

OLDMUTUAL

OLD MUTUAL SMOOTHED BONUS FUNDS

QUARTERLY REPORT
QUARTER 3



CORPORATE

DO GREAT THINGS EVERY DAY

MARKET UPDATE – LOCAL AND GLOBAL ECONOMIC OVERVIEW 03

Johann Els – Chief Economist: Old Mutual Group Strategy

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

PRODUCT ARTICLE – 5 KEY ADVANTAGES OF OLD MUTUAL’S SMOOTHED BONUS PORTFOLIOS 05

Old Mutual Corporate

In this article we outline the key advantages presented by Old Mutual’s Smoothed Bonus offerings.

PERFORMANCE UPDATE – UNDERLYING PERFORMANCE AND POSITIONING 07

Tristan Lewis – Senior Actuarial Specialist: OMiX Savings and Income

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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GLOBAL AND LOCAL ECONOMIC OVERVIEW - QUARTER 3 OF 2024



Johann Els
Chief Economist:
Old Mutual Group Strategy

GLOBAL ECONOMY

The third quarter finally brought rate cuts in the U.S. and more significant policy support in China. Unfortunately, these measures arrived later than expected. The Fed's rate cut, anticipated for the July policy meeting, only materialised in September. Following that, China's central bank introduced a series of support measures, including rate cuts and equity market interventions, also in late September.

Globally, the soft-landing scenario has largely been playing out over the last few months, particularly in the U.S. economy. However, recession risks are rising in the U.S., contributing to growing market anxiety, while in China, investors are increasingly concerned about significantly weaker growth than the 5% target set by authorities.

The JP Morgan Global Purchasing Managers' Index (PMI), which surveys manufacturing and services managers, declined over the past few months. Although the overall index remains in expansionary territory, largely due to relatively stable performance in the services sector, manufacturing conditions have deteriorated sharply into recessionary territory. This weakness in manufacturing will likely exert pressure on the services sector as well.

In the U.S., a range of data points to further economic downturns. In addition to weaker manufacturing and housing conditions, consumer confidence has declined further, and the leading indicators index has been in steady decline since early 2022. Labour market indicators have also softened in recent months, although the September data surprised on the upside. Overall, the economy's slowdown from 2% growth in the first half of 2024 to an expected 1% in the second half increases the risk of recession. Despite this, I still believe a soft landing in the U.S. is the most likely outcome, even if it includes a short, shallow recession.

The Fed's significant 50 basis point rate cut seems designed to achieve just that—a soft landing for the economy. Slowing growth, increased recession risk, and a relatively sharp short-term easing in inflation likely influenced the Fed's decision to start the rate-cutting cycle with a substantial reduction. While U.S. inflation, measured by metrics such as the CPI and the Fed's preferred PCE deflator, remains above the 2% target year-on-year, the Fed likely prioritised protecting the labour market and preventing a deeper recession by acting early and decisively.

The outcome of the U.S. elections - a Republican clean sweep of the presidency and both chambers of Congress - paves the way for President-elect Trump's policy agenda. However, with only a slim majority in the House of Representatives and a historically divided caucus, progress may face challenges, as seen over the past two years. New US policies will likely be inflationary over time. However, the Fed cut rates again in November, stating that it will model the potential impacts of Trump's policies only after they are implemented and will adjust its stance accordingly.

Meanwhile, the Chinese economy continued to slip during the third quarter, with inflation hovering around zero, sustaining deflationary risks. After the Fed's rate cut, the People's Bank of China responded with a larger-than-expected policy support package, including rate cuts and measures aimed at bolstering the property and equity markets. While this policy easing may not be sufficient to drive economic growth closer to the 5% target for 2024, it does reduce further downside risks. Additional policy easing, likely in the form of tax cuts and fiscal spending support, will be necessary. Chinese growth is expected to hover around 4.5% in 2024.

Rate cuts in the U.S., coupled with stronger growth in emerging markets compared to developed economies, are expected to lead to a shift toward global risk-on trade, favouring emerging markets. This dynamic, along with U.S. rate cuts and investment flows toward emerging markets, will likely result in a weaker U.S. dollar. Consequently, the South African rand is expected to recover against the weakening dollar. Some of these trends might turn out to be weaker than anticipated before the results of US elections.

SA ECONOMY

Despite numerous headwinds over recent years—including short-term challenges such as loadshedding, higher inflation, and rising interest rates—the Old Mutual Savings Monitor (which surveyed consumers before the elections) revealed a surprising improvement in consumer sentiment. Higher-frequency surveys in the third quarter showed similar encouraging results, with consumers' outlook on the country's economic position improving and their perception of their household finances being unexpectedly positive. The formation of the Government of National Unity also contributed to a welcome reduction in perceptions of political risk. The Bureau of Economic Research at Stellenbosch University's survey of political risk showed a sharp improvement in the third quarter.

Actual GDP growth for the second quarter, released in September, showed a modest improvement from an upwardly revised 0% in Q1 (initially reported as -0.1% quarter-on-quarter) to +0.5% quarter-on-quarter. Consumer spending surprised on the upside, and further support for consumers is expected from lower inflation, lower interest rates, and partial access to their retirement savings.

Forward-looking indicators, such as the whole economy and manufacturing Purchasing Managers' Indices (PMI), moved into expansionary territory, mirroring the Reserve Bank's Leading Indicator Index, which has been trending upward in recent months. These indicators suggest continued growth improvement in the coming quarters. I expect GDP growth in 2024 to be around double the 0.6% recorded in 2023, with a further uplift to about 2.2% in 2025.

Inflation has also surprised strongly to the downside in recent months. Headline inflation eased to 3.8% in September and 2.8% in October - down from 5.2% in the second quarter. Without recent petrol price cuts, the headline inflation rate would have been 3.2% by October. Other notable downward surprises included food, health (primarily medical products), and consumer goods such as vehicles, furniture and appliances, and recreational equipment.

This data likely represents the low point in the current inflation cycle. However, the anticipated upward trend in the coming months is expected to be gradual and moderate. I forecast headline inflation to reach approximately 3.5% by December/January and remain at similar levels through March/April of next year. By June/July, inflation is projected to stabilise within a range of 3.5% to 4%.

Despite these improvements, the Reserve Bank opted for a modest 25 basis point rate cut in September. Conditions were already in place for a rate cut in July, with two of the five MPC members aligning with my view. By the September MPC meeting, the data clearly supported a 50 basis point cut.

Despite a clear opportunity to cut rates by 50 basis points in November, the MPC opted for a more conservative 25 basis point rate cut. This decision leaned hawkish, especially considering the notable shift in tone between the September and November meetings, despite a sharper-than-expected decline in inflation. In September, the statement had a dovish tone, and a 50 basis point cut was under active consideration. By November, the tone turned unexpectedly hawkish, and a 50 basis point cut wasn't even discussed. This inconsistent messaging from the MPC feels perplexing—especially since in September, maintaining an unchanged rate stance was also debated.

5 KEY ADVANTAGES OF OLD MUTUAL'S SMOOTHED BONUS PORTFOLIOS

Are you an intermediary working with a client considering what retirement vehicle to invest in? Do your clients want aggressive or conservative investment strategies? Do they prefer guarantees or lower fees?

With these portfolios, they can have their cake and eat it. Here are five key advantages of Old Mutual's smoothed bonus portfolios.

1. THEY CATER FOR AGGRESSIVE AS WELL AS CONSERVATIVE INVESTORS

Old Mutual's smoothed bonus solutions are divided into two risk groups, the Absolute Growth and Core Growth Portfolios, to cover the full risk appetite spectrum. The Absolute Growth Portfolios, or AGP, have target ranges between CPI + 4.5% and 7%, with an 83% exposure to equity, property and alternatives. This high exposure to growth assets works well for the more aggressive investor or those who still have a long time before retirement.

The Core Growth Portfolios (CGP), on the other hand, target a lower CPI + 2% to 5%. These portfolios invest 61% in growth assets, and their more conservative approach is well-suited to investors who want to be less aggressive or those who are nearing retirement.

2. THEY DELIVER TOP-TIER PERFORMANCE

Old Mutual's smoothing products comprise 80% of the South African smoothing market share, with roughly R180 billion of funds under management. The flagship portfolio in the range, Absolute Smooth Growth, has consistently outperformed its smoothed bonus peers in five- and 10-year comparisons.

The same goes for Core Growth 90, with its bonuses also ranking well above similar portfolios in each year of comparison.

The reason for this success, especially for the Absolute Smooth Growth, is that the underlying portfolio driving the performance is significantly more aggressive relative to the typical smooth bonus portfolios in the market, with 10% to 20% more exposure to growth assets. Intentionally targeting this growth asset exposure has consistently delivered strong returns and will likely continue doing so in the future.

The bonus performances also speak to the strong performance of the underlying portfolios overall, since the key driver of success over the long term is underlying returns. These underlying balanced funds have therefore also significantly outperformed their competitors. All in all, members are getting a materially better outcome by investing in AGP, or CGP, particularly over the long term, given the delivery of returns from the underlying portfolio.

3. ACCESS TO ASSETS NOT MANY OTHER FUNDS ENJOY

A key differentiator of Old Mutual's smoothed bonus funds, relative to other balanced funds, is a generous investment in alternative assets – locally and offshore. These assets include impact investments in infrastructure and private equity, a very popular space right now that's generating very strong returns, and in some instances, private equity investments have generated internal rates of return in excess of 40% on an annualised basis.

Accessing these types of private equity investments at the onset of the investment during the capital raising period, as is the investment strategy behind our portfolios, allows them to enjoy great returns over the long term. Past examples of successful investments include Consol (which was sold to Ardagh Group) and Sorbet (which was sold to Clicks).

4. GUARANTEES PROTECT MEMBERS' INVESTMENTS

Both AGP and CGP include investment guarantee options, which means investors can choose to have from 50% to 100% of their investment protected against market downturns. These guarantees also speak to the type of investor the portfolios are suited to, with CGP offering up to 100% guarantees and AGP providing up to 80% of fund value guarantees.

In practical terms, that means a member who has invested R100 000 into AGP Stable, with its 80% of fund value guarantee, will leave with no less than R80 000 (when exiting due to a guaranteed benefit event e.g. retirement or death, among others) regardless of how low the markets are when they cash out. Similarly, if their investment grows to R150 000, they'll leave the portfolio with no less than R120 000, even during a market slump.

5. ACTIVE MANAGEMENT AND SMOOTHING AT LOW FEES

With higher targets and large growth asset exposure, AGP charges very competitive fees. These fees remain low for what investors get in return. AGP Smooth, for example, has a total investment charge of 85 basis points (on the Old Mutual SuperFund platform) – something very few other balanced funds, or any funds in the retirement space, can charge while providing a similar exposure to growth assets as well as the protection of smoothing. It's kind of like having your cake and eating it, too.

Comparing the investment management fee and capital charge (75 basis points) with the AlexForbes Manager Watch™ survey, other funds may charge as high as 1%, without the benefit of smoothing to protect a member's investment along their journey. When considering total investment charges, the difference between AGP's 85 basis points and competitors becomes even more stark, making its key advantages all the more compelling.

UNDERLYING ASSET PERFORMANCE AND POSITIONING



Tristan Lewis
Senior Actuarial Specialist

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 September 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 30 September 2024 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	48.2%	45.5%	28.7%	26.0%	40.2%	37.5%
Local Interest-bearing Assets	9.2%	13.0%	28.5%	32.5%	16.4%	21.0%
Local Alternative Assets	9.1%	7.0%	9.2%	7.0%	9.3%	7.0%
Property	5.8%	6.5%	5.8%	6.5%	5.8%	6.5%
Global Equities	16.9%	19.5%	14.1%	16.8%	16.0%	18.5%
Global Interest-bearing Assets	3.6%	4.0%	6.4%	6.8%	4.8%	5.0%
Global Alternative Assets	6.1%	3.5%	6.1%	3.5%	6.3%	3.5%
African Equities	1.2%	1.0%	1.2%	1.0%	1.3%	1.0%

OLD MUTUAL SMOOTHED BONUS FUNDS DISCLOSURE REPORT QUARTER 3 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 September 2024, MacroSolutions' tactical asset allocation resulted in a return of 0.27% p.a.

The biggest single detractor has been our position in global equity. Short positions held in US equities proved to negatively affect the fund as markets have been rallying strongly over this period. These underperforming securities have been unwound and replaced with newer value-adding instruments such as MSCI World protection and long value futures. Other long-term detractors have been global derivatives, domestic equities and bonds.

The biggest positive contributor in this space has been our underweight position in global bonds, followed by local equity hedging.

MARKET INDICATORS

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

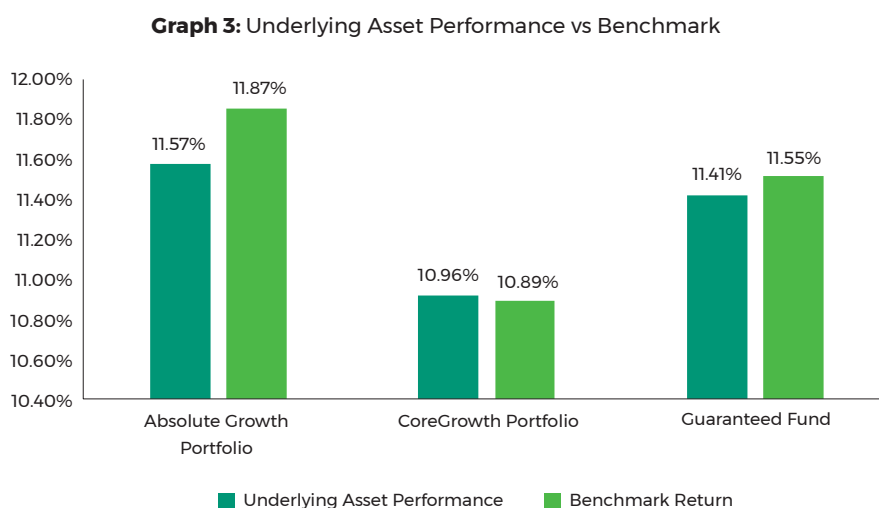
Table 2: Market Indices Performance

	3 months	1 year	3 years	5 years	10 years
SA Equities					
JSE AllShare (3203T)	9.61%	23.92%	14.73%	13.67%	9.41%
JSE Capped SWIX (3433T)	9.62%	25.40%	12.36%	11.92%	7.56%
ISE Top 40 (3200T)	8.62%	22.08%	14.79%	13.94%	9.45%
JSE FINI (3580T)	14.33%	39.85%	18.21%	11.36%	8.40%
ISE INDI (3257T)	11.64%	25.15%	15.50%	13.46%	9.07%
ISE RESI (3210T)	-1.10%	3.11%	4.25%	11.02%	5.36%
ISE Midcaps (3201T)	10.95%	28.94%	10.70%	10.24%	7.51%
ISE Smallcaps (J202T)	15.59%	37.47%	18.09%	19.33%	9.63%
ISE All Property Index (3803T)	19.14%	50.97%	15.34%	5.05%	3.07%
SA Bonds					
ALBI	10.54%	26.14%	11.14%	9.84%	9.06%
Global Equities					
MSCI ACWI (Net)	0.61%	20.51%	13.09%	15.10%	14.10%
MSCI EM (Net)	2.60%	15.30%	5.05%	8.50%	18.51%
Global Property Bmark	9.54%	17.87%	5.03%	4.02%	8.72%
SA Cash					
STeFI	2.07%	8.55%	6.86%	6.11%	6.62%
Inflation & Forex					
SA CPI	5.27%	9.66%	-4.41%	2.58%	-4.18%
ZARUSD	0.61%	4.41%	5.61%	4.96%	4.93%

Currency: ZAR

UNDERLYING ASSET PERFORMANCE AGAINST BENCHMARKS

Over the three-year period ending 30 September 2024, Core Growth was the only Smoothed Bonus Fund to outperform its benchmark. Both the Absolute Growth Portfolio and Guaranteed Fund have underperformed relative to their respective benchmarks, as shown in Graph 3 below.



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

LOCAL EQUITIES

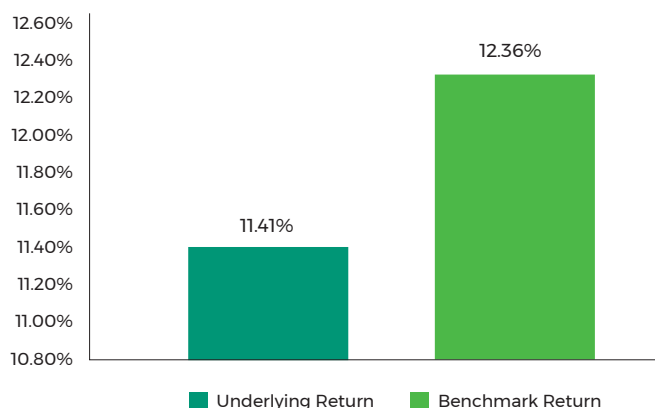
The local equity portfolio consists of a diversified portfolio of South African JSE-listed equities. This portfolio is designed to deliver consistent performance through different market conditions by combining an index-tracking portfolio with an active management component. The active part of the portfolio 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 4 below shows the portfolio composition.

Table 4: 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%

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 30 September 2024) in comparison to that index is shown below:

Graph 5: Local Equity - Underlying Performance vs Benchmark



The local equity portfolio underperformed the benchmark by 0.95% over the three-year period to 30 September 2024.

FUNDAMENTAL EQUITY

- The fundamental equity portfolio underperformed the benchmark by 1.43% delivering a return of 10.93% over the three-year period ending 30 September 2024.
- Over the 3-year period the largest positive contributor to the fund's outperformance was underweight holdings in mining shares – specifically Sibanye Stillwater, Anglo American and Amplats.
- MTN was another strong positive contributor. The fund benefited from MTN's strong recovery following the implementation of a turnaround strategy. Subsequently the holding was reduced as we noted concerns around the Nigerian economy.
- The chief detractors during the three-year period were Transaction Capital, 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.
- As a low-cost producer with the best growth profile, we favoured Northam Platinum over the other PGM miners and Northam outperformed the weaker PGM miners on a relative basis. Against the benchmark, Northam still detracted over the 3 year period.
- Netting off positive and negative contributions from mining shares shows an overall positive impact, with underweight positioning in the PGM sector the largest component.

PREMIUM EQUITY

- The premium equity portfolio underperformed the benchmark by 1.1% delivering a return of 11.5% over the three-year period ending 30 September 2024.
- Losses over this 3-year 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 continue to weigh heavily on market sentiment.
- At the end of September 2024, we had calls written over 19% of the fund. This came down from 41% at the end of June 2024.

MANAGED ALPHA

- The managed alpha portfolio underperformed the benchmark by 2.38% delivering a return of 9.98% over the three-year period ending 30 September 2024.
- The largest detractors came from the fund's average underweight position in the quality factor and the fund's average overweight position to the volatility and value factors. The fund benefited from its overweight position in the momentum factor.
- On a sector basis, the fund's largest deduction came from its average overweight position to consumer discretionary shares as well its average underweight position to materials and consumer staple shares. The fund however benefitted from its average overweight position in financial shares.
- On a stock basis the largest contributions came from the fund's average overweight position in Investec Plc and the fund's average underweight position to Sasol and Aspen. The largest stock deductions came from the funds average underweight to Richmont and Goldfields as the funds overweight position in Telkom.

OLD MUTUAL MULTI-MANAGERS

- The OMMM life equity portfolio underperformed the benchmark by 0.4% delivering a return of 12.0% over the three-year period ending 30 September 2024. The outperformance can largely be attributed to the performance of M&G and Coronation.
- **M&G** - The manager top 3 contributors were Investec, Prosus and Textainer. The top 3 detractors were MTN, GoldFields and Impala Platinum.
- **Coronation** - The manager top 3 contributors were Glencore, Prosus and We Buy Cars. The top 3 detractors were Transaction Capital, Naspers and BHP.
- **Ninety One** - The manager top 3 contributors were Sibanye, BHP and Richemont. The top 3 detractors were GoldFields, Impala Platinum and Woolworths.
- **Sentio** - The manager top 3 contributors were Prosus, Naspers and Gold Fields. The top 3 detractors were Harmony, Capitec and Impala Platinum.
- **Aeon** - The manager top 3 contributors were Prosus, BHP and Sibanye. The top 3 detractors were Impala Plaitnum, Mondi, and Super Group.
- **Excelsia & Camissa** - These managers have less than 3 years managing their respective mandates.

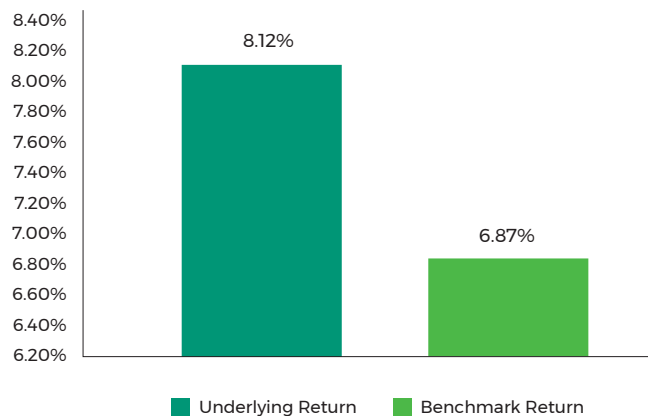
LOCAL INTEREST-BEARING ASSETS

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 1.25% delivering a return of 8.12% 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 30 September 2024 is shown in Graph 6 below

Graph 6: Local Money Market - Underlying Performance vs Benchmark



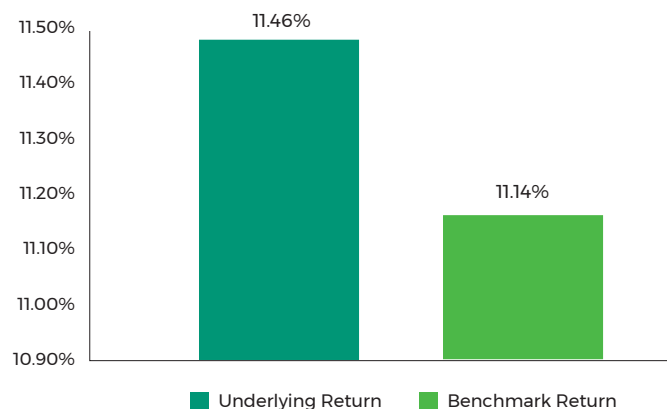
LOCAL BONDS

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 11.46% on an annualised basis, outperforming the benchmark by 0.33%.
- The additional yield (spread accrual) offered by the non-government bond holding was the biggest single positive contributor.
- Spread accrual totalling 0.31% was boosted by a 0.13% contribution from spread compression, resulting in a total contribution from credit enhancement of 0.43%.
- The fund's interest rate position detracted 0.11% from overall relative performance. Sub-optimal sector allocation detracted 0.39%, which was mostly offset by base accrual gains of 0.28%.
- The performance of the core bond portfolio relative to its benchmark as at 30 September 2024 is shown in Graph 7 below.

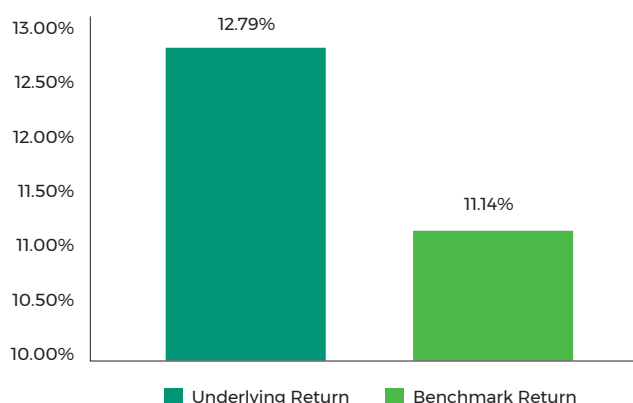
Graph 7: Core Bond Portfolio - Underlying Performance vs Benchmark



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 1.65%, resulting in a 3-year return of 12.79% 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 0.01% 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 25bps-80bps over time depending on available liquidity in the market.
- The performance of the yield-enhanced portfolio relative to its benchmark as at 30 September 2024 is shown in Graph 8 below.

Graph 8: 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

- Turnover growth (YTD August) increased further to 1.4%, following muted growth in the first months of the year (where YTD growth in April was less than 0.1%).
- The smooth conclusion of elections and announcement of a GNU (government of national unity) was well received and improved consumer sentiment, along with declining inflation (and anticipated interest rate cuts) with more positive loadshedding outlook.
- Apparel retailers (which form the largest share of Retail tenants at c.24% of gross lettable area) were up 10.6% (y/y) in August - although the sector has particularly struggled this year, an improvement is expected given the rise in consumer sentiment and spending boosted by the two-pot retirement system. There has been an indication by SARS that Far Eastern online retailers will have to start paying more realistic rates of VAT and import duty, which should also bode well for local apparel tenants.
- Portfolio vacancies declined by 0.4 percentage points to 5.2% between June 2024 and August 2024, due to significant letting activity in the Retail portfolio - particularly of a big box unit at Gateway that accounts for 0.3% (or 2 392m²) of portfolio area. Remaining big box tenants continue to account for a large share of the vacancy (c1.4% of portfolio GLA). Half of this is attributable to an industrial tenant who vacated at the end of February 2024, while the other 0.7% is due to Retail big boxes. However, as at October we are in final contracting stages for another Retail big box space (1 883m² at Cavendish) and have received interest for the Industrial vacancy.

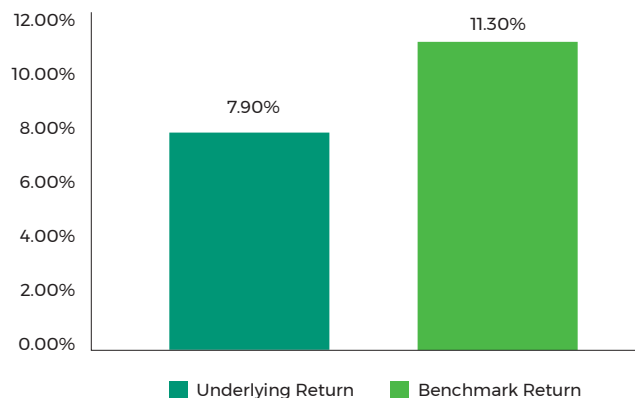
- Rental reversions (i.e., change in rentals on renewals) for 2024 YTD August is +4.4%, with all sectors ahead of budget. Retail reversions as at the end of August 2024 was +0.2% and provide encouraging sentiment that the budgeted reversion of -2.6% will be met at year-end and that the property sector is nearing the end of its reversionary cycle. Office (-3.1% YTD July) demand continues to be constrained with hybrid working and office utilisation trending lower. Lower rents are negotiated to retain tenants in an over supplied office market.
- Tenant collections at 98.5% of annual billings, which is in line with fund target and external benchmark.

NON-SA PORTFOLIO

- The largest component of the non-SA exposure is our investment in Lions Head, an Eastern European office platform. The Non-SA portfolio is on budget.
- Other positive contributors were key KPIs including low vacancies of 6.9%, strong collections of 100% of rental income and positive rental growth.
- After undergoing a capital raise in August, the outlook and prospects for our 6.9% shareholding in Regional REIT (a UK based and LSE listed company with niche exposure to secondary decentralised offices in the UK) has substantially improved with low levels of gearing (41% post-capital raise), a more conservative dividend policy and capital available for capex initiatives. The shares currently trade at 12-month forward dividend yield above 8% (in sterling).

The direct property portfolio underperformed the benchmark by 3.4%, resulting in a return of 7.9% over the three-year period to 30 September 2024. This is shown in Graph 9 below:

Graph 9: 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 10 below sets out the portfolio composition.

Table 10: 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 transitioning 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:

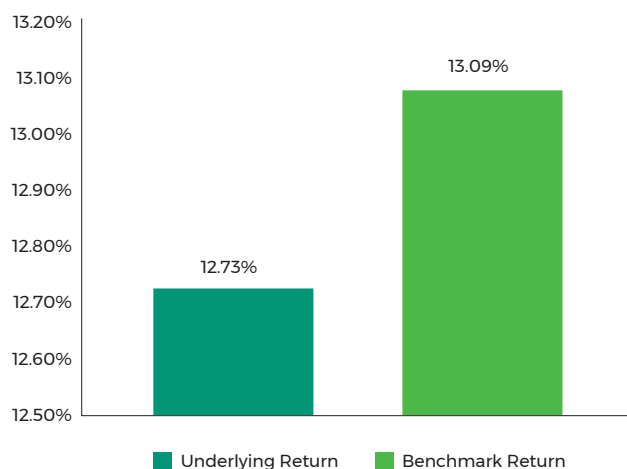
- Fiera Capital is a growth-oriented manager that seeks to exploit opportunities in quality growth companies with high returns and supportive intrinsic valuations.
- Investments are made with a long-term horizon, which leads to low portfolio turnover.

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 relative to its benchmark by 0.36%, resulting in a three-year return of 12.73% p.a. This is shown in Graph 11 below:

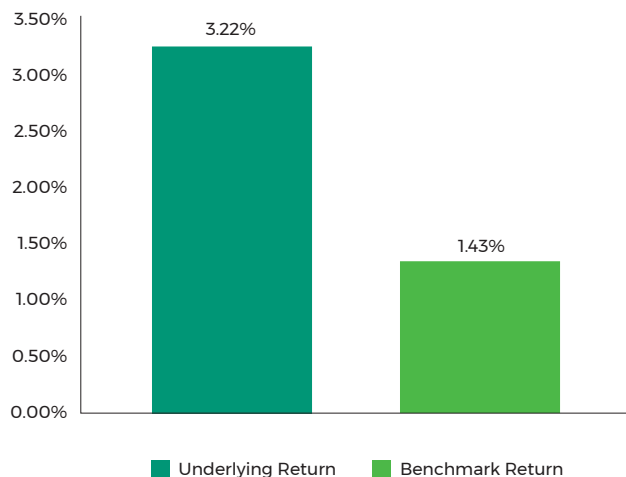
Graph 11: Global Equity - Underlying Performance vs Benchmark



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 1.79% p.a. over three years.

Graph 12: Global Interest-Bearing Assets - Underlying Performance vs Benchmark



ALTERNATIVE ASSETS

The alternative asset portfolio includes:

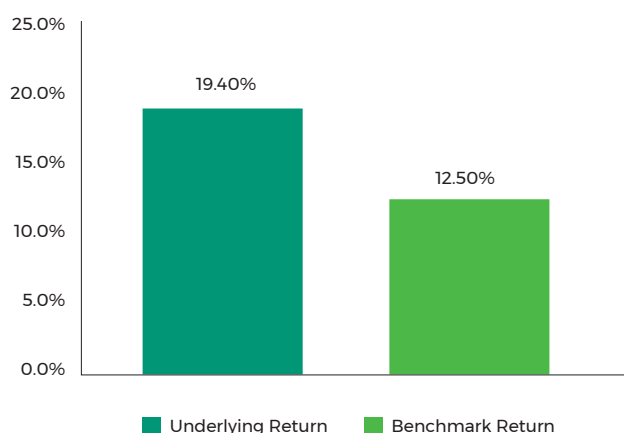
- Exposure to **private equity**, both within South Africa and globally. Local private equity exposure is mainly achieved via direct investment into local private equity funds. Global private equity exposure is accessed through investment into fund of funds structures.
- **Infrastructure investments** 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 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 3-year period compared to SWIX which is up 12.0% over this time. The recovery in Actom and Tourvest and the value unlock on the sale of Consol, has boded well for the Fund over the last three years.
- **OMPE Fund IV:** The Fund is up 8.6% (7.4% net) over a 3-year period compared to SWIX of 12.0%. We see value unlock over the next 24 months as we exit the portfolio.
- **OMPE Fund V:** The Fund is up 41.7% (40.0% net) over a 3-year period compared to SWIX of 12.0%. All portfolio investments have performed well as a result of specific initiatives identified in the investment theses being executed on very well by aligned and incentivised management teams.
- The local alternatives portfolio outperformed the benchmark by 6.9%, resulting in a return of 19.40% over the three-year period to 30 September 2024. This is shown in Graph 13 below:

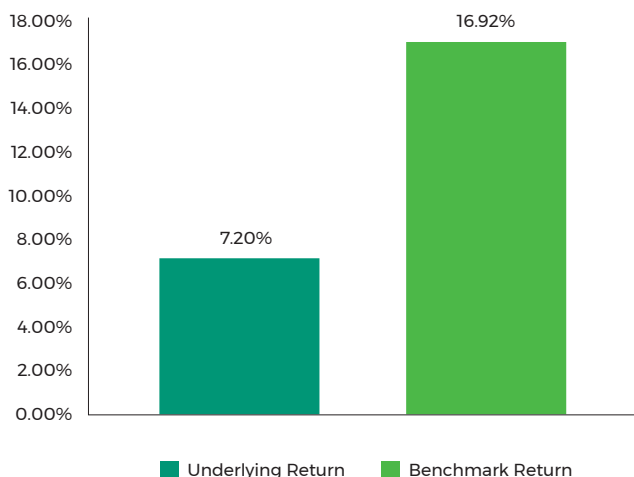
Graph 13: Local Alternatives - Underlying Performance vs Benchmark



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 NAV is exposed to the volatility in global public markets. The fund is however 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 \$14.4 million
- **FOF II** has delivered steady performance with the since-inception performance above the listed comparable benchmark. The Portfolio Funds' fundamentals remain healthy and majority of funds are delivering double digit IRRs.
 - Fund NAV decreased by \$58.5 million
- **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 U.S. and mature technology focused Portfolio Funds has supported the strong investment performance.
 - Fund NAV increased by \$56.4 million
- **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 Q3 saw an increase in activity around capital calls in this regard.
 - Fund NAV increased by \$187.1 million
- **FOF V** is still in its deployment phase and performance is not meaningful at present.
- **AFOF**, focussed on African funds, has underperformed expectations but has maintained its outperformance against the listed comparable benchmark since inception
 - Fund NAV decreased by \$1.2 million
- The global alternatives portfolio underperformed the benchmark by 9.72%, resulting in a return of 7.20% over the three-year period to 30 September 2024. This is shown in Graph 14 below:

Graph 14: Global Alternatives - Underlying Performance vs Benchmark

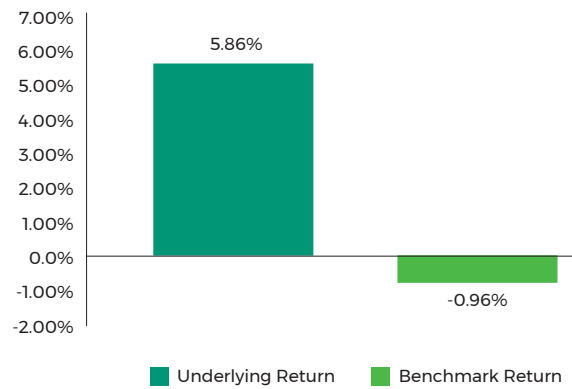


AFRICAN LISTED EQUITY

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, where the fund has significantly outperformed.

Graph 15: African Equities - Underlying Performance vs Benchmark



OLD MUTUAL SMOOTHED BONUS FUNDS DISCLOSURE REPORT QUARTER 3 2024

SMOOTHED BONUS PRODUCTS: PERFORMANCE

Product	Jul 2024	Aug 2024	Sept 2024	Performance over Periods to 30 September 2024 (Annualised except *)					Risk Analysis (Based on three-year Performance)		Max Drawdown ¹ (Based on a three-year period to Sept 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%	0.97%	1.01%	2.96%	11.57%	11.28%	9.24%	8.55%	0.56%	18.8	0.35%	87 394.73
Absolute Smooth Growth (2009 Series) ²	0.95%	0.97%	1.01%	2.96%	11.57%	11.28%	9.24%	8.55%	0.56%	18.8	0.35%	
Absolute Smooth Growth (2020 Series) ³	0.95%	0.97%	1.01%	2.96%	11.57%	11.26%						
Absolute Stable Growth	0.91%	0.93%	0.97%	2.84%	11.05%	10.77%	8.74%	8.05%	0.56%	18.0	0.31%	86 018.94
Absolute Stable Growth (2009 Series) ²	0.91%	0.93%	0.97%	2.84%	11.05%	10.77%	8.74%	8.05%	0.56%	18.0	0.31%	
Absolute Stable Growth (2020 Series) ³	0.91%	0.93%	0.97%	2.84%	11.05%							
Guaranteed Fund	0.33%	0.33%	0.33%	0.99%	9.94%	10.15%	8.92%	9.40%	0.57%	16.8	0.33%	1 474.03
Protection-focused Portfolios												
Absolute Secure Growth	0.76%	0.78%	0.82%	2.38%	9.06%	8.78%	7.23%	6.45%	0.57%	14.7	0.14%	62.74
Absolute Secure Growth (2009 Series) ²	0.76%	0.78%	0.82%	2.38%	9.06%	8.78%	7.23%	6.45%	0.57%	14.7	0.14%	
Absolute Secure Growth (2020 Series) ³	0.76%	0.78%	0.82%	2.38%	9.06%							
CoreGrowth 100	0.77%	0.85%	0.88%	2.52%	9.50%	8.82%	7.96%	7.95%	0.25%	44.0	0.56%	5 737.91
CoreGrowth 90	0.85%	0.93%	0.95%	2.75%	10.47%	9.81%	8.97%	8.97%	0.25%	49.0	0.64%	2 737.99
Other Indices and Comparative Performance												
Local Equities (JSE ALSI)	1.30%	4.00%	4.04%	9.61%	21.04%	14.73%	13.67%	9.41%	14.27%	1.0	-8.01%	
Local Bonds (BEASSA ALBI)	3.55%	2.78%	3.86%	10.54%	23.24%	11.14%	9.84%	9.06%	9.28%	1.2	-5.09%	
Local Cash (STeFI) ⁴	0.56%	0.83%	0.67%	2.07%	9.26%	6.87%	6.12%	6.63%	6.89%	1.0	-7.18%	
Rand/Dollar	0.88%	-2.85%	-3.14%	-5.07%	-7.92%	4.63%	2.67%	4.35%	12.74%	0.4	-6.21%	
Consumer Price Index (CPI)	0.43%	0.09%	0.09%	0.61%	3.85%	5.56%	4.92%	4.81%	1.33%	N/A	N/A	
Typical Balanced Fund (Large Global) ⁵	Not comparable over the short term					12.10%	11.74%	8.95%	8.20%	1.5	-4.33%	
Typical Balanced Fund (Conservative Global) ⁶	Not comparable over the short term					10.46%	10.01%	8.80%	5.87%	1.8	-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
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 3 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
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 DISCLOSURE REPORT QUARTER 3 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

