momentum

Smooth Bonus Report

First Quarter 2015

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

Dear valued investors

A strong start to the year.

The first quarter of 2015 was another strong one on the investment market front with all major asset classes delivering positive performance over the quarter. The best performing asset classes were global equities, SA equities and SA listed property with returns of 7%, 6% and 14% respectively.

The strong performance of the markets was significantly driven by expectations of the US maintaining accommodative monetary policy for longer and the introduction of significant quantitative easing by the European Central Bank. Prudential Investment Managers provide further commentary on the markets on page 6.

In line with the pleasing performance on the underlying assets, our smooth bonus portfolios continued with their strong performance of the previous quarter. All of our smooth bonus portfolio delivered returns in excess of their benchmarks over the one year period to March 2015.

Looking at longer term performance, all portfolios delivered returns close to or in excess of their benchmarks over 3 and 5 year periods. Funding levels on all the portfolios remain healthy allowing them to continue delivering strong performance while weathering any short term negative market fluctuations.

Making sufficient provision for retirement

Although achieving inflation beating returns over the long term on your retirement savings is an important contributor to making sufficient provision for retirement, you must first have the necessary capital invested to benefit from those returns. It is therefore paramount that people start saving for retirement early and keep accumulated retirement savings invested.

On page 4, Joe Karabus provides some thoughts on the importance of starting to save for retirement early on and how to determine the amount of savings that must be targeted. On page 5, Johan Gouws goes on to explain the importance of preserving accumulated retirement savings when changing jobs

Wishing you many happy returns.

Warm regards

Jacques Senekal
Structured Solutions: Risk and Capital Management
MMI Investment and Savings.

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Focusing on replacement ratios

According to figures quoted in the press only 6% of South-Africans can afford to retire in relative comfort without a significant drop in their standard of living.

As a member starts their first job, retiring is probably the last thing on their mind. Yet many issues facing the retirement industry stem from poor decisions made at this point. Most employees sign retirement fund forms without receiving financial advice and then proceed to ignore this investment. They do not know what replacement ratio to target. In fact, many have never heard of replacement ratios.

A replacement ratio projects what percentage of your final monthly income you will have as post-retirement income. So, if your monthly income pre-retirement is R10 000 and you have a 60% replacement ratio, you will have a monthly post-retirement income of R6 000.

Studies show only 6% of South Africans have enough savings to retire comfortably and only 30% of pensioners have enough capital to last the rest of their lives. Government's retirement fund reform targets a replacement ratio of 40%. Although this is inadequate, it's higher than South Africa's current replacement ratio of 13-15%. Ideally investors should target a 70-80% replacement ratio.

When assessing replacement ratios, it is equally important to review future death cover and disability needs. Typically, a member's age reflects his life stage, number of dependents and expenses. This peaks at around age 35, where an insurance replacement ratio of 11-12 times annual salary is required. Few people at this age have this level of cover, with the average of 3-5 times. One can circumvent this insurance gap if the fund allows the choice of higher cover at a young age.

If one wants to live comfortably in retirement and take the odd overseas holiday, one needs to start saving early and target a hefty replacement ratio. The secret is to maximise your replacement ratio. Members must structure their remuneration package to increase their pensionable salary, be encouraged to raise their contribution rate and lastly whenever possible, make additional voluntary contributions. An early contribution increase of 2-3% translates to an additional 15-17% in monthly income at retirement. A higher replacement ratio will also provide a buffer against negative factors like increased tax and high inflation.

Preservation is also vital to maximise the members's replacement ratio, it is concerning that too many people cash in their retirement savings when changing jobs. Similarly, at retirement it is advisable to limit the lump sum portion of your benefit.

One must think retirement from your very first paycheck. Seek professional financial advice and review your replacement ratio regularly.

Joe Karabus
Senior Business Development Manager
MMI Corporate and Public Sector

Preservation of retirement savings is vital

South-Africans do not make adequate provision for retirement. The number one reason for this worrying statistic is that members of retirement funds cash out their accumulated retirement benefits when they resign from employment rather than to preserve it for retirement purposes.

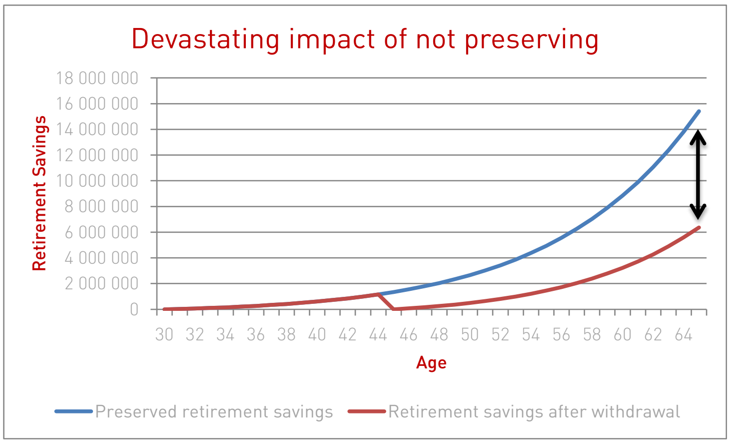
Regardless of numerous communication exercises and strategies to improve preservation rates, the majority of retirement fund members still prefer to take their withdrawal benefits as cash lump sums. This behavior may partly be ascribed to the high personal debt levels in the country. Withdrawing members may want to use their cash resignation benefits to settle some of their short-term obligations. In the long run this is a self-defeating strategy because delaying retirement savings may lead to inadequate retirement provision.

Members must be encouraged to preserve their retirement savings and educated about the benefits thereof. The example below demonstrates the impact on one's retirement savings should a member not preserve.

Scenario:

- 30 year old member
- Salary of R240 000 p.a
- Contribution rate of 12%
- Changes job at age 45
- Normal retirement age is 65

Should the member choose to withdraw their retirement savings and not preserve when changing jobs, the resulting impact on retirement provision is significant. The member will require a contribution rate of 30% from age 45 to make up the R9 million difference in retirement savings he/she would of had, had the member preserved. The following figure illustrates this.



If a member needs to withdraw a portion of his savings for an emergency, one option which has been overlooked is the option of partial preservation. Recently, income tax legislation was amended allowing members to take a portion of their benefits in cash from their employer funds and to preserve the balance in a preservation fund. The amount transferred to the preservation can then still be fully cashed out at any time.

Members can decide to cash out the minimum amount required to provide short-term relief and then to preserve the balance in a preservation fund. The member can still access the full amount in the preservation fund at any time. However, in a number of cases members' financial position improve over time and the amount preserved remain safely invested for retirement.

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Johan Gouws

Head of Business Development:
Affinity and Retailistion
MMI Corporate and Public segment

Prudential Investment Management market commentary for the quarter ending March 2015

Global markets in the first quarter (Q1) of 2015 were dominated by an unexpected moderation in US economic growth - and consequent moderation in the outlook for the US Federal Reserve's coming interest rate hiking cycle - as well as the start of quantitative easing (QE) by the European Central Bank (ECB). US GDP slowed largely as a result of particularly bad winter weather and a surprisingly strong surge in the US dollar (against almost all currencies), while the ECB easing was effective in lowering bond yields and sending the euro significantly weaker. The gloomsurrounding weak growth in Europe and Japan, so prevalent at the end of 2014, started to liftamid signs of recovery in both economies. News from China and emerging markets appeared to play a smaller role than usual, although late in the quarter the Chinese government pledged to implement further economic stimulus to ensure it meets its 7.0% growth target for 2015. Asset values in both developed and emerging markets were given fundamental support by the flood of easy money during the quarter, bolstered by several emerging market central banks also cutting interest rates as inflation waned.

Asset Class	Total Return Q1 2015
Global equity – MSCI World Free (US$)	2.5%
Global equity – MSCI Emerging Markets (US$)	2.3%
Global bonds – Barclays Global Agg Bond Index (US$)	-1.9%
SA equity – FTSE/JSE All Share Index	5.9%
SA bonds – All Bond Index	3.0%
SA listed property – SA Listed Property Index	13.7%
SA Inflation-linked bonds – Barclays ILB Index	0.2%
SA cash	1.6%

Global Markets

In the US, economic data almost universally surprised on the downside during the quarter, with the exception being the labour market as unemployment fell to a low of 5.5% in February, accompanied by an ongoing absence of labour cost pressures. GDP for Q4 2014 came in at 2.2% (q/q annua ised) after hitting 5.0% in the previous quarter, and forecasts for Q1 2015 have been lowered to around 1.2% (q/q annualised) from well over 2.0% after weaker-than-expected data for exports, retail spending, manufacturing and equipment investment (the latter linked to the low oil price). Much of the weakness has been attributed to the severe winter weather and the sharp appreciation in the US dollar (up approximately 12% versus the euro), which hurt exports and made imports more costly. Inflation remained benign, with February CPI at 0.0% y/y. These factors led the Federal Reserve, at its 18 March FOMC meeting, to significantly downgrade its own interest rate outlook: its new "dot plot", reflecting FOMC members' own expectations, showed the new median Federal Funds rate at the end of 2015 at 0.625%, down from 1.125% in its December statement, and at 1.875% at the end of 2016 versus 2.5% previously. Consequently, market participants have pushed out their first rate hike expectations to September from June this year, while also moderating their views on the pace and extent of Fed tightening.

This more dovish outlook helped spark a rally in US Treasuries (USTs) late in the quarter, after having gained strongly in January (thanks to oil price euphoria) and sold off in February and much of March. By 31 March the UST 10-year yield was about 30 basis points (bps) lower than it started the year, and as a whole USTs produced a total return of 1.75% for Q1.

US investment grade corporate bonds fared even better with total returns of 2.25%, and US High Yield bonds were the strongest performers at 2.5% (all in US dollars), rebounding after a poor end to 2014 amid weakness associ-atedmainly with commodity producer debt.

On the equity front, US stock prices were pushed higher despite the fact that company earnings continued to disappoint. The US S&P 500 returned 1.0% for the quarter (losing 1.6% in March), while the Nasdaq fared better with a 2.5% total return. Tokyo's Nikkei was much more impressive at 10.8% for the quarter, buoyed by QE and the news that the Japanese economy had emerged from two quarters of negative growth with 1.5% (q/q annualised) GDP growth in Q4 2014.

In Europe, the ECB's announcement of a larger-than-expected €1.1 trillion QE programme on 9 March produced significant market reactions. By the end of the quarter, yields on almost one-third of the Euro area's US$6.3 trillion of government bonds were negative (source: Bloomberg), even for maturities out to seven years. German 10-year bund yields, for example, finished Q1 some 80bps lower at a mere 0.20%. And after two consecutive quarters of losses,

European equities rebounded sharply, with exceptional gains of between 18% and 22% for most markets (in Euro terms) for the quarter. In US dollar terms the gains were less impressive (given the Euro's depreciation) - Germany's Dax posted the strongest US dollar total return of the major markets at 8.3%. Economic indicators for the Euro area surprised consistently on the upside, buoyed by the weaker Euro and lower oil price, prompting the ECB to revise its 2015 GDP growth forecast to 1.5% from 1.0% previously.

In emerging markets (EMs), Russian equities staged a strong recovery (after losing 46% in 2014) with a total return of 18.6% in the first quarter, and the MSCI China also performed well, delivering 8.0% (both in US dollar terms). The worst performers were Turkey, down -15.8%, and Brazil, where the ongoing economic crisis and corruption scandal at Petrobras left the

Bovespa with a total return of -14.9% (in US$). The MSCI Emerging Markets Index as a whole recorded a total return of 2.3% for the quarter, slightly underperforming developed markets (MSCI World Free Index) at 2.5%, a trend that has been in place since the end of 2012 where Emerging Equities have underperformed in 8 of the last 9 quarters. The weaker oil price, combined with the prevailing lack of investor risk aversion, allowed many EMs to cut interest rates, supporting EM bond markets. Some EM currencies were weaker as a result, with the Brazilian Real the biggest loser - down 20% against the US dollar over the quarter.

Significantly lower commodity prices remained a major theme for the quarter, alongside the resurgence of the US dollar. Although the price of Brent crude oil fell to a low of around $45/bbl in January, it recovered to $62/bbl in February before trading between US$55-60/bbl towards the end of the period. Iron ore prices fell another 20% in the quarter as more supply continued to come on stream, while platinum was down about 5% and gold little changed (both in US dollars).

South African Markets

The local economic environment deteriorated over the quarter. Although there was a temporary reprieve from rising inflation thanks to the drop in the oil price - with CPI falling to 3.9% y/y in February – inflation is widely expected to have bottomed in the face of lagged effects from a weaker rand, a recovery in the oil price and the likelihood of further increases in electricity prices going forward. At its 26 March Monetary Policy Committee (MPC) meeting, the South African Reserve Bank (SARB) revised its 2015 average inflation forecast upward to 4.8% y/y from 3.8% y/y previously. However, it did leave its 2015 GDP growth forecast unchanged at 2.2%, while lowering its 2016 growth forecast marginally to 2.3%.

The MPC cited the weak rand as the primary risk for inflation, while also noting that it had incorporated only an 11% hike for Eskom electricity tariffs in its forecasts for the year despite the utility's rumoured latest demand of a 25% increase. Should it receive a 25% increase, analysts estimate this could add another 0.3 or 0.4 percentage points to inflation this year.

After another volatile quarter, the rand ended 5.6% lower against the US dollar and 0.1% down versus sterling, but was 6.5% stronger against the Euro. On a tradeweighted basis it was actually stable over the three months. While it was largely US dollar strength that led to the weaker rand, local factors like weak growth, unreliable electricity supply, a high trade deficit and further inflationary pressures from rising electricity tariffs and the likelihood of above inflation wage settlements all helped to fuel expectations that the rand will remain under pressure over the near term. This is particularly plausible in the context of continuing speculation over the timing of US interest rate hikes.

Markets reacted neutrally to the National Treasury's 2015/16 Budget, unveiled in February. Credit ratings agencies welcomed the tighter fiscal policy aiming to curb spending growth combined with revenue raising measures to reduce the budget deficit to 2.5% of GDP by 2018, but warned that further rating downgrades would be in order should the government not adhere to these plans. Upcoming public sector wage negotiations will be closely watched.

On a more positive note, South Africa's Q4 2014 current account deficit narrowed to a revised 5.1% of GDP q/q from 5.8% of GDP previously, and February's trade deficit improved to -R8.5 billion from -R24.3 billion, amid lower import costs (thanks to the lower oil price) and growing export volumes (thanks to the weaker rand and a pickup in overseas demand). The latter is a highly volatile figure, however, and did benefit from a hiatus in the government's alternative energy programme which requires expensive capital equipment imports like wind turbines and solar panels.

South African Equities

The FTSE/JSE All Share Index returned a very respectable 5.9% for the quarter amid volatile trading, with very good early gains offset by a total return of -1.3% for the month of March. The best-performing sectors for the quarter were Technology (+25.9%), Consumer Services (+17.9%), and Financials (+11.2%), while the worst were Oil & Gas (-9.2%), Telecoms (-5.1%) and Industrials (+0.8%).

South African Bonds

Early in the quarter SA bonds continued to benefit from the favourable global tailwind for fixed income assets as inflation expectations improved: the yield on the 10-year SA government bond rallied nearly 100bps in January, mirroring the gains in USTs. However, the rising oil price subsequently dented inflation expectations and bonds sold off as a result in February, retracing most gains until mid-March, when the Federal Reserve's more dovish interest rate stance helped local bond yields track lower once again.

The 10-year bond yield therefore ended about 20bps lower for the quarter as a whole. The All Bond Index produced a total return of 3.0% for the quarter, with the longest-dated bonds (12+-years) the strongest performers with 4.0%, and the shortest-dated paper (1-3-years) the weakest at 1.8%.

In January, forward rate agreements (FRAs) also reflected a significant improvement in inflation expectations and interest rates, as 3-month interest rates were seen as low as 6.40% in two years' time, down a full 100bps from 7.40% at the start of the year. However, this more bullish sentiment was unwound following the SARB's MPC comments, which highlighted how constrained the Central Bank's monetary policy is by the weak currency. Market participants now see threemonth rates at 7.25% in two years' time, as they remain concerned over the SARB's ability to be patient and refrain from hiking rates should future rand depreciation result in higher inflationary pressures.

Inflation-linked bonds, meanwhile, continued to experience relatively stable yields and recorded a total return of 0.2% for the quarter. This was lower than cash at 1.6%. The inflation break-even rate (as measured by 10-year ILB spreads versus conventional bonds) fell to 5.9% at quarterend from 6.3%. This level is currently within our own longer-term inflation framework.

South African Listed Property

With a 13.7% total return, listed property again proved to be the star performer among local asset classes for the quarter. Along with bonds, listed property stocks rallied through January, but then tracked sideways rather than selling off, consequently outperforming bonds over the three months. In the last 12 months, listed property has returned 41.4% and is trading at a premium compared to longer-dated bonds.

Market Valuations and prospective returns

At the end of Q1 2014, we still have a preference for global equities over local equities in our global portfolios, while locally we have reduced our overweight allocations to property and bonds to neutral, reflecting the strong performance from these asset classes.

Global fixed income: We are underweight duration and previously reduced interest rate risk on our US holdings in our specialist portfolios through our allocation to floatingrate notes (FRNs). We have maintained this defensive positioning in Q1, given the slight concern that a positive growth surprise in Europe might at some time undermine the current euphoria in the European bond market (reflected in this quarter's sharp drop in bond yields). We remain positive on spread products in both investment-grade and high-yield corporate bond markets, given that we don't see an environment developing in which they would perform poorly (namely, an aggressive interest ratehiking cycle or a recession).

Global equities: Our global asset allocation continues to favour equities over bonds or cash, and global equities over local SA equities, as global equities remain more attractively valued than SA equities on measures like Price-Earnings (P/E) and Price-Book value ratios. In our higher return targeting multi-asset funds we are very near our maximum permitted 25% weighting in this asset class. Over the quarter these funds benefitted from our overweight holdings in German and Italian equities. We remain underweight commodity producers like Australia and Canada, as well as the US.

However, concerns are starting to emerge over the lack of delivery of global equity earnings.

From an historic valuation perspective, developed market equities (such as Germany) still appear to be fairly valued to somewhat cheap, but significantly less so than the end of 2014. P/Es have continued to rise, largely in the absence of any rise in "E". Given this, should there be an ongoing failure to deliver earnings, markets may be vulnerable to disappointment.

SA equity: We believe South African equities continue to be slightly expensive, and so remain neutral on this asset class. In fact, the local market is one of the most expensive on a relative basis – in the top 25% of the world's most expensively valued markets.Looking at earnings delivery, actual earnings growth since mid-2013 has been flat, while the market (excluding dividends) has risen some 30% in price terms.

For domestic portfolios, we continue to expect local equities to offer reasonable real returns over the medium-term, despite looking somewhat expensive against fixed income assets. We continue to favour certain financial stocks over expensive industrials, a position which has benefited our portfolios over the quarter. Our top overweight positions include Old Mutual, Investec and British American Tobacco (BAT), while our top underweights comprise Steinhoff, Remgro and Sanlam.

SA listed property: After the strong outperformance from listed property in Q4 2014 and Q1 2015, we further reduced our overweight positions in this asset class into market strength and are now largely neutral in our portfolios. Valuations are now expensive relative to longer-dated bonds and on an absolute historic basis, but are supported by low real cash rates.

SA nominal bonds: During the quarter we continued to reduce our overweight and long duration positions in nominal bonds following January's strong rally and curve flattening that brought yields to more expensive levels. Following this reduction we are now flat duration in our specialist bond funds, and are neutral bonds in our multi-asset portfolios. We retain an overweight exposure to corporate bonds, which offer attractive yields over their government counterparts.

Inflation-linked bonds: In the wake of January's strong rally in nominal bonds and underperformance from ILBs (carried over from December 2014), we continued to take advantage of attractive pricing to complete the process of increasing our holdings in ILBs, where we were underweight ILBs in certain portfolios. ILBs now look mostly fairly priced versus their conventional counterparts. The market is pricing in break-even inflation at 5.9% (as noted above), which is within the range of our own longer-term inflation framework. As such we see ILBs as neutrally priced compared to our long-term view.

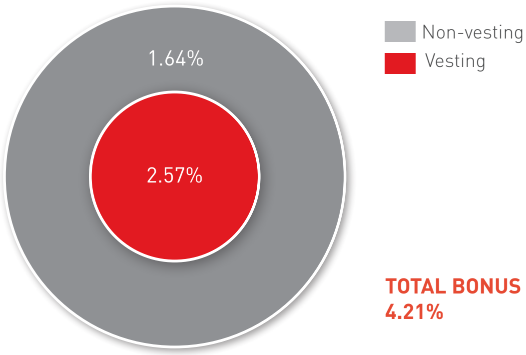
Partially Vesting Smooth Bonus Range |
Multi-Manager Smooth Growth Fund Global

Fund Snap Shot

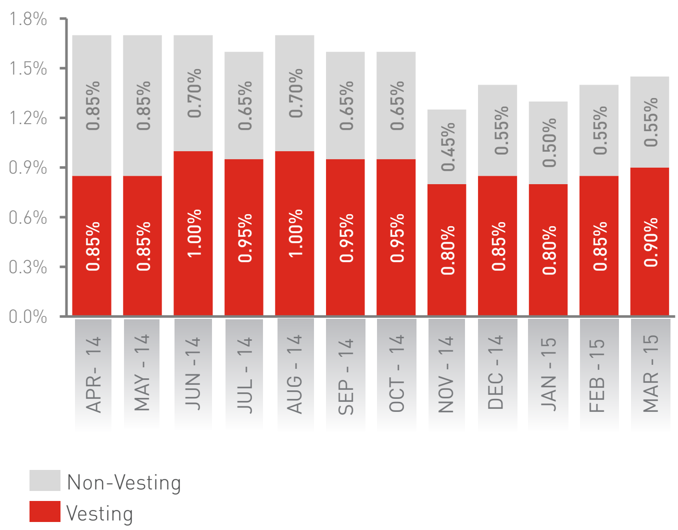
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 2004	110% - 115%	R 11.8bn	0.95%	18.13%

Performance

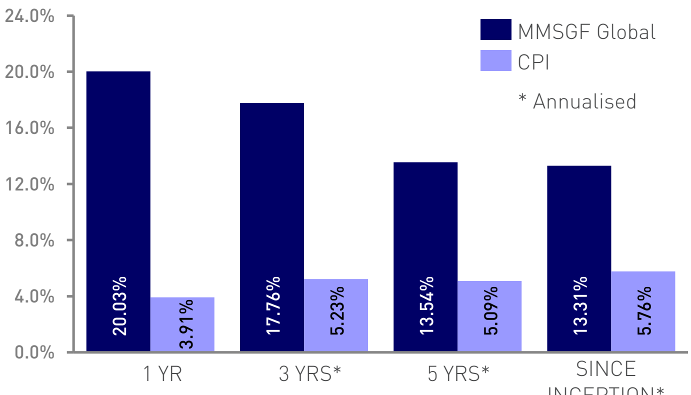
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Smooth Growth Fund Global is shown below.



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



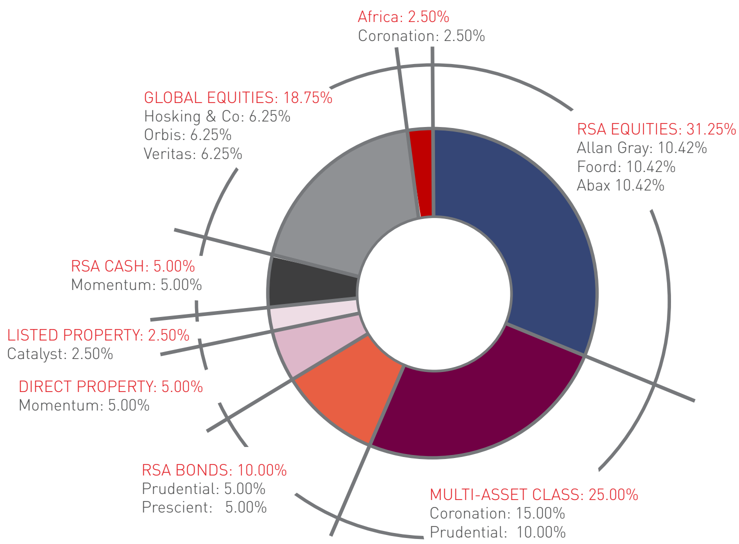
The chart below shows the long term bonus performance of the Multi-Manager Smooth Growth Fund Global against CPI



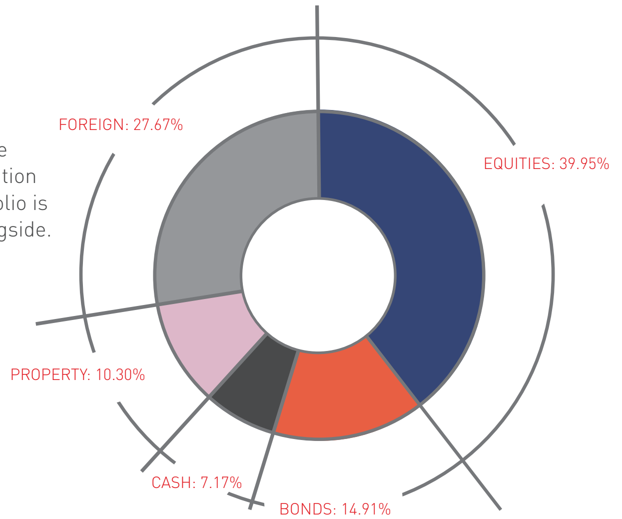
CPI figures are lagged by one month

Asset Allocation

The strategic asset allocation was ammended to include African equities managed by Coronation. This change was funded from the RSA equity allocation. The strategic asset allocation of the portfolio is shown below.



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.

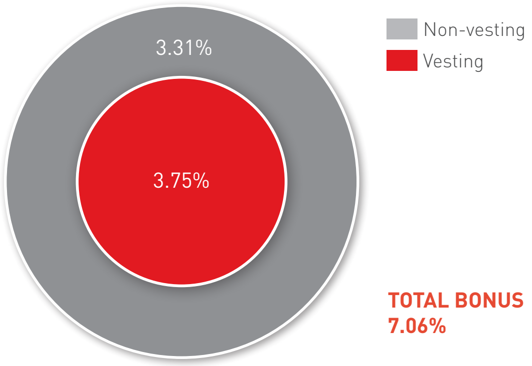
Partially Vesting Smooth Bonus Range |
Multi-Manager Smooth Growth Fund Local

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%	R 166m	1.61%	15.71%

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.



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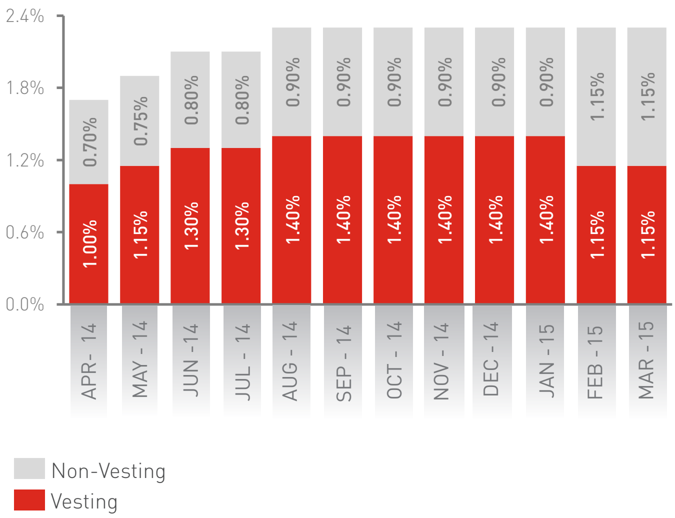
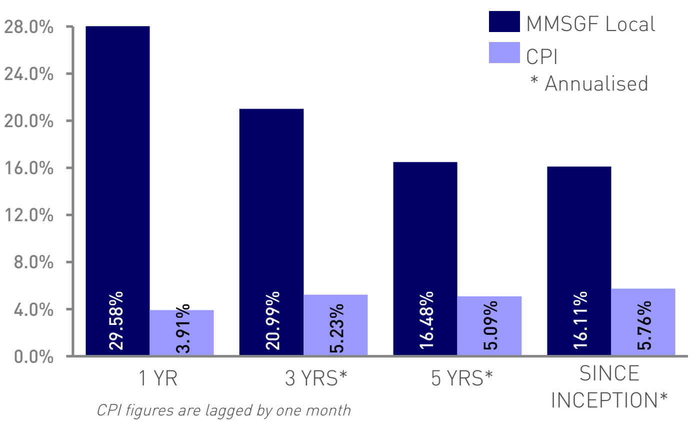


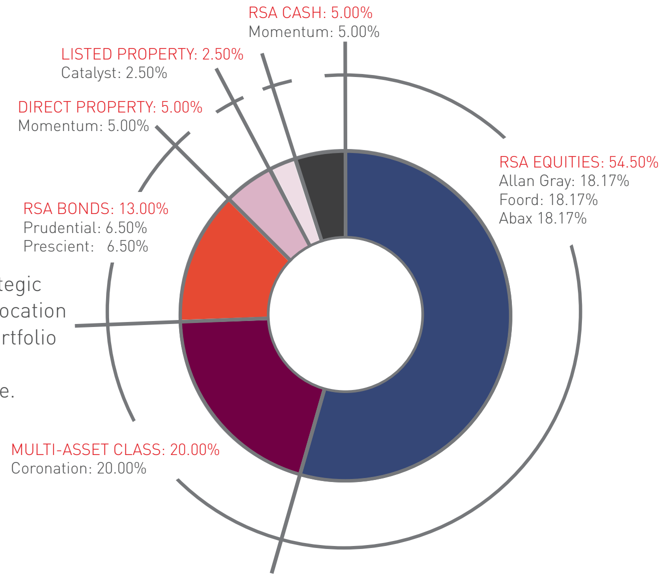
The chart below shows the long term bonus performance of the Multi-Manager Smooth Growth Fund Local against CPI.



CPI figures are lagged by one month

Asset Allocation

The strategic asset allocation of the portfolio is shown alongside.



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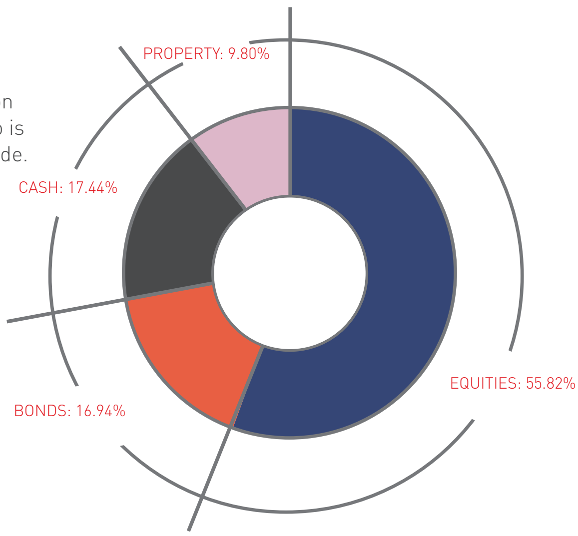


From as early as 150 B.C navigators could find their latitude, but ships were lost in shipwrecks because it was impossible to determine longitude. Thanks to **the 17th century sextant**, the navigator could measure the angle between the moon and a celestial body, calculating the exact time at which this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

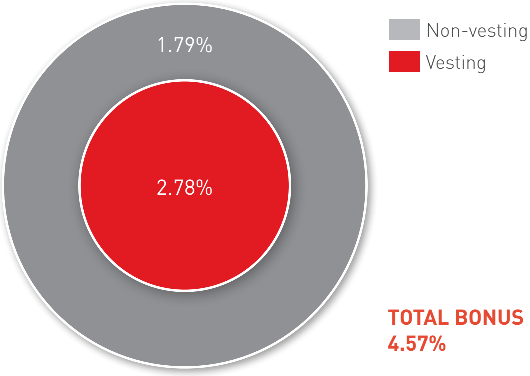
Partially Vesting Smooth Bonus Range |
Smooth Growth Fund Global

Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Jan 1989	110% - 115%	R 2.9bn	1.08%	15.10%

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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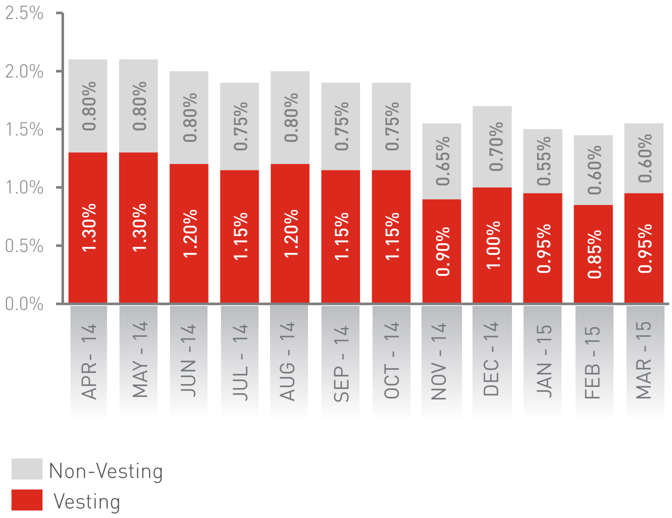

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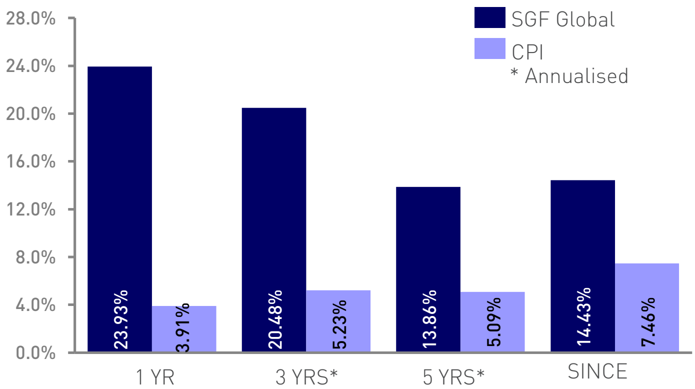

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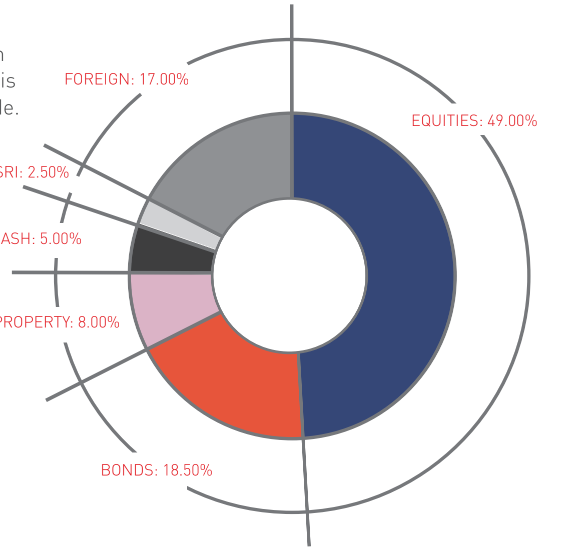

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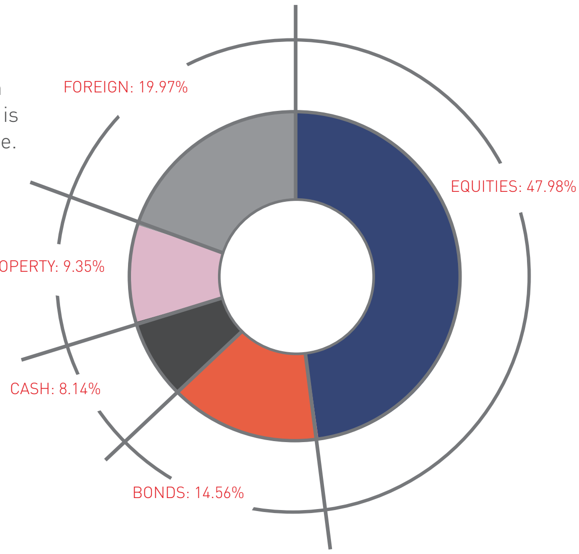


The engine order telegraph is used by the pilot on the bridge to instruct the engine room below to power the vessel at the right speed. By moving the handle to a different position on the dial, a bell would ring in the engine room and move their pointer to the same position - a fast and very handy way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

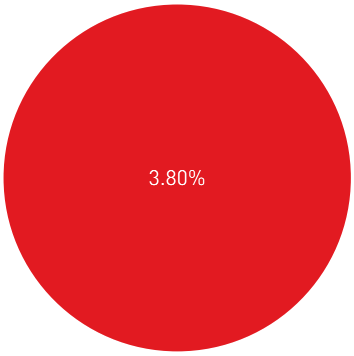
Fully Vesting Smooth Bonus Range | Multi-Manager Secure Growth Fund

Fund Snap Shot

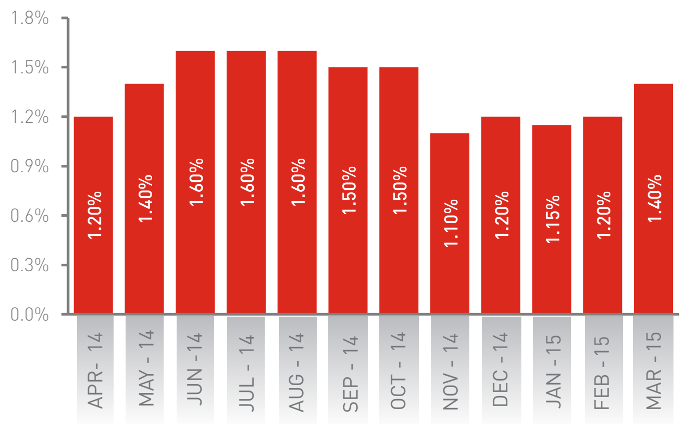
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Nov 2007	115% - 120%	R 55m	0.89%	15.74%

Performance

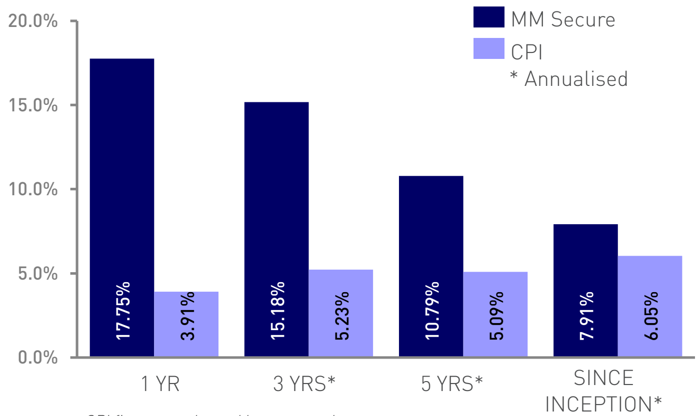
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi-Manager Secure Growth Fund is shown below.



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



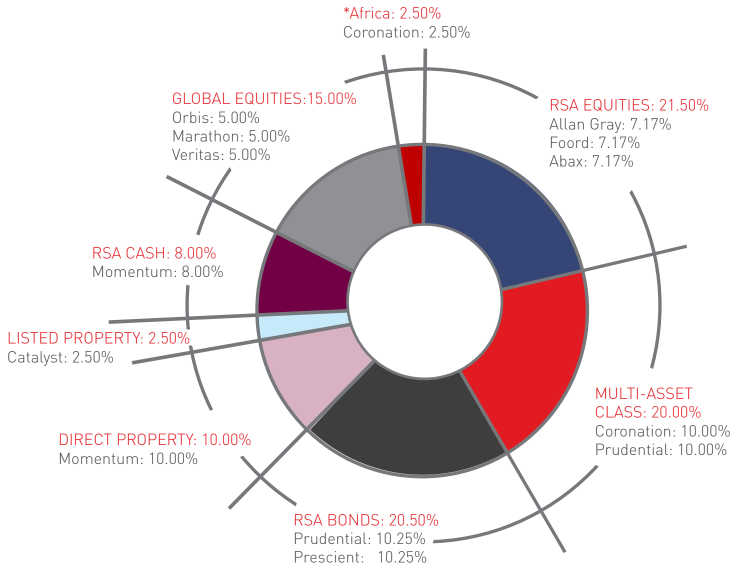
The chart below shows the long term bonus performance of the Multi -Manager Secure Growth Fund against CPI.



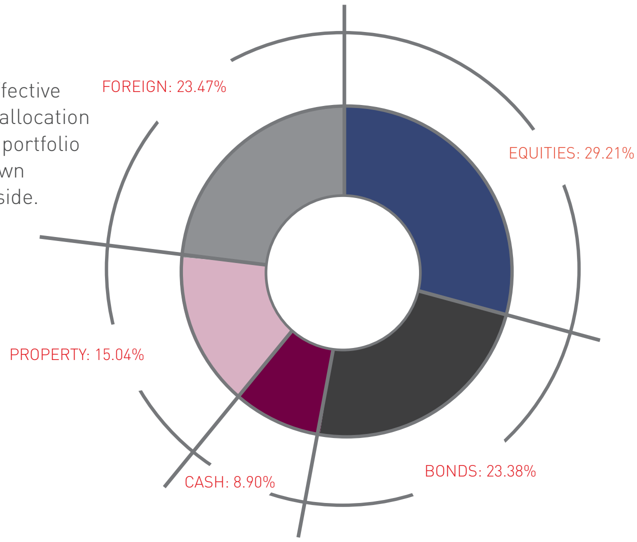
CPI figures are lagged by one month

Asset Allocation

The strategic asset allocation was ammended to include African equities managed by Coronation. This change was funded from the RSA equity allocation.The strategic asset allocation of the portfolio is shown below.



The effective asset allocation of the portfolio is shown alongside.



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.

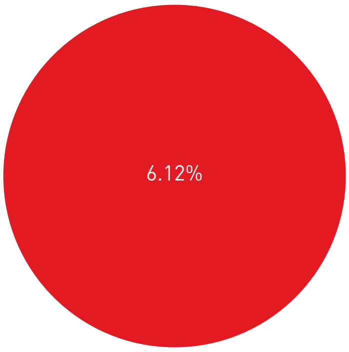
Fully Vesting Smooth Bonus Range |
Multi Manager Secure Growth Fund Bonus Series 2013

Fund Snap Shot

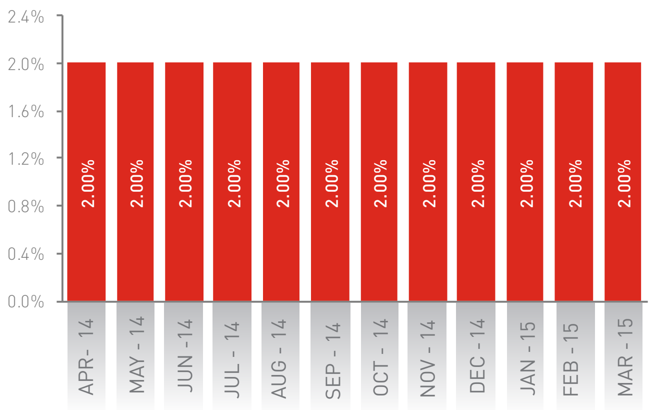
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE
Jun 2013	> 120%	R 81m

Performance

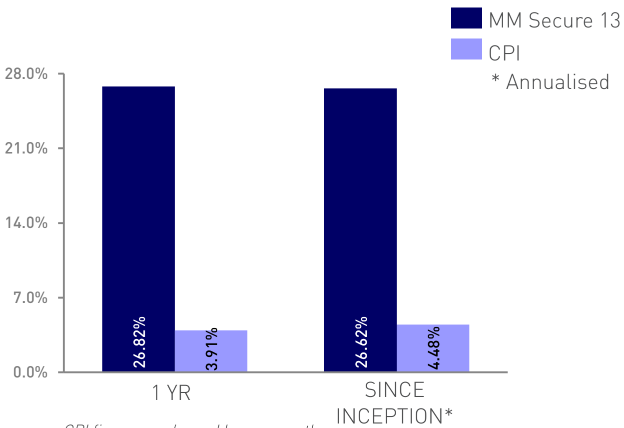
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Multi Manager Secure Growth Fund Series 2013 is shown below.



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



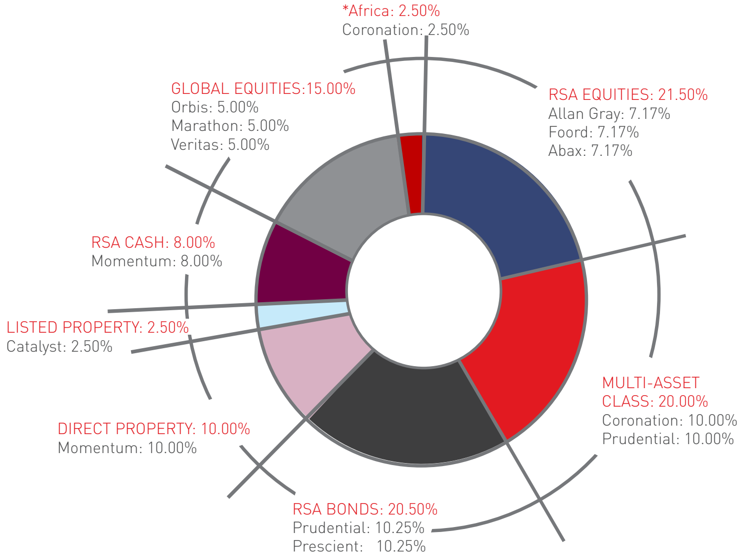
The chart below shows the long term bonus performance of the Multi -Manager Secure Growth Fund Bonus Series 2013 against CPI.



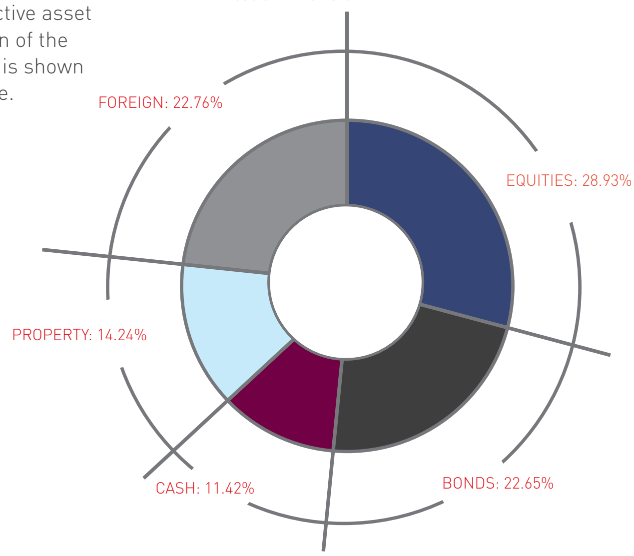
CPI figures are lagged by one month

Asset Allocation

The strategic asset allocation was ammended to include African equities managed by Coronation. This change was funded from the RSA equity allocation. The strategic asset allocation of the portfolio is shown below.



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.

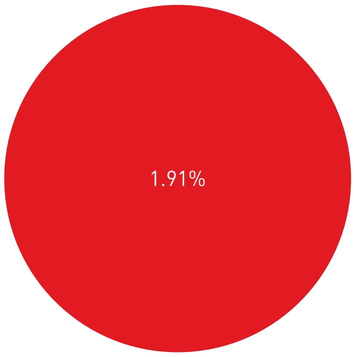
Fully Vesting Smooth Bonus Range | Capital Plus Fund

Fund Snap Shot

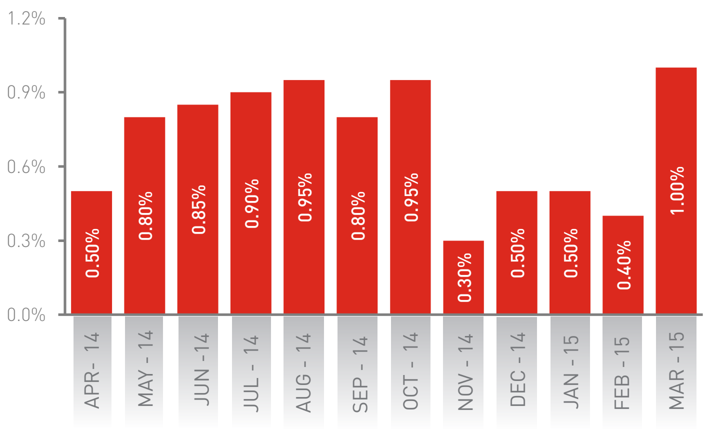
INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN
Mar 2005	100% - 105%	R 600m	0.77%	8.91%

Performance

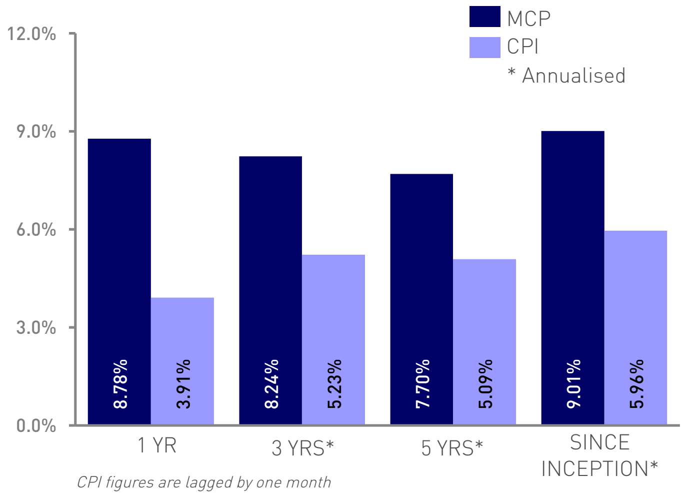
The total bonus net of all charges for the past quarter on the Capital Plus Fund is shown below.



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



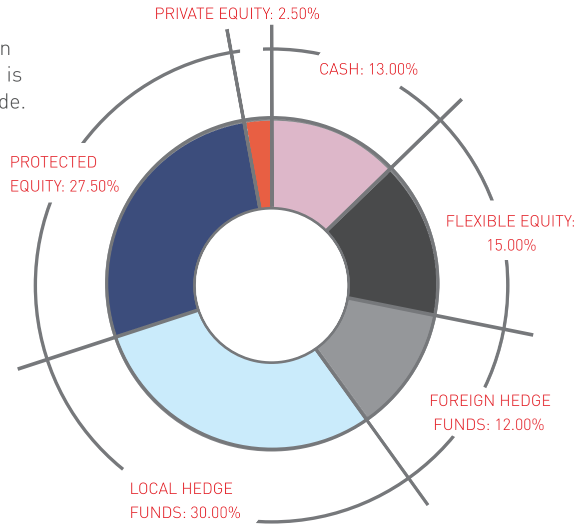
The chart below shows the long term bonus performance of the Capital Plus Fund against CPI.



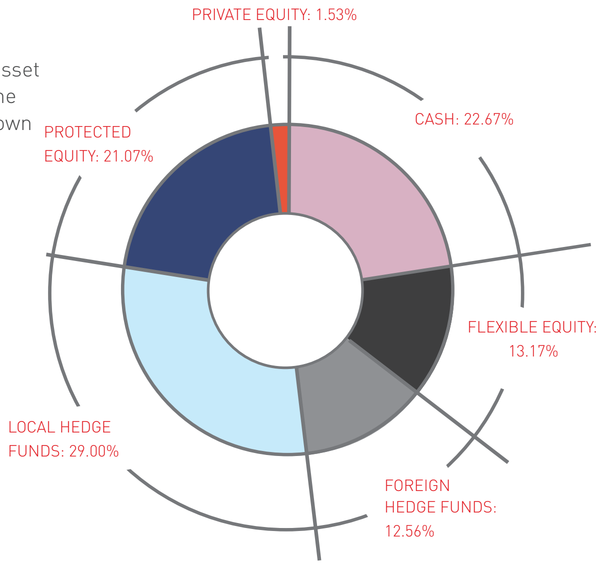
CPI figures are lagged by one month

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

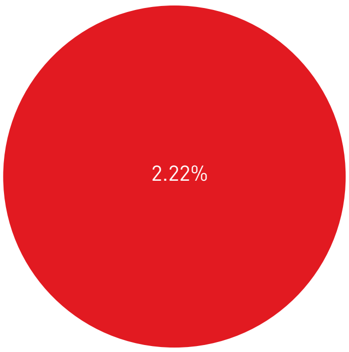
Fund Snap Shot

INCEPTION DATE	FUNDING LEVEL RANGE	FUND SIZE	ANNUALISED 3-YEAR VOLATILITY OF BONUSES	ANNUALISED 3-YEAR UNDERLYING ASSET RETURN OF BONUS GENERATING PORTFOLIO
Oct 2013	100% - 105%[1]	R 85m	1.05%[2]	20.99%

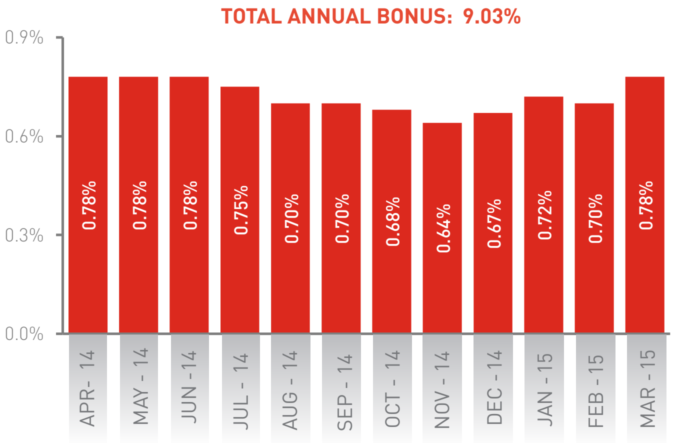
[1] See 'Bonuses to be declared' note below
[2] Figures are based on back-tested (not actual) bonuses.

Performance

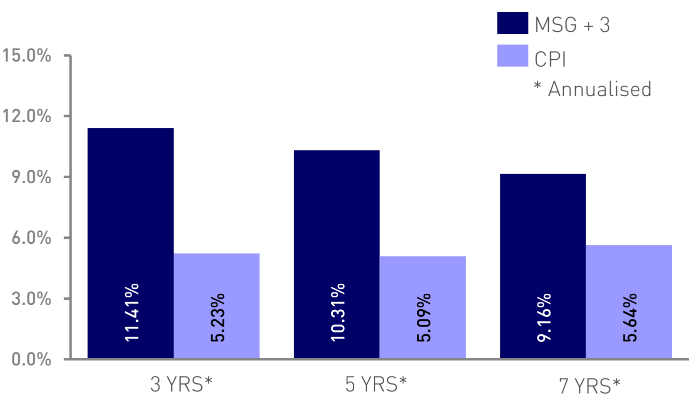
The total bonus net of all charges except the fixed investment management fee for the past quarter on the Smart Guarantee + 3 is shown below.



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



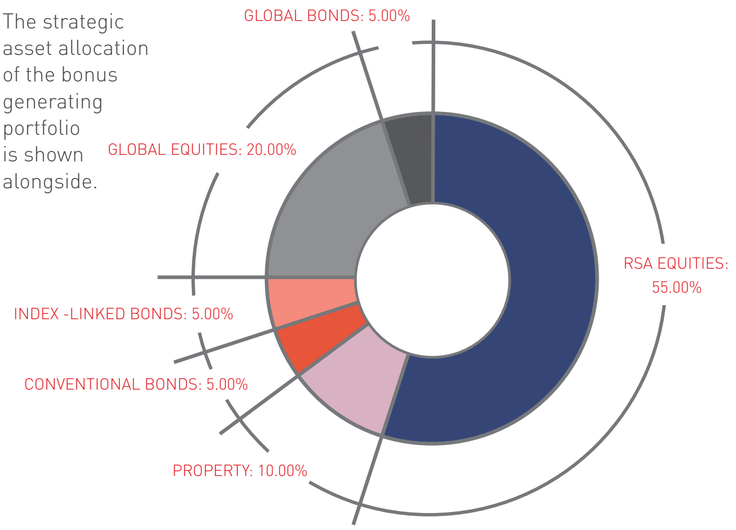
The chart below shows the long term back-tested performance of the Smart Guarantee + 3 against CPI.



Performance figures are as at 28 Februrary 2015 with CPI lagged by one month

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: https://www.momentum.co.za/for/business/products/funds-at-work/fund-fact-sheets

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.

Bonuses to be declared

Given that the monthly bonuses are based on the weighted average of the previous 36 months' returns of the bonus generating portfolio, it is possible to calculate the future bonuses that will be declared under various future investment return assumptions. Assuming zero returns over the following 36 months, around 10% of bonuses will still be declared. For a traditional smooth bonus product, this equates to a funding level of around 110%.

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

Vesting	Product	Fund Return Objective	Manager	Mandate Type	Guarantee on Benefit Payments	Market Value Adjustment[1]	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[4]	Yes	1.00% pa	0.60% of the first R50m, 0.50% of the excess above R50m[2]	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[4]	Yes	1.00% pa	0.55% of the first R50m, 0.45% of the excess above R50m[2]	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 R40m, 0.25% of the excess above R50m[2]	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[2]	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 declared[4]	Yes	1.50% pa	0.60% of the first R50m, 0.50% of the excess above R50m[2]	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[3]		March 2005
Fully Vesting	**Smart Guarantee +3**	CPI + 3% pa, net of fees over a 7 year time horizon	Multi-Manager Liability driven investment by Structured Solutions	Moderate Balanced	100% of capital invested and total bonus declared	Yes	1.40% pa		October 2013

1. On voluntary exits
2. Depending on the underlying mandates that are negotiated with asset managers, performance fees may and net unit priced fees are deducted from the underlying assets
3. 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
4. The guarantee also applies to retrenchments, subject to an overall limit on retrenchment payments.

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