

OLDMUTUAL

OLD MUTUAL SMOOTHED BONUS FUNDS

QUARTERLY REPORT
QUARTER 4 2024



CORPORATE

DO GREAT THINGS EVERY DAY

MARKET UPDATE – LOCAL AND GLOBAL ECONOMIC OVERVIEW 03

Johann Els – Chief Economist: Old Mutual Investment Group

In this section, we comment on how global and local investment markets performed over the last quarter (Quarter 4 of 2024).

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GLOBAL AND LOCAL ECONOMIC OVERVIEW - QUARTER 4 OF 2024



Johann Els
Chief Economist:
Old Mutual Group Strategy

GLOBAL ECONOMY

The final months of 2024 were marked by the surprising resilience of the global economy, further gradual easing in inflation, more interest rate cuts, and the inevitable focus on the US elections. One of the most notable developments in the fourth quarter was the unexpected strength of the US dollar, which surged following Donald Trump's decisive election victory, suggesting markets had not fully anticipated his return.

Trump's campaign promises – such as stricter immigration controls, significant import tariff hikes, and tax cuts – are expected to increase inflationary pressures by driving up labour costs, raising consumer goods prices, and amplifying the inflationary impact of tax reductions. Markets now believe the US Federal Reserve (the Fed) may need to pause or halt rate cuts – or even begin hiking rates – leading to a sharp dollar appreciation. However, there remains significant uncertainty surrounding the timing and extent of implementation of these policies. Some may have been proposed as negotiation tactics, while others could face challenges in a narrowly controlled Republican Congress.

At its November Federal Open Market Committee (FOMC) meeting, the Fed indicated it would wait to see the implementation of these policies before modelling the potential impact and adjusting its monetary policy stance. Nonetheless, the Fed cut rates in both November and December, citing easing inflation and the risk of an economic slowdown. Contrary to the November wait-and-see stance, some FOMC members began factoring in potential inflationary risks from Trump's policies in their forecasts at the December policy meeting, which further buoyed the dollar. While policy implementation risks persist, it now seems likely that the Fed will pause its rate-cutting cycle at the January meeting.

Further inflation easing remains likely during the first half of 2025 and the Fed will thus likely still cut rates a few times around mid-year. On the assumption that it will take some time to push new policies through Congress, any upside risk to inflation will likely only materialise later in 2025.

The US economy performed solidly in Q4, with an estimated annualised growth rate of 2.8%, surpassing the 2.6% average from the first three quarters. However, weakening leading indicators suggest a slowdown ahead, and the Fed remains concerned about the lagging effects of past rate hikes. Policy uncertainty could exacerbate this slowdown, and even substantial tax cuts might only offer temporary relief.

China also surprised with stronger-than-expected growth in late 2024, achieving its official target of “around 5%” for the year – with 2024 average growth exactly 5%. Incremental policy easing throughout the year was aimed at supporting hesitant growth and preventing permanent deflation. Additionally, pre-emptive production and exports ahead of potentially higher US tariffs contributed to the economic strength during November and December.

While the implementation of Trump's proposed policies could disrupt the global economy, much remains uncertain. A cautious "wait-and-see" approach is warranted amid market volatility. In China, counteractive measures such as property market support and tax cuts to boost consumer spending could mitigate the effects of US tariffs. Moreover, some campaign promises may never be fully implemented.

The dollar, having likely priced in a worst-case scenario, is expected to stabilise and weaken slightly over the coming months.

SA ECONOMY

A notable feature of the South African economy in the latter months of 2024 was the improvement in sentiment. Although overall economic conditions remained weak, optimism was buoyed by a perceived reduction in political risk, faster-than-expected disinflation, and the Reserve Bank's rate cut in November. The absence of load shedding further lifted morale, reinforcing the perception that the economy might finally enter a more decisive recovery phase in the coming years.

The formation of the Government of National Unity (GNU) significantly reduced concerns about political instability and Government's ability to implement growth-enhancing policies. This shift in sentiment was reflected in markedly higher consumer and business confidence during the third and fourth quarters. Contributing factors included the resolution of the electricity crisis, continued disinflation, and the start of the interest rate-cutting cycle.

However, economic growth, as measured by GDP, remained disappointing. In the third quarter (latest available data), a severe contraction in agricultural value-add dragged overall GDP into negative territory. While there are indications that some data measurement issues could lead to a less negative revision, 2024 GDP growth is estimated to have been between 0.5% and 0.7%, a potentially modest improvement from 0.6% in 2023.

The combination of reduced structural constraints (for example, apart from electricity, improvements in Transnet's transport volumes) and cyclical recovery factors (lower inflation and interest rates) could support GDP growth of over 2% in 2025. Improved consumer and business confidence is expected to drive consumer and business spending behaviour. Rising consumer real income growth, supported by employment gains and subdued inflation, will bolster consumer spending. Private sector investment and labour hiring are also likely to pick up in this favourable environment.

Sustained progress in addressing structural constraints will be essential to maintaining upward growth momentum over the medium term. Current trends suggest South Africa could transition from the 1% average annual growth rate of the past decade to a range of 2.5% to 3%. This would significantly boost confidence, employment and fiscal stability, creating a virtuous cycle of growth. A stronger economy would also ease fiscal pressures, helping Government control the budget deficit and debt ratio. Consequently, credit ratings could improve, potentially returning South Africa to investment-grade status within two to three years.

Inflation was a standout performer in late 2024. From a peak of 5.6% in February, headline CPI inflation ended the year at 3%, with a cycle low of 2.8% in October. This sharper-than-expected decline was broad-based, reflecting limited inflationary pressures across categories. December 2024 figures highlighted low inflation across key areas: core inflation (3.6%), consumer goods inflation (1.7%), food inflation (1.7%) and rental inflation (2.8%).

Inflation is projected to drift higher in 2025 due to unfavourable base effects but is expected to remain below 4% through mid-year, and stabilise within a range of 4% to 4.5% in the second half. Despite this inflationary improvement, the Reserve Bank adopted a cautious stance, cutting rates by only 50 basis points (two 25 basis point cuts) in the second half of 2024. Another two or three similar cuts are possible in early 2025.

The unexpected strengthening of the US dollar disrupted expectations of a sharp rand appreciation. Although the rand remains undervalued and could strengthen further, the extent of this appreciation will likely be constrained by US policy developments. Improved local fundamentals will support a stronger rand, but the currency's recovery would have been more pronounced in a scenario where Trump did not win the US presidential election.

SMOOTHED BONUS COMMENTARY - QUARTERLY UPDATE

Global growth remained solid, however, most of this growth is coming from the United States (US) which continues to add jobs at a healthy pace. Eurozone's economy is muted while deflation persists in China which indicates that more monetary policy easing is needed in both regions.

The Federal Reserve Bank (the fed) has succeeded in taming inflation in the US despite it hovering just above the 2% target. The fed is expected to be more cautious with the interest rate cuts going forward while the possible impact of the new trade, immigration, and tax policies are being monitored.

The rand performed better than most emerging market currencies in 2024 despite the 3% depreciation against the US dollar. The US dollar surged after the US elections in line with expectations that the policies of the new administration could limit further interest rate cuts. South African inflation ended the year at 2.8%, the lowest level since February 2022.

It is expected that the South African Reserve Bank will be weary of the recent rand weakness and the bounce in oil price but will likely continue with the cautious interest rate cuts. Local growth is showing signs of recovery, but it is not a straight line up, manufacturing and construction activities are still under pressure despite the lack of loadshedding.

2024 was a year of strong returns with global equities leading the pack. Within the global equities, performance came from the S&P 500, 2023 and 2024 were the only years where this index delivered returns over 20% in over two decades. Local bonds gave stellar performance on the back of the investor renewed optimism that followed the formation of the Government of National Unity (GNU).

| 31 Dec 2024 | 1 year | 3 years | 5 years | 10 years |
|-------------------------|--------|---------|---------|----------|
| *Local Equities | 13.40% | 8.50% | 10.30% | 6.90% |
| Local Bonds | 17.20% | 10.30% | 9.60% | 8.70% |
| Local Cash | 8.50% | 7.20% | 6.20% | 6.70% |
| Local Property | 29.80% | 12.10% | 4.70% | 2.00% |
| **Global Equities (USD) | 17.50% | 5.00% | 10.10% | 9.20% |
| Global bonds (USD) | -5.80% | -8.00% | -5.10% | -2.60% |
| USD/ZAR | 2.90% | 5.70% | 6.10% | 5.10% |

*local equities = Capped SWIX, **Global equities = MSCI ACWI

The Absolute Growth Portfolio (AGP) underlying has over 80% allocated to growth assets. The strong recovery of these growth assets has resulted in the underlying portfolio's solid performance putting the Bonus Smoothing Reserve (BSR) firmly in the 5-10% level. This BSR level puts AGP in a favourable position where consistent inflation beating bonuses can be declared amid the volatility of the market and superior downside protection may be achieved in case of an unfavourable market event. AGP Smooth ended the year with a net of capital charge return of 12.2% which is comfortably above the local inflation level. The portfolio has also delivered consistent inflation beating growth in the longer term despite the local growth asset classes muted returns.

**OLD MUTUAL SMOOTHED BONUS FUNDS
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| 31 Dec 2024 | 1 year | 3 years | 5 years | 10 years |
|--------------------|---------------|----------------|----------------|-----------------|
| AGP Smooth | 12.20% | 11.40% | 9.40% | 9.30% |
| Inflation | 2.80% | 5.20% | 4.90% | 4.90% |

OUTLOOK

Market volatility is expected as investors and decision makers implement the new trade, immigration, and tax policies in their forecasts. These policies are expected to contribute to inflation remaining sticky above the pre-pandemic level and therefore affecting the future of monetary policy decisions. Rate cuts will continue, however, at a lesser pace and magnitude than expected before the Trump win.

UNDERLYING ASSET PERFORMANCE AND POSITIONING



Tashiq Rajdev
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In this section, we explain the rationale behind the current asset allocation position of the Old Mutual Smoothed Bonus Funds and comment on the underlying performance for the period ending 31 December 2024.

UNDERLYING ASSET ALLOCATION

Each of Old Mutual's Smoothed Bonus Funds has a strategic asset allocation aimed at achieving that portfolio's long-term risk and return objectives. The Absolute Growth Portfolio has the highest allocation to growth assets and is therefore expected to deliver the highest real return over the long term. Conversely, the Core Growth Portfolio has the lowest allocation to growth assets and is expected to deliver lower, but more stable returns over the long term.

The current strategic asset allocations as at 31 December are set out in Table 1 below. Each portfolio is required to remain within a set range around the targeted asset allocation for each asset class.

Table 1: Current vs Strategic Asset Allocation

| ASSET CLASS | ABSOLUTE GROWTH PORTFOLIO | | COREGROWTH PORTFOLIO | | GUARANTEED FUND | |
|--------------------------------|---------------------------|----------------------|----------------------|----------------------|-------------------|----------------------|
| | Actual Allocation | Strategic Allocation | Actual Allocation | Strategic Allocation | Actual Allocation | Strategic Allocation |
| Local Equities | 44.2% | 45.5% | 24.8% | 26.0% | 36.2% | 37.5% |
| Local Interest-bearing Assets | 7.1% | 13.0% | 26.6% | 32.5% | 15.1% | 21.0% |
| Local Alternative Assets | 9.3% | 7.0% | 9.3% | 7.0% | 9.3% | 7.0% |
| Property | 6.2% | 6.5% | 6.1% | 6.5% | 6.1% | 6.5% |
| Global Equities | 21.4% | 19.5% | 18.6% | 16.8% | 20.4% | 18.5% |
| Global Interest-bearing Assets | 3.3% | 4.0% | 6.0% | 6.8% | 4.3% | 5.0% |
| Global Alternative Assets | 7.1% | 3.5% | 7.1% | 3.5% | 7.1% | 3.5% |
| African Equities | 1.4% | 1.0% | 1.4% | 1.0% | 1.3% | 1.0% |

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

Old Mutual Investment Group's MacroSolutions boutique manages the underlying portfolios in accordance with its respective long-term strategic asset allocations. MacroSolutions also makes tactical allocations away from the strategic benchmarks in accordance with its asset class views, provided that the portfolios remain within set minimum and maximum asset class ranges.

Over the three-year period to 31 December 2024, MacroSolutions' tactical asset allocation resulted in a return of 9.18% p.a.

The biggest single detractor has been our underweight position in global equities. Despite high valuations and rising interest rates, global equities have continued to outperform their benchmark. Other long-term detractors have been local equities, as well as our other African investments.

The biggest positive contributor in this space has been our underweight position in global bonds. Our underweight positions in money markets, coupled with overweight positions in global alternatives, are also significant value drivers.

MARKET INDICATORS

Table 2 below provides a summary of the index returns to 31 December 2024.

Table 2: Market Indices Performance

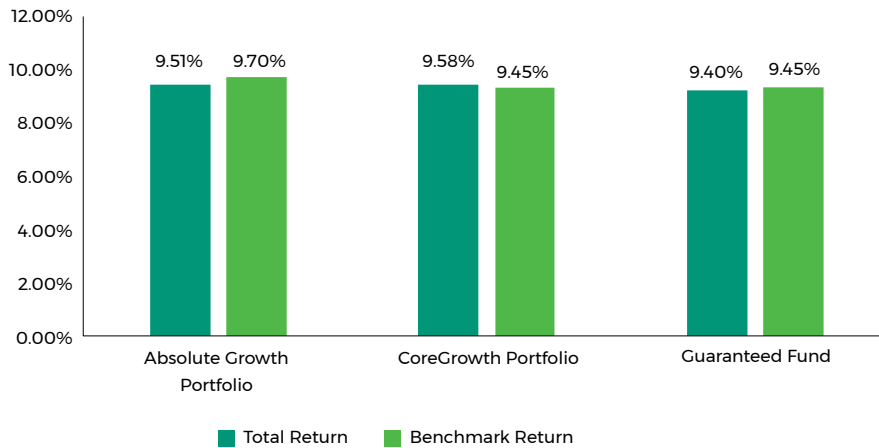
| | 3 months (%) | 6 months (%) | 1 year (%) | 2 years (% p.a.) | 3 years (% p.a.) | 5 years (% p.a.) | 7 years (% p.a.) | 10 years (% p.a.) |
|-----------------------------|-----------------|-----------------|---------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| SA Equities | | | | | | | | |
| Shareholders Weighted Index | -2.1 | 7.3 | 13.5 | 10.7 | 8.2 | 9.5 | 6.2 | 7.1 |
| Capped SWIX Index | -2.1 | 7.3 | 13.4 | 10.6 | 8.5 | 10.3 | 6.5 | 0.0 |
| All Share Index | -2.1 | 7.3 | 13.4 | 11.3 | 8.7 | 12.2 | 8.9 | 9.0 |
| Resources Index | -9.0 | -10.4 | -8.6 | -10.3 | -4.4 | 7.0 | 11.1 | 7.6 |
| Financial Index | -1.2 | 12.4 | 22.4 | 22.1 | 16.8 | 10.1 | 5.8 | 7.0 |
| Industrial index | 0.2 | 11.9 | 18.5 | 17.5 | 10.0 | 13.5 | 7.8 | 8.4 |
| Top 40 Index | -3.4 | 4.9 | 10.7 | 9.8 | 7.9 | 12.2 | 9.0 | 9.1 |
| Mid-cap Index | -1.6 | 9.2 | 15.4 | 12.5 | 8.8 | 7.3 | 5.8 | 6.4 |
| Small-cap Index | 7.1 | 23.7 | 35.6 | 22.8 | 17.5 | 20.8 | 11.2 | 9.7 |
| SA Property | | | | | | | | |
| SA Quoted Property Index | -0.8 | 17.7 | 29.0 | 19.2 | 12.6 | 5.1 | -0.4 | 3.1 |
| SA Interest-Bearing | | | | | | | | |
| ALBI BEASSA | 0.4 | 11.0 | 17.2 | 13.4 | 10.3 | 9.6 | 9.4 | 8.7 |
| STeFI | 2.0 | 4.1 | 8.5 | 8.3 | 7.2 | 6.2 | 6.5 | 6.7 |
| Cash | 1.9 | 4.0 | 8.2 | 8.1 | 7.0 | 5.7 | 5.9 | 6.1 |
| Global | | | | | | | | |
| MSCI World Index (R) | 9.4 | 9.9 | 23.0 | 28.2 | 13.0 | 18.6 | 17.7 | 16.1 |
| JPM International Bond (R) | 3.0 | 4.3 | -0.6 | 5.4 | -0.6 | 2.8 | 4.6 | 4.4 |
| Inflation (estimate) | | | | | | | | |
| CPI | -0.0 | 0.6 | 3.0 | 4.1 | 5.1 | 4.8 | 4.7 | 4.9 |

Currency: ZAR

UNDERLYING ASSET PERFORMANCE AGAINST BENCHMARKS

Over the three-year period ending 31 December 2024, Core Growth was the only Smoothed Bonus Fund to outperform its benchmark. Both the Absolute Growth Portfolio and the Guaranteed Fund have underperformed relative to their respective benchmarks, as shown in Graph 1 below.

Graph 1: Underlying Asset Performance vs Benchmark



The performance of each individual asset class underlying these portfolios is discussed below.

LOCAL EQUITIES

The local equity portfolio consists of a diversified portfolio of South African JSE-listed equities. This portfolio is designed to deliver consistent performance through different market conditions by combining an index-tracking portfolio with an active management component. The active part of the portfolio is split between different investment styles that are expected to complement each other and further diversify the portfolio. While individual managers are included in the portfolio based on their demonstrated strengths, effectively blending these different managers provides a more consistent investment return than would be possible by investing in a single portfolio or strategy. Table 3 below shows the portfolio composition.

Table 3: Local Equity Breakdown

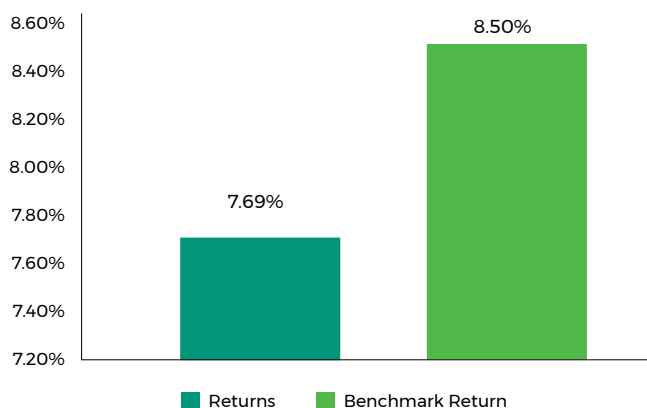
| STRATEGY | PORTFOLIO | FUND % |
|----------------|---------------------------|-------------|
| PASSIVE | Index Tracking | 32.5% |
| | ACTIVE | |
| | Fundamental Equity | 32% |
| | Double Alpha | 2.5% |
| | Managed Alpha | 14% |
| | Premium Equity | 9% |
| | Old Mutual Multi-Managers | 10% |
| | TOTAL | 100% |

OLD MUTUAL SMOOTHED BONUS FUNDS

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The portfolio's benchmark changed from the SWIX Index to the Capped SWIX Index in July 2017. The overall performance of the portfolio (as at 31 December 2024) in comparison to that index is shown below:

Graph 2: Local Equity - Underlying Performance vs Benchmark



The local equity portfolio underperformed the benchmark by 0.81% over the three-year period to 31 December 2024.

FUNDAMENTAL EQUITY

- The fundamental equity portfolio underperformed the benchmark by 1.24% delivering a return of 7.26% over the three-year period ending 31 December 2024.
- The biggest positive contributors to the fund's outperformance over this period were underweight holdings in mining shares – specifically Sibanye Stillwater, Anglo American and Amplats.
- Overweight positions in SA banks and clothing retailers contributed positively to performance as interest rates peaked. WBHO stood out among smaller companies, gaining 109% over three years following the closure of its Australian operations and an improving infrastructure outlook. The chief detractors during the three-year period were Transaction Capital, Naspers, Northam Platinum and BHP. Transaction Capital suffered as its taxi financing business failed to recover post Covid. The holding was sold out, as the outlook for car sales is poor and the revival of SA Taxi is dependent on support from the funding banks.
- We favoured Northam Platinum, a low-cost producer with the best growth profile, over the other PGM miners. Northam outperformed the weaker PGM miners on a relative basis. However, against the benchmark, it still detracted from performance over the three-year period. Netting off positive and negative contributions from mining shares shows an overall positive impact, with an underweight positioning in the PGM sector being the largest component.

PREMIUM EQUITY

- The premium equity portfolio underperformed the benchmark by 0.3% delivering a return of 8.2% over the three-year period ending 31 December 2024.
- Losses over this period were largely due to losses on our option positions.
- The fund maintains a moderate holding in options and is still well positioned to do similar trades in the future, as uncertainty continues to weigh heavily on market sentiment.

MANAGED ALPHA

- The managed alpha portfolio underperformed the benchmark by 2.32% delivering a return of 6.18% over the three-year period ending 31 December 2024.
- The main detractors were an underweight position in quality factors and overweight positions in volatility and value factors, while an overweight position in momentum factors contributed positively.

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

- Sector-wise, underperformance was driven by an overweight position in consumer discretionary shares and an underweight position in materials and communication services, while financial shares contributed positively.
- At a stock level, the fund benefited from underweight positions in Sasol and Impala Platinum and an overweight position in Investec plc.
- The biggest stock detractors were overweight positions in Mondi plc and Richemont and an underweight position in Gold Fields.

OLD MUTUAL MULTI-MANAGERS

- The OMMM life equity portfolio underperformed its benchmark by 0.1% delivering a return of 8.4% over the three-year period ending 31 December 2024. The outperformance can largely be attributed to the performance of M&G and Coronation.
- **M&G** – The manager’s top 3 contributors were Prosus, Investec and Sibanye. The top 3 detractors were MTN, Capitec and Gold Fields.
- **Coronation** – The manager’s top 3 contributors were We Buy Cars, Prosus and Glencore. The top 3 detractors were Transaction Capital, Naspers and BHP.
- **Ninety One** – The manager’s top 3 contributors were Sibanye, Mr Price and Discovery. The top 3 detractors were Gold Fields, Impala Platinum and Woolworths.
- **Sentio** – The manager’s top 3 contributors were Prosus, Naspers and Gold Mondis. The top 3 detractors were Capitec, Impala Platinum and Harmony.
- **Aeon** – The manager’s top 3 contributors were Prosus, Sibanye and Standard. The top 3 detractors were Impala Platinum, Mondi and Capitec.
- **Excelsia & Camissa** – These managers have less than three years managing their respective mandates.

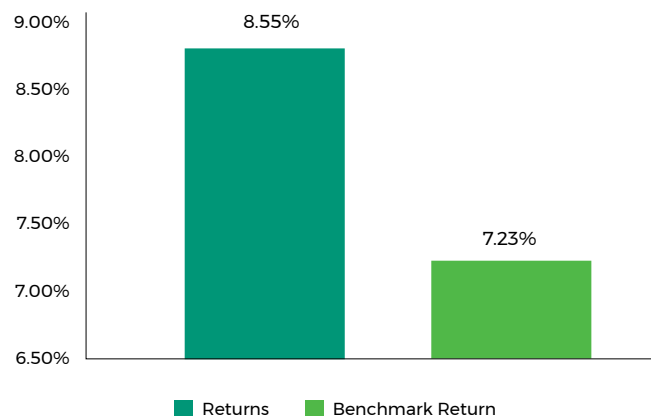
LOCAL INTEREST-BEARING ASSETS

The local interest-bearing portfolio consists of bond and money market assets. These assets are managed by the Old Mutual Investments (OMI) Futuregrowth fixed income boutique.

LOCAL MONEY MARKET

- The money market assets are invested in a yield-enhanced money market portfolio that aims to generate returns through the active management of short- to medium-term interest-bearing instruments.
- The local money market portfolio outperformed the benchmark by 1.32% delivering a return of 8.55% p.a. over the three-year period.
- The main detractor over the longer term was the repricing of the money market curve as a result of interest rate hikes and the repricing of Land Bank assets.
- The overall performance of the portfolio relative to its benchmark as at 31 December 2024 is shown in Graph 3 below.

Graph 3: Local Money Market - Underlying Performance vs Benchmark



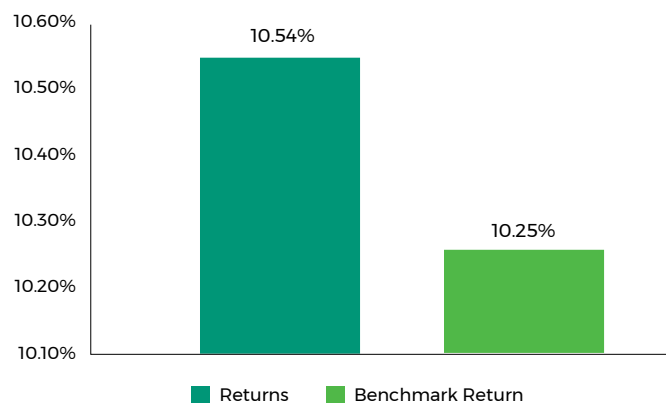
LOCAL BONDS

The bond strategy comprises a combination of a core bond portfolio and a yield-enhanced bond portfolio.

Core bond portfolio

- The core bond portfolio aims to generate returns primarily through the management of interest rate risk as Futuregrowth implements its views on interest rates across various interest-bearing assets and asset durations. This portfolio also has a small allowance to invest in non-government bonds, which are expected to generate higher investment returns.
- The core bond portfolio returned 10.54% on an annualised basis, outperforming the benchmark by 0.29%.
- The additional yield (spread accrual) offered by the non-government bond holding was the biggest single positive contributor.
- Spread accrual totalling 0.30% was boosted by a 0.13% contribution from spread compression, resulting in a total contribution of 0.43% from credit enhancement.
- The fund's interest rate position detracted 0.15% from overall relative performance. Declining domestic headline inflation, in addition to the sentiment-boosting formation of the Government of National Unity (GNU), resulted in yield compression, benefiting the fund from an interest rate positioning perspective.
- The performance of the core bond portfolio relative to its benchmark as at 31 December 2024 is shown in Graph 4 below.

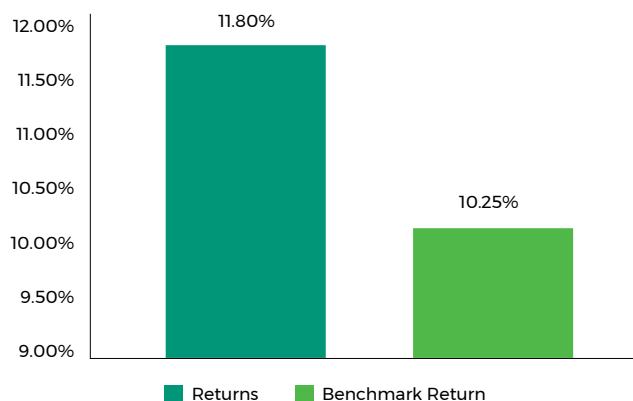
Graph 4: Core Bond Portfolio - Underlying Performance vs Benchmark



Yield-enhanced portfolio

- In addition to asset allocation and active interest rate management, the yield-enhanced portfolio aims to generate returns through investment in other listed and unlisted credit instruments.
- The yield-enhanced portfolio outperformed the benchmark by 1.55%, resulting in a 3-year return of 11.80% p.a.
- The biggest driver of positive performance was credit spread accrual, although this was partially offset by unlisted credit revaluations.
- The interest rate position contributed 0.16% to relative performance.
- The fund continues to rely on the use of derivatives – primarily through futures – to ensure alignment with the targeted benchmark modified duration, with the proceeds thereof being invested in credit assets. The funding cost attached to this ranges between 25 and 80 basis points over time depending on available liquidity in the market.
- The performance of the yield-enhanced portfolio relative to its benchmark as at 31 December 2024 is shown in Graph 5 below.

Graph 5: Yield-Enhanced Portfolio - Underlying Performance vs Benchmark



DIRECT PROPERTY

The direct property portfolio invests in a diversified range of unlisted properties, with exposure across the retail, office and industrial property sectors. While the majority of the portfolio's assets are located within South Africa, diversification of exposure into other countries is undertaken where suitable opportunities are identified.

SA PORTFOLIO

- 2024 turnover increased by 3.9% year on year, driven by strong November growth.
- Annualised trading densities grew 3.5%, with gains at The Zone@Rosebank (+6.0%) and Cavendish (+7.9%) offsetting a 0.5% decline at Gateway due to store revamps. Cavendish now has the highest trading densities (R53 000/m²) in the portfolio, exceeding Super Regional benchmarks.
- Portfolio vacancies increased by 0.2 percentage points to 4.5%, as a decline in retail vacancies was offset by increased office and industrial vacancies. Steps are underway to convert part of Bedford Centre's office tower to residential and lease out a 6 000 m² industrial space, both expected to improve vacancy levels.
- Rental reversions for 2024 were -2.3%, signalling that the property sector may be nearing the end of its reversionary cycle.
- Tenant collections reached 98.6% of annual billings, in line with targets and external benchmarks. Arrears at 1.4% are now below the long-term average of 1.5%.

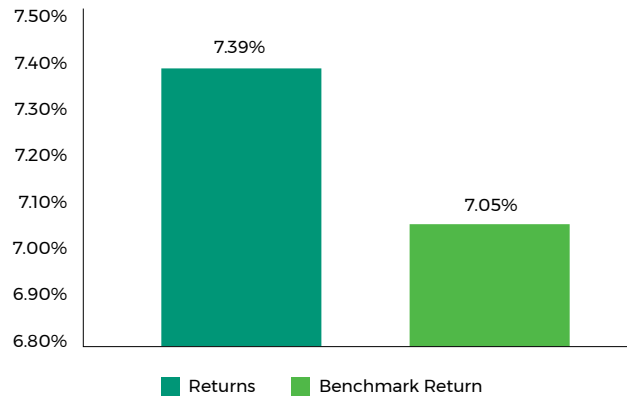
NON-SA PORTFOLIO

- The largest non-SA investment is in Lions Head, an Eastern European office platform, with the non-SA portfolio performing in line with budget.
- Key contributors include low vacancies of 6.9%, strong rental collections of 99%, and positive rental growth.
- The outlook for the 6.9% shareholding in Regional REIT (UK-based, LSE-listed) has improved following an August capital raise, reducing gearing to 41%, implementing a more conservative dividend policy, and allocating capital for capex initiatives. Regional REIT shares currently trade at a 12-month forward dividend yield above 8% in sterling.

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The direct property portfolio underperformed the benchmark by 3.4%, resulting in a return of 7.4% over the three-year period to 31 December 2024. This is shown in Graph 6 below:

Graph 6: Direct Property Portfolio - Underlying Performance vs Benchmark



GLOBAL EQUITIES

The global equity portfolio is actively managed and blends different managers and investment styles to target a relatively stable outcome. The majority of the underlying portfolios are managed on a global basis, allowing each manager to invest across both developed and emerging markets. Table 4 below sets out the portfolio composition.

Table 4: Global Equity Breakdown

| FUND MANAGER | FUND STYLE | FUND % |
|-----------------------------------|----------------------------------|--------|
| OMIG | MSCI Climate Paris Aligned Index | 40% |
| | Global Managed Alpha (Quant) | 5% |
| Acadian | Global Quant | 55% |
| Barrow Hanley Mewhinney & Strauss | Global Value | |
| Fiera Capital | Global Growth | |
| Baillie Gifford | | |

MSCI CLIMATE PARIS ALIGNED INDEX:

- Climate change can pose a profound risk to portfolio companies and create vast opportunities for institutional investors. This benchmark aims to minimise the exposure to these risks and maximise exposure to sustainable investment opportunities.
- The Climate Paris Aligned Index is designed to help investors transition to a net-zero economy, building resilient portfolios aligned with the 1.5°C temperature-rise scenario of the Paris Agreement.
- The index methodology aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the requirements of the EU Paris Aligned Benchmark, methodology standards established by the European Commission.

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

GLOBAL MACRO PORTFOLIO:

- The Global Macro equity portfolio is an active equity portfolio that applies top-down views to generate outperformance relative to the global equity benchmark.
- Active positions are taken predominantly in regions, countries, sectors and currencies. The portfolio is run by OMIG's MacroSolutions boutique.

BARROW, HANLEY, MEWHINNEY & STRAUSS:

- The manager provides value-oriented investment strategies across various international markets. Its equity portfolios are designed from the bottom up with a strong value underpin and tend to exhibit below-market price-to-earnings ratios, below-market price-to-book ratios, and above-market dividend yields, regardless of market conditions.

ACADIAN:

- Acadian Asset Management LLC specialises in global and international quantitative equity strategies.
- Acadian seeks to capture the fundamental drivers of stock return, exploiting market inefficiencies through a quantitative investment process.

FIERA CAPITAL:

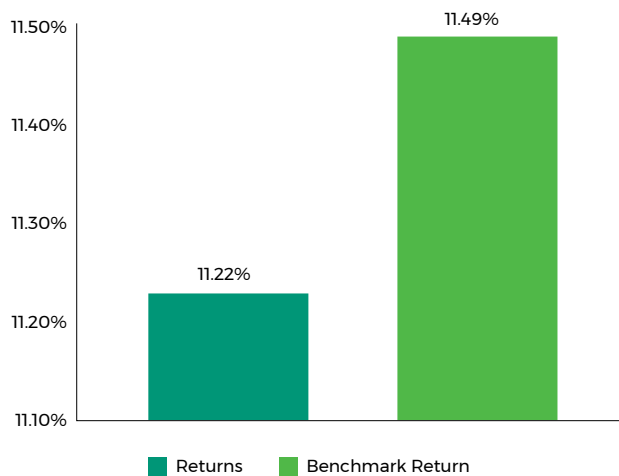
- Fiera Capital is a growth-oriented manager that seeks to exploit opportunities in quality growth companies with high returns and supportive intrinsic valuations.
- Investments are made with a long-term horizon, which leads to low portfolio turnover.

BAILLIE GIFFORD:

- The manager uses fundamental analysis and proprietary research in order to identify companies that it believes will deliver above-average profit growth over the long term.
- Portfolios are constructed on a bottom-up basis, with the objective of outperforming their respective benchmarks over time.

The overall global equity portfolio underperformed by 0.27% relative to its benchmark, resulting in a three-year return of 11.22% p.a. This is shown in Graph 7 below:

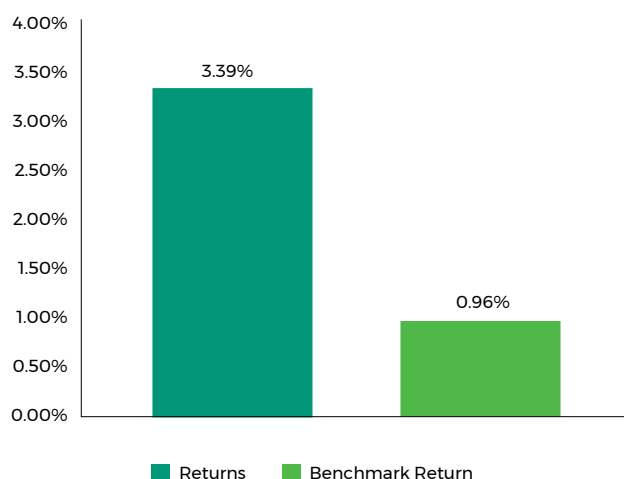
Graph 7: Global Equity - Underlying Performance vs Benchmark



GLOBAL INTEREST-BEARING ASSETS

The global interest-bearing portfolio consists of global bond and global cash assets and is managed through investments in the multi-managed Russell Global Bond and Cash Fund. The global interest-bearing portfolio outperformed its benchmark by 2.43% p.a. over three years.

Graph 8: Global Interest-Bearing Assets - Underlying Performance vs Benchmark



ALTERNATIVE ASSETS

The alternative asset portfolio includes:

- Exposure to **private equity**, both within South Africa and globally. Local private equity exposure is mainly achieved via direct investment into local private equity funds. Global private equity exposure is facilitated through investment into fund of funds structures.
- **Infrastructure investments** in commercially viable development projects within South Africa and in the rest of Africa. Typical investments include renewable energy projects, toll roads, utilities and airports.
- **Impact funds**, including local investments in affordable housing and schools, as well as in companies that provide end-user finance to low- to middle-income earners.
- **Agricultural investments**, which consist of agricultural land and associated infrastructure, primarily in South Africa, but with increasing exposure to the rest of Africa.

The local and global alternative asset portfolios are managed predominantly by the Old Mutual Alternative Investments (OMAI) boutique, with the exception of the agricultural investments, which are managed by Old Mutual Investment's Futuregrowth boutique.

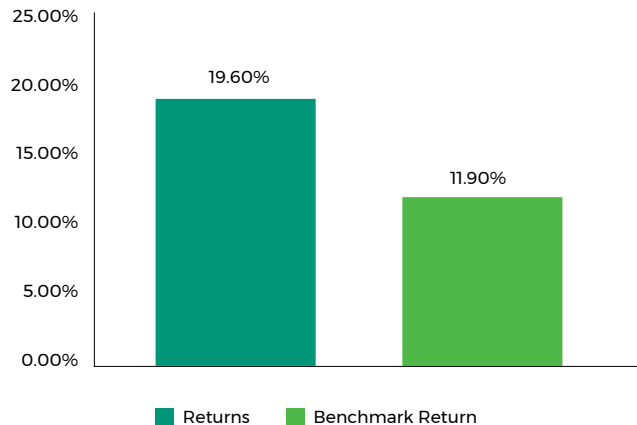
LOCAL ALTERNATIVES

- The local alternative asset portfolio is a high-growth portfolio that aims to provide investors with significant real returns over the long term and has a long-term performance target of approximately CPI + 7%.
- The portfolio invests in growth assets, namely private equity and impact fund subclasses that are linked to the local economy.
- **OMPE Fund II:** The fund is up 63.4% (61.8% net) over a three-year period, compared to SWIX's 12.0% gain. Key contributors included the recovery in Actom and Tourvest, and the value unlock from the sale of Consol.
- **OMPE Fund IV:** The fund is up 8.6% (7.4% net) over a three-year period, compared to SWIX. Value unlock is expected over the next 24 months as the portfolio exits.
- **OMPE Fund V:** The fund is up 41.7% (40.0% net) over a three-year period, compared to SWIX. All portfolio investments have performed well due to the successful execution of initiatives by aligned and incentivised management teams.

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

- The local alternatives portfolio outperformed the benchmark by 7.7%, resulting in a return of 19.60% over the three-year period to 31 December 2024. This is shown in Graph 9 below:

Graph 9: Local Alternatives - Underlying Performance vs Benchmark



GLOBAL ALTERNATIVES

- The objective of this portfolio is to deliver long-term real returns that significantly exceed the US CPI.
- **FOF I** is now made up of several public exposures and the Net Asset Value (NAV) is exposed to the volatility in global public markets. However, the fund is nearing the end of its life and the since-inception return is largely locked in, having outperformed the listed comparable benchmark
 - Fund NAV decreased by US\$12.5m.
- **FOF II** has delivered steady performance with the since-inception performance above the listed comparable benchmark. The portfolio funds' fundamentals remain healthy and the majority of funds are delivering double-digit internal rates of return (IRR).
 - Fund NAV decreased by US\$68.3m.
- **FOF III** is trending towards a sustainable IRR and the since-inception return is comfortably outperforming the listed comparable benchmark. A greater weighting towards the US and mature technology-focused portfolio funds has supported the strong investment performance.
 - Fund NAV increased by US\$56.4m.
- **FOF IV** is performing as expected. The fund has come through the J-curve, and the since-inception return has now turned positive. Fund IV still has a material portion to be invested in underlying portfolio companies and Q4 saw an increase in activity around capital calls in this regard.
 - Fund NAV increased by US\$229m.
- **FOF V** is still in its deployment phase and performance is not meaningful at present.
- **AFOF**, focused on African funds, has underperformed expectations but has maintained its outperformance against the listed comparable benchmark since inception.
 - Fund NAV decreased by US\$2.5m.
- The global alternatives portfolio underperformed the benchmark by 9.06%, resulting in a return of 7.88% over the three-year period to 31 December 2024. This is shown in Graph 10 below:

Graph 10: Global Alternatives - Underlying Performance vs Benchmark

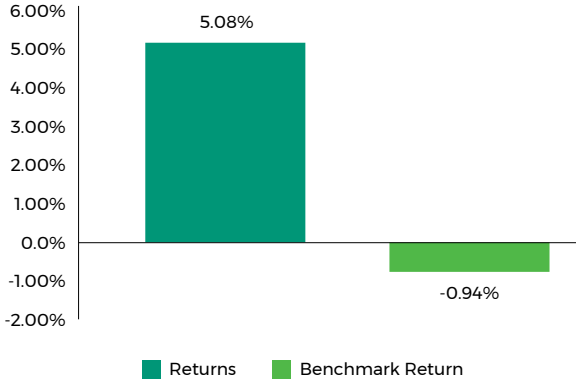


AFRICAN LISTED EQUITY

The African listed equity portfolio is an actively managed fundamental equity portfolio that aims to outperform its benchmark over the long term. The portfolio is managed within OMIG.

The overall performance of the portfolio relative to its benchmark is shown below, reflecting the fund’s significant outperformance.

Graph 11: African Equities - Underlying Performance vs Benchmark



Significant contributors to alpha were our underweight positions in Safaricom and CIB, as well as our overweight position in Sonatel. The top detractors from alpha were our underweight position in Marsa Maroc, and our overweight positions in IDH and EKH.

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

SMOOTHED BONUS PRODUCTS: PERFORMANCE

| Product | Oct 2024 | Nov 2024 | Dec 2024 | Performance over Periods to 31 December 2024 (Annualised except *) | | | | | Risk Analysis (Based on three-year Performance) | | Max Drawdown ¹ (Based on a three-year period to Dec 2024) | Fund Size (R million) |
|--|------------------------------------|----------|----------|---|--------|---------|---------|----------|--|-------------|---|--------------------------|
| | | | | Quarter* | 1 year | 3 years | 5 years | 10 years | Annualised Volatility | Return/Risk | | |
| Growth-focused Portfolios | | | | | | | | | | | | |
| Absolute Smooth Growth | 0.96% | 0.99% | 0.94% | 2.92% | 12.19% | 11.35% | 9.55% | 8.59% | 0.56% | 18.8 | 0.35% | 87 394.73 |
| Absolute Smooth Growth (2009 Series) ² | 0.96% | 0.99% | 0.94% | 2.92% | 12.19% | 11.35% | 9.55% | 8.59% | 0.56% | 18.8 | 0.35% | |
| Absolute Smooth Growth (2020 Series) ³ | 0.96% | 0.99% | 0.94% | 2.92% | 12.19% | 11.33% | | | | | | |
| Absolute Stable Growth | 0.92% | 0.95% | 0.91% | 2.81% | 11.68% | 10.84% | 9.05% | 8.09% | 0.56% | 18.0 | 0.31% | 86 018.94 |
| Absolute Stable Growth (2009 Series) ² | 0.92% | 0.95% | 0.91% | 2.81% | 11.68% | 10.84% | 9.05% | 8.09% | 0.56% | 18.0 | 0.31% | |
| Absolute Stable Growth (2020 Series) ³ | 0.92% | 0.95% | 0.91% | 2.81% | 11.68% | | | | | | | |
| Guaranteed Fund | 0.57% | 0.57% | 0.57% | 1.71% | 9.47% | 10.15% | 9.18% | 9.33% | 0.45% | 20.4 | 0.57% | 1 474.03 |
| Protection-focused Portfolios | | | | | | | | | | | | |
| Absolute Secure Growth | 0.77% | 0.80% | 0.75% | 2.34% | 9.69% | 8.85% | 7.54% | 6.48% | 0.57% | 14.7 | 0.14% | 62.74 |
| Absolute Secure Growth (2009 Series) ² | 0.77% | 0.80% | 0.75% | 2.34% | 9.69% | 8.85% | 7.54% | 6.48% | 0.57% | 14.7 | 0.14% | |
| Absolute Secure Growth (2020 Series) ³ | 0.77% | 0.80% | 0.75% | 2.34% | 9.69% | | | | | | | |
| CoreGrowth 100 | 0.84% | 0.85% | 0.84% | 2.55% | 9.95% | 9.05% | 8.06% | 7.97% | 0.26% | 30.0 | 0.60% | 5 737.91 |
| CoreGrowth 90 | 0.92% | 0.92% | 0.91% | 2.78% | 10.92% | 10.04% | 9.06% | 8.98% | 0.25% | 33.3 | 0.68% | 2 737.99 |
| Other Indices and Comparative Performance | | | | | | | | | | | | |
| Local Equities (JSE ALSI) | -0.92% | -0.94% | -0.29% | -2.13% | 13.44% | 8.68% | 12.16% | 9.03% | 13.84% | 0.6 | -8.01% | |
| Local Bonds (BEASSA ALBI) | -2.20% | 3.06% | -0.35% | 0.43% | 17.18% | 10.25% | 9.56% | 8.65% | 9.48% | 1.1 | -5.09% | |
| Local Cash (STeFI) ⁴ | 0.68% | 0.65% | 0.66% | 2.01% | 8.46% | 7.23% | 6.17% | 6.68% | 6.89% | 1.0 | -7.18% | |
| Rand/Dollar | 1.96% | 2.59% | 4.30% | 9.10% | 2.94% | 5.73% | 6.12% | 5.10% | 12.84% | 0.4 | -6.21% | |
| Consumer Price Index (CPI) | -0.09% | 0.00% | 0.09% | 0.00% | 3.02% | 5.10% | 4.85% | 4.68% | 1.40% | N/A | N/A | |
| Typical Balanced Fund (Large Global) ⁵ | Not comparable over the short term | | | | | 10.30% | 11.51% | 8.88% | 8.09% | 1.3 | -4.33% | |
| Typical Balanced Fund (Conservative Global) ⁶ | Not comparable over the short term | | | | | 9.91% | 10.54% | 9.01% | 5.80% | 1.7 | -2.74% | |

Performance figures are net of capital charges and gross of investment management fees for all products except Guaranteed Fund. The Guaranteed Fund's performance is net of capital charges and asset management charges, gross of investment administration fees.

Notes

¹ Worst cumulative negative performance. Where no negative return exists, it is taken as the lowest positive monthly return.

² Uses 2009 Series returns prior to the merger. The 2007 Series and 2009 Series of the Absolute Growth Portfolios merged on 1 May 2012.

³ Uses 2020 Series returns.

⁴ Money Market investments are able to achieve very low volatility, but often at the cost of being able to achieve significant real returns over the long term.

⁵ Source: Alexander Forbes Manager Watch Survey for Large Global Funds (median).

⁶ Source: Alexander Forbes Manager Watch Survey for Conservative Global Funds (median).

SMOOTHED BONUS PRODUCTS: BONUS SMOOTHING RESERVES

Formulaic Smoothed Bonus Products: Quarterly Disclosure

| | Sep 2020 | Dec 2020 | Mar 2021 | Jun 2021 | Sep 2021 | Dec 2021 | Mar 2022 | Jun 2022 | Sep 2022 | Dec 2022 | Mar 2023 | Jun 2023 | Sep 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sep 2024 | Dec 2024 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| ABSOLUTE GROWTH PORTFOLIOS | | | | | | | | | | | | | | | | | | |
| Greater than 25% | | | | | | | | | | | | | | | | | | |
| 20% to 25% | | | | | | | | | | | | | | | | | | |
| 15% to 20% | | | | | | | | | | | | | | | | | | |
| 10% to 15% | | | | | | | | | | | | | | | | | | |
| 5% to 10% | | | | | | | | | | | | | | | | | | |
| 0% to 5% | | | | | | | | | | | | | | | | | | |
| -5% to 0% | | | | | | | | | | | | | | | | | | |
| -10% to -5% | | | | | | | | | | | | | | | | | | |
| -15% to -10% | | | | | | | | | | | | | | | | | | |
| Less than -15% | | | | | | | | | | | | | | | | | | |

■ Bonus Smoothing Reserve

**OLD MUTUAL SMOOTHED BONUS FUNDS
QUARTERLY REPORT QUARTER 4 2024**

Formulaic Smoothed Bonus Products: Quarterly Disclosure

| | Sep 2020 | Dec 2020 | Mar 2021 | Jun 2021 | Sep 2021 | Dec 2021 | Mar 2022 | Jun 2022 | Sep 2022 | Dec 2022 | Mar 2023 | Jun 2023 | Sep 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sep 2024 | Dec 2024 |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| COREGROWTH | | | | | | | | | | | | | | | | | | |
| Greater than 25% | | | | | | | | | | | | | | | | | | |
| 20% to 25% | | | | | | | | | | | | | | | | | | |
| 15% to 20% | | | | | | | | | | | | | | | | | | |
| 10% to 15% | | | | | | | | | | | | | | | | | | |
| 5% to 10% | | | | | | | | | | | | | | | | | | |
| 0% to 5% | | | | | | | | | | | | | | | | | | |
| -5% to 0% | | | | | | | | | | | | | | | | | | |
| -10% to -5% | | | | | | | | | | | | | | | | | | |
| -15% to -10% | | | | | | | | | | | | | | | | | | |
| Less than -15% | | | | | | | | | | | | | | | | | | |

■ Bonus Smoothing Reserve

Discretionary Smoothed Bonus Products: Annual Disclosure

| GUARANTEED FUND AT 30 SEPTEMBER 2024 | |
|---|-----------------|
| | Guaranteed Fund |
| Greater than 25% | |
| 20% to 25% | |
| 15% to 20% | |
| 10% to 15% | |
| 5% to 10% | |
| 0% to 5% | |
| -5% to 0% | |
| -10% to -5% | |
| -15% to -10% | |
| Less than -15% | |

■ Bonus Smoothing Reserve

OLD MUTUAL SMOOTHED BONUS FUNDS QUARTERLY REPORT QUARTER 4 2024

| SMOOTHED BONUS PRODUCTS: KEY FEATURES | | | | | | | | | |
|---------------------------------------|-----------------------|---|---------|----------------------|-----------------------------------|--|---------------------------------------|----------------|--|
| | GROWTH | | | PROTECTION | | COSTS | | Inception date | |
| | Performance objective | Strategic allocation to growth assets ¹ in underlying portfolio | Manager | Protection objective | Guarantee in extreme environments | Capital Charges (per annum) | Investment management fee (per annum) | | |
| Absolute Growth Portfolios | Smooth | Targets CPI + 5% to 7% over medium to long term (after guarantee charge) | 83% | OMIG Boutiques | Positive bonuses each month | 50% of fund credit on claim | 0.2% | April 2007 | |
| | Stable | Targets CPI + 4.5% to 6.5% over medium to long term (after guarantee charge) | | | | 80% of fund credit on claim | 0.7% | | Depends on allocation to local and global assets: Local Assets: 0.525% - 0.650% |
| | Secure | Targets CPI + 2.5% to 4.5% over medium to long term (after guarantee charge) | | | | 100% of fund credit on claim | 2.7% | | Global Assets: 0.825% - 0.950% |
| Core Growth Portfolios | 100 | Targets similar return to a conservative to moderate market-linked fund over the long term, less the guarantee charge | 61% | OMIG Boutiques | Positive bonuses each month | 100% of fund credit on claim | 1.8% | March 1998 | |
| | 90 | | | | | 90% of fund credit on claim | 0.8% | | 0.23% - 0.50% (depending on fund size) |
| Guaranteed Fund | | Targets similar return to a broadly balanced market-linked fund over the long term, less the guarantee charge | 74% | OMIG Boutiques | Positive bonuses each month | 100% of capital invested and a portion of bonuses declared | 0.75% | July 1967 | |

¹ Includes equities, properties and alternative assets (including private equity).

CONTACT US

Find out more about the investment portfolios in Old Mutual's range of Growth and Protection Solutions. Contact your Old Mutual Corporate Consultant, or broker, or call your nearest Old Mutual Corporate office.

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Visit the Corporate website: oldmutual.co.za/corporate

Note:

This performance report, as well as other information on Old Mutual's Smoothed Bonus Funds, is available on the Old Mutual website: www.oldmutual.co.za/InvestmentReports

Queries can be emailed to Old Mutual Corporate (Investment Services) at corporateinvestments@oldmutual.com

