momentum

Smooth Bonus Report

Second Quarter 2014

Dear valued investors

Our clients are shaping the future of our business

MMI Holdings has adopted a new client-centric business model that puts you, the client, as our primary focus. By listening carefully, we are developing a deep understanding of your needs so that we can provide valuable, relevant solutions.

The new model moves away from a product driven focus to one that is shaped by client needs. This is a significant shift because, aside from it increasing service levels, it intends to increase our value proposition to you.

This new model requires a change in mindset in that we will think of our business as a portfolio of clients rather than a portfolio of products. To ensure that we consistently provide you with valuable, holistic solutions, the new model will be supported by a new operating structure. For us, Client Centricity doesn't only form the type of solutions we design and create – but it becomes the foundations on which we build and structure our business.

We look forward to this exciting change and the opportunity it will bring to provide you with valuable investment solutions expertly suited to your needs.

The quarter to June

The market rise in the previous quarter continued into the second quarter of 2014 with all asset classes contributing positive performances. Most notable, the local equity market (measured by the FTSE/JSE All Share Index) and the foreign equity market (measured by the MSCI World Index USD) delivered strong returns of 7.2% and 5.1% respectively – with both indices reaching all-time highs during the quarter. Coronation Fund Managers provides a summary of the market performance on page 9.

The performance of our smooth bonus portfolios reflected the good performance of the underlying assets. Our flagship multi-manager portfolios significantly outperformed their respective benchmarks over one- and three-years. The longer term five-year performances are ahead of their inflation linked benchmarks. Low inflation coupled with recent strong local and foreign equity markets gave rise to the considerable outperformance of the benchmark, allowing us to declare very competitive returns while maintaining attractive funding levels.

Looking ahead

With equity markets repeatedly reaching new highs and local economic growth forecast frequently revised downward, we are concerned with the sustainability of the market run and the outlook for local equities. In light of the growing risks, we will be increasing our strategic allocation to the multi-asset class investment portfolio within our multi-manager global products.

In a multi-asset class investment portfolio, the underlying manager has the ability to dynamically allocate among various assets classes given their view of the relative expected risk and return of those asset classes. A greater allocation to multi-asset class raises the flexibility of a portfolio to be overweight lower risk assets in market downturns or to overweight risky assets in market runs.

On page 5 Sanisha Packirisamy, Economist for Momentum Asset Management, considers the impact of lower economic growth on investment returns and Herman van Papendorp, Head of Macro Research and Asset Allocation for Momentum Asset Management, examines the expensiveness of the equity market on page 7.

Many happy returns

Carol Taylor
Investment Products

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.

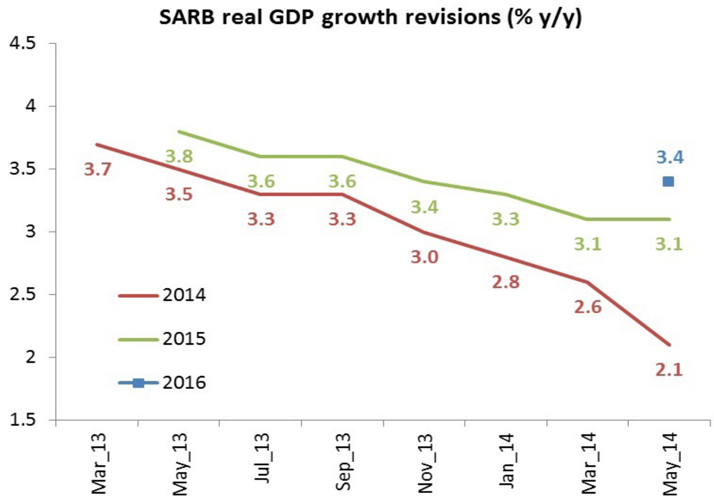
South Africa's growth outlook
and its impact on investments

By Sanisha Packirisamy

The outlook for South African inflation and growth (with upside risks to inflation and downside risks to growth in the coming year) has a major bearing on local investment returns. Rising inflation and interest rates impact negatively on economic growth and corporate profits, thereby constraining the performance of local bonds, property and equities.

At the latest Monetary Policy Committee (MPC) meeting, the South African Reserve Bank (SARB) downgraded their real GDP growth forecasts for South Africa by 0.5% to 2.1% in 2014 (see chart 1). Against the backdrop of an expected SARB inflation profile that stays above the target range for the next year, this poses a dilemma for monetary policy making. Revised growth forecasts issued by the SARB were lowered given the on-going labour tensions in the platinum mining industry, where protracted strike activity continues. To date, employees have lost over R10 billion in wages, whilst the industry has lost around R23 billion in revenue. Although mining only constitutes around 6% of total real GDP, mining exports account for nearly half of South Africa's total exports, while related downstream sectors, such as manufacturing and retail, are also negatively impacted by the strikes. The extended strike action therefore exerts broad essure on economic growth and the already-extended current account deficit.

Chart 1: SARB likely to downwardly revise their growth forecasts due to prolonged strike activity



Source: SARB, Momentum Asset Management

S&P pulls the trigger

Although the SARB slashed their 2014 growth forecasts (and may have to do more of the same at the upcoming July meeting), the committee only marginally downwardly revised their 2014 inflation forecast to 6.2% (previously 6.3% at the time of the March MPC meeting), thereby exacerbating the low growth/high inflation policy conundrum. More recently, rating agencies S&P and Fitch delivered a sombre message, suggesting that South Africa remains in a low growth/high debt environment. Fitch placed South Africa's sovereign rating on negative outlook, while S&P pulled the trigger and lowered South Africa's foreign currency rating from BBB to BBB- on the back of strike and capacity-related growth concerns in the medium term (and also noted the negative implications that these will have for the budget deficit and debt trajectory). Nevertheless, currency and market moves were limited as S&P maintained a stable outlook on the rating.

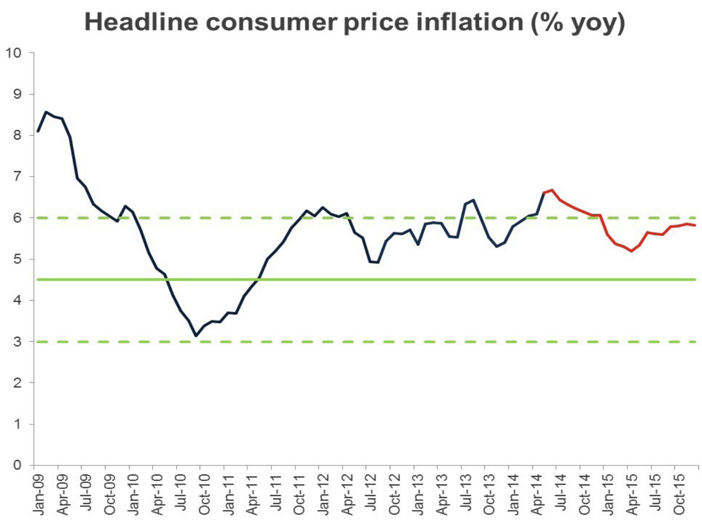
Although an improvement in global risk appetite has seen a retracement in the local currency from levels experienced during late January/early February, the rand remains vulnerable given weak domestic macro fundamentals and global risk factors. A more benign global monetary policy environment, on the back of weaker-than-anticipated global economic data in the first quarter, coupled with disappointing high-frequency data in the domestic market, kept the SARB from hiking rates at the May MPC meeting. Nevertheless, the door for further rate hikes remains open given that the SARB reiterated that monetary policy accommodation remains high in the context of negative real interest rates, while inflation risks and expectations remain uncomfortably high.

Further rate hikes expected

To date, inflation expectations have remained close to the upper band of the 3% to 6% inflation target, but have not breached the target markedly. It is likely that the SARB will keep a watchful eye on whether inflation expectations increase meaningfully as this is likely to have a further negative impact on core inflationary measures. Furthermore, both the SARB and Fitch have noted that inflation expectations settling at the upper end of the target remains undesirable.

Momentum Asset Management expects inflation to remain sticky in the short term as the lagged impact of a weaker currency exerts upward pressure on both headline and core measures of inflation. May's headline consumer inflation print of 6.6% pointed to rising goods inflation as items such as cars and clothing increasingly reflected a higher degree of currency pass-through (see chart 2).

Chart 2: We expect inflation to remain outside the target band for the remainder of the year



Source: Stats SA, Momentum Asset Management

Although the MPC has held rates steady at both the March and May MPC meetings, we are still expecting further interest rate normalisation this year. We anticipate a further hike of 50 basis points at the July meeting, followed by a further 25 basis points in November 2014 and March 2015 respectively due to mounting inflationary pressures and an elevated current account deficit. Our interest rate view is biased to fewer hikes should further growth risks arise due to an increase in strike activity or further pressure on electricity supply. A rising domestic interest rate cycle, against the backdrop of global policy normalisation, should constrain South African asset class performance, particularly local bonds and listed property, while increasing the relative attractiveness of risk-free cash in a generally low-return environment.

Sanisha Packirisamy
Economist
Momentum Asset Management

Has the equity bull market run its course?

If so, what's next?

By Herman van Papendorp

We have witnessed a stellar run on the Johannesburg Stock Exchange (JSE) since its recovery from the 2007-08 global economic meltdown. Equity markets have run significantly, both globally and in South Africa, over the past five years, almost tripling in value since bottoming in March 2009.

Markets have been performing predictably in an environment where global central banks injected copious amounts of liquidity into the global financial system in the aftermath of the financial crisis. Normally, the bulk of this liquidity stimulus would have been absorbed into the real economy to finance a rebound in economic activity. However, with business and consumer confidence at rock-bottom due to the financial crisis, the resultant weak economic recovery required only limited capital to finance expansion, with the excess liquidity inflating the valuations of financial market assets (particularly equity markets). Hence their strong performance.

Some equity market valuations have now rerated to levels above their respective longer-term means, which should constrain future returns from these equity markets. A good example of this is the US, where valuations are now above long-term averages, whereas some regions, like Europe and the UK, have seen a valuation uplift (but are not as yet expensive) and other regions, like Japan and emerging markets, are still outright cheap. Within this, South Africa has been a very strong performer, with valuations looking extremely expensive relative to other emerging markets or versus the country's own history. South Africa is therefore trading like a developed equity market, without the corresponding developed market fundamentals behind it.

Seeking opportunities

For an equity investor, this can be seen as problematic as it strips away the margin of safety in the asset class. Investors should seek opportunities where risk-reward is skewed in their favour. In South Africa, equities are currently expensive, which means that the return uplift is compromised relative to the risk that is being taken.

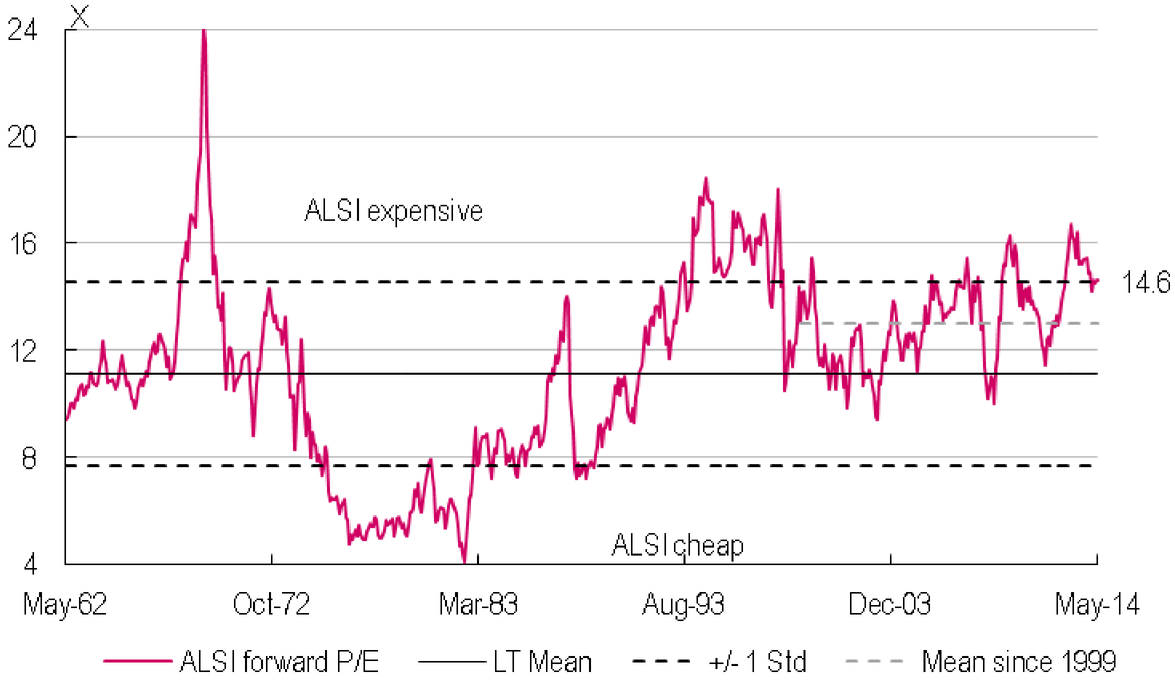
Global equities have had a good run and are seen as approaching fair value, but they should also be looked at relative to the returns available from other asset classes. In this regard, the global fixed-income market still looks more expensive than equities, with the relative risk-reward still ostensibly in favour of global equities.

Similarly, the South African equity market looks expensive on a number of metrics, but, relative to domestic fixed income, it seems fairly valued, or even slightly on the cheap side. This is due to fixed income looking expensive at current relatively low yield levels. If you compare the current earnings or dividend yields of the South African equity market to current bond yields and take into account their respective long-term averages, there is some value in local equities. However, this does not take away from the fact that investing in South African equity has some risks in the current climate.

Locking in gains

The past five years were very much an abnormal situation as far as liquidity creation is concerned. Global central banks had not previously resorted to widespread quantitative easing (QE) in a collective effort, but had always used interest rates or money supply levers as their main policy tools. The next five years will more than likely be a period of normalising monetary policy from near-zero interest rates and abundant QE towards the gradual removal of QE and higher rates.

Chart 1: ALSI expensive vs. own history



Source: I-Net, Momentum Asset Management

This will probably create an environment where asset classes will behave quite differently in the coming years, relative to the past five years. We position our portfolios with a forward-looking approach and, running a balanced fund, we expect lower absolute asset class returns than what the past five years have offered. Furthermore, in this period of renormalisation, the volatilities of asset classes are bound to increase. In the interim, exposure to defensive asset classes, such as cash, should be considered in a low-return and high-volatility environment, although this is not an investment strategy for the long term.

Fixed-income assets are likely to offer lower returns in a rising interest rate environment, while simultaneously experiencing higher volatility: a mix that you do not want as an asset investor.

On the equity market side, we have had a meaningful rerating of equities in recent years and, for the next while, will probably see returns coming increasingly from profit growth as valuations approach long-term averages. With equities in South Africa at historically high levels, conservative thinking needs to be heeded, with a preference for better-valued global equities (see chart 1).

Herman van Papendorp
Head of Macro Research and Asset Allocation and Co-portfolio Manager
Momentum Asset Management

Coronation Fund Managers
market commentary for the quarter ending June 2014

Equity markets continued to be supportive of returns in the second quarter of the year. During the period, the local market and many international stock markets reached new highs. Over the last 12 months, both local and global equities (as measured by the MSCI World Index) returned over 30% in rand terms - a truly exceptional performance. Even more surprising is the fact that the return from local equities comes after a decade of already above normal returns – despite weak economic news, the longest strike in South Africa's history and a sovereign credit rating downgrade.

Our caution to investors continues to be that returns achieved over the last 10 years are unlikely to be repeated going forward. The JSE All Share Index returned 7.2% (in rands) for the quarter, reaching a new all-time high. This said, we still believe domestic equities, in general, remain fairly valued although our assessment of the current fair value upside is the lowest it has been in nearly seven years.

The rand weakened by 0.9% against the US dollar over the quarter. We remain concerned about the deterioration in South Africa's fundamentals, namely the twin deficits (current account and fiscal), an uncompetitive manufacturing sector, lack of progress on much-needed structural reform and an inflexible and militant labour force. In a small, open economy like South Africa, the currency is the release valve for all these pressures. Notwithstanding that the rand may be oversold at current levels, it remains vulnerable unless these issues are remedied.

We have reduced our equity exposure and increased the use of put options during the quarter. We reduced holdings in AVI and BHP Billiton as share prices moved closer to our assessment of fair value. We initiated a holding in Old Mutual, as we believe the risks that the company faced during the financial crisis has dissipated, and the strong cash generation underpins the dividend yield.

This quarter saw the resolution of the five-month long platinum strike – the longest in South Africa's history. While workers have returned to work, it will take several months before full production is restored. Deep-level mining in South Africa is a challenged industry. Producers face enormous cost pressures (labour, electricity and increased mining depths) and require significant capital investment to maintain production in the face of declining grades. South Africa mines around 80% of the world's platinum affording our producers pricing power. Metal prices will have to adjust upwards to reflect these cost pressures and incentivise new production. It is for this reason that we prefer platinum miners over gold producers and we have used the weakness in share prices to add to our position in Impala Platinum, a low-cost producer. We have also added to our holdings of platinum-group metal (PGM) ETFs as we believe the strike will lead to reducing abundant stockpiles. Palladium is mainly used to reduce carbon emissions in petrol engines. Residents of fast-growing markets such as India and China mainly drive vehicles powered by petrol engines. The palladium ETF offers a way to gain exposure to vehicle sales growth in these markets. Contrary to strong equity markets, income assets delivered low returns.

Cash, government bonds and property stocks all underperformed inflation over the past 12 months. Preference shares and inflation-linked bonds performed better with returns of 8.5% and 12% respectively for the year.

Looking forward, we continue to think that the investment environment will be tough. Cash still yields negative real returns, and we do not foresee strong real returns from bonds. Equities offer the best opportunity to generate inflation-beating returns, but even these are reducing given the recent strong increases. We continue to focus on managing risks within the portfolio and have hedged around a third of our nominal equity exposure by using put options.

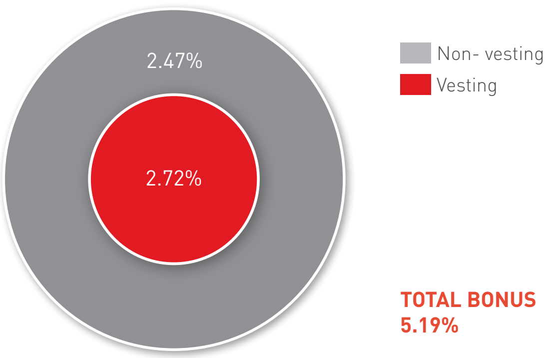
Partially Vesting Smooth Bonus Range |
Multi-Manager Smooth Growth Fund Global

Fund Snap Shot

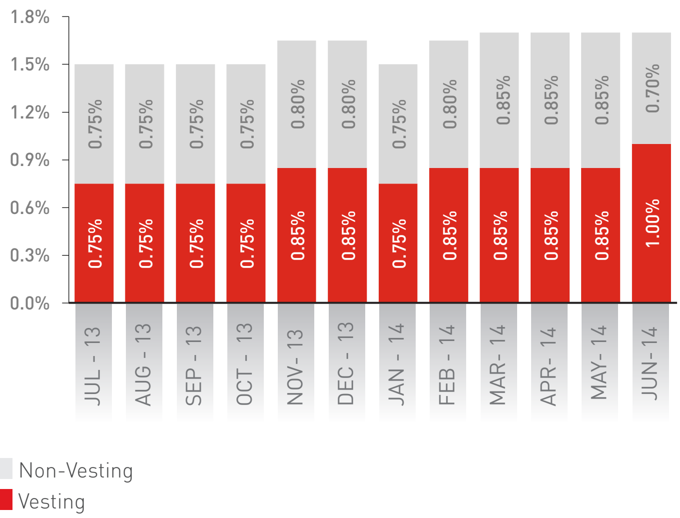
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	110% - 115%	R11 bn	1.33%	18.49%

Performance

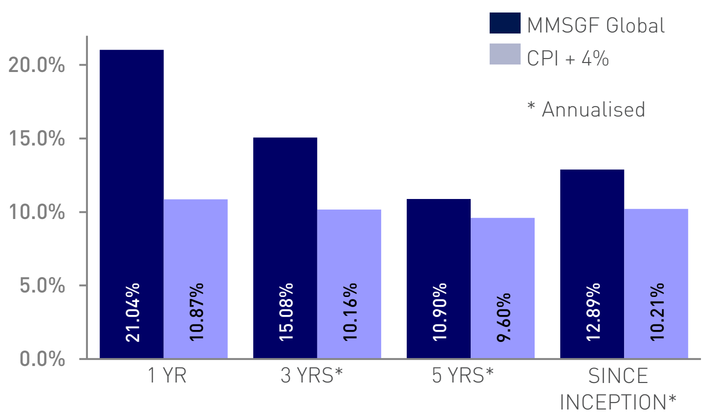
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Smooth Growth Fund Global is shown below.



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

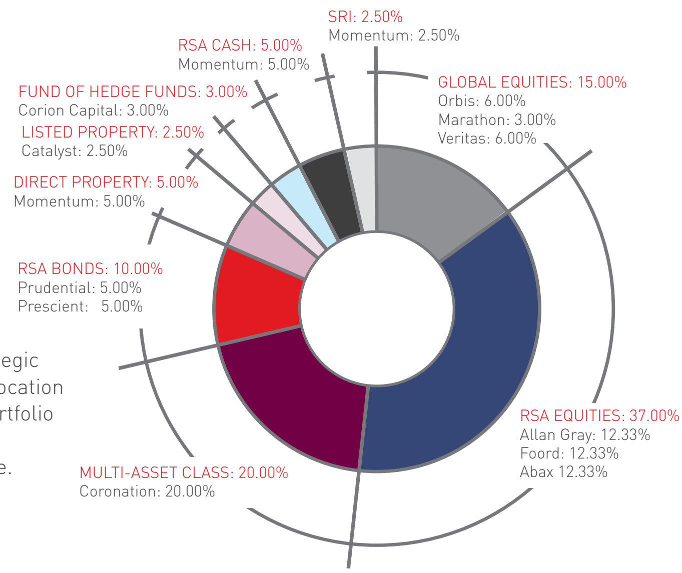


The chart below shows the long term bonus performance of the Multi-Manager Smooth Growth Fund Global against its objective.

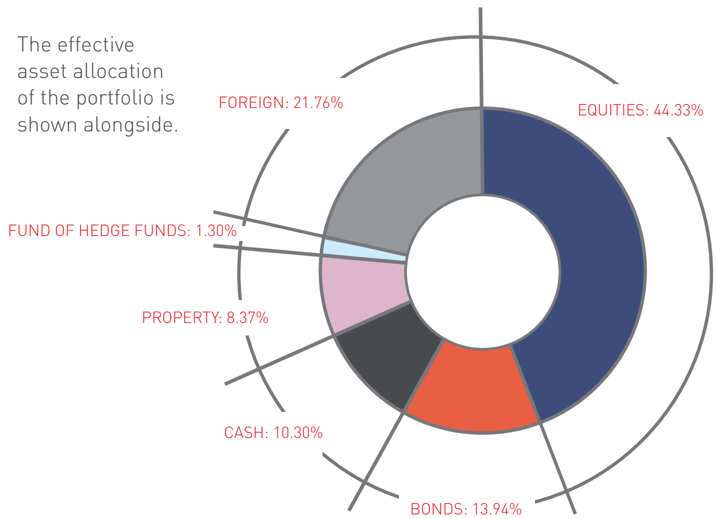


Asset Allocation

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.

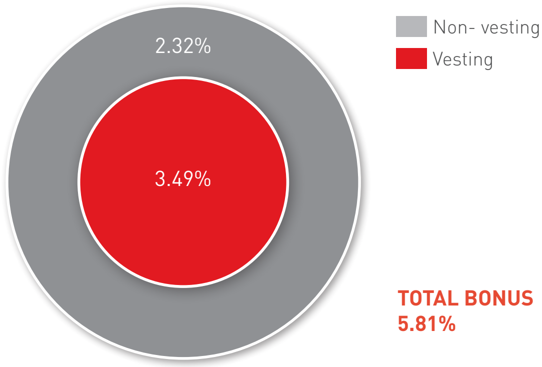
Partially Vesting Smooth Bonus Range |
Multi-Manager Smooth Growth Fund Local

Fund Snap Shot

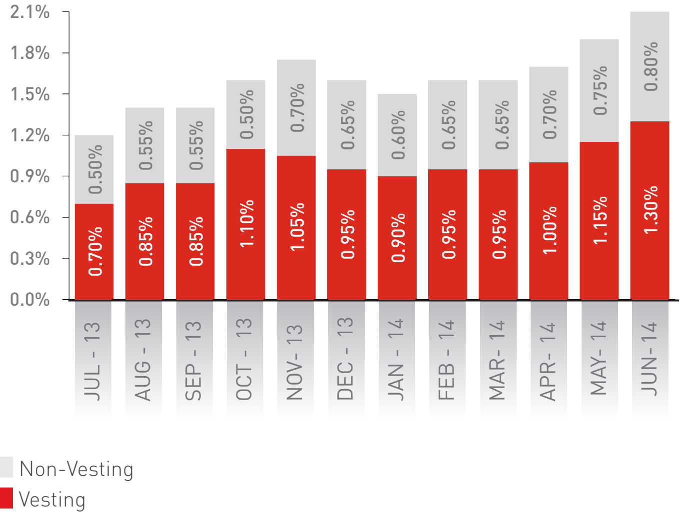
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	> 120%	R415 m	1.13%	16.64%

Performance

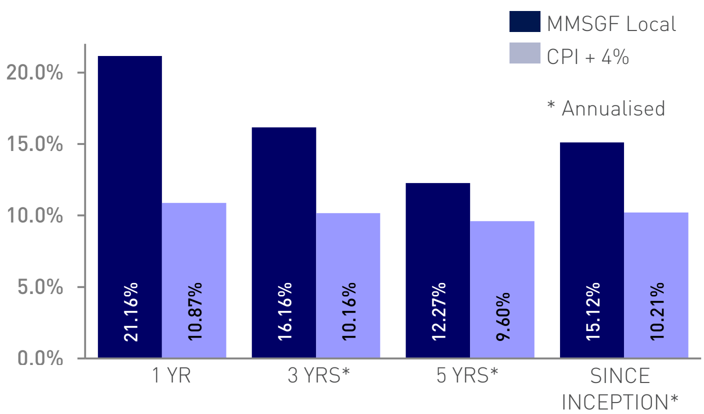
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Smooth Growth Fund Local is shown below.



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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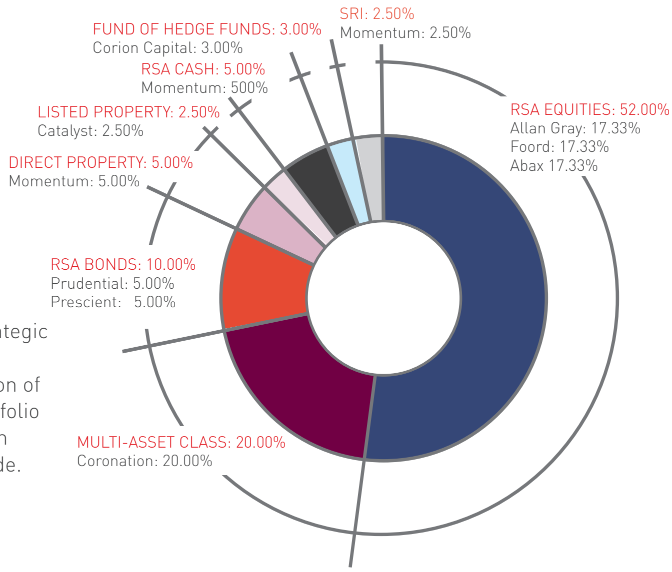

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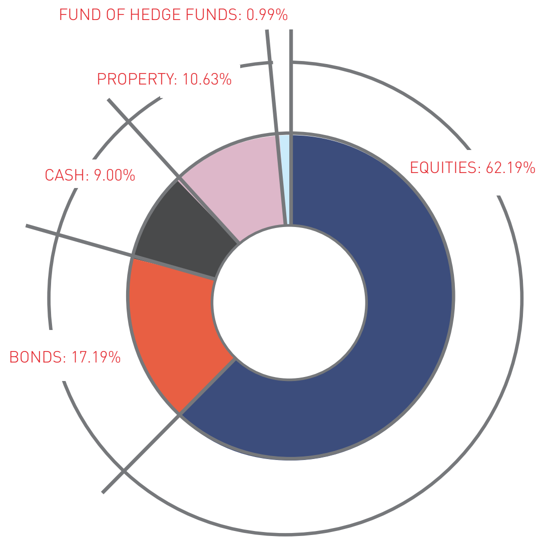


From as early as 150 B.C navigators could find their latitude, but ships were lost in shipwrecks because it was impossible to determine longitude. Thanks to **the 17th century sextant**, the navigator could measure the angle between the moon and a celestial body, calculating the exact time at which this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

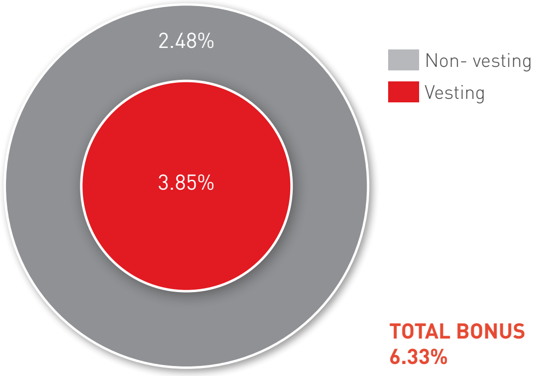
Partially Vesting Smooth Bonus Range |
Smooth Growth Fund Global

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%	R3.1 bn	1.91%	15.53%

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.



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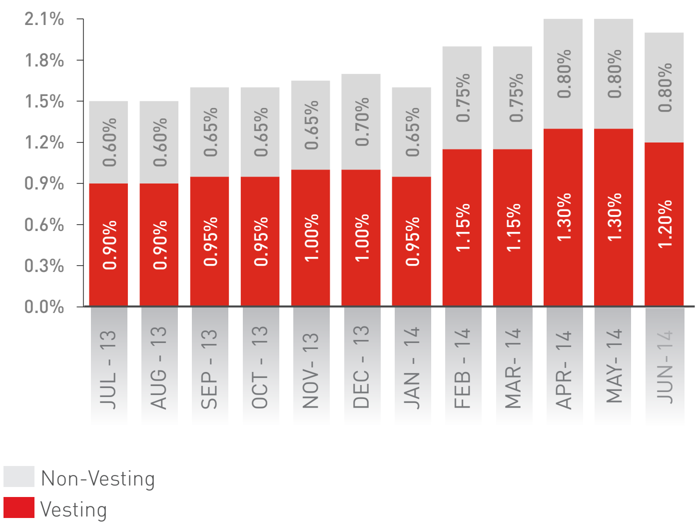
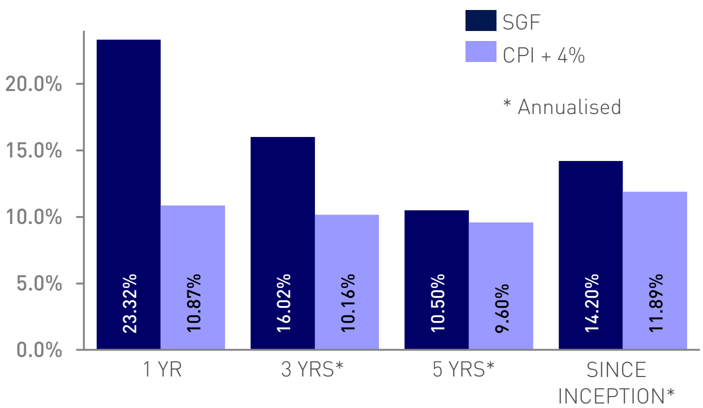


The chart below shows the long term bonus performance of the Smooth Growth Fund Global against its objective.



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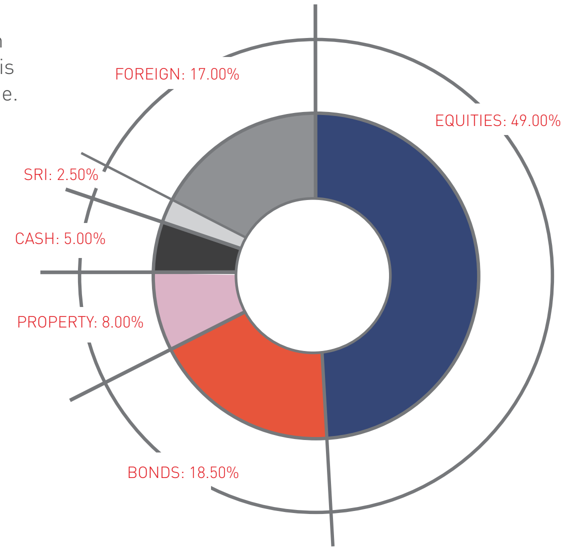

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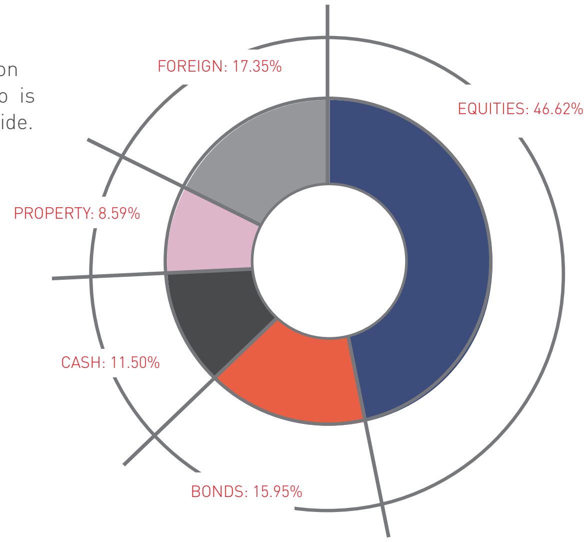


The engine order telegraph is used by the pilot on the bridge to instruct the engine room below to power the vessel at the right speed. By moving the handle to a different position on the dial, a bell would ring in the engine room and move their pointer to the same position - a fast and very handy way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

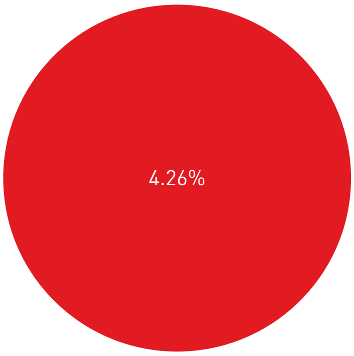
Fully Vesting Smooth Bonus Range | Multi-Manager Secure Growth Fund

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%	R 53m	1.21%	16.01%

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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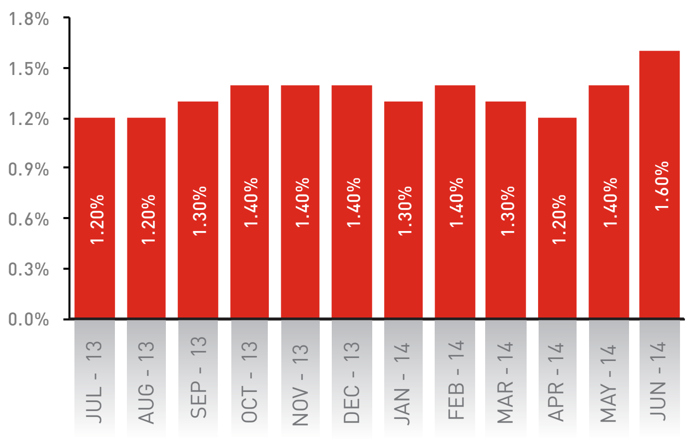
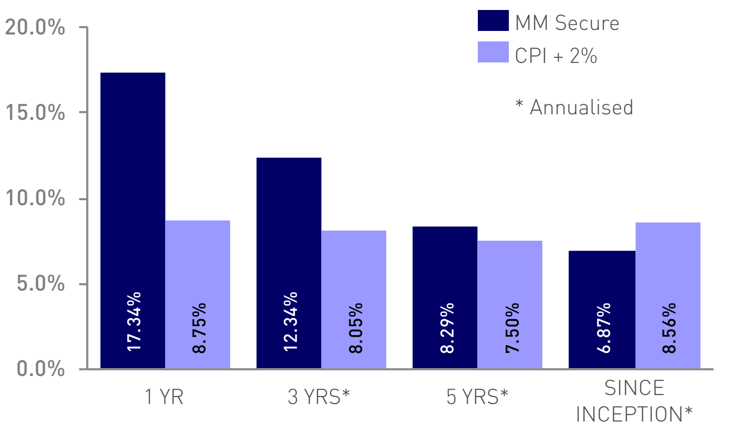


The chart below shows the long term bonus performance of the Multi -Manager Secure Growth Fund against its objective.



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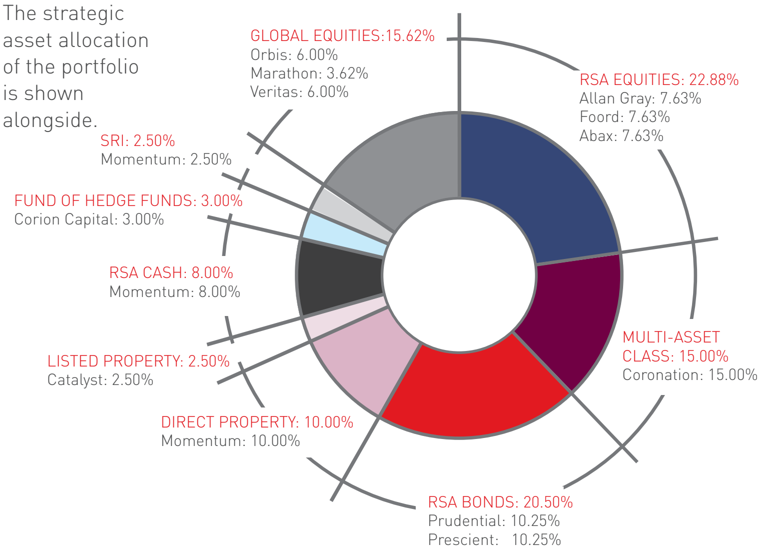

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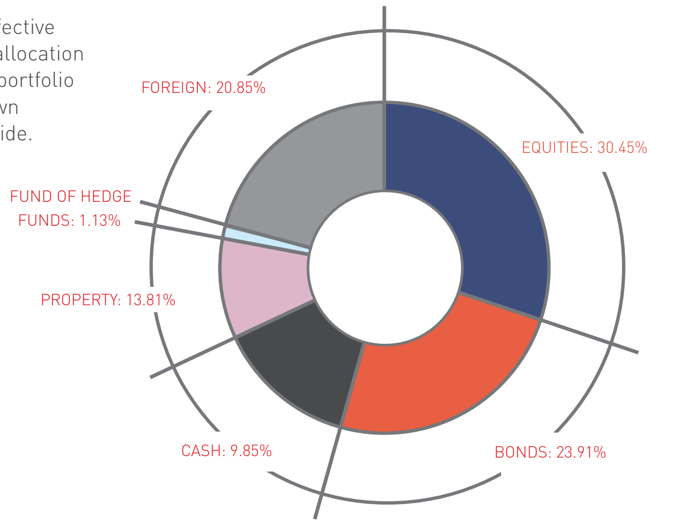


The first known **practical telescope** was invented in the Netherlands at the beginning of the 17th century. A telescope aids in the observation of remote objects by collecting electromagnetic radiation (including visible light), using glass lenses to increase the apparent size and brightness of distant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

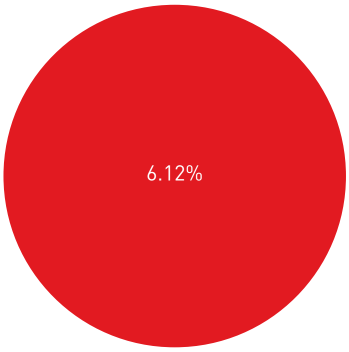
Fully Vesting Smooth Bonus Range | Multi Manager Secure Growth Fund Bonus Series 2013

Fund Snap Shot

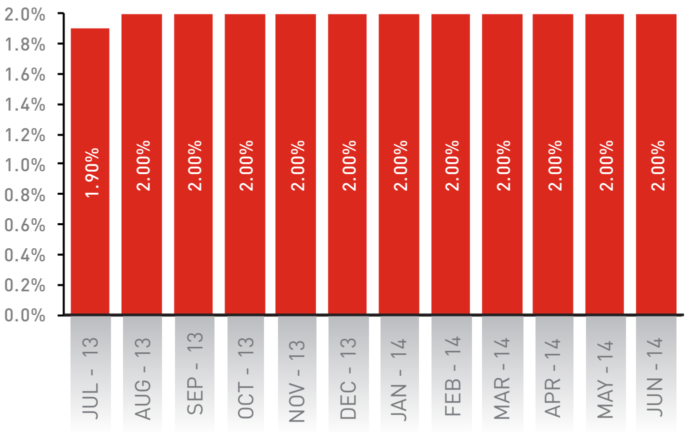
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE
Jun 2013	> 120%	R 88m

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 12 months.



Asset Allocation

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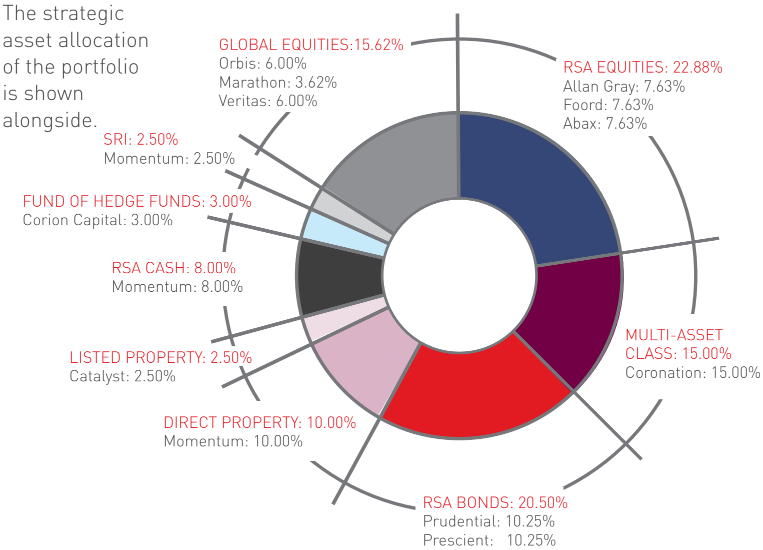

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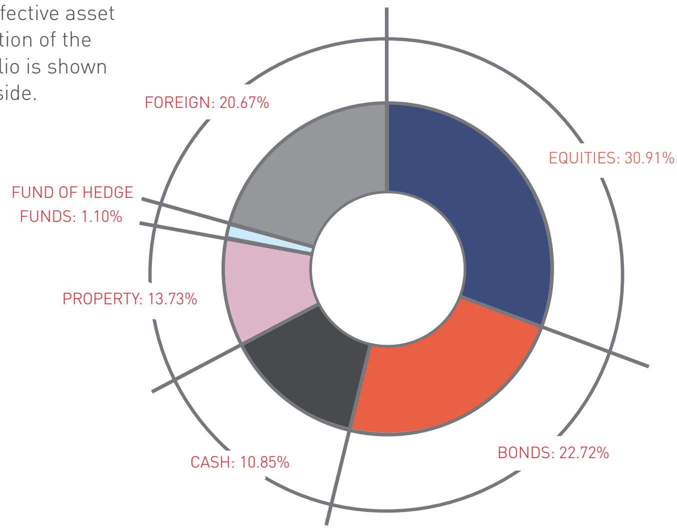


Following the invention of the telescope in the 17th century, the advantages of mounting two of them side by side for binocular vision became obvious. Developed by Italian optician, Ignazio Porro in 1854 and made popular by the Carl Zeiss Company in the 1890s, **Binoculars** give users a three-dimensional 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.

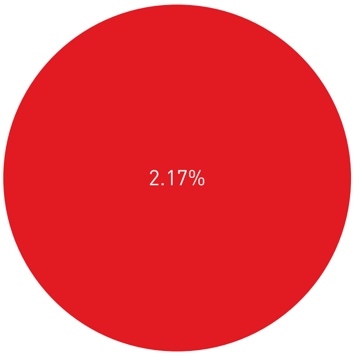
Fully Vesting Smooth Bonus Range | Capital Plus Fund

Fund Snap Shot

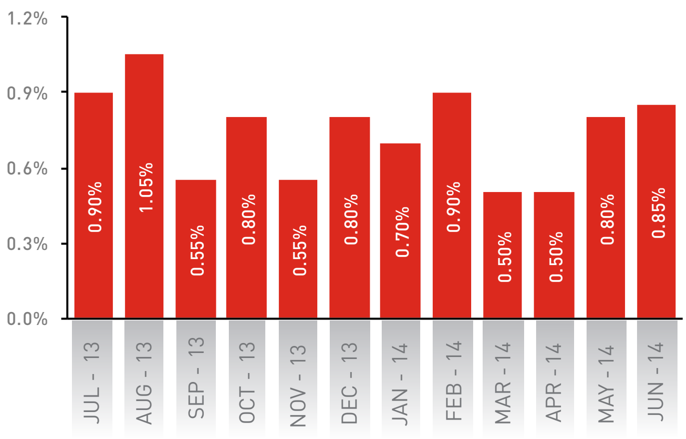
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Mar 2005	100% - 105%	R 654m	0.78%	8.91%

Performance

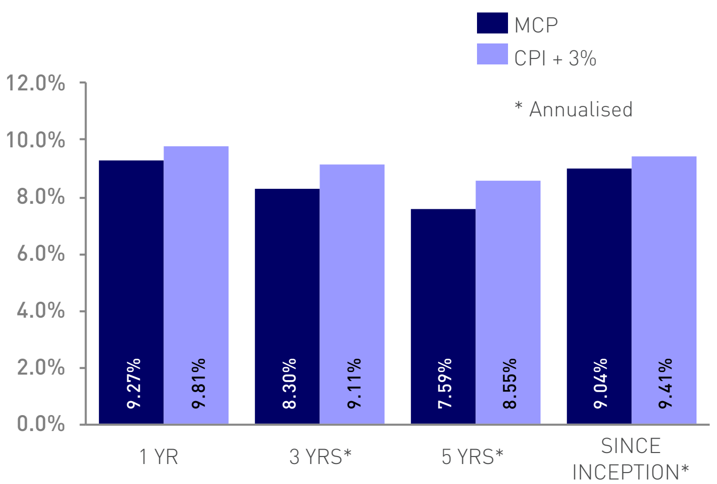
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Capital Plus Fund is shown below.



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

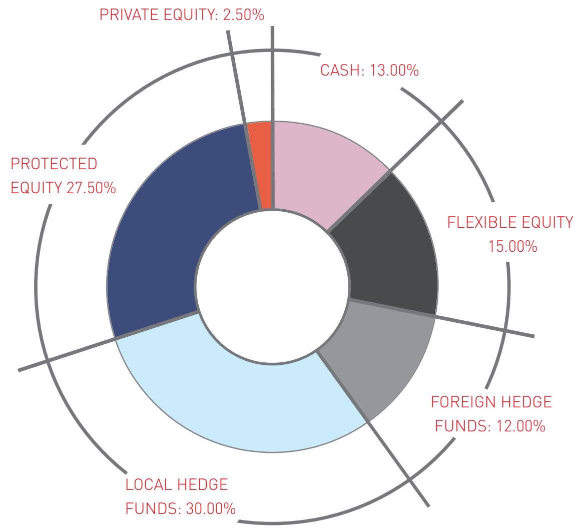


The chart below shows the long term bonus performance of the Capital Plus Fund against its objective.

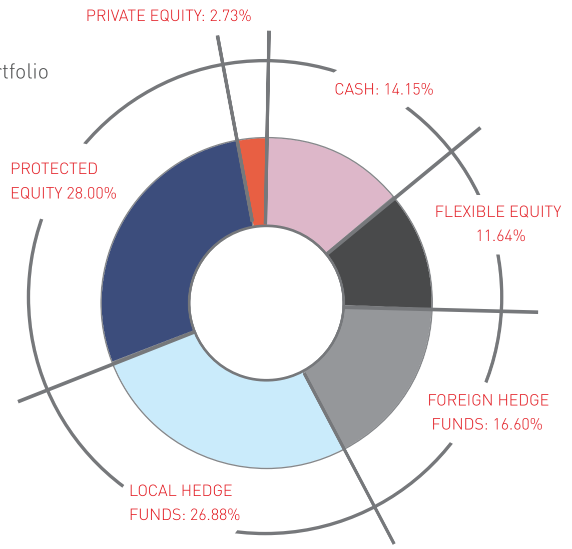


Asset Allocation

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.

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Fully Vesting Smooth Bonus Range |
Smart Guarantee + 3

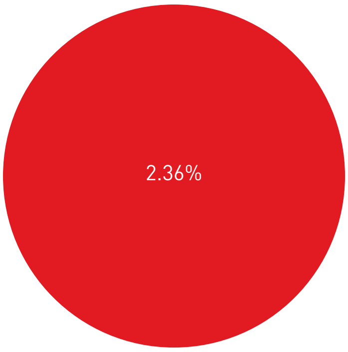
Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES*	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN OF BONUS GENERATING PORTFOLIO
Oct 2013	100% - 105%	R 83m	1.26%*	19.65%

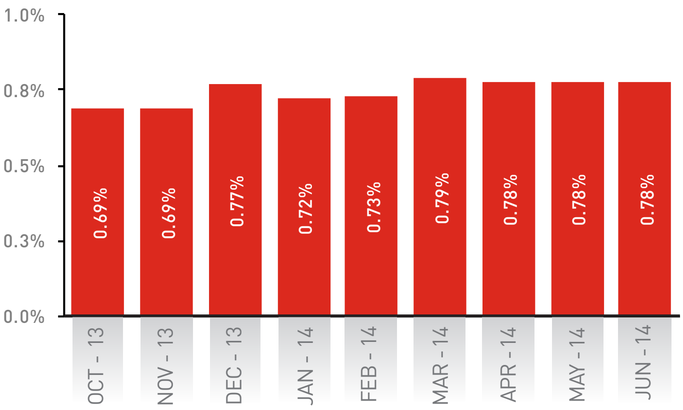
* Figures are based on back-tested (not actual) returns.

Performance

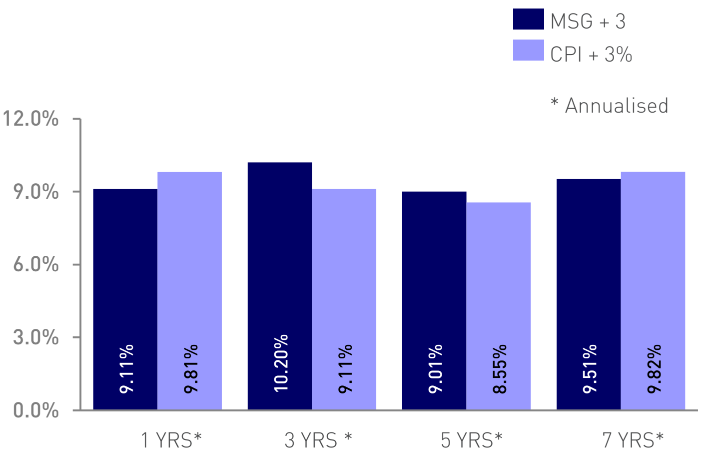
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Smart Guarantee + 3 is shown below.



The chart below shows the actual monthly bonuses for the past 9 months.

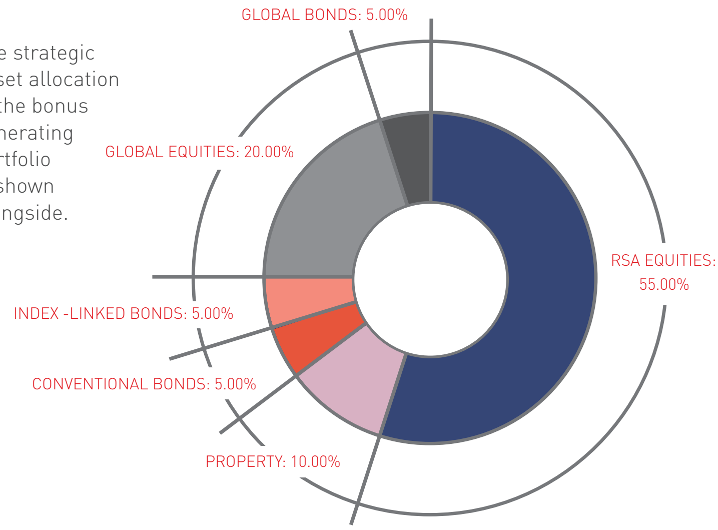


The chart below shows the long term back-tested performance of the Smart Guarantee + 3 against its objective.



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
	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
	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
	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
	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
	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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