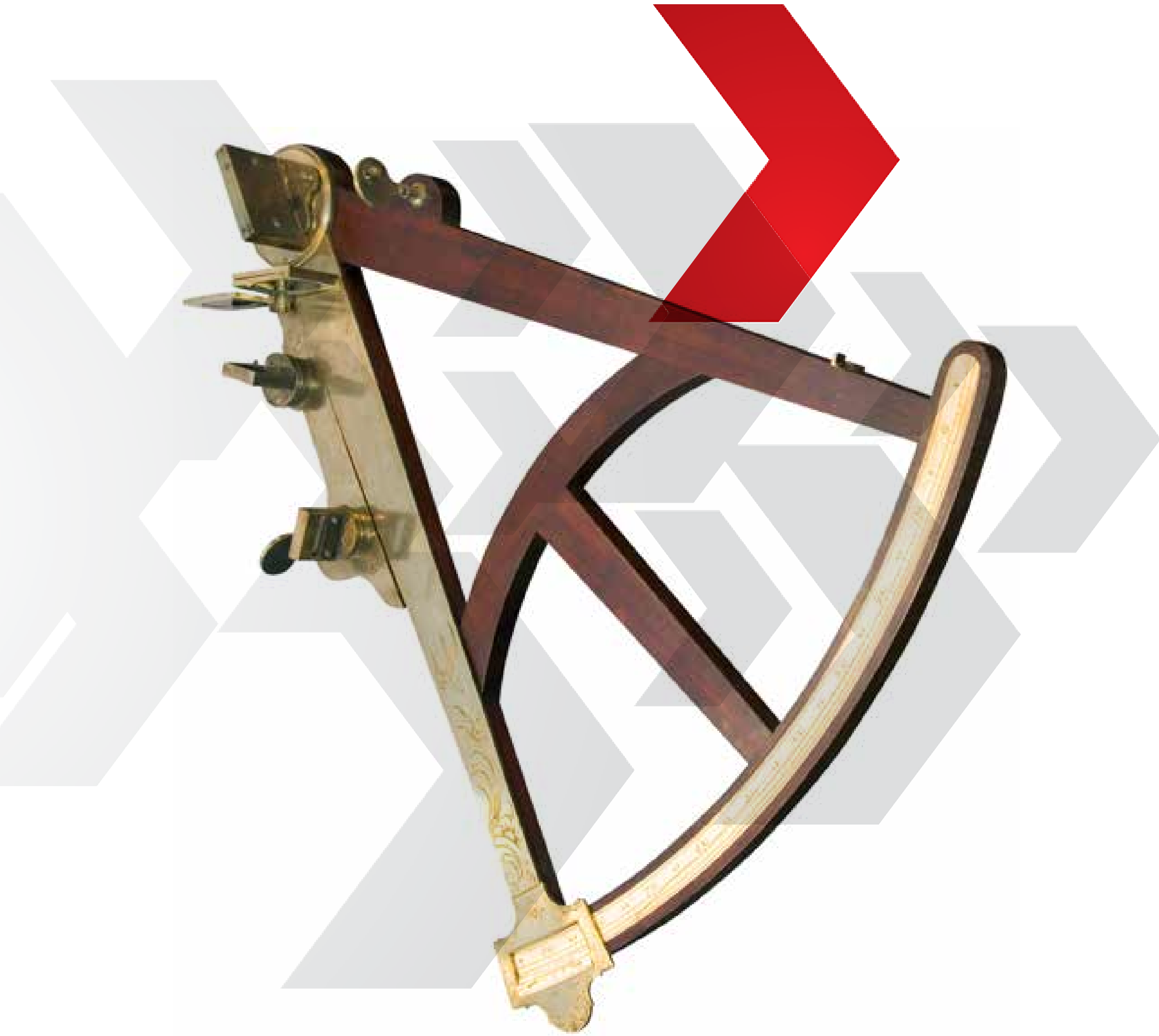
Smooth Bonus Report



First Quarter 2014

NEW DIRECTIONS IN GROWTH AND SECURITY
for your financial wellness

Dear valued investors

Welcome to the first edition of our new quarterly report! I'm very excited about the changes we've made, both from a content and presentation perspective. I sincerely hope that you'll benefit from these and that you'll enjoy the extra little snippets of information. After all, the improvements were made with you, our client, in mind!

The report now covers all smooth bonus products offered by Momentum Employee Benefits: Investments. We've included more information related to performance and asset allocation knowing that our clients appreciate clarity, value, transparency and like to delve a bit deeper into how their investments have been performing.

In addition, we've also added some articles that are topical in the world of smooth bonus investing. On page 5 Monica Kraushaar provides an update from a research report done by Ernst&Young on the progress made with the adoption of and application of the Code for Responsible Investing in South Africa (CRISA) by the investment management industry.

The bonus generating portfolio for our new Momentum Smart Guaranteed +3 Fund is the Momentum MoM Enhanced Factor 7 portfolio, managed by Momentum Manager of Managers. On page 7, Mike Adsetts considers what level of real returns we can expect from the equity markets going forward and how Momentum Manager of Managers goes about constructing goals-based portfolios.

Every quarter we'll feature a different asset manager that manages underlying assets for our smooth bonus portfolios. For this quarter we've included market commentary from Momentum Asset Management that will give you some insight into what has happened in the world of investment markets over the last three months. Momentum Asset Management manages the underlying assets for Momentum Smooth Growth Fund Global.

The quarter that's been

2013 was a great year with all our smooth bonus products outperforming their respective benchmarks. This outperformance has continued into the first quarter of 2014 on the back of good underlying asset performance. Most asset classes had positive performance over the quarter with SA equities being the star performer yielding c. 5% followed by local property and international equities (in Rand) at about 2%.

The high funding levels have allowed us to declare very competitive bonuses during the first quarter of 2014 with total bonuses for the quarter ranging between 2.5% and 6% depending on the product. The good underlying asset performance has also maintained these good funding levels, which means that we expect to see bonuses continue at similar levels in the second quarter barring a correction in the market.

MMSGF celebrates ten years

In January this year we celebrated the ten-year anniversary of Momentum Multi Manager Smooth Growth Fund Global (MMSGF Global). And what a successful ten years it's been! When we launched in 2004 we were the first multi-manager smooth bonus portfolio in the industry. This spirit of innovation, coupled with great performance resulting from our robust portfolio construction strategy has helped the product to grow to over R9bn over this period. MMSGF Global has returned in excess of CPI + 6% (net of the capital charge) over this period. And if one allows for the positive funding level in the portfolio not yet distributed to our clients, this value would be 1 – 2% higher, a truly amazing result considering the guarantees underpinning the product!

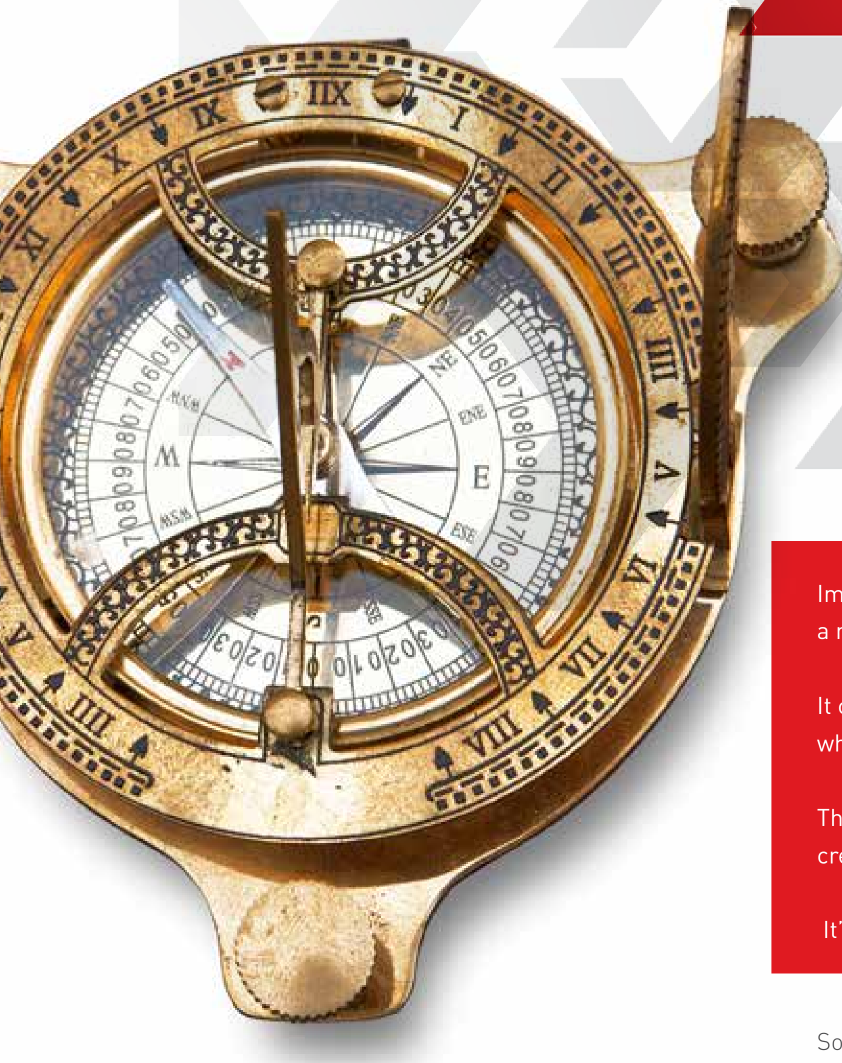
To all our valued clients, we look forward to the next 10 years!

Last, but not least, I'd like to reiterate that our focus is 100% on you, our client. So if there is anything that you would like to discuss or that we could help with, please give us a call or email us and we'd be happy to assist.

Many happy returns

Francois Venter
Head: Investment Products
Employee Benefits Investments

Contents



Imagine you're a ship approaching a rocky coast in a raging storm.

It can happen. The essential question to answer is where are we?

The answer has a different urgency when your and your crew's survival depends on it

It's the navigator's job to provide it.

So what do navigators need to get to their exact destinations, safely, accurately and successfully?

CERTAINTY

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

To know where the dangers lie, the Navigator must establish exactly where you are.

Without this knowledge you cannot plot the route to your destination. In darkness and in light.

Nothing would be possible without the stars.

The best Navigators have the best maps, technology, tools, technique and stars.

Here are a few of ours.

Responsible Investing:

An update on progress, especially with the adoption and application of CRISA

By Monika Kraushaar

Early in 2013, Momentum Manager of Managers (Pty) Ltd released an article titled "Responsible Investments – Where are we now?", which was published in the March 2013 edition of Pensions World. In this article, the company asked whether the wheel of responsible investments was turning and whether progress had been made in this arena in the past few years. The amendments that were made to Regulation 28 of the Pension Funds Act No. 24 of 1956 were discussed, which included a reference to responsible investing. The revised Regulation 28 had become effective from 1 July 2011. Furthermore, Manager of Managers highlighted that, at about the same time as the amended Regulation 28 came into effect, the Code for Responsible Investing in South Africa (CRISA) was launched (19 July 2011). This code provides guidance on how institutional investors should execute investment analysis and investment activities as well as exercise rights to promote sound governance, taking environmental, social and governance (ESG) factors into consideration. There are five key principles, which are closely aligned with the five principles of the UN Principles for Responsible Investment (PRI).

Manager of Managers' article also touched on the results of a survey the company had conducted toward the end of 2012, which was undertaken to gauge the reaction to, adoption of and application of CRISA by the investment management industry. The results were pleasing and encouraging, revealing that 90% agreed it was important to integrate sustainability and ESG issues into investment decisions. Furthermore, 94% of the investment managers reported an observed change in market participants' interest in ESG matters since the introduction of CRISA (and amended Regulation 28). The results of the survey at the time also revealed that the uptake of CRISA had not been flawless and that many challenges still remained. Some of those specifically highlighted related to the implementation of ESG and its integration into the investment process – considering qualitative and quantitative data, educating staff, the additional cost considerations (especially for smaller investment managers) as well as sourcing suitable and sufficient data, among others. The implementation of CRISA, with regard to requiring clearer guidelines on how it should practically be rolled out, was another concern. Nevertheless, even with the challenges, it was apparent at the time that CRISA had already been a significant driver in terms of bringing responsible investing discussions to the table, as well as driving awareness and creating a platform from which additional responsible investing ideas could be generated.

However, the question arises about whether further progress has been made and, if so, in what way. Before addressing the progress made, it is important and relevant to note that, due to its voluntary nature, the effectiveness of CRISA hinges on public disclosure of responsible investment practices. It is thus self-regulated and public disclosure allows beneficiaries and other stakeholders to engage with institutional investors and service providers and hold them accountable based on the information disclosed. To gauge the extent to which CRISA has been effectively implemented, EY was commissioned by the CRISA Committee to undertake research on the responsible investment trends in the South African market and to review the level of uptake and application of CRISA by institutional investors and their service providers. The report was released towards the end of 2013 and thus provides an updated and in-depth view of the industry after Manager of Managers' own in-house analysis conducted in 2012 (which also had a similar scope). The research was conducted on publicly available information , as disclosed by institutional investors and their service providers, which provided insight not only into the scope of responsible investment that is being applied and implemented, but also to the extent of public disclosure that is being made.

Similar to the results of the survey Manager of Managers conducted, the research results were generally encouraging, in the sense that progress is being made. The results revealed that a growing number of providers and institutional investors are integrating responsible investment principles into investment practices. On the aspect of disclosure, it was learnt that just under half (49%) of the participants provide some form of disclosure relating to CRISA, which is a good result considering the short space of time since the CRISA Disclosure Guidelines were published in early 2013.

Various challenges were highlighted by Manager of Managers' research in 2012, one of which was the complication around the actual implementation of CRISA. The 2013 practice notes (guidelines) referred to above provided institutional investors and their service providers with guidance on how best to undertake disclosure on progress towards the application of the principles set out in CRISA; specifically Principle 5 of CRISA. Nevertheless, while the disclosure results from the survey are encouraging, some shortcomings are highlighted – those specifically relating to the monitoring and control structures, as well as the presence of various practices and different degrees of accountability across the various respondents . With regard to the disclosure of policies, while 40% published the three recommended policies laid out in the Framework for Disclosure in the practice note, a significant amount of the disclosed information was available either on websites or other readily accessible platforms, which is one of the recommendations of CRISA. In contrast, however, few disclosed the structures in place to control and ensure the effective implementation of CRISA.

The disclosure of responsible ownership practices, as per the guidance in the practice note, requires disclosure on proxy vote results and a summary of engagement activities. While 36% of respondents disclosed their proxy voting results, only 11% did so more than once a year (more frequent disclosure is recommended by CRISA). 30% provided a summary of their engagement activities, while few disclosed the nature of their engagements or the progress made. The practice note further provides guidance on the comprehensive disclosure of CRISA implementation – here, the respondents fared well (almost 50%) with regard to disclosure on the general description while significantly less provided details on the application of the CRISA principles. The overriding message is that there is a selective approach to compliance.

The research also assessed the quality with which ESG factors are being integrated into investment strategies. Again, it is worth noting that one of the challenges highlighted in the Manager of Managers' 2012 survey was centred on the integration of ESG into the investment process. The CRISA Committee research, despite it being conducted a year later with more time having passed to enable institutions to make progress in this area, found similar results in that the quality of ESG integration and compliance ranged from good to poor, with the later referred to as minimal and incomplete. Nevertheless, the ESG integration and compliance of those that fared well was seen to be core and strategic, with results showing that leaders are emerging who are setting new industry standards and promoting a culture of responsible investment. These leaders have invested in resources and research, they consider responsible investment to be part of their positioning, are challenging traditional industry practices and are contributing to changing the competitive landscape.

A concern to note is that some institutions are still adopting the 'easy-way-out approach' whereby a 'tick-box exercise' is followed regarding the integration of ESG, its disclosure and similar related factors. So, while it may appear that compliance and action are evident, investigations into how the integration of ESG principles could affect the way in which business is done are not necessarily taking place. Furthermore, where CRISA 'compliance' is cited, or claims of being a CRISA 'signatory' made, there is often not sufficient evidence available to demonstrate that the entity is in fact compliant or applies CRISA principles. In addition, it is humorously noted (while remaining aware of the seriousness and the importance of this topic) that an entire dictionary should be compiled for all terms related to 'responsible investment', including a section that clears up the confusion between commonly confused terms that are often incorrectly used interchangeably. This would go a long way in reducing the references in sustainability reports and on company websites sections that deal with sustainability issues to activities that are not necessarily of a responsible investment nature. There are other issues – those that relate to accountability, where the approach towards responsible investment is still largely characterised by a passive and selective approach, and where progress is being slowed by the necessity to balance short-term imperatives with long-term objectives, among others. Nevertheless, even with the concerns and challenges, solid progress is being made.

The responsible investment research conducted in 2013 shows that there is some force behind this momentum and that progress is certainly being made. There are a growing number of institutional investors and their service providers that are integrating responsible investment and ESG factors into their investment practices. Leaders are emerging, who are setting the benchmark for the industry. South Africa has a high number of companies that either support CRISA disclosure, endorse the PRI initiative, or both, and SA has a high number of PRI signatories when compared to many international counterparts. So an updated assessment reveals that, even though numerous challenges remain, the responsible investment wheel does indeed appear to be enhanced and continues to turn and gain traction.

Monika Kraushaar
Platform Operations Manager
Momentum Managers
of Managers

Responsible investment research – CRISA disclosure by institutional investors and their service providers – A research report by the CRISA Committee and EY. Publicly available information gathered on websites, annual reports and sustainability reports. Information as per the research report. Principle 5 of CRISA: Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments. Responding institutions were classified according to type and then within this, categorised.

Real Returns:
Managing expectations

By Mike Adsetts

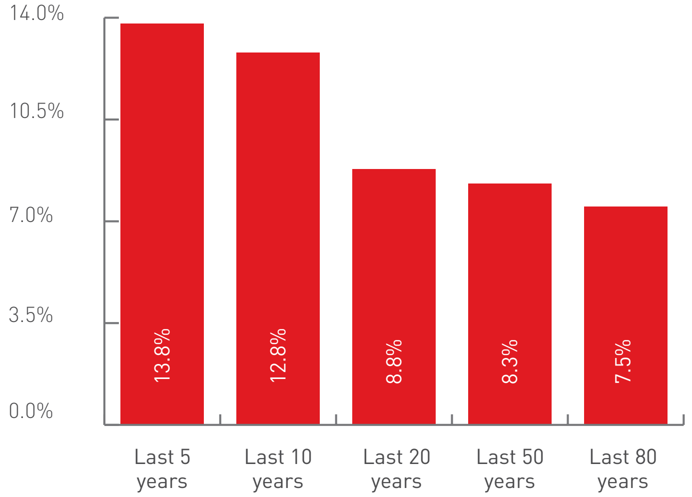
Local investors have experienced phenomenal short term real returns from the SA equity market. On closer inspection of the data, one will notice that the equity market has experienced real growth of 7.8% p.a. measured since 1929.

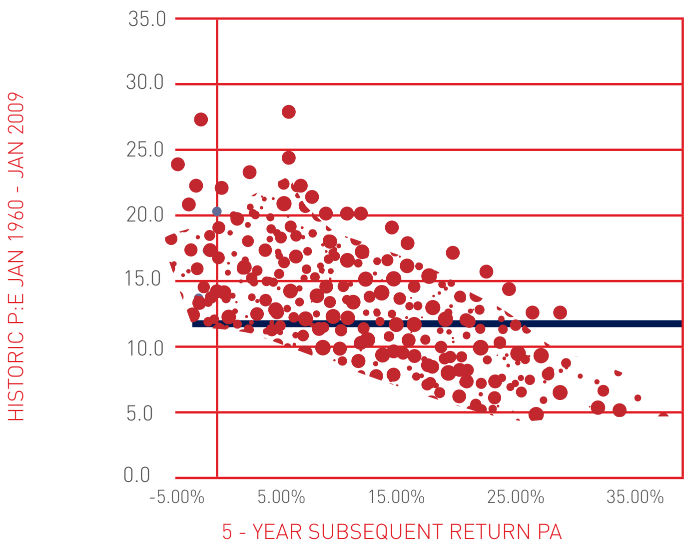
As shown in the graph below, it is important to manage ones expectations of expected real returns considering that SA equities delivered real returns in excess of 13% p.a. over the past five years and more than 12% p.a. over the past ten years.

Having lived through the last ten years of phenomenal equity market growth, it is increasingly difficult to believe that the markets can continue with this pace of growth. It is therefore sensible to try and consider what level of returns we can expect going forward.

We can always learn from past experience to understand, but not predict, what may happen in the future. The chart below is a graphical representation of work done by Momentum Managers of Managers that plots subsequent 5 year market returns, given historical Price/Earnings (PE) starting levels in the market. The PE ratio is often used as a barometer to gauge whether the market is considered to be cheaply or more expensively priced. The absolute number should therefore always be considered against the long term average for a more reasonable interpretation.

The dataset used spans 588 observations from 1960 to 2009 since we plotted the subsequent 5 years' returns.





Some observations from the graph above include the following:

- The long term average PE for the local equity market is close to 12.
- The current trailing PE of the local equity market is nearly 19, placing it in the 5th quintile or most expensive bucket.
- Although not as extreme as local equity, we have identified similar phenomenon in other asset classes, including local property and global equity.
- What is clear is that starting from current valuations (PE levels) history has shown that the level of subsequent equity market returns have always been much lower than we have recently experienced. So our reasonable expectation is that at some point, equity market returns need to moderate from what we have experienced over the last few years.

The table below summarises our current long term real return expectations from various asset classes, based on a 5 year investment horizon:

Asset class	Expected Return
Local equities	7.0%
Global equities	6.0%
Local property	6.0%
Local bonds	2.5%
Global bonds	1.5%
Local cash	1.5%
Local inflation-linked bonds	1.8%
Local commodities	1.5%

We continuously review our real expectations from all available asset classes with a view to combine them in a diversified manner that will give us the best probability of delivering on the portfolio's objectives.

While we cannot predict when or how much the market may correct, we caution investors against trying to time their entry and exit points from the market in fear of making the wrong decision at precisely the wrong time. Keeping clients invested is our greatest objective or purpose and providing the investment vehicle that is robust should be seen as the optimal way of achieving this objective.

Constructing Goals Based Portfolios

Efficient portfolio construction and monitoring of asset classes, strategies and asset managers allows us to construct portfolios that are designed with the highest probability of achieving a specific goal or objective.
In considering the appropriate asset mix and benchmark for each investment portfolio, the capital market assumptions are reviewed periodically and the strategic asset allocation benchmark is reconsidered based on an asset modelling approach.

The structured benchmark allocation forms the basis for considering what would be a reasonable asset allocation over the medium to longer term to achieve the required investment objectives of the fund. This is predicated on numerous studies that indicate that the greatest contributor to investment success over the medium to longer term is a portfolio's exposure to asset classes.

Within asset classes investment strategies and the appropriate use and selection of strategies will determine investment outcomes and performance relative to asset class benchmark performances.

As the final step, the selection of a credible manager who demonstrates skill in managing according to the broader investment framework is required.

The overall architecture that is used to guide mandate and manager selection is a risk budgeting approach.

Mike Adsetts
Head Specialised Investments
Momentum Managers of Managers

Momentum Asset Management comment for the quarter ending March 2014

Each quarter one of our underlying managers will provide market commentary for the period. This quarter, Momentum Asset Management, the underlying manager for the Smooth Growth Fund Global comments on the market performance below.

Among the domestic asset classes, gold and platinum were strong performers during the first quarter of 2014 as a result of falling global real rates, on-going strikes in the platinum sector and sharp rand weakness in January. Domestically, the All Bond Index returned 0.9%, listed property 1.8%, and the money market Index (STeFI) 1.3% during the quarter.
SA equities struggled during the early part of the year as weather-related weak economic data out of the US and emerging market volatility put global markets under initial pressure, but recovered strongly as risk appetite resumed. The total return from the All Share Index was up 4.3% for the quarter.

We expect the on-going tapering of quantitative easing (QE) measures in the US during 2014 and the eventual tightening of monetary policy in 2015 to effect a rise in global nominal and real interest rates in the coming years. As such, we anticipate returns from the global fixed-income asset class to remain under pressure during this time.

In contrast, global equities should be supported by accelerating earnings momentum in line with global economic recovery, low – but positive (and eventually rising) – inflation and fair to cheap valuations. Unfortunately, SA equities are likely to be a lagging performer within the global equity asset class as it looks expensive on most valuation metrics.
During the period of global policy normalisation, SA fixed-income assets are likely to underperform cash (particularly on a risk-adjusted basis), in our view. Furthermore, the first year of a rising domestic interest rate cycle has historically seen better returns from SA cash than from domestic bonds or equities. Although the absolute returns from cash might look unenticing, we see its risk-adjusted returns in an expected domestic low-return environment as very attractive. The combination of rising domestic bond yields and a potential de-rating against bonds should negatively impact SA property returns.

Within our multi asset class funds we remain underweight domestic equity and listed property, underweight nominal bonds with a bias towards inflation linkers, overweight domestic cash, and, within our global allocation, we have a strong preference for developed market equities.

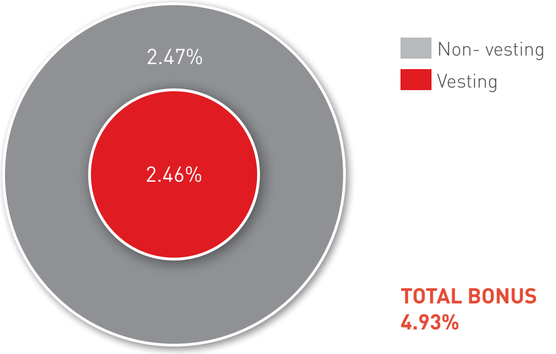
Partially Vesting Smooth Bonus Range | Multi-Manager Smooth Growth Fund Global

Fund Snap Shot

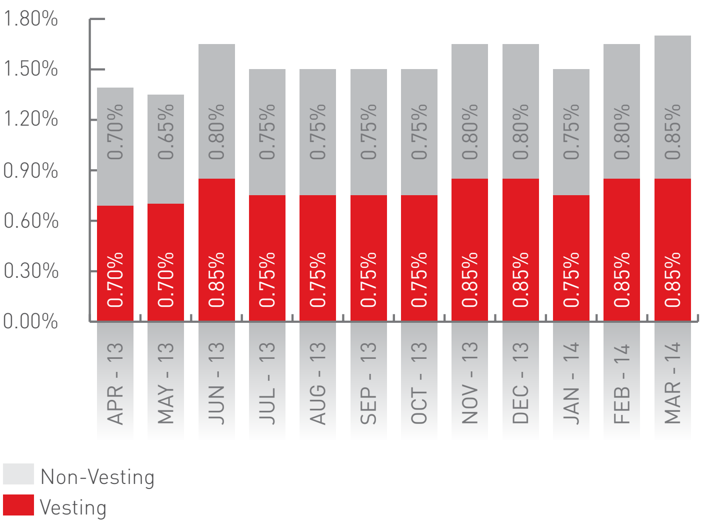
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	110% - 115%	R10.4 bn	1.25%	16.72%

Performance

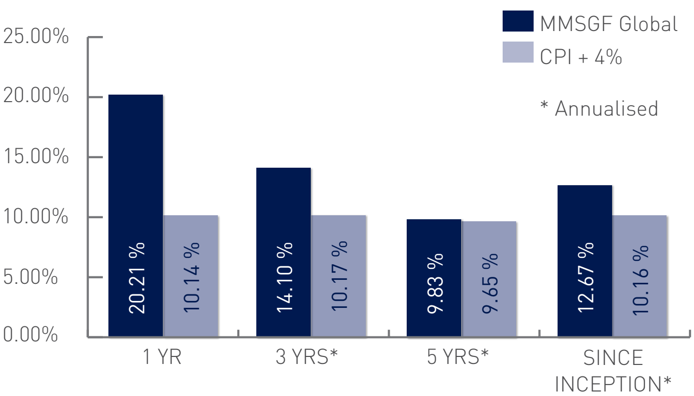
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Smooth Growth Fund Global is shown below.



The chart below shows the monthly bonuses for the past 12 months.

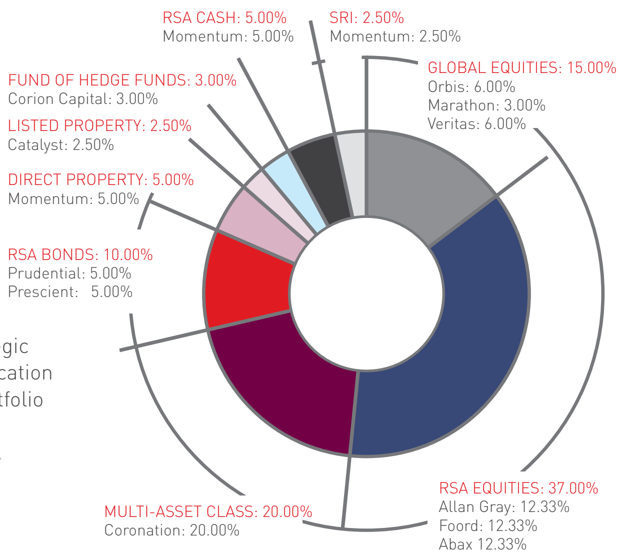


The chart below shows the long term bonus performance of the Multi-Manager Smooth Growth Fund Global against its objective.

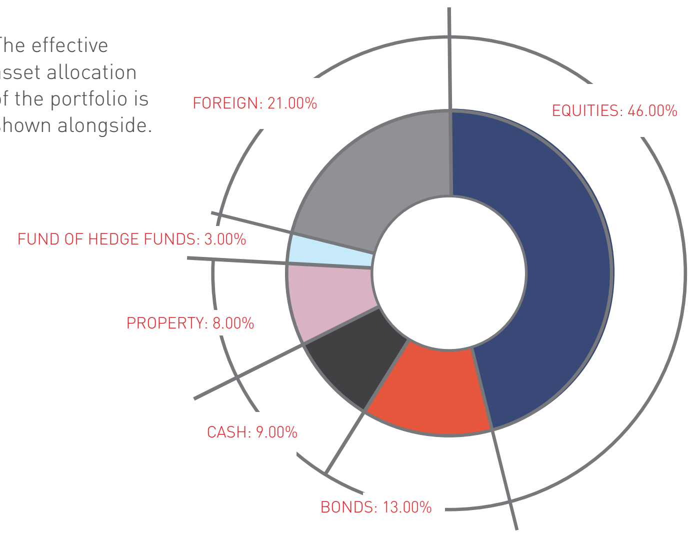


Asset Allocation

The strategic asset allocation of the portfolio is shown alongside.



The effective asset allocation of the portfolio is shown alongside.



From the fifteenth century, **mariners' astrolabes** were used to determine the latitude of a ship at sea. Designed for use on boats in rough water and heavy winds, the astrolabe could locate and predict the positions of the sun, moon, stars and planets, determining local time given local latitude and vice-versa. Less than one hundred are known to have survived from antiquity.

In the new world, Trustees, Professional Financial Advisors and members need clear directions to stay on track within the turbulent retirement fund environment. Our best-of-breed multi-manager smooth bonus products with independent governance provide just that.

Partially Vesting Smooth Bonus Range |

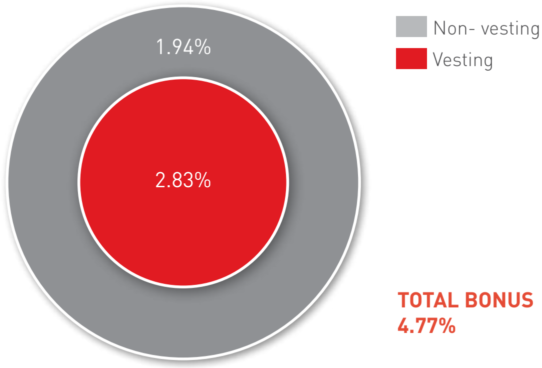
Multi-Manager Smooth Growth Fund Local

Fund Snap Shot

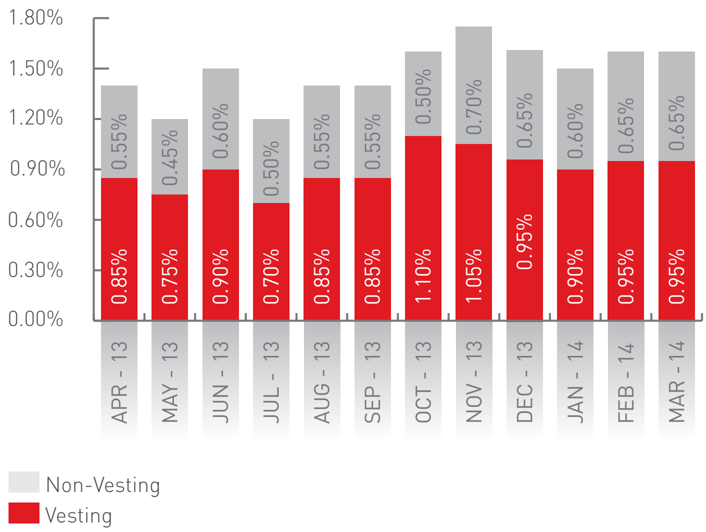
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	120% - 125%	R427 m	0.9%	14.8%

Performance

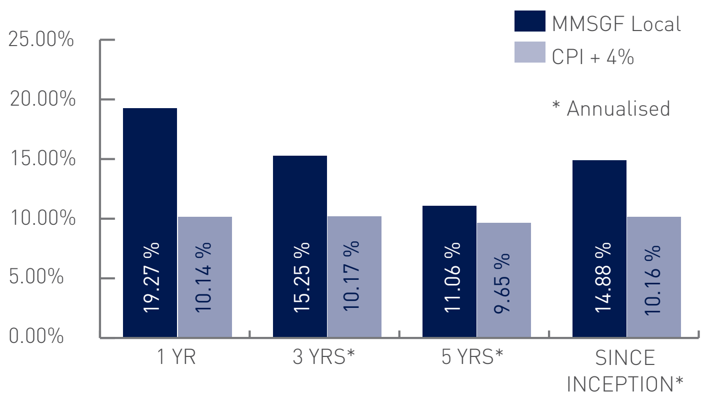
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Smooth Growth Fund Local is shown below.



The chart below shows the monthly bonuses for the past 12 months.



The chart below shows the long term bonus performance of the Multi-Manager Smooth Growth Fund Local against its objective.



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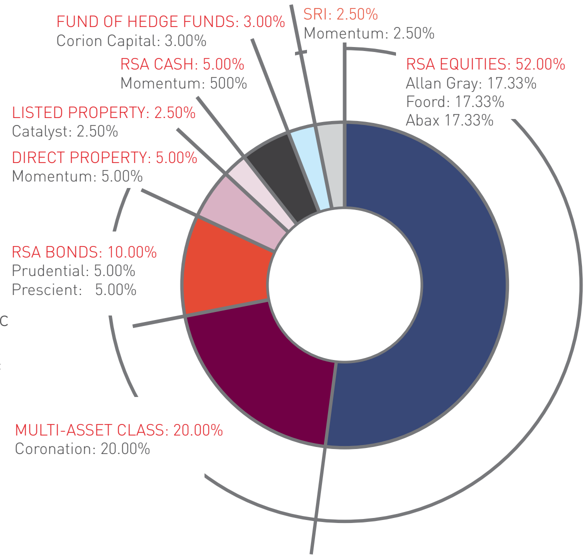

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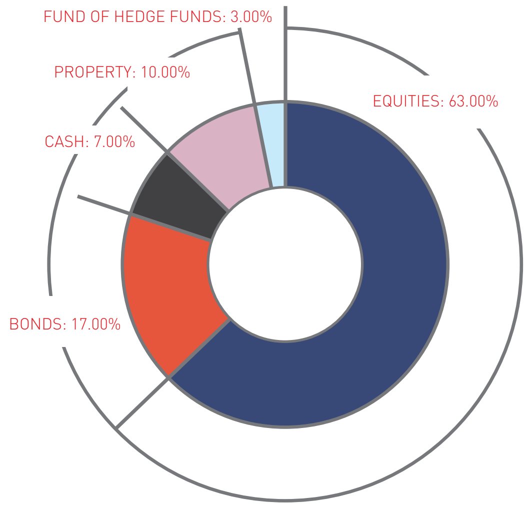


From as early as 150 B.C navigators could find their latitude, but ships were lost in shipwrecks because it was impossible to determine longitude. Thanks to **the 17th century sextant**, the navigator could measure the angle between the moon and a celestial body, calculating the exact time at which this distance would occur. Knowing the time meant knowing the longitude.

In the new world, Trustees, Professional Financial Advisors and members need certainty on their journey to financial wellness. Expert guidance from the thought leaders means knowing where you're heading and how to get there.

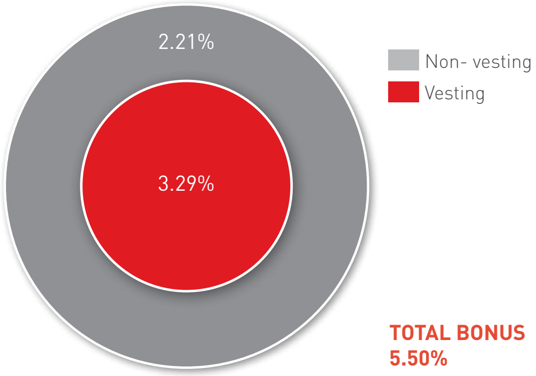
Partially Vesting Smooth Bonus Range | Smooth Growth Fund Global

Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 1989	120% - 125%	R3.05 bn	1.82%	13.53%

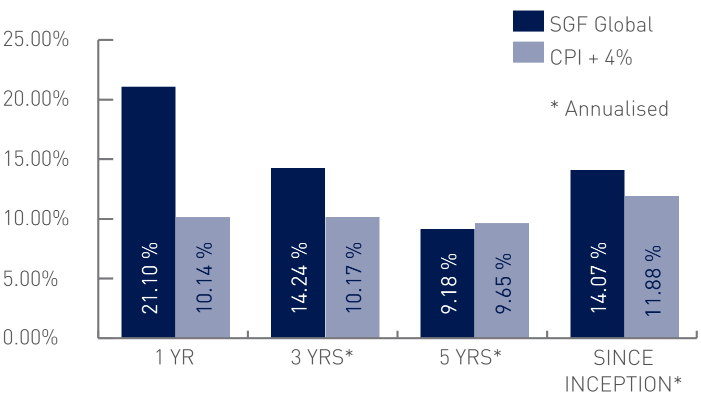
Performance

The total bonus net of all charges except the fixed investment management fee for the past quarter on the Smooth Growth Fund Global is shown below.



The chart below shows the monthly bonuses for the past 12 months.

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



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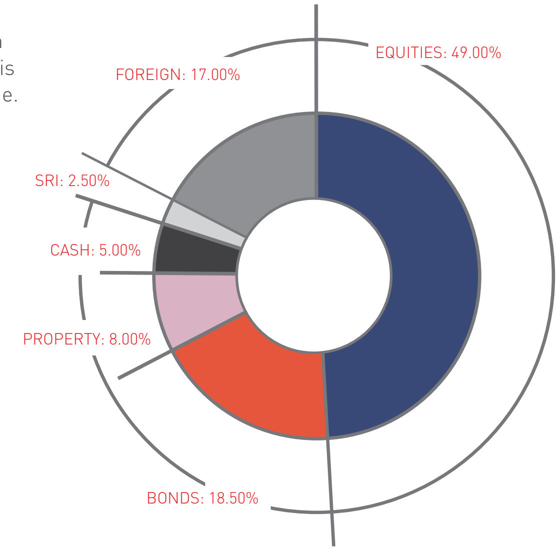

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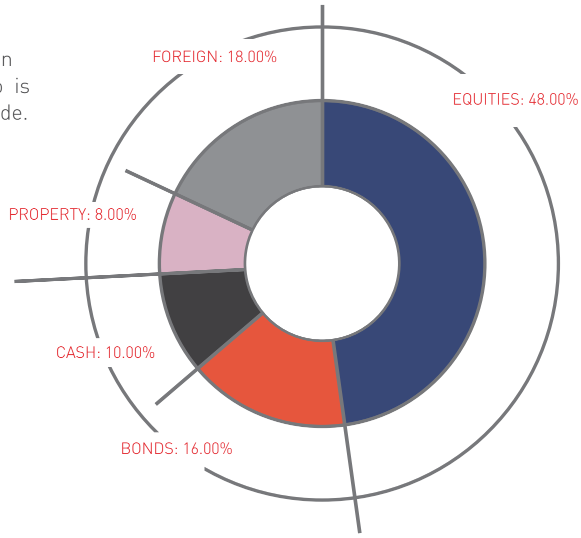


The engine order telegraph is used by the pilot on the bridge to instruct the engine room below to power the vessel at the right speed. By moving the handle to a different position on the dial, a bell would ring in the engine room and move their pointer to the same position - a fast and very handy way of powering the vessel away from trouble.

In a world where Trustees, Professional Financial Advisors and employees are looking for greater certainty, Momentum's continuous capital guarantee on benefit payments and smooth inflation-beating returns will result in plain sailing.

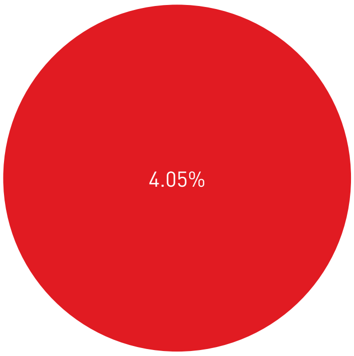
Fully Vesting Smooth Bonus Range | Multi-Manager Secure Growth Fund

Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Nov 2007	115% - 120%	R51 m	1.19%	14.65%

Performance

The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Secure Growth Fund is shown below.



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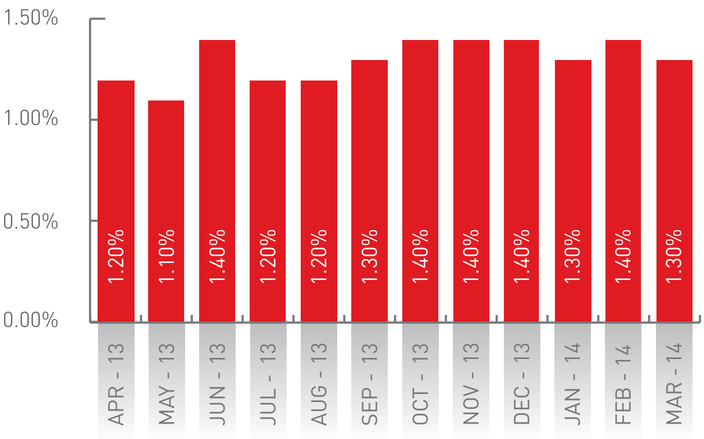
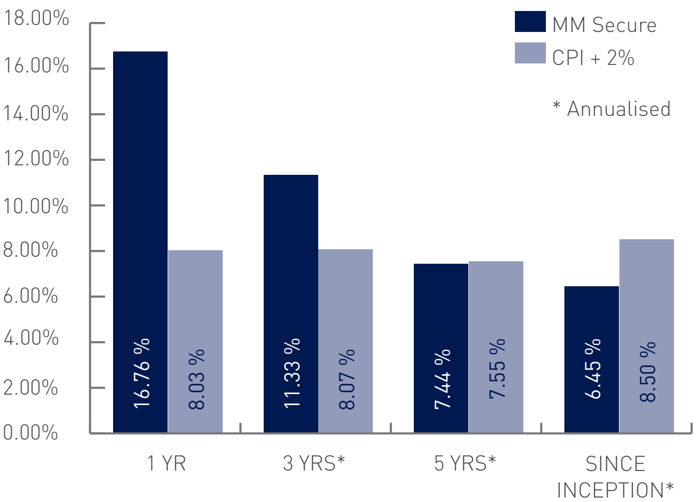


The chart below shows the long term bonus performance of the Multi -Manager Secure Growth Fund against its objective.



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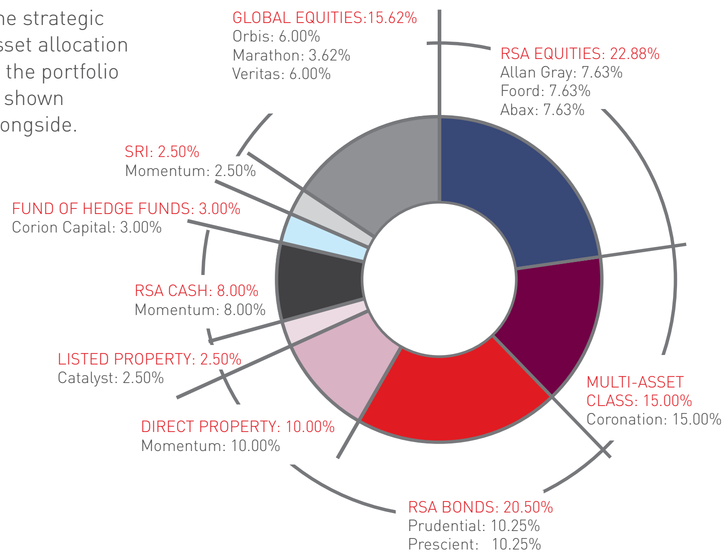

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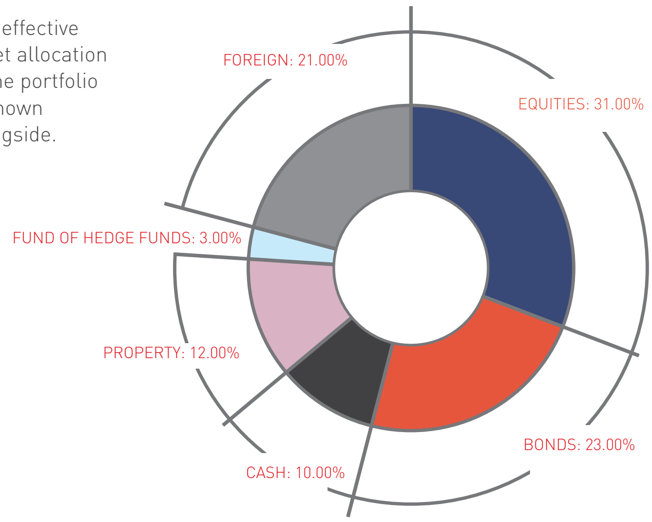


The first known **practical telescope** was invented in the Netherlands at the beginning of the 17th century. A telescope aids in the observation of remote objects by collecting electromagnetic radiation (including visible light), using glass lenses to increase the apparent size and brightness of distant objects.

Clarity is a key need of Trustees, Professional Financial Advisors and employees. Our transparent approach to bonus declarations and capital guarantees provide peace of mind on the journey to financial wellness.

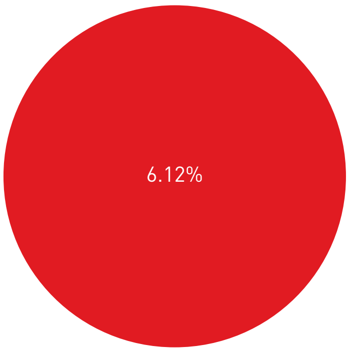
Fully Vesting Smooth Bonus Range |
Multi Manager Secure Growth Fund Bonus Series 2013

Fund Snap Shot

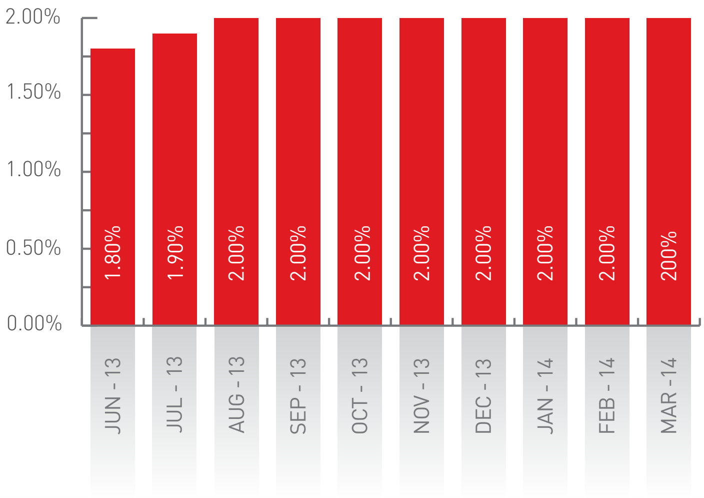
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE
Jun 2013	> 120%	R87 m

Performance

The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi Manager Secure Growth Fund Series 2013 is shown below.

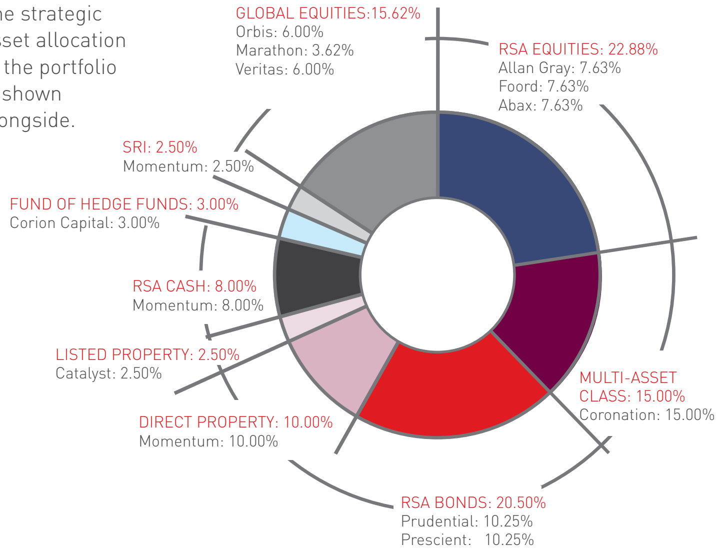


The chart below shows the monthly bonuses for the past 10 months.

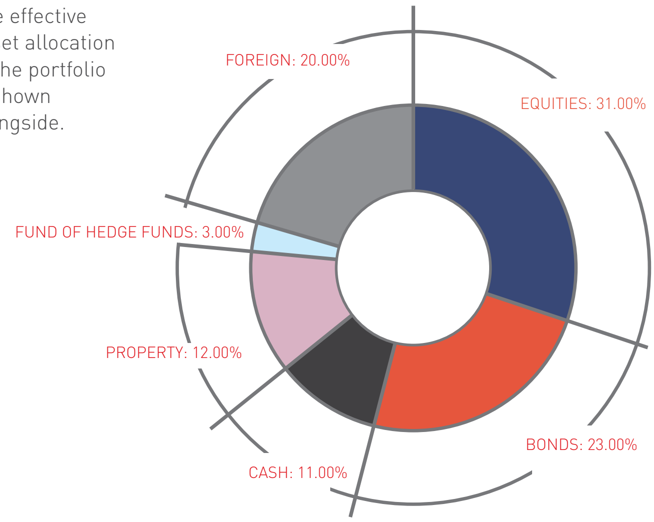


Asset Allocation

The strategic asset allocation of the portfolio is shown alongside.



The effective asset allocation of the portfolio is shown alongside.



Following the invention of the telescope in the 17th century, the advantages of mounting two of them side by side for binocular vision became obvious. Developed by Italian optician, Ignazio Porro in 1854 and made popular by the Carl Zeiss Company in the 1890s, **Binoculars** give users a three-dimensional image, presented to each of the viewer's eyes from slightly different viewpoints. This merged view provides a greater impression of depth.

We recognise that in the new world, nothing less than 100% certainty will do. As a result, our rigorous portfolio construction inspires investor confidence in the prospective investment performance of the Fund.

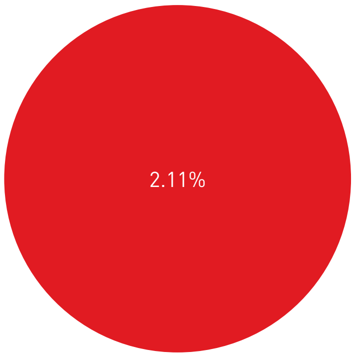
Fully Vesting Smooth Bonus Range | Capital Plus Fund

Fund Snap Shot

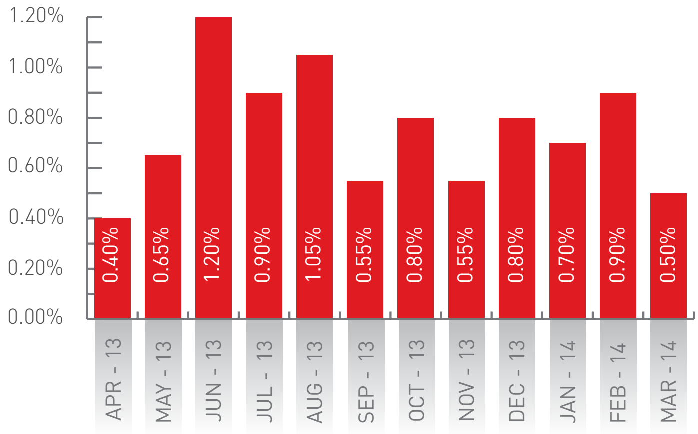
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Mar 2005	100% - 105%	R647 m	0.82%	8.14%

Performance

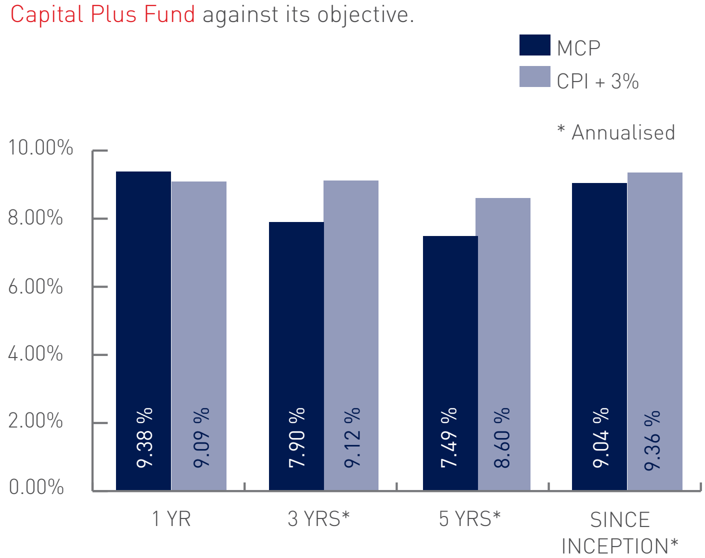
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Capital Plus Fund is shown below.



The chart below shows the monthly bonuses for the past 12 months.

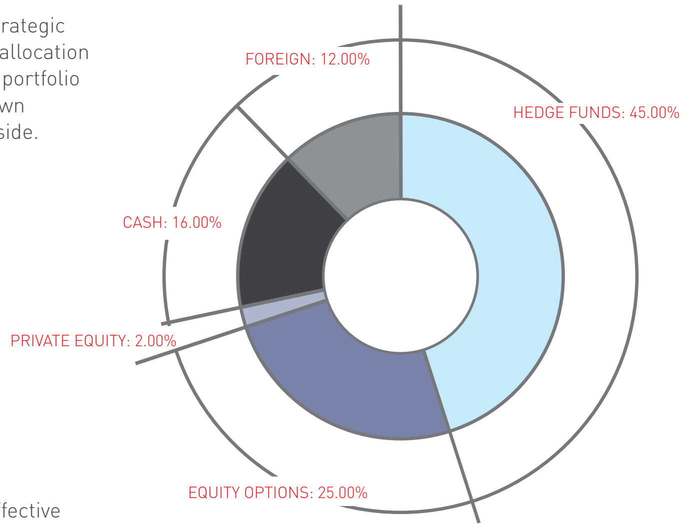


The chart below shows the long term bonus performance of the Capital Plus Fund against its objective.

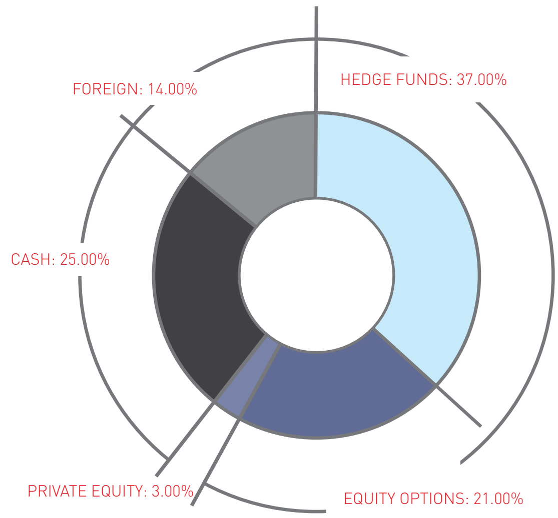


Asset Allocation

The strategic asset allocation of the portfolio is shown alongside.



The effective asset allocation of the portfolio is shown alongside.



Thank Greek astronomy for establishing the sphericity of the earth in the 3rd century BC. Flat maps use a map projection that inevitably introduces an amount of distortion.

A terrestrial globe is the only representation of the earth that does not distort the shape or size of large features.

The oldest surviving one was created by Martin Behaim in Nuremberg in 1492.

When it comes to leading the industry, it helps to have an accurate 360 degree view. Which is why our innovative, value-for-money products are redefining the landscape of financial wellness, for Trustees, Professional Financial Advisors and members.

Fully Vesting Smooth Bonus Range | Smart Guarantee + 3

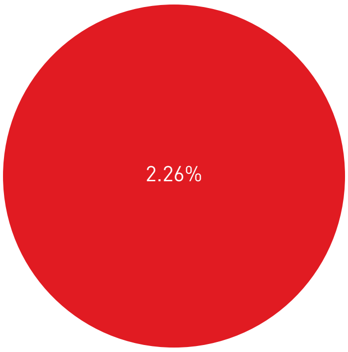
Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES*	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN*
Oct 2013	100% - 105%	R1.3 m	1.44%*	18.85%*

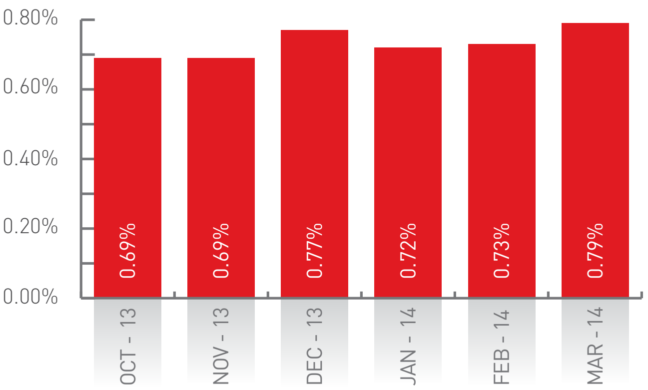
* Figures are based on back-tested (not actual) returns.

Performance

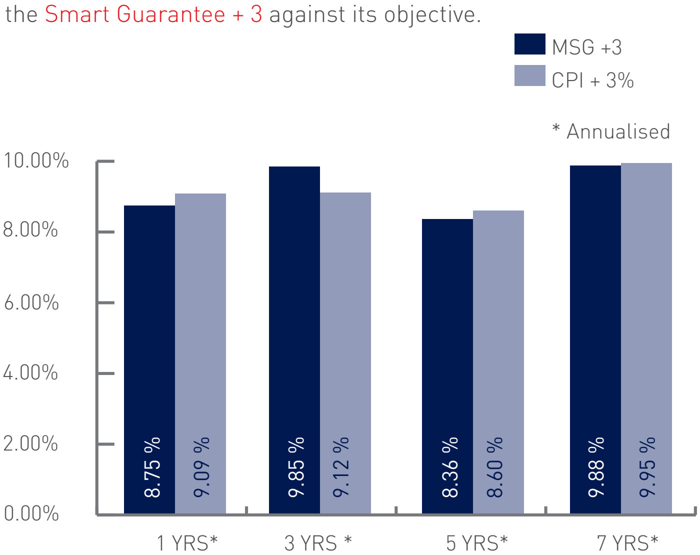
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Smart Guarantee + 3 is shown below.



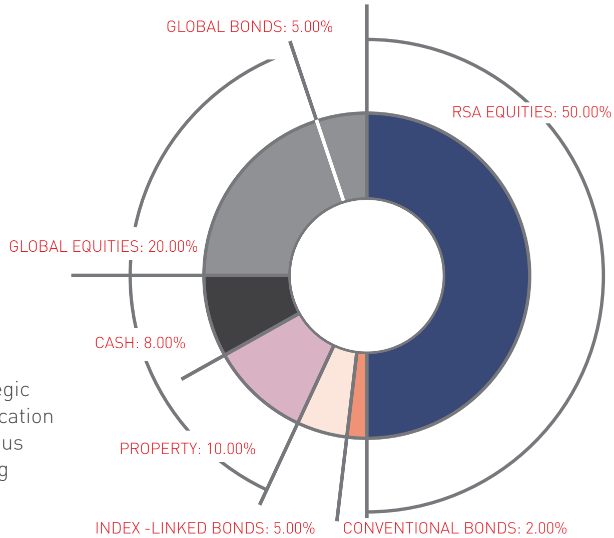
The chart below shows the actual monthly bonuses for the past 6 months.



The chart below shows the long term back-tested performance of the Smart Guarantee + 3 against its objective.



Asset Allocation



The strategic asset allocation of the bonus generating portfolio is shown alongside.

For more information on the bonus generating portfolio, Momentum MoM Enhanced Factor 7, please refer to our website: http://www.momentuminv.co.za/ManagerofManagers_Home/OurBusiness/FactorSeries

For bonus declarations, 80% of the underlying assets returns of the bonus generating portfolio are smoothed over a three-year period as per the smoothing formula. The liability driven investment strategy includes a dynamic protection overlay to secure the guarantee.

As a result, for disinvestments other than guaranteed benefit payments the underlying assets value is sensitive to both asset values and interest rates and the effective asset allocation will reflect both the bonus generating portfolio and the dynamic protection overlay.

Prior to the introduction of the compass, position, destination, and direction at sea were primarily determined by the sighting of landmarks, supplemented with the observation of the position of celestial bodies. On cloudy days, even the Vikings were at a loss for which way to go.

Because the compass is used for calculating heading, it provides a much improved navigational capability. And on our compass, security is the number one moral imperative.

Smooth Bonus Products Key Features

		Fund Return Objective	Manager	Mandate Type	Guarantee on Benefit Payments	Market Value Adjustment Terms & Conditions	Risk Charge	Investment Management Fee	Inception Date
Partially Vesting	Multi-Manager Smooth Growth Fund Global	CPI + 4% pa, net of charges over a 5 year time horizon	Multi-Manager	Moderate Balanced	100% of capital invested and vested bonus declared	Yes	1.00% pa	0.60% of the first R50m, 0.50% of the excess above R50m *	January 2004
Partially Vesting	Multi-Manager Smooth Growth Fund Local	CPI + 4% pa, net of charges over a 5 year time horizon	Multi-Manager	Moderate Balanced	100% of capital invested and vested bonus declared	Yes	1.00% pa	0.55% of the first R50m, 0.45% of the excess above R50m *	January 2004
Partially Vesting	Smooth Growth Fund Global	CPI + 4% pa, net of charges over the long to medium term	Momentum Asset Managers	Moderate Balanced	100% of capital invested and vested bonus declared	Yes	1.00% pa	0.45% of the first R10m, 0.35% of the next R40mil, 0.25% of the excess above R50m *	January 1989
Fully Vesting	Multi-Manager Secure Growth Fund	CPI + 2% pa, net of charges over a 5 year time horizon	Multi-Manager	Moderate Conservative Balanced	100% of capital invested and total bonus declared	Yes	1.50% pa	0.60% of the first R50m, 0.50% of the excess above R50m *	November 2007
Fully Vesting	Multi-Manager Secure Growth Fund Bonus Series 2013	CPI + 2% pa, net of charges over a 5 year time horizon	Multi-Manager	Moderate Conservative Balanced	100% of capital invested and total bonus declare	Yes	1.50% pa	0.60% of the first R50m, 0.50% of the excess above R50m *	June 2013
Fully Vesting	Capital Plus	CPI + 3% pa, net of fees over a rolling 3 year period	Rand Merchant Bank	Structured Alternative	100% of capital invested and total bonus declared	No	0.50% pa **		March 2005
Fully Vesting	Smart Guarantee +3	CPI + 3% pa, net of fees over a 7 year time horizon	Momentum Manager of Managers	Liability Driven Investment	100% of capital invested and total bonus declared	Yes	1.25%		October 2013

*Depending on the underlying mandates that are negotiated with asset managers, performance fees and net unit priced fees may be deducted from the underlying assets
**A performance fee of 25% of the outperformance above CPI + 2% p.a. + VAT is deducted from the underlying assets. The performance fee is capped at a maximum of 3% p.a. + VAT

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