,49%	2,12%	1,76%	1,40%	1,04%	4,06%
5 year	5,30%	4,77%	4,25%	3,74%	3,31%	2,91%	2,47%	2,04%	1,60%	1,18%	4,40%
10 year	6,70%	6,16%	5,64%	5,12%	4,64%	4,18%	3,68%	3,19%	2,70%	2,21%	5,01%

Momentum Golden Income With-Profit Annuity

* 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

Varu		Percentage increase								
Year	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*	
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%	
2021	0,67%	0,19%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	3,17%	
2022	7,08%	6,57%	5,96%	5,35%	4,76%	4,17%	3,58%	3,00%	5,47%	
				A	nnualised inc	rease				
3 year	4,26%	3,76%	3,30%	2,91%	2,52%	2,13%	1,75%	1,37%	4,06%	
5 year	4,41%	3,91%	3,40%	2,92%	2,46%	1,99%	1,61%	1,27%	4,40%	
10 year	5,74%	5,23%	4,67%	4,13%	3,60%	3,07%	2,59%	2,13%	5,01%	

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

Momentum Golden Growth With-Profit Annuity Bonus Series 2

Year	Percentage increase											
rear	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*			
2013	10,14%	9,60%	9,07%	8,49%	7,92%	7,35%	6,79%	6,23%	5,67%			
2014	9,35%	8,82%	8,29%	7,71%	7,14%	6,58%	6,02%	5,47%	5,40%			
2015	8,86%	8,33%	7,80%	7,23%	6,66%	6,10%	5,55%	5,00%	5,31%			
2016	7,38%	6,86%	6,34%	5,77%	5,21%	4,66%	4,11%	3,57%	5,23%			
2017	5,02%	4,50%	4,00%	3,44%	2,89%	2,35%	1,81%	1,28%	6,76%			
2018	5,81%	5,29%	4,78%	4,22%	3,67%	3,12%	2,58%	2,04%	4,70%			
2019	3,15%	2,64%	2,14%	1,60%	1,06%	0,52%	0,00%	0,00%	5,09%			
2020	4,63%	4,11%	3,60%	3,05%	2,51%	1,97%	1,43%	0,90%	3,56%			
2021	0,59%	0,09%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	3,17%			
2022	6,89%	6,37%	5,85%	5,29%	4,73%	4,18%	3,63%	3,09%	5,47%			
				Anr	nualised incre	ase						
3 year	4,00%	3,49%	3,12%	2,76%	2,40%	2,04%	1,68%	1,32%	4,06%			
5 year	4,19%	3,68%	3,25%	2,81%	2,38%	1,95%	1,52%	1,20%	4,40%			
10 year	6,14%	5,62%	5,15%	4,65%	4,15%	3,66%	3,17%	2,74%	5,01%			

* 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.

Vari	Percentage increase										
Year	3,5% PRI	4,0% PRI	4,5% PRI	5,0% PRI	5,5% PRI	Inflation*					
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%					
2021	2,60%	2,01%	1,43%	0,85%	0,28%	3,17%					
2022	7,92%	7,30%	6,69%	6,09%	5,49%	5,47%					
			Annualise	d increase							
3 year	4,38%	3,78%	3,19%	2,60%	2,02%	4,06%					
5 year	3,76%	3,16%	2,57%	1,99%	1,51%	4,40%					
10 year	4,15%	3,56%	2,96%	2,38%	1,85%	5,01%					

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

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

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

Year	Percentage increase											
rear	3,0% PRI	3,5%PRI	4,0% PRI	4,5% PRI	5,0% PRI	Inflation*						
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%						
2021	4,41%	3,86%	3,31%	2,77%	2,23%	3,17%						
2022	10,04%	9,46%	8,89%	8,32%	7,76%	5,47%						
			Annualised	d increase								
3 year	6,55%	5,99%	5,43%	4,88%	4,33%	4,06%						
5 year	6,18%	5,61%	5,06%	4,51%	3,96%	4,40%						
10 year	6,50%	5,94%	5,38%	4,83%	4,28%	5,01%						

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

The following table shows the increase history that applies to some of the PRI categories for the Momentum Golden Income – Performer Life product, as well as the annualised increase over the last three-, five- and ten-year periods. The product was launched in 2020 and therefore the increase history prior to 2021 was based on the actual historical returns on the Performer Life investment portfolio and assuming no experience adjustments.

Momentum Golden Income With-Profit Annuity - Performer Life

Year	Percentage increase											
fear	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*	
2013	7,42%	6,88%	6,35%	5,83%	5,31%	4,80%	4,24%	3,69%	3,14%	2,60%	5,60%	
2014	7,63%	7,09%	6,56%	6,03%	5,51%	5,00%	4,44%	3,89%	3,34%	2,80%	5,35%	
2015	11,03%	10,47%	9,93%	9,38%	8,85%	8,32%	7,74%	7,17%	6,61%	6,05%	5,80%	
2016	9,95%	9,40%	8,86%	8,32%	7,79%	7,26%	6,69%	6,13%	5,57%	5,02%	4,77%	
2017	8,55%	8,00%	7,47%	6,94%	6,42%	5,90%	5,33%	4,78%	4,23%	3,68%	6,61%	
2018	8,77%	8,22%	7,69%	7,16%	6,63%	6,11%	5,55%	4,99%	4,44%	3,89%	4,62%	
2019	5,96%	5,43%	4,91%	4,39%	3,88%	3,37%	2,82%	2,28%	1,74%	1,20%	5,18%	
2020	4,63%	4,10%	3,59%	3,08%	2,57%	2,07%	1,53%	0,99%	0,46%	0,00%	3,56%	
2021	4,00%	3,48%	2,97%	2,46%	1,96%	1,46%	0,92%	0,38%	0,00%	0,00%	3,17%	
2022	6,00%	5,47%	4,95%	4,43%	3,92%	3,41%	2,86%	2,31%	1,77%	1,24%	5,47%	
					Annı	ualised incr	ease					
3 year	4,87%	4,35%	3,83%	3,32%	2,81%	2,31%	1,77%	1,22%	0,74%	0,41%	4,06%	
5 year	5,86%	5,33%	4,81%	4,29%	3,78%	3,27%	2,72%	2,18%	1,67%	1,26%	4,40%	
10 year	7,37%	6,83%	6,31%	5,78%	5,26%	4,75%	4,19%	3,64%	3,11%	2,63%	5,01%	

* 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, the 2% PRI on Golden Income and Golden Income Performer Life, the 4% PRI on Golden Growth, the 2% PRI on Golden Growth – Performer Life Bonus Series 1 and the 3,5% PRI on Golden Growth – Performer Life Bonus Series 2 all are expected to target future increases around 100% of inflation. 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 2015 to 2020, 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.

The tables below show projected futures increases for the 0% PRI for the various bonus series assuming future investment returns on the bonus generating portfolio of 0%; 5% and 10% p.a. and assuming that there is no adjustment to the smoothed investment returns due to experience items. The increase for other PRI's can be approximated by deducting the PRI and risk change from the figures below.

The following table shows the projected future increases for a 0% PRI for the various bonus series assuming future investment returns on the Bonus Generating Portfolio of 0% p.a. for the next 3 years

	Golden Income	Golden Income - Performer Life	Golden Growth		Golden Growth - Performer Life	
			Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
Year	Projected Increase for 0% PRI					
2023	3,50%	4,70%	4,80%	5,00%	5,60%	6,60%
2024	1,50%	2,90%	2,20%	2,40%	3,10%	3,60%
2025	1,30%	3,40%	1,80%	2,00%	2,00%	2,30%

The following table shows the projected future increases for a 0% PRI for the various bonus series assuming future investment returns on the Bonus Generating Portfolio of 5% p.a. for the next 3 years

	Golden Income	Golden Income - Performer Life	Golden Growth		Golden Growth - Performer Life	
			Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
Year	Projected Increase for 0% PRI					
2023	4,60%	5,30%	6,40%	6,60%	6,90%	8,20%
2024	3,60%	4,20%	5,00%	5,20%	5,40%	6,40%
2025	4,00%	5,30%	5,50%	5,70%	5,10%	6,00%

The following table shows the projected future increases for a 0% PRI for the various bonus series assuming future investment returns on the Bonus Generating Portfolio of 10% p.a. for the next 3 years

	Golden Income	Golden Income - Performer Life	Golden Growth		Golden Growth - Performer Life	
			Bonus Series 1	Bonus Series 2	Bonus Series 1	Bonus Series 2
Year	Projected Increase for 0% PRI					
2023	5,70%	6,00%	7,90%	8,10%	8,20%	9,70%
2024	5,60%	5,40%	7,70%	7,90%	7,70%	9,20%
2025	6,60%	7,20%	9,10%	9,30%	8,20%	9,70%

Conclusion

Although returns for the year 2021 are very impressive, equity markets for the preceding 6 years were largely flat and did not provide the expected "excess of inflation" returns. The historic poor performance has negatively impacted recent bonus declarations. If investment returns continue with the trend of 2021, the expectation for future bonus declarations is very positive. Sadly if market returns fail to deliver on return expectations, future increases will be low. However, irrespective of future markets, annuitants have the peace of mind that their annuity is guaranteed for life. This guarantee extends further in that a pensioner will not receive a negative annual annuity increase, which means your annuity will never decrease even if investment markets continue to perform poorly.

We trust that this feedback report has given you some insight into the increase declared on your Golden With-Profit Annuity for 2022. We hope you found the information insightful and useful. If you have any questions, please refer to the last page for our contact details.

PPFM compliance

06

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.

momentum



29 October 2021

Head: Income Solutions Momentum Corporate

Dear Sir

Momentum Corporate With-Profit Annuity Portfolios: Compliance with the Principles and Practices of Financial Management for the period 1 July 2020 to 30 June 2021

In terms of the insurance legislation, all long-term insurers that carry on discretionary participation business are required to define, and make publicly available, the PPFM that they apply in the management of their discretionary participation 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 business was managed in accordance with the applicable PPFM over the period from 1 July 2020 to 30 June 2021 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):

- Momentum Golden Income With-Profit Annuity (GIWPA)
- Momentum Golden Income With-Profit Annuity Performer Life (GIPLWPA)
- Momentum Golden Growth With-Profit Annuity Bonus Series 1 (GGWPA)
- Momentum Golden Growth With-Profit Annuity Bonus Series 2 (GGWPA2)
- Momentum Golden Growth With-Profit Annuity Performer Life Bonus Series 1 (GGPLWPA)
- Momentum Golden Growth With-Profit Annuity Performer Life Bonus Series 2 (GGPLWPA2)
- Metropolitan Staff Pension Fund Golden Growth With-Profit Annuity (Met Staff-GGWPA2)

Yours sincerely

Prof & Jurisich Chairman: Fair Practices Committee

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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.

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.

momentum.co.za

in Momentum Corporate

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