

OLDMUTUAL

OLD MUTUAL SMOOTHED BONUS FUNDS

QUARTERLY REPORT
QUARTER 2 2024



CORPORATE

DO GREAT THINGS EVERY DAY

MARKET UPDATE – LOCAL AND GLOBAL ECONOMIC OVERVIEW 04

Johann Els – Chief Economist: Old Mutual Group Strategy

In this section we comment on how global and local investment markets performed over the quarter.

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In this section, we discuss underlying performance over the past three years and provide reasoning for the current asset allocation positioning of the Old Mutual Smoothed Bonus Funds.

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Q2 2024 ECONOMIC REPORT



Johann Els
Chief Economist:
Old Mutual Group Strategy

GLOBAL ECONOMY

While the global economy remained stronger than expected during the second quarter, continuing the recent pattern of resilience, some signs of slowing in the US emerged in May and June. Inflation continued to ease, and interest rates were cut further in emerging economies, with rate cuts also starting in the developed world, notably in Canada and the Euro area.

The JP Morgan measure of global PMI data (Purchasing Managers' Index – a survey of managers in manufacturing and services companies) continued the upward trend seen in Q1, driven by better performance in both the manufacturing and services sectors. In the US, a range of data suggested easing growth, shifting from a 1.7% pace in the first half of the year towards 1% in the second half.

Prominent indicators of this softer data include the leading index of economic indicators, consumer confidence, retail sales, housing indicators, and a broad slowing in the labour market. Employment, which remained stronger than expected over the past year, showed more signs of slowing in the second quarter. The rolling 3-month pace of job gains slowed from 270 000 in March to 178 000 by June, while the unemployment rate increased from a low of 3.4% to 4.1% (still relatively low), and wage growth slowed to 4%. This 4% wage growth level is significant, as it was often described by Janet Yellen during her tenure at the US Federal Reserve (the Fed) as consistent with the Fed's 2% inflation target.

Slower growth, combined with downside inflation surprises in May and June, has brought forward the likely starting point of Fed rate cuts from the consensus view of November. CPI inflation surprised to the downside for two consecutive months, with monthly changes well below those of the first quarter. Personal consumption expenditure excluding food and energy (core PCE deflator – the Fed's preferred inflation measure) also eased more rapidly than expected a few months ago. The sequential (or underlying) pace of this inflation measure (i.e. the 3-month rolling annualised rate of the seasonally adjusted data) slowed from an average of 3% during the first three months of 2024 to 1.4% by June.

In recent US Congressional testimony, Fed Chair Jerome Powell warned against the risk to the real economy of keeping rates too high for too long. This has led most market participants to expect rate cuts in the US to start in September. In my view, there is a decent probability of the first cut in this cycle at the end of July.

The Chinese economy surprised somewhat to the downside in the second quarter, but policy support remains very reactive, and more easing is needed to lift consumer spending and reduce deflationary risks. I am concerned that the 5% growth target for 2024 might be at risk unless policy support becomes more decisive.

The European Central Bank and the Bank of Canada both cut rates by 25 basis points in early June. Sweden, the Czech Republic, Hungary and Romania also cut rates in the second quarter.

Rate cuts in the US, combined with stronger growth in emerging economies compared to developed economies, will likely lead to a strengthening global risk-on trade (i.e. away from developed economies towards emerging economies). The outcome of US rate cuts and investment flows towards emerging markets (EMs) will likely lead to a softer US dollar. Consequently, the SA rand exchange rate will likely recover against a weakening dollar.

SA ECONOMY

No load shedding, lower underlying inflation, a surprisingly positive election outcome, a stronger rand exchange rate and improving confidence were the main features of the second quarter in South Africa. However, the economy remained weak and markets are still waiting for the first rate cut.

The release of Q1 GDP growth data in June underscored the weak growth situation. GDP growth recorded -0.1% quarter on quarter, due to contractions in consumer spending and fixed investment growth. Of the 10 production sectors, only four achieved positive growth. Significant levels of load shedding during the first two months of the year and logistical constraints due to Transnet's port congestion problems had strongly negative impacts. Growth remained weak into the second quarter as mining and manufacturing production rebounded far less than expected. Consumer spending likely also remained weak, as evidenced by weak retail sales growth and soft car sales.

Forward-looking indicators, such as the whole economy and manufacturing PMIs, remained soft but the SA Reserve Bank's Leading Indicator Index rose sharply in May due to a strong recovery in advertisements placed for new job opportunities and a marked recovery in new building plans passed. This rebound is likely thanks to the stable electricity supply and points to a bottoming of the dismal growth picture. Some growth recovery is therefore expected from the second quarter onwards and into the second half of the year. Growth in 2024 is expected to be markedly better than the dismal 0.7% in 2023. I expect around 1.3% in 2024, followed by 2% in 2025.

The election outcome showcased the maturity of SA's democracy when the ANC graciously accepted its significant loss and negotiated a Government of National Unity (GNU). The GNU's commitment to constitutional principles, judicial independence and institutional integrity bodes well for future governance and policy implementation. This new government structure is likely to accelerate fiscal consolidation and enhance economic growth, making it easier to manage the budget deficit and debt ratio.

A crucial element in this positive outlook is the role of confidence. Historically, there is a strong correlation between confidence and economic growth. The Stellenbosch University Bureau for Economic Research (BER) highlights this link through its political climate index, showing that political concerns have adversely affected sentiment and growth since 2008. The new government, welcomed by the markets, has already spurred a rally in the stock market and a strengthening of the rand exchange rate.

CPI inflation remained around the – still relatively high – 5.2% mark during the second quarter. However, underlying consumer inflation continues to remain very soft, with core inflation (excluding food and energy) at 4.6%, and consumer goods and retail inflation both at 3.5%. Excluding petrol, headline inflation has downshifted from 5.3% in December 2023 to 4.6% by June 2024. Headline inflation will likely dip below 5% in the third quarter of this year and ease to below 4.5% by October. With no evidence of demand-push inflation pressures, lower petrol prices recently, and continued low food inflation, this is clearly rate-cutting territory. Inflation expectations have also eased more than expected. Inflation expectations by trade unions are down to 5% on a 1-year view (from 6% in the last quarter of 2023) and to 4.8% on a 2-year view (from 6%). Less political uncertainty, combined with a more stable rand exchange rate, also suggests that rates can be cut soon.

The combination of lower inflation, lower interest rates and ongoing (albeit subpar) employment recovery should mean a less demanding year for consumers. Relative to 2023, 2024 should thus be a less stressful year.

The rand exchange rate will benefit from US rates peaking, a softer dollar, and a global risk-on trade. The rand is substantially weaker than fundamentals suggest – likely pricing in more risk than needed. As such, the rand could recover markedly from present levels. Timing is more difficult to forecast – probably late this year or early next year.

HOW THE NEW TWO-COMPONENT SYSTEM WILL IMPACT THE SMOOTHED BONUS PORTFOLIOS



Marvin Nair
Head of Smoothed Bonus
and Investment Strategy

The new two-component retirement system, which came into effect on 1 September 2024, allow members of retirement funds to withdraw from their savings component. Considering these changes allowing for savings component withdrawals, we would like to confirm our position on the treatment of savings component withdrawals from our Smoothed Bonus Portfolios.

With effect from 1 September 2024, we will treat savings component withdrawals as claims in terms of our Smoothed Bonus policy contracts. If a member who is invested in any of our Smoothed Bonus Portfolios chooses to withdraw from their savings component, a Market Value Adjustment (MVA) will not apply.

As stipulated in the regulations, withdrawals from the savings component are subject to specific rules. This includes the application of individual tax rates to withdrawals and restrictions on the frequency and amounts of withdrawals. We believe this serves as sufficient protection for remaining investors against possible anti-selective behaviour. In addition, given the size and diversified nature of our Smoothed Bonus Portfolios, we are confident that savings component withdrawals are unlikely to have a material negative impact on remaining investors, even if Bonus Smoothing Reserves are negative.

As a result, we are comfortable to treat savings component withdrawals as claims, as mentioned above, and we will not apply an MVA to these withdrawals.

It should be noted that this is subject to other conditions as stipulated in the policy contracts and the newly introduced two-component regulations. In particular, we highlight the proportionality rule as per the policy contracts, which will apply to savings component withdrawals. This means that, where members have investments across the Smoothed Bonus and other investment portfolios, the withdrawal must be made proportionally across all portfolios.

Please note that actual withdrawal experience will be monitored closely, and we may review our position to ensure the appropriate treatment of savings component withdrawals going forward.

In addition, based on the size and diversification of our Smoothed Bonus Portfolios, we are comfortable that we are able to meet the liquidity requirements arising from these withdrawals without the need to change our portfolio structure and investment philosophy because of this legislation.

UNDERLYING PERFORMANCE AND POSITION



Tashiq Rajdev
Actuarial Specialist:
Guaranteed Solutions

ASSET ALLOCATION AND PERFORMANCE OF THE OLD MUTUAL SMOOTHED BONUS FUNDS

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 30 June 2024.

UNDERLYING ASSET ALLOCATION OF THE SMOOTHED BONUS FUNDS

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 are set out in Table 1 below. The portfolios are required to remain within set ranges around the targeted asset allocation for each asset class.

Table 1

ASSET CLASS	ABSOLUTE GROWTH PORTFOLIO		COREGROWTH PORTFOLIO		GUARANTEED FUND	
	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Local Equities	46.9%	45.5%	27.4%	26.0%	38.9%	37.5%
Local Interest-bearing Assets	8.9%	13.0%	28.5%	32.5%	16.6%	21.0%
Local Alternative Assets	8.8%	7.0%	8.8%	7.0%	8.9%	7.0%
Property	6.0%	6.5%	6.0%	6.5%	6.2%	6.5%
Global Equities	17.6%	19.5%	14.9%	16.8%	16.7%	18.5%
Global Interest-bearing Assets	4.0%	4.0%	6.7%	6.8%	5.0%	5.0%
Global Alternative Assets	6.6%	3.5%	6.6%	3.5%	6.7%	3.5%
African Equities	1.2%	1.0%	1.2%	1.0%	1.2%	1.0%

OLD MUTUAL SMOOTHED BONUS FUNDS DISCLOSURE REPORT QUARTER 2 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 30 June 2024, MacroSolutions' tactical asset allocation resulted in a return of 0.34% p.a.

The biggest single detractor from performance has been the global equity positioning, as well as global derivative activity. Short positions were held in US equities, which negatively affected the fund with markets rallying strongly over the full period. These underperforming securities have been unwound and Old Mutual Investment Group (OMIG) has since added newer instruments which have added value (e.g. MSCI World protection and long value futures). Other long-term detractors have been domestic equities and bonds.

The biggest positive contributor to alpha has been the underweight position in global bonds while the local equity hedge channel also added value.

MARKET INDICATORS

Table 2 below provides a summary of the index returns to 30 June 2024.

Table 2

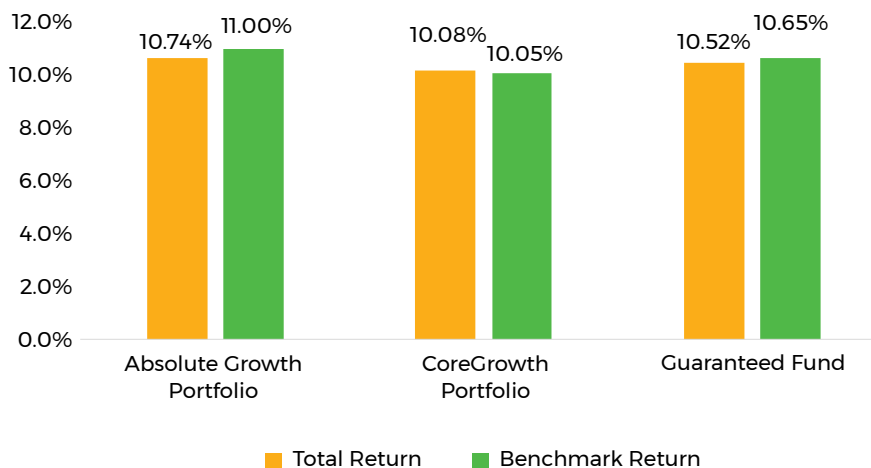
	3 Months (%)	6 Months (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)
SA Equity								
Shareholders Weighted Index	8.2	5.8	9.8	11.9	8.8	8.0	7.5	6.7
Capped SWIX Index	8.2	5.7	10.0	11.7	10.1	8.7	7.5	0.0
All Share Index	8.2	5.8	9.1	14.2	11.0	10.6	10.3	8.2
Resources Index	3.6	1.9	0.4	1.7	4.6	10.8	16.3	5.7
Financial Index	17.8	8.9	26.3	19.8	18.0	6.7	7.1	6.9
Industrial Index	5.2	5.9	5.1	18.7	9.7	10.4	7.9	7.8
Top 40 Index	7.9	5.5	7.2	14.5	11.1	10.9	10.8	8.2
Mid-cap Index	9.5	5.7	17.3	12.3	9.4	7.6	6.7	6.6
Small-cap Index	10.7	9.6	20.2	15.4	16.8	15.2	8.9	8.3
SA Property								
SA Quoted Property Index	5.5	9.6	26.3	17.8	11.7	0.9	-0.7	3.2
SA Interest-Bearing								
ALBI BEASSA	7.5	5.6	13.7	10.9	7.6	7.8	8.7	8.2
STeFI	2.1	4.2	8.5	7.7	6.5	6.1	6.4	6.6
Cash	2.0	4.0	8.3	7.5	6.2	5.5	5.8	5.9
Global								
MSCI World Index (R)	-0.9	11.9	16.7	26.6	16.6	18.3	16.9	15.8
JPM International Bond (R)	-5.4	-4.7	-4.8	3.3	1.0	1.9	3.5	4.4
US 1-month LIBOR (R)	-2.3	2.6	1.7	9.5	11.3	7.5	6.9	7.1
Inflation (estimate)								
CPI	0.5	2.4	5.1	5.2	6.0	5.0	4.8	5.0

22 Source: Old Mutual Investment Group | Returns for periods greater than 1 year are annualised

UNDERLYING ASSET CLASS PERFORMANCE OF THE SMOOTHED BONUS FUNDS

All the Smoothed Bonus Funds outperformed their respective benchmarks over the three-year period to the end of June 2024. While the performances of the three portfolios are expected to diverge over time, there may be periods of similar performance.

3-YEAR ANNUALISED RETURN: SMOOTHED BONUS UNDERLYING PORTFOLIO



The performance of each of the asset classes underlying these portfolios is discussed below.

LOCAL EQUITIES

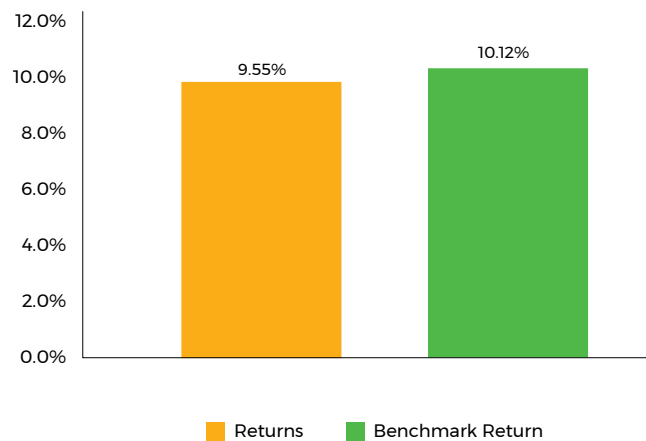
The local equity portfolio is a diversified portfolio consisting of South African JSE-listed equities. This portfolio is designed to deliver consistent performance through different market conditions by combining an index-tracking portfolio with an active management component. The active part of the 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

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

The portfolio's benchmark changed from the SWIX Index to the Capped SWIX Index in July 2017. The overall performance of the portfolio in comparison to that index is shown below:

3-YEAR ANNUALISED RETURN: LOCAL EQUITY



The portfolio underperformed the benchmark by 0.56% over the three-year period to 30 June 2024.

FUNDAMENTAL EQUITY

The fundamental equity portfolio underperformed the benchmark by 0.97% delivering a return of 23.20% over the three-year period ending 31 March 2024. The biggest contributor to the fund's outperformance was the overweight holding in MTN. The fund benefited from MTN's strong recovery following the implementation of a turnaround strategy. Netting off positive and negative contributions from mining shares indicates an overall positive impact, with an underweight position in the platinum group metals (PGM) sector. The main detractors from performance over the three-year period were Northam Platinum, Transaction Capital and Italtile.

PREMIUM EQUITY

The premium equity portfolio underperformed the benchmark by 0.8% delivering a return of 9.3% p.a. over the three-year period ending 30 June 2024. Market volatility remained a key theme, with domestic and global stock markets facing significant challenges. Global inflationary pressures, elevated interest rates and geopolitical tensions were dominant factors during this time. While inflation remains a complex issue globally, recent US consumer price index (CPI) data has revealed signs of moderation offering a positive outlook for investors. This has been interpreted as a favourable indicator for the US economy, suggesting a shift towards greater economic stability.

MANAGED ALPHA

The managed alpha portfolio underperformed the benchmark by 1.7% delivering a return of 8.4% p.a. over the three-year period ending 30 June 2024. The major contributors to the portfolio's alpha were the underweight positions in Anglo American Platinum, SibanyeStillwater, Sasol, MTN and Glencore. The major detractors from the portfolio's alpha were the overweight positions in Naspers, Telkom and Anheuser-Busch and underweights in Capitec and Anglo American.

OLD MUTUAL MULTI-MANAGERS

The Old Mutual Multi-Managers (OMMM) external manager portfolio outperformed the benchmark by 0.2% delivering a return of 10.3% p.a. over the three-year period. The outperformance can largely be attributed to the performance of M&G and Coronation. This was offset by the underperformance of Aeon, Ninety One and Sentio.

The top 3 performance contributors and detractors per manager over the three-year period were the following:

- **M&G** – The top 3 contributors were Investec, Prosus and Sibanye and the top 3 detractors were Gold Fields, Northam Platinum and Impala Platinum.
- **Coronation** – The top 3 contributors were Glencore, Sibanye and We Buy Cars and the top 3 detractors were Transaction Capital, MTN and Sasol.
- **Aeon** – The top 3 contributors were BHP, Sibanye Stillwater and Standard Bank and the top 3 detractors were Impala Platinum, Mondi and Gold Fields.
- **Ninety One** – The top 3 contributors were Sibanye Stillwater, Naspers and MTN and the top 3 detractors were Gold Fields, Impala Platinum and Woolworths.
- **Sentio** – The top 3 contributors were Prosus, Naspers and Gold Fields and the top 3 detractors were Harmony, Capitec and Impala Platinum.

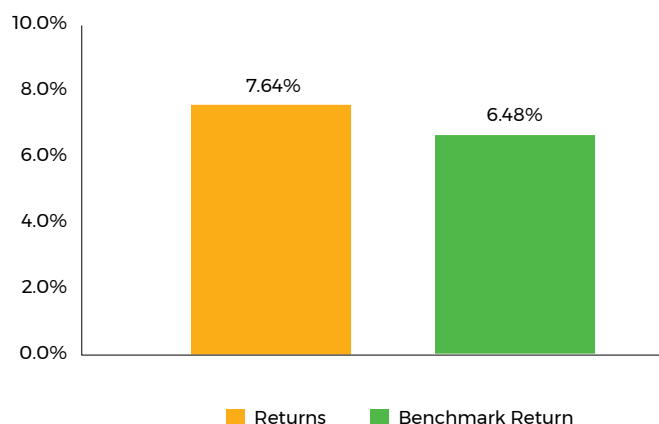
LOCAL INTEREST-BEARING ASSETS

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 overall performance of the portfolio relative to its benchmark is shown below:

3-YEAR ANNUALISED RETURN: LOCAL MONEY MARKET



The local money market portfolio outperformed the benchmark by 1.16% delivering a return of 7.64% p.a. over the three-year period. The main detractors over the longer term were the repricing of the money market curve as a result of interest rate hikes, and the repricing of Land Bank assets.

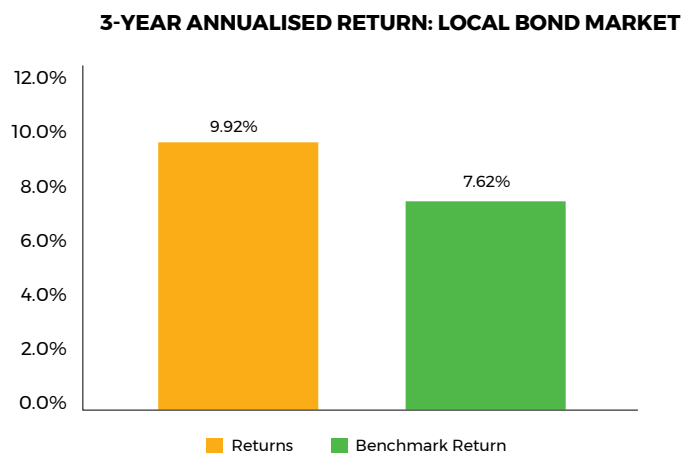
LOCAL BONDS

The bond strategy comprises a combination of a core bond portfolio and a yield-enhanced 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. The core bond portfolio also has a small allowance to invest in non-government bonds, which are expected to generate higher investment returns.

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 overall bond portfolio performance is shown below:



The portfolio outperformed the benchmark by 1.11% p.a. over the three-year period to 31 March 2024.

CORE BOND PORTFOLIO

The core bond portfolio underperformed the benchmark by 0.25% delivering a return of 7.86% over the three-year period. The additional yield (spread accrual) offered by the non-government bond holding was the biggest single positive contributor to performance. Spread accrual totalling 0.38% was marginally increased by a 0.06% contribution from the spread compression.

The interest rate position detracted 0.14% from relative performance. Sub-optimal sector allocation detracted 0.42%, which has been offset by base accrual gains of 0.28%.

YIELD-ENHANCED PORTFOLIO

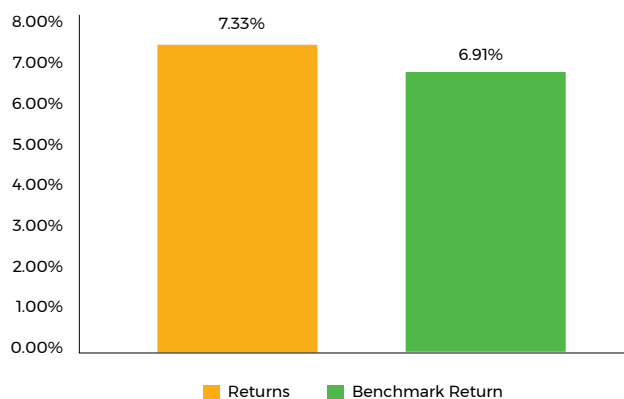
The yield-enhanced portfolio outperformed the benchmark by 1.45% delivering a return of 9.07% p.a. over the three-year period. The biggest contributor to positive performance was credit spread accrual although this was partially offset by unlisted credit revaluations.

The interest rate position contributed 0.04% to relative performance. The fund continues to rely on the use of derivatives, primarily through futures, to ensure alignment with the targeted 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.

3-YEAR ANNUALISED RETURN: PROPERTY



The portfolio outperformed the benchmark by 0.42% p.a. over the three-year period to 30 June. The following factors contributed to the portfolio's performance:

- **Retail sector performance:** Turnover growth in the retail sector remained muted in Q2 2024, as consumer spending continues to be constrained by high interest rates. Annualised trading density (ATD) growth stabilised at around 1.5%, with year-to-date turnover growth remaining flat. The depressed trading environment in KZN, particularly affecting Gateway (nearly half of portfolio turnover), was a significant factor. The Clur Retail Index, which tracks other large SA real estate investment trusts (REITs), reflected similar trends, showing a slowdown in ATD growth, with KwaZulu-Natal (KZN) being the only major province with a decline.
- **Portfolio vacancies:** Portfolio vacancies have stayed at 5.6% since March 2024. Despite active leasing efforts, this is attributed to the exit of four retail big-box tenants (accounting for 0.8% of portfolio GLA) and one industrial tenant (0.8% of GLA) at the end of February 2024. Retail space demand remained constrained due to high interest rates and pre-election uncertainty, though letting activity has shown recent improvement following a favourable Government of National Unity (GNU) outcome.
- **Rental growth:** Rental growth on lease renewals up to June 2024 reached +4.6%, primarily driven by the renewal at Gateway, which benefited from a step increase after lower terms during Covid. Retail rental reversions improved (-1.6% vs. -3.2% in 2023) and industrial reversions remained positive at +4.5%, supported by continued demand. These improvements signal the nearing end of the property sector's reversionary cycle.
- **Arrears management:** Despite tough economic conditions and low consumer sentiment pressuring tenant cash flows and increasing arrears, improved collections offset this rise. OMREHC saw a 40 basis point improvement in arrears as a percentage of annualised billings, now at 1.5%, aligning with industry norms. The focus on arrears management remains critical in the post-Covid recovery phase.

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

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.

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.

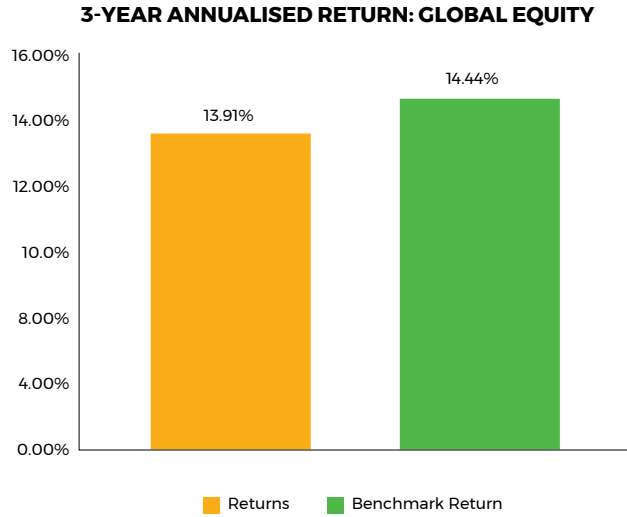
Barrow, Hanley, Mewhinney & Strauss: The manager provides value-oriented investment strategies across various international markets. Its equity portfolios are designed from the bottom up with a strong value underpin and tend to exhibit below-market price-to-earnings ratios, below-market price-to-book 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 in mind, 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.

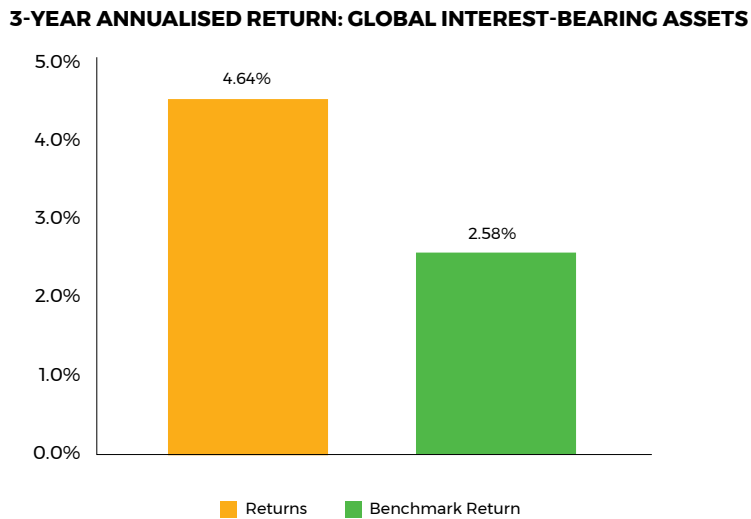
The overall global equity portfolio performance over three years, relative to its benchmark, is shown below:



The global equity portfolio underperformed its benchmark by 0.53% p.a. (gross of fees) over the three-year period.

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 2.06% p.a. over three years.

ALTERNATIVE ASSETS

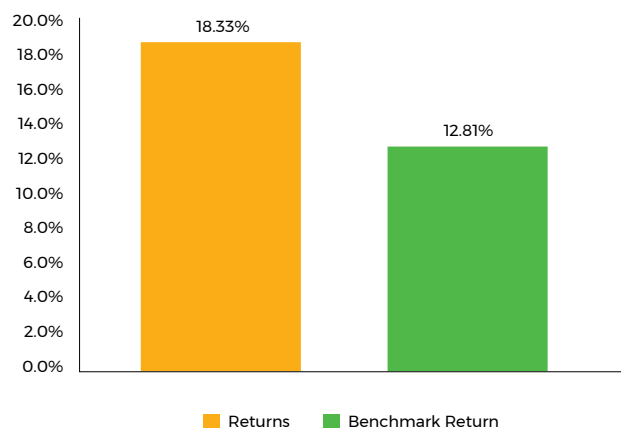
The alternative asset portfolio includes:

- 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 accessed 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 PORTFOLIO

3-YEAR ANNUALISED RETURN: LOCAL ALTERNATIVES



The local alternative portfolio outperformed its benchmark by 5.52% p.a. over the three-year period.

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 outperformed its benchmark. The recovery in Actom and Tourvest and the value unlock on the sale of Consol are the main contributors.

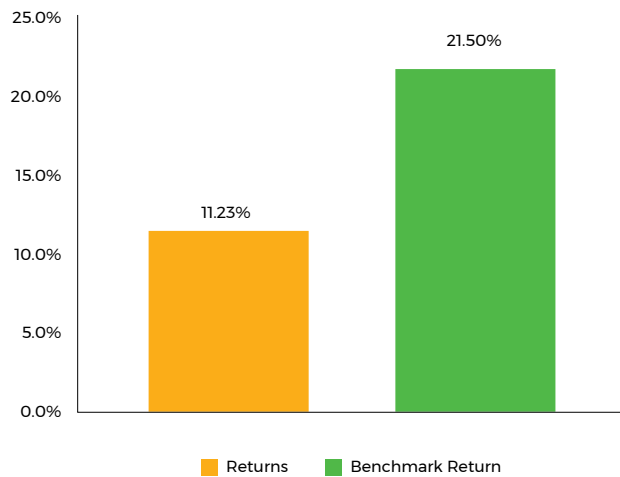
OMPE Fund IV - The fund outperformed the benchmark. Outside of the more general Covid-19 impact on the portfolio, there has been mixed performances across the portfolio.

OMPE Fund V - All portfolio investments have performed well as a result of the very effective execution of specific initiatives identified in the investment theses.

Despite a tough macro environment troubled by low growth, rising interest rates and disruptions due to load shedding, the vast majority of the underlying businesses across the OMPE funds delivered strong earnings growth.

GLOBAL PORTFOLIO

3-YEAR ANNUALISED RETURNS: GLOBAL ALTERNATIVES



The global alternative asset portfolio underperformed its benchmark by 10.27% p.a. over the three-year period.

The objective of this portfolio is to deliver long-term real returns that significantly exceed the US CPI.

The global alternative assets' poor performance extends across all global alternative subclasses. Furthermore, the subpar performance has been exacerbated by negative returns in certain international private equity investments and African infrastructure investments.

FOF I is nearing the end of its life, with exposure to public market volatility. However, since-inception returns remain locked in and have outperformed the listed benchmark.

FOF II delivered steady performance, with the vast majority of the funds, bar two, generating double-digit internal rates of return (IRRs).

FOF III is trending towards a sustainable IRR and outperforming the benchmark. Strong US and technology exposure contributed to performance.

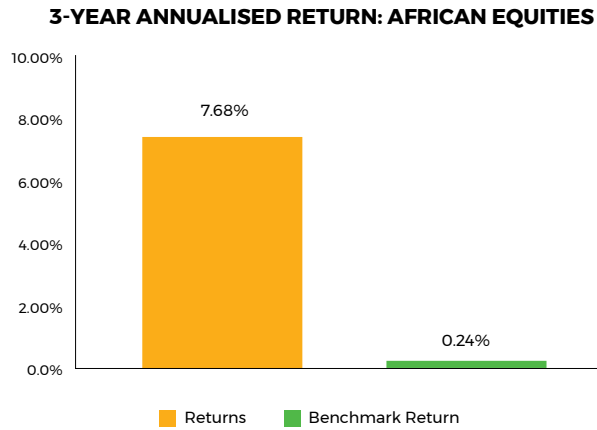
FOF IV has exited the J-curve, with since-inception returns turning positive. It still has material capital to deploy and follows a similar thematic approach to FOF III.

FOF V is currently in its deployment phase with no significant performance data yet.

AFOF underperformed expectations but still outperformed the listed 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.



African markets (excluding South Africa) in which the African listed equity portfolio invests, outperformed the benchmark by 7.44%. The top contributors were the overweight positions in Sonatel and United Bank for Africa and the underweight position in Safaricom. The top detractors were the overweights in HIS and Integrated Diagnostics and the underweight position in Attijariwafa.

OLD MUTUAL SMOOTHED BONUS FUNDS DISCLOSURE REPORT QUARTER 2 2024

SMOOTHED BONUS PRODUCTS: PERFORMANCE

Product	Apr 2024	May 2024	Jun 2024	Performance over Periods to 30 June 2024 (Annualised except *)					Risk Analysis (Based on three-year Performance)		Max Drawdown ¹ (Based on a three-year period to June 2024)	Fund Size (R million)
				Quarter*	1 year	3 years	5 years	10 years	Annualised Volatility	Return/Risk		
Growth-focused Portfolios												
Absolute Smooth Growth	0.95%	0.96%	0.96%	2.90%	11.46%	11.14%	8.88%	8.45%	0.56%	18.5	0.35%	69 681.85
Absolute Smooth Growth (2009 Series) ²	0.95%	0.96%	0.96%	2.90%	11.46%	11.14%	8.88%	8.45%	0.56%	18.5	0.35%	
Absolute Smooth Growth (2020 Series) ³	0.95%	0.96%	0.96%	2.90%	11.46%	11.13%						
Absolute Stable Growth	0.91%	0.92%	0.92%	2.78%	10.94%	10.64%	8.39%	7.96%	0.56%	17.7	0.31%	83 025.05
Absolute Stable Growth (2009 Series) ²	0.91%	0.92%	0.92%	2.78%	10.94%	10.64%	8.39%	7.96%	0.56%	17.7	0.31%	
Absolute Stable Growth (2020 Series) ³	0.91%	0.92%	0.92%	2.78%	10.94%							
Guaranteed Fund	0.33%	0.33%	0.33%	0.99%	4.00%	7.96%	7.37%	8.54%	0.78%	10.0	0.33%	1 409.80
Protection-focused Portfolios												
Absolute Secure Growth	0.76%	0.77%	0.77%	2.32%	8.96%	8.64%	6.87%	6.35%	0.57%	14.3	0.14%	78.67
Absolute Secure Growth (2009 Series) ²	0.76%	0.77%	0.77%	2.32%	8.96%	8.64%	6.87%	6.35%	0.57%	14.3	0.14%	
Absolute Secure Growth (2020 Series) ³	0.76%	0.77%	0.77%	2.32%	8.96%							
CoreGrowth 100	0.72%	0.73%	0.76%	2.23%	9.17%	8.55%	7.75%	7.91%	0.23%	43.0	0.55%	6 223.63
CoreGrowth 90	0.79%	0.80%	0.84%	2.45%	10.15%	9.55%	8.76%	8.92%	0.23%	47.5	0.63%	2 804.58
Other Indices and Comparative Performance												
Local Equities (JSE ALSI)	1.80%	2.11%	4.08%	8.19%	9.14%	10.96%	10.57%	8.18%	14.48%	0.8	-13.39%	
Local Bonds (BEASSA ALBI)	-5.09%	7.61%	5.24%	7.49%	13.73%	7.62%	7.82%	8.21%	9.06%	0.8	-6.92%	
Local Cash (STeFI) ⁴	-7.18%	9.22%	0.67%	2.06%	8.55%	6.48%	6.06%	6.57%	6.89%	0.9	-7.18%	
Rand/Dollar	-2.04%	2.72%	-3.17%	-2.56%	-3.48%	8.42%	5.23%	5.52%	12.60%	0.7	-9.39%	
Consumer Price Index (CPI)	0.26%	0.17%	0.09%	0.52%	5.10%	5.95%	4.98%	4.85%	0.00%	N/A	N/A	
Typical Balanced Fund (Large Global) ⁵	Not comparable over the short term					11.19%	10.48%	8.35%	8.16%	1.4	-5.02%	
Typical Balanced Fund (Conservative Global) ⁶	Not comparable over the short term					10.00%	9.42%	8.49%	5.81%	1.7	-3.20%	

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
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 DISCLOSURE REPORT QUARTER 2 2024

	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
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 JUNE 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 DISCLOSURE REPORT QUARTER 2 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	Targets similar return to a broadly balanced market-linked fund over the long term, less the guarantee charge				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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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

