



PRODUCTIVE CAPITAL

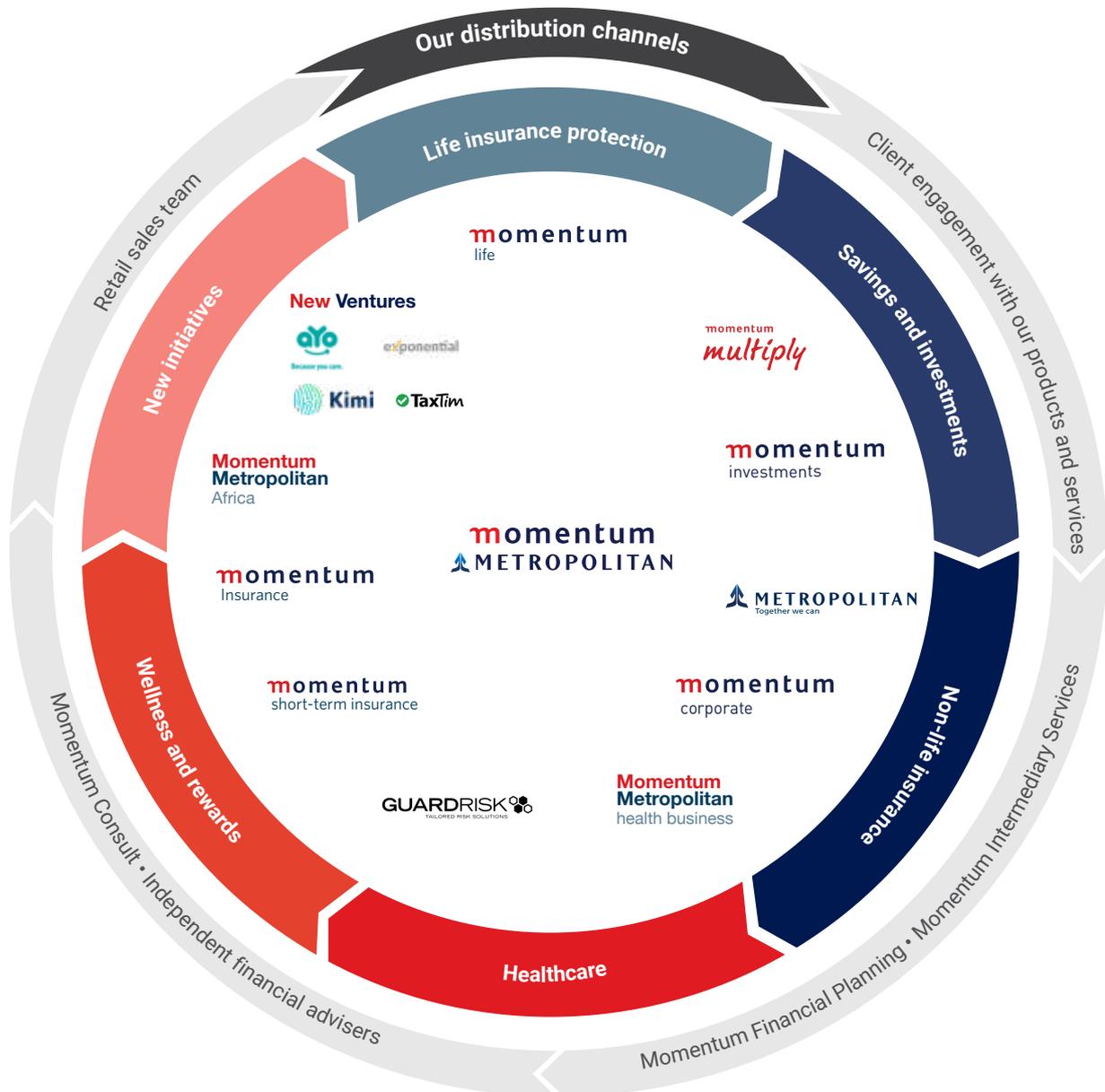


When South Africa went into lockdown on 26 March 2020, our usually busy offices and branches closed and 90% of our employees were working efficiently from their homes. Please refer to page 69 of intellectual capital for a review of how this was achieved, the challenges faced, the lessons learnt and the opportunities identified.

Most of our employees are still working from home, and according to our clients we provided great service while working from home and continue to improve service delivery.

The Covid-19 pandemic is making us rethink how we will work and what we will require in future in terms of infrastructure and services to continue to find ways to grow our business and create sustainable value for our stakeholders. No doubt, when we report to you next year the way forward will be much clearer. Please refer to financial capital for the financial impact of the Covid-19 pandemic.

Our business units have taken a number of steps to help their clients weather the financial impacts on them of Covid-19, many of whom have been unable to work, have found themselves without employment or with substantially reduced incomes.



MOMENTUM LIFE

Over
930 000
life policies
in issue

390 000
savings policies

Providing long-term

- protection through our Myriad policies
- savings through Investo and traditional product ranges
- financial planning assistance through Momentum Financial Planning
- estate administration and estate liquidity benefits through Momentum Trust.

Strategy	Objective	Progress
	Improve our service levels	Continued to improved our service but we are not yet where we want it to be. 
	Maintain service levels during lockdown	Feedback is that we are providing excellent services under challenging circumstances. 
	Establish full value chain business	Achieved. Firmly entrenched business model providing the resilience we needed to navigate Covid-19. 
	Product innovation	Myriad 2020 enhancements, new death income benefit, and introduction and enhancement of premium relief options in both protection and savings products. 
	Digitalisation and digital transformation	Good progress with the rejuvenation of our back-end systems to support our digital strategies.  Covid-19 helped us fast-track our digital transformation (see pages 83 and 84 of intellectual capital).

By driving the four key themes we committed to for 2019, which were to establish a strong commercial ethos, reignite competitive energy, build a strong culture of delivery and embed a culture of engagement, we were able to achieve our Reset targets and enhance our product offering and during 1H2020 we made good progress with our Grow strategy, with a 25% increase year-on-year in the value of new business. We were doing well with growing our business, increasing our gross profits and reducing expenses during 1H2020. While our lapse rates remained stable in the third quarter, the number of clients taking advantage of the relief measures we have offered has steadily increased. Despite the challenges following the Covid-19 lockdown our employees were enabled to effectively operate remotely.

Product enhancements

To assist our clients who are financially impacted, we were able to quickly and efficiently change the features of our protection products to offer our clients the option of taking a premium pause without negatively impacting their guaranteed insurability. We have enhanced the premium holidays available to our clients.

During the year the reigniting of our competitive energy manifested in a number of product enhancements.

Myriad protection product

We launched a new Complete Income Protector Benefit, introduced a world first Permanent Disability Enhancer rider benefit that gives clients a choice between

a monthly lump sum or combination payout for disability. We also introduced a new death income benefit that provides a regular income for beneficiaries while an estate is being finalised; and introduced new LifeStage premium patterns to more closely meet the affordability and sustainability needs of the life insurance cover that we provide to our clients. In addition, we introduced a tele-interviewing option for all new business applications to offer clients the privacy of providing their medical information via trained tele-interviewers rather than providing the information to an adviser, and also to improve the quality of disclosure for underwriting purposes.

Momentum Trust continued to make good progress with increasing its wills

business which grew by 10% year-on-year. Assets invested on the Momentum Wealth platform grew by 9% year-on-year.

The new Myriad death income benefit has been well received, with 200 policies sold in F2020.

Outlook

Our focus during F2021 will be on:

- establishing new Investo and Myriad client and adviser value propositions
- implementing the new growth strategy for Momentum Financial Planning
- the digitalisation of targeted value chain processes to enhance efficiency
- appropriate product rationalisation to reduce complexity.

Legend:  - green completed  - orange progress made

MOMENTUM MULTIPLY AND MULTIPLY MONEY


 Multiply Money helped clients save **R48 million** in F2020

- Momentum Multiply rewards its members for taking everyday steps towards their money, safety and fitness management

Strategy	Objective	Progress
	Improve service	<p>Momentum Multiply continued to receive very good service ratings and we enhanced our service offering to include web chat and WhatsApp, making us more accessible to both our clients and advisers, especially during the Covid-19 lockdown. We have also improved our social servicing through social media channels (see pages 8 and 9 of this report for information on what we did to support our clients during Covid-19). Voice of the client ratings are part of our remuneration model in the service environment and we have included the measurement of quality in these ratings.</p> <p>Multiply Money has had consistently high service levels and Voice of the client scores. Its App usability score of 75 is well above the industry norm of 68. During the year USSD was added as another way for clients to view and access their money.</p>
	Increase efficiency	<p>Momentum Multiply has replaced its core systems and changed how we integrate with business units. These changes have improved our client experience and we have built and launched a Momentum Multiply app.</p> <p>Multiply Money has focused on introducing new security features to ensure the protection of our clients' money. It also enhanced the stability of its operating systems.</p>
	Product innovation	<p>Momentum Multiply made good progress with adding new features including Weekly Wins that reward wellness efforts, increased our footprint and delivered increased value to our clients through our new partners (Clicks, Dis-Chem and Loot) and a Makro benefit. Increased personalisation of our fitness assessment. We also developed a Multiply app, the design of which is based on significant consumer testing.</p> <p>Multiply Money added features that allow deposits into Multiply Money, and a savings tracker feature now allows clients to set and track a savings goal, linked to their savings wallet. Clients can now move their money to their HealthSaver account and use these funds to make medical payments. Multiply Money features are all available on its app, and selected features are also available via USSD and the internet for clients who don't have smart phones.</p> <p>A strategic review of the Momentum Multiply business and its value proposition is under way, which has involved a product redesign.</p> <p>We have also made good progress with the next phase of Multiply Money.</p>
	Improve marketing	Made progress with increasing brand presence.
	Sales	<p>Momentum Multiply established its own direct sales channel, which has proved to be a significant source of sales. We still need to make more progress with sales of our product through the Momentum Metropolitan distribution channels.</p> <p>Multiply Money product sales and usage have exceeded targets.</p>

Momentum Multiply

During the year under review we made significant progress with a strategic review of the Momentum Multiply business, its value proposition and aligning it with the Momentum Metropolitan Group range of products. This has resulted in a significant change in how we will deliver value to our clients in future.

One of the most significant enhancements we made during the year was to our fitness assessment, which is an important part of our value proposition. We introduced a lot more rigour and new science and data into the way we do fitness assessments, which has improved

the experience for our clients and made it more consistent and more personalised by adjusting it to take into account age and gender. This has increased its accuracy.

Multiply Money

The first phase of the development of Multiply Money has been the savings wallet for Momentum Multiply cashbacks from rewards (offering the same competitive interest regardless of the amount in the wallet) and the HealthSaver Visa card. Both these products have done well, exceeding their targets. We are making good progress with the next phase of its development, which is to provide our clients with a digital account that helps our clients save more and spend smartly.

The integration of Multiply Money into the Momentum Metropolitan Group's ecosystem, which will be a focus for us in F2021, will provide us with the opportunity to capture outflows from the various business units.

The year ahead

Our focus in F2021 will be on ensuring we serve the individual needs of our clients and stakeholders, which includes being more specific in how we deliver value to both our internal clients (the Momentum Metropolitan Group's business units), our partners and external clients who use our products.

MOMENTUM INVESTMENTS

HedgeNews
Africa Award
for Best Fund
of Hedge
Fund

Won a Raging
Bull Award for
the Best Interest
Bearing Short-
term Fund

The investment markets have been significantly impacted by both the poor economic outlook (sovereign downgrade) and the impact of the Covid-19 pandemic. In these difficult times it has been key to communicate clearly and regularly with all our stakeholders and foster trust by delivering accurate services. These frank conversations put us on a firm footing to further improve these relationships going forward.

Serving our retail and institutional clients through a clearly-defined value proposition in all key segments of the South African adviser markets.

Strategy	Objective	Progress	
	Improve client service	We have achieved a significant improvement in our service levels.	
	Wealth platform fees	Gradually rolling out the new client fee basis to financial advisers through proactive engagement, which has gained us support from them frequently through increased sales.	
	Improve flows into own funds	Our specialist asset management capabilities attracted an even greater increase in the flow of funds into our own funds in F2020 than in F2019 and it was pleasing to see positive net flows into our wealth platform in F2020.	
	Product rationalisation	Clear strategy in place to remove unnecessary complexity, which we are implementing.	

Improving our trusted partner position

A major focus for us this year has been service delivery, including finding ways to improve the service experience of our clients, and partnering with financial advisers and helping them serve their

clients. We spent time during the year understanding how best we can grow support for our brand and we have made good progress in this regard. Some of the significant increase in the value of new business on the Momentum Wealth investment platform during 1H2020 can be attributed to the better support we

have received from financial advisers during F2020.

While by year-end we had seen some signs of a downturn, there was still a pleasing inflow of new business during the first three months of lockdown as we were protected to some extent from

the downturn by retirement moneys continuing to flow into the market.

We want to provide our clients with a service offering that is personal and delivered with empathy by someone who is knowledgeable and committed to solving problems for financial advisers and clients; as opposed to a transaction-driven call centre approach. The investment we made in the training and development of our employees and their commitment to service excellence resulted in a marked improvement in our service ratings and also the ratings of the quality of our service by both advisers and clients. The ability of our team to engage with empathy and help solve problems has been particularly well received during the remote working environment in place during the Covid-19 lockdown.

The experience we had during the Covid-19 lockdown highlighted the need for smooth digital processes (see page 83 of intellectual capital) since our digital capabilities were the only option available for client engagement. During the lockdown we quickly discovered the webinar alternative to conferences, which has proved very popular and made engagement between, for example, our UK portfolio manager and a client in Cape Town very quick and easy, whereas in the past the client would have expected a visit.

Helping investors make better decisions

We were able to leverage our research into investor behaviour to help our advisers and our clients understand how investors react in different market circumstances and what behaviours will detract from their

final investment outcome. By providing them with information on how to protect themselves from allowing their emotions to destroy value and ensure they stay the course and stick to their long-term investment plan, we have helped them protect themselves from making decisions that could cost them dearly, particularly in a period of extreme volatility such as the one that we have just experienced.

Our outcomes-based philosophy, supported by the Outcomes-based Investment (OBI) score, OBI analysis tool and OBI income tool enable advisers to select an appropriate portfolio of solutions for their clients.

A responsible approach to investing

We have a duty to invest responsibly on behalf of our clients and we do so by applying responsible investment and investment governance practices across all our savings and investment products (see page 116 of the social and relationship capital section of this report for information on the responsible investment codes and associations to which we are signatories or are members and our approach to investment governance). In 2020 we became the first South African insurance company to sign the Just Transition Global Investor Statement which commits us to ensuring that as we transition to a low carbon economy we engage with companies to ensure the transition produces inclusive and sustainable development.

The role of the Eris Property Group

Eris, a fully integrated property services company, manages shareholder and policyholder direct property exposures

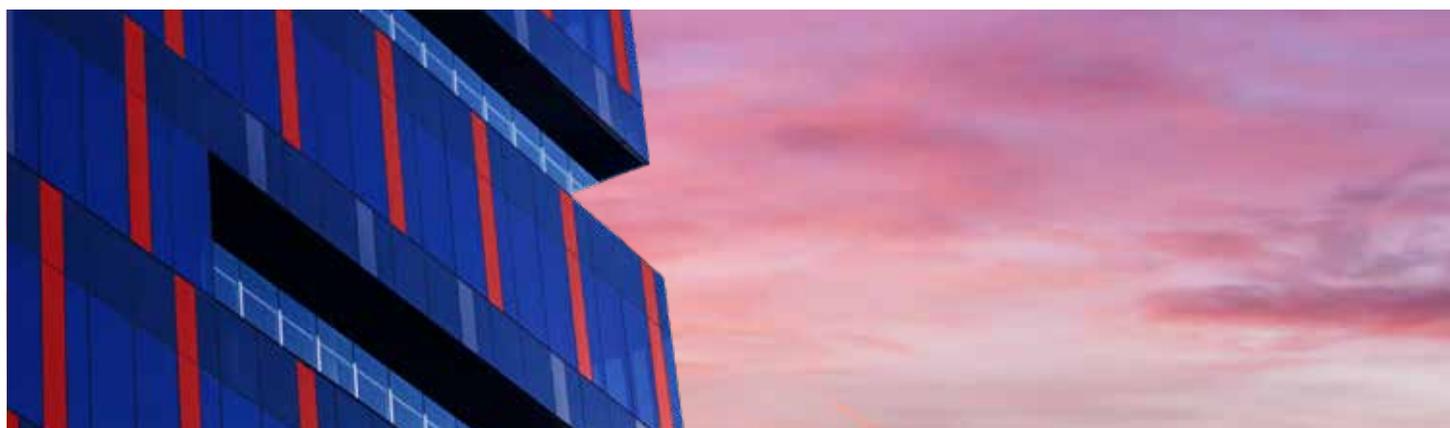
for the Group. The ability of its property management business to collect rentals has been severely impacted by Covid-19 and many property developments being put on hold.

Outlook

Going forward, while we have a responsibility to provide our clients with good returns on their investment, which requires that we deploy assets wisely, it is important that we invest these assets with a view to protecting jobs and businesses and building the manufacturing capability in the country.

We believe a unique opportunity exists as we recover from the Covid-19 pandemic to build the country, support its companies, protect jobs and deliver attractive investment returns to clients. We believe that government’s various growth initiatives should present good investment opportunities, delivering returns on the national imperative. Where we are uncomfortable with governance practices within state-owned entities, we actively engage to improve controls and will not provide financial support where we anticipate significant failings.

Covid-19 highlighted the importance of digital capabilities. As a result we will have an increased focus during the year ahead on the digital transformation of our business, ensuring that our processes and how we engage with the external world is digitalised. We expect that digital engagement will continue to be an important part of our engagement process going forward, and intend on using this transformation to introduce efficiencies.



THE DISTRIBUTION OF OUR PRODUCTS IS DRIVEN BY:

Momentum Financial Planning is our tied-agency distribution force operating under the Momentum Metropolitan Life Limited financial service provider (FSP) licence.

Momentum Consult is a stand-alone financial planning business operating under its own FSP licence.

Momentum Intermediary Services aims to be the preferred partner to independent financial advisers and to provide support services to them.

Momentum Direct Sales

Business units such as Momentum Short-term Insurance (MSTI) and Momentum Multiply make use of direct sales channels. Direct sales contribute approximately 45% of MSTI's sales. The Momentum Insurance agency force is also an important distribution asset, which previously worked mainly face-to-face, but now has been equipped to interact remotely using appropriate technology.

Strategy	Objective	Progress	
	Reshape Momentum Financial Planning	Good progress has been made in this regard, both in terms of recruiting and retaining financial planners. The inclusion of a digital advice and enablement platform was particularly important during the remote working environment under the Covid-19 lockdown (see intellectual capital page 83).	
	Reshaping distribution channels	The growth, and upskilling and development of the retail sales team has been effective with the efforts of Momentum Investments having a positive impact on IFA support. MSTI's digital online new business quoting capabilities for intermediary community proved extremely resilient during the Covid-19 lockdown. Feedback on the provision of digital access for IFAs and brokers in the form of WhatsApp facilities, etc, during remote working was positive.	
	Grow productive IFAs	Momentum Investments' focus on re-establishing its partnership with IFAs and providing them with the support they need to service their clients has resulted in good progress in IFA support for the Momentum brand. See page 70 for investment in training and development to improve service approach.	
	Increase flows into own funds	Very good progress has been made in this area (see Momentum Investments on page 69 for information).	

The challenges of Covid-19 for our distribution channels

The advent of Covid-19 has been particularly challenging for those employed in our distribution channels, especially those newly employed in our MFP sales channel who have not yet had the opportunity to establish relationships with clients and now have to try and do so working remotely. Even our experienced advisers have found it very challenging to operate remotely. Where possible, we have implemented some minimum guarantees on remuneration to support their income level during this difficult period.



METROPOLITAN LIFE

Over

2.1

million life policies in issue

Annual Premium Equivalent of

R593

million in H2

Providing long-term protection through:

- customisable funeral cover
- life and disability cover

Savings through:

- savings for life goals
- post-retirement solutions including capital preservation, life and living annuities

Pre Covid-19 our products already had premium holiday options which our clients who had been impacted financially could take up.

Strategy	Objective	Progress	
	Stabilise our sales force leadership	Objective achieved.	
	Upgrade our points of sale	Good progress made with improving the aesthetics in our branches and creating a presence in new areas, which has created new sales opportunities for our distribution channels.	
	Migrate our legacy systems	The second system migration of three completed in August 2020 (see page 86 of the intellectual capital for information).	
	Adviser productivity	Increased productivity as a result of approach to recruiting, onboarding and supporting employees.	
	Improved client value proposition	During the course of this financial year we have made a number of changes to make our funeral offering more competitive and flexible. We also piloted our new limited underwritten risk product which has shown good success.	
	Sales and service efficiencies	Digital onboarding of clients was in place and this made it possible for advisers and service agents to continue selling and servicing during lockdown.	

We made great strides during the year under review.

Resetting our business gave us the resilience to meet our financial objectives in the first half of the year. In the second half of the year it helped us weather the challenges presented by a struggling economy and Covid-19.

The progress we had already made with our digital transformation also made it possible for our advisers to continue onboarding clients during lockdown when many of our competitors could not.

The annual premium equivalent (APE) of R593 million we achieved in the second half of the year under review is a clear indication that we were able to continue working and assisting our clients.

Our ongoing focus on executing our worksite strategy, which supports premium payments that are collected via payroll, resulted in payroll deductions making up 47% of our new business premium collections in F2020. This would have likely been 50% had the impact of closures of worksites not impeded the good progress we saw in the first half of the year under review. This led to our new business margins increasing to 2.3%.

Over the past 24 months we have made significant strides in resetting and stabilising our sales force. This

was achieved through changes in our recruitment and onboarding practices, significant learning and development efforts, as well as managing performance in line with our targeted performance. During the lockdown period we took a leap of faith and onboarded new recruits through a full-on digital training process. To date we have seen very encouraging results from this tranche of advisers, which has resulted in improvements in our adviser retention metrics at all levels. Our advisers who already had large existing client bases managed quite well during the lockdown period. We are now working with

our newer advisers to find ways to assist them with overcoming this challenge.

While the digital transformation of our processes has been very helpful during lockdown, we noticed that a number of our clients were not able to access us online or remotely and that as soon as our branches reopened they made use of this service.

The uptake of our digital GetUp offering, which is directed at our younger clients, has been good. We are already where we targeted to be in a year's time with this initiative.

We are extremely proud of the Metropolitan brand's record of providing excellent service and the recognition it received when we were rated as a leader in the SAcSi Funeral Cover Survey 2019 and SAcSi Life Insurance Survey 2019 and received the AskAfrika Orange Index award for best life insurance 2019/20. The sales and services efficiencies we have achieved through our successful worksite strategy using robotics and paperless claims, has resulted in 90.5% of our funeral claims being paid within four hours, 80.45% of our maturity claims paid within five days and 99% of cashback payments made on

the same day. We believe that another big differentiator in our service quality is that when our clients contact us they don't speak to a machine, they speak to one of us.

Outlook

We have made good progress with the reset part of our strategy, and our full attention now shifts towards growing our business. Having put the fundamentals in place during our reset phase we are well-positioned to achieve our growth targets. As a result of our forward-thinking we find ourselves well-positioned to take

advantage of the millennial segment of the market through our digital offering (Metropolitan GetUp). This offering was conceived during the reset phase as part of our growth path in anticipation of a reimagined future. Our growth will primarily be achieved through our distribution centric approach and the new solutions designed to meet our clients' needs will generate new sources of revenue going forward. The way in which our business responded during the last quarter of this financial year, gives us great comfort that we can achieve the objectives we have set ourselves.

MOMENTUM CORPORATE

R2.2

billion paid in death claims

R55.9

billion in AUM* in our Umbrella Fund

Providing employee benefit products and services

- Group Risk Solutions
- Umbrella Fund (FundsAtWork)
- Structured investments and annuities
- Asset consulting and retirement administration
- Engagement solutions (incl. Multiply for Corporates and our Smart Solutions).

Strategy	Objective	Progress
	Full value chain responsibility	<p>Having effectively established full value chain responsibility within Momentum Corporate during F2019, a key focus for F2020 has been organising the business into the most optimal value chains at a product level (FundsAtWork, Group Insurance risk and structured investments and annuities). Our aim is to drive the right levels of accountability while also enabling a more entrepreneurial culture.</p> <p style="text-align: right;"></p>
	Strengthen leadership team	<p>Building and sustaining leadership excellence and depth remains a key priority in our business. This included a number of leadership development initiatives at junior, middle and senior management levels. Having stabilised our Exco during the year, the engagement and collaboration involved in crafting our strategy has created significant commitment and accountability in our Exco team.</p> <p style="text-align: right;"></p>
	Rebuild distribution team	<p>We have concluded our efforts to rebuild the distribution team. Improving productivity and new business margins will continue to be a strategic focus going forward.</p> <p style="text-align: right;"></p>

* AUM - assets under management

Strategy	Objective	Progress
	<p>Retailisation</p>	<p>Our retailisation engagement strategy is focused on one-to-many financial education workshops and one-on-one financial coaching at corporate clients' premises (worksites), enhanced through digital enablement.</p> <p>Our strategy includes solving for access to the end client by securing financial adviser and employer support for our employee financial wellness initiatives. It also includes the co-ordination and appropriate training, accreditation and remuneration of multiple layers of our distribution channel support across Momentum Financial Planning (MFP), Momentum Intermediary Services and Metropolitan Life for the execution and fulfilment of products.</p> <p>Our Smart Counsel retirement benefit counselling offering forms a key part of our retailisation strategy and goes beyond the letter of the law by providing telephonic counselling and digital counselling through Smart Exits and Smart Retirements, as well as annual member conferences.</p> <p>One of our key focus areas is to improve overall member preservation when members resign, which is relatively low, at 5% preservation with Momentum Corporate, and just over 20% with other providers, the balance (almost 75%) is typically taken as cash payouts.</p> 
	<p>Increase underwriting margins</p>	<p>We have seen an improvement in our underwriting margins following improved risk rating practices and claims management. An improved termination experience from active claims management saw more individuals returning to work, thus partially releasing reserves.</p> <p>Underwriting experience on disability insurance benefits (permanent health insurance) is now positive for the first time in five years. Excellent work done over the past three years in reviewing the PHI rates and retaining clients at profitable rates, while actively engaging clients on more sustainable benefit structures and choices, has started to bear fruit.</p> 
	<p>Organised labour and public sector</p>	<p>The growth potential in this segment was a key focus area for Momentum Corporate in F2020 and will remain so in the future. Our market development, communication and engagement efforts during the year under review, in collaboration with various sales channels, were focused on creating new business opportunities in this market; improving the conversion rate of Group Insurance business; and creating smooth bonus sales opportunities.</p> <p>We also focused on articulating our retirement fund client value proposition through client engagements with the aim of increasing Momentum Corporate's visibility and growth potential in the stand-alone retirement fund market.</p> <p>The Commercial Tracker feedback (an extensive annual survey which interviews close to 900 senior executives – clients and non-clients – in corporate South Africa to assess Momentum Corporate's positioning in relation to our competitors) indicated a significant improvement in brand association in the public sector segment, following our efforts to drive awareness.</p> 
	<p>Diversify distribution channels</p>	<p>New business growth in Momentum Consultants and Actuaries has been disappointing, however, good progress has been made on activities that will lead to future sales. The focus will continue on improving new business growth while driving operational efficiencies in the business.</p> 

Smart Experience

In 2020 we focused predominantly on embedding our Smart Solutions and increasing adoption across our client base. Currently 89% of participating employers in the FundsAtWork Umbrella Fund use the employer portal each month, 62% notify their withdrawal claims through our various digital channels, and

40% use Smart Exits. Currently 16% of all withdrawal claims are processed via Smart Exits, and we plan to expand this to the balance of our client base, as relevant.

The asset preservation rate on Smart Exits is currently 11%, which is higher than the average for all FundsAtWork claims of 8%. Smart Exits has been implemented on a couple of the stand-alone retirement

funds that we administer. We continue to score highly on client experience metrics for these initiatives with an average rating of 4.28 out of 5 for our Smart Exits, Smart Retirements and Smart Underwriting solutions. The strategic focus going forward is on getting more clients enrolled and using our Smart Solutions.

Data and analytics

We rolled out the distribution portal as well as two team portals for intermediated sales teams (customised and integrated).

In response to the Policy Protection Rules legislation, which requires insurers to have contact information for all members on their respective portfolios, we have partnered with employers and financial advisers to update our records with complete and accurate client information.

Furthermore, we have embarked on an artificial intelligence and machine learning pilot exercise to better understand the data we have for one of our Group Risk benefits. As we see success in this pilot, the solution will be scaled to other products and solutions.

How we aim to understand our clients

To gain a deeper understanding of our clients, we continually engage with employers, employees and financial advisers. We monitor client experiences, outcomes, strategic themes, trends and market dynamics to improve our solutions, service and engagement with our clients. To achieve this, we employ a multifaceted approach using quantitative

and qualitative studies. We have also partnered with Unisa to understand our clients at a macro level and how personal, financial and external factors impact their financial health.

New products

We developed a new Bonus Series following the closure of our current solutions to new business as markets declined in March 2020. The new Bonus Series has been developed, with a number of updated features include a new funding structure. The new solution will operate at a portfolio funding level, not at a member funding level, as was the case with the closed series. The solution was launched in June 2020.

Outlook

Gearing for growth

Our leadership team has been on a journey to articulate Momentum Corporate's future as our business transitions into a growth phase.

Some of the themes inherent in our strategy include:

- implementing and bedding down our new operating model, which has established end-to-end businesses within the segment with full value chain

accountability

- delivering engagement-rich solutions to clients
- leveraging technology to improve client experience while driving efficiencies
- strengthening and growing our sales and distribution capability across all channels
- continuing to focus on profitable growth across the business
- investing in the strengthening of our brand
- delivering on the transformation agenda for Momentum Corporate, in order to leverage the benefits of a diverse and inclusive business .

Key risks

The Covid-19 pandemic has created a very challenging operating environment. We have seen its impact on our F2020 financial results, and expect its secondary effect on the economy to impact the business into F2021. In response to this, however, we have identified several key actions that will position us well to navigate through this period. We have also made a number of strategic choices that we believe will position the business well for growth into the future. The quality of our execution will be the main determining factor of our success, and will require exceptional discipline.

MOMENTUM METROPOLITAN'S HEALTH BUSINESS

In excess of

R42

billion in claims paid for our clients

We cover

2.6

million lives in South Africa

Providing long-term

- Healthcare funding solutions
- Integrated health administration and managed care
- Risk management

to the public sector, corporates, mining and retail clients in South Africa and supporting our Africa and India operations with solutions, risk management and systems.

Strategy	Objective	Progress
	System consolidation	We have made good progress with moving towards a single platform. ✔
	Public sector value proposition	Very good progress made with key areas identified for improvement in F2019. ✔
	Public sector	Achieved 4% growth in our public sector business. ✔

Strategy	Objective	Progress	
	Low-income health	9% growth in our low-cost products with growth slowing down with the advent of Covid-19.	
	Focused distribution	Made positive progress in diversifying our supporting advisers and better support of the advisers who focus on integrated health solutions.	

We were able to achieve our Grow strategic objectives in both our public sector offering and our low-income health offering, however, overall sales in the corporate and retail segments have been disappointing and were severely affected by Covid-19. We have also been able to manage our expenses well.

During F2020 we further integrated wellness into our value proposition, raising health awareness among our members through our health platform benefit, which encourages members to take care of their health and well-being by going for screening tests and keeping track of their health status at no extra cost.

During F2020 we also achieved our goals of providing excellent service to our public sector clients through service enhancements, which included the onboarding process and call centre service levels, where we have substantially reduced hold times and the number of complaints. The client outcome survey we conducted showed a substantial improvement in how members viewed our service.

Digital transformation accelerated

We have made good progress with our digital transformation journey, and in

particular the digital enablement of our members, which rapidly gained momentum during lockdown. To meet the need to work and engage remotely we needed to accelerate the delivery of a number of digital solutions which we had planned to introduce in the future.

The WhatsApp services and web chat functionality we made available to Momentum Health Solutions members were accessed over 6 000 times from the time the Covid-19 pandemic started affecting South Africa to our year-end on 30 June 2020. We also communicated with our clients via an innovative technology that mimics an app experience. Using digital facilities our coaches have been able to assist more clients needing support.

We continue to find innovative ways of employing digital technology that will help us engage with our members but avoid them having to place themselves at risk by travelling to our walk-in centres. We are currently piloting technology that will provide clients with a digital face-to-face service in the comfort and safety of their homes.

Moving 95% of our business out of the office into executing from home was a

phenomenal achievement, and even more phenomenal was that our service levels were not affected by the move.

We made our Hello Doctor facility available as a first-access point to assess the need for screening for Covid-19 and also provided access to free testing in partnership with Dis-Chem for those without medical aid. We have upgraded Hello Doctor to cope with the increasing demand for its services. The Department of Health has also used Hello Doctor as a first-access point to assess the need for screening for Covid-19. During lockdown levels 5 and 4 we saw a reduction in claims for the utilisation of doctors, hospitals, etc of approximately 70%.

Outlook

A key factor going forward for us is our ability to support our members and influence them to maintain a healthy lifestyle that will help them stay healthier and be more resilient to health threats like the Covid-19 pandemic. While we expect to see some fall-off in membership in the next six to eight months, we are optimistic about our ability as predominantly administrators of medical schemes to continue to see sensible growth in our business.



GUARDRISK

28%
growth in mining rehabilitation guarantees

20%
growth in underwriting year-on-year

R2.7
billion generated in gross written premiums by Guardrisk General Insurance

Providing life and non-life insurance

- Alternative risk solutions
- Branded insurance products to retailers' customers
- Specialist lines of insurance cover.

Strategy	Objective	Progress	
	Reprice loss-making schemes	Good growth and profitability achieved in both municipal business and health product ranges, which have encouraged competitors to enter the market. Will be refining our book in F2021.	
	Increase underwriting revenue	Continued with good growth in F2019, with 20% growth in underwriting by year-end achieved by increasing resources and bringing in the right people (see financial capital page 59).	
	Bolt-on transactions	Now divisionalised in the business and well embedded in the business and integration into Guardrisk system under the Guardrisk licence almost complete and performing as planned, with good growth in marine and engineering sectors.	
	Linked investment products	Good performance in F2019 of our five-year guaranteed endowment investment products to retail and corporate clients continued in F2020. One product is administered on the Momentum Investment platform.	
	Open architecture insurance platform in the Guardrisk retail environment – embedded insurance	The platform has opened up exciting new scalable digital distribution channels for Guardrisk and its clients. Embedded in client solutions the technology can be used to launch quick to market products such as funeral cover, handset insurance, etc to clients in retail stores, providing access to millions of potential policyholders and facilitating financial inclusion through micro insurance products, some of which have helped consumers without incomes during Covid-19. Also, income from premiums provided retailers that closed during lockdown with some revenue.	

The nature of our business requires that we look at things differently and innovatively to find solutions that benefit our clients and our business. Not only do we operate in diverse sectors of the economy, but we have also diversified our sources of revenue from fees into underwriting and away from traditional lines of business into more specialist lines. This diversification has introduced resilience into our business, which in terms of Covid-19 has stood us in good stead so far.

We have also been able to assist our clients to develop projections and anticipate the future impact of Covid-19 on their businesses, based on research we undertook in six countries affected by Covid-19 ahead of South Africa. This gave us an opportunity to offer our clients access to a different skill set from those they usually expect from Guardrisk. In the wake of the devastating economic

impact caused by the Covid-19 pandemic, Guardrisk made commercial settlement offers to policyholders in the tourism and hospitality sector.

The growth we achieved in our municipal business, our linked investment products and the bolt-on transactions that have now been embedded in our business, which met our growth strategy objectives, have been addressed in the table above.

The area of most growth in our business during F2020 was the funding of mine post-closure requirements where we achieved 28% growth year-on-year. Our more flexible and efficiently priced solution is favoured by mining companies over the traditional solutions.

New ventures

We reported in F2019 that we had developed a tailor-made insurance product for grain farmers in partnership

with Agnovate. The insurance rate for this product is calculated based on the historical yield performance of a predefined production area, also taking into account the similar soil and climate in a particular geographical area. Five policies were sold to large scale farming operations during F2020. The volatile climatic conditions triggered several claims, however, the product responded in accordance with expectations, adequately protecting our clients' risks and living up to its promises, which augurs well for future sales.

Outlook

An area of focus for Guardrisk during F2021 will be progressing the use of our cell captive expertise to achieve economic transformation. We have appointed a new member to our Executive team who is mandated to focus on developing micro insurance offerings using a cell captive as the ideal enabler. Our offering will also

PRODUCTIVE CAPITAL

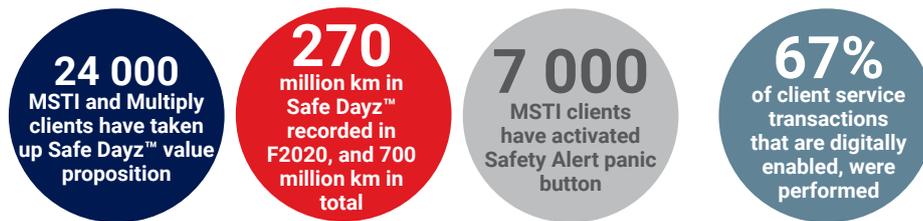
provide the necessary infrastructure, financial processes and the regulatory reporting required of the insurance industry. Following the inception of the cell captive clients we will immediately be ready to distribute their products and grow their business. We are putting in place a framework that will include the

working capital and solvency capital support in addition to access to our cell captive expertise. To achieve this, we are working with a handful of potential funders on a funding model that will provide black entrepreneurs with the financial resources they need to succeed and,

using the innovative application of a cell captive solution, progress the economic transformation of the insurance industry.

We also expect good take up during F2021 of the insurtech product we developed in partnership with Root Insurance, which has already proved to be very successful in

MOMENTUM SHORT-TERM INSURANCE



Strategy	Objective	Progress	
	Exit unprofitable portfolios	Successfully exited business historically received from intermediaries focusing on motor dealerships.	✓
	Enhance pricing and underwriting capability	Continued investment in improving pricing and underwriting capabilities, specifically data and advanced analytics.	✓
	Grow client base	Despite the negative impact on new business of the economy, combined with client lapses and the Covid-19 lockdown our premium income grew 11%, which is approximately double the growth achieved by the South African short-term insurance industry. Acquisition of Alexander Forbes Insurance (AFI), now renamed Momentum Insurance, has helped us achieve the scale that has been lacking in the business. The combination of MSTI and AFI is now comfortably in the top 10 (from a premium income point of view) in the South African short-term insurance industry.	✓
	Improve claims ratio	Worse than expected claims ratio for the first half of F2020 as a result of higher than average weather-related claims as well as large fire claims. Better than expected second half due to clients driving less during lockdown.	⚠
	Enhance client value proposition	Introduction of online new business quoting capabilities for both clients and intermediaries, which has proved to be resilient. In the period April to June during Covid-19 we achieved our highest uptake for online quotations with the average number of quotations per month increasing by more than 49%. Improvement to Safe Dayz™ with addition of mobile panic button available to all MSTI clients with the Momentum app. Anticipate many clients will be driving less and will be rewarded for not driving.	✓

F2020 was an important year for MSTI during which we successfully acquired and began integrating AFS, now Momentum Insurance, into our business.

Despite the negative impact on new business due to subdued economic growth, which was further exacerbated by the Covid-19 pandemic, MSTI premiums grew 11% year-on-year in F2020, which is approximately double the growth achieved by the South African short-term insurance industry in the same period. The work we have done on improving the

quality of the MSTI business contributed to this performance. The Momentum Insurance gross premiums reduced by 2% on a comparative 12-month basis mainly impacted by the economic conditions, Covid-19 as well as a lower than targeted active distribution force.

During the first half of the year the MSTI claims ratio deteriorated from 61% to 64% mainly as a result of exceptionally good experience in the prior financial year, higher than expected weather-related claims during the period as well as large

fire claims. Due to policyholders driving less during the Covid-19 lockdown coupled with the traditionally drier winter months, the ratio improved during the second half of the financial year resulting in an overall claims ratio of approximately 60%, which is a 4% year-on-year improvement and 1.5% better than management targets. Momentum Insurance recorded a strong underwriting performance and maintained a claims ratio of below 60% throughout the period.

We continued to drive efficiencies in F2020

during which we optimised our existing capabilities rather than introducing new capabilities, specifically given the pending integration with AFI (now Momentum Insurance).

Improving our client value proposition

Digital transformation has a key role to play in improving our client value proposition, which includes our online quoting facility. Utilisation of the online quoting facility increased significantly during the Covid-19 lockdown period. Our digital claims facility offers straight-through processing on certain claim types without any call centre involvement. The average turnaround time on windscreen claims from the time of lodging to approval is approximately three minutes. In exceptional circumstances claims have been processed in around a minute. The process is fully automated and is without any human intervention up until the client hears from the glass provider. We have seen greater utilisation of our app during

the financial year, with the percentage of windscreen claims lodged through the app nearly doubling, and the utilisation of other client self-service functionality increasing by more than 20%.

The high satisfaction levels we are achieving in our ongoing client surveys indicate that we are achieving our goal of continually improving our service levels. We use the feedback from clients to help us improve our service and offerings.

We were able to make some improvements to our Safe Dayz™ offering during the year and also introduced Safety Alert, a mobile panic button for MSTI clients, on the Momentum app. This service provides clients with access to approximately 1 500 armed response vehicles across the country. It has been very well received by our clients.

The year ahead

We will be prioritising the integration of MSTI and Momentum Insurance into one business and will be revising our

people strategy as part of this integration process. We recognise that we will need to introduce and develop different skills to ensure we are able to successfully execute our strategy in future. The integration will enable operational efficiencies and unlock material scale benefits. At the same time we will be continuing to enhance our digital offering in order to meet changing consumer needs, improve customer experience and increase efficiencies.

Safety remains key in the positioning of our business and will be even more of a focal point going forward, given the societal changes taking place. Helping clients understand, prevent and manage risk, and in so doing improve their safety, is at the heart of what we do. We will be strengthening our safety value proposition, some of which will be digital in nature, and we have some exciting plans for introducing our new client base in Momentum Insurance and the broader consumer community to the enhanced safety value proposition.

MOMENTUM METROPOLITAN AFRICA

4%

growth in assests under management to (F2019: 11.7m) 12.1 million

Over

62 000

lives provided with health care

Providing:

- Life insurance protection
- Non-life insurance
- Healthcare
- Asset management
- Pension administration.

Strategy	Objective	Progress	
	Exit selected countries	We continue to make good progress with the sale transactions. To date we have exited Mauritius, Eswatini and Nigeria.	
	In-country governance and control	Good progress was made with stabilising the businesses; a scorecard system has been introduced to track, follow up and resolve issues identified by audit and management. The next step we are busy with is the automation of a number of processes to increase efficiency and effectiveness.	
	Strengthen leadership teams	We have also made good progress introducing new leadership in Botswana, Ghana and Lesotho. Additional members will be joining our teams in the new financial year.	
	Finalise operating model	We settled on a hub and spoke model with the various countries working through the hub, which will interact on their behalf with our various technical partners in the Group.	

Strategy	Objective	Progress	
	Strengthen distribution	We have refreshed our sales staff remuneration model in Namibia and continue to develop our bancassurance and digital channels.	
	Improve product mix and margins	We are also aligning and streamlining our product offerings in the various countries. Our strategy is to achieve a product mix that is 50% saving and 50% risk, which will take some time as it currently sits at 80% savings and 20% risk.	

We have made progress under the reset and Grow strategy, which has boosted the resilience of our businesses. Our capital adequacy regime and strong balance sheets have also stood us in good stead during a challenging year, and also saw us being able to declare dividends in our various businesses, despite the impact of the Covid-19 pandemic.

We continue to refresh our product offering and launched an annuity product in Botswana, which is a focus area for the Botswana business. In Namibia we launched a new funeral product which is also doing well. We will be introducing additional new products in F2021 that should further improve sales and profitability in our Namibia, Botswana and Lesotho businesses.

Across our health operations a new IT platform is being rolled out. This has raised the bar by giving us better data analytics, a stronger control environment and digital capability. We are now working

on refreshing our health product offering. We are also working on the balance of our systems to ensure end-to-end automation.

Expense management remains a key pillar in resetting the business. We have started to automate a number of identified processes to increase efficiencies and turnaround times. Our new operating model is also expected to streamline our processes, increase efficiencies and ultimately reduce costs.

During the year we acquired the AFI short-term business in Namibia. The acquisition, which is subject to regulatory approval, is an exciting addition as it is a strong strategic fit with our Namibia business, adding a retail offering to our predominantly corporate short-term offering. In Ghana we are proud to have finalised the 15% localisation of our health operation by bringing on board strong partners to bolster the business and align with local requirements.

We continue to develop a more client-centric culture. Throughout the various businesses we have been able to make progress with improving client experiences and treating customers fairly.

The Covid-19 pandemic has presented many challenges. However, we were able to quickly support our clients by ensuring they could receive services with the least possible negative impact, while also ensuring the safety of our people. Through our business continuity processes most of our employees could work from home and continue selling our products. To date most of our employees continue to work from home.

Outlook

We now have a much more stable business that can make a valuable contribution to the Group. In the year ahead we need to invest in building our brand presence in the various countries in which we operate.

NEW VENTURES

India health insurance joint venture

Aditya Birla Health Insurance Limited (ABHI) is a joint venture between Momentum Metropolitan and Aditya Birla Capital in India, founded in 2016, in which we have a 49% shareholding. The Aditya Birla Group is a multi-national Indian conglomerate.

The business operates through 76 branches in 54 cities in India, and makes use of a health provider network of over 6 500 hospitals in 2 000 cities. By ABHI's year-end in March, 8.3 million lives were covered by the range of retail and group products offered, which include fixed benefit and indemnity products. There was a 76% increase in premiums sold year-on-year and 72% of the premiums sold by ABNHI were retail premiums.

ABHI continues to experience strong growth, with the business exceeding its targeted revenue for the year despite the impact of Covid-19 on sales during their peak sales period towards the end of March. While the business has continued to prove resilience during the Covid-19 pandemic it is also likely to be impacted going forward. Sales are usually conducted face-to-face. To equip its agents to sell digitally ABHI provided 40 000 training interventions in April.

Momentum Metropolitan supports ABHI with intellectual property around health and wellness insurance and from a technology perspective, which includes the use of the Multiply platform. The Multiply health benefits are incorporated

into ABHI's health insurance offerings with the Multiply rewards programme sold separately.

Our investment in venture capital funds



Our investment in two venture capital funds focuses on fintech, insurtech and healthtech start-up enterprises. They are currently invested in a number of different ventures across Africa, Europe, the United Kingdom and the United States.

Our investment in the Anthemis Exponential Ventures fund provides deep and early insights into industry trends

and new technologies, which form an important input to our strategy processes across the Group. We expect strong returns from the fund, including foreign currency diversification benefits.

We view the 4Di Exponential Technology local rand-denominated fund as a strategic investment from which we expect to earn adequate returns. It has served as the trigger for a number of initiatives and ongoing engagements between our business units and start-ups to explore the commercial viability of projects that leverage new digital technologies.



Exponential is seeing our product houses buying into and supporting an increasing number of digital transformation projects, while it continues to proceed to scale with the existing Kimi and TaxTim propositions. Covid-19 and the need to maintain social distancing has resulted in a number of health engagement initiatives being fast-tracked. Exponential's progress with the development of a variety of mobile apps, in particular those that can be used to do things remotely, are discussed on page 85 of the intellectual capital section of this report.

Exponential invested in a 49% shareholding in TaxTim in 2016. Since then TaxTim has increased its revenue eightfold, continued to establish partnerships across insurance, banking and tax consulting firms, and has extended in African countries such as Nigeria through a partnership with PwC.

TaxTim has also been successfully integrated into Momentum to develop an adviser and client ecosystem for the purpose of reusing tax data for financial needs analysis. Its services are offered as a free service to all Momentum clients. These efforts have provided Momentum advisers with a new and unique leads source and have produced sales across product houses that increased our embedded value during the year under review.

Mobile insurance joint venture



Because you care.

Towards financial inclusion

This mobile insurance joint venture with MTN, in which Momentum Metropolitan has a 50% shareholding, now has a presence in three African countries: Zambia; where we launched in February 2020, Uganda and Ghana. Before the advent of Covid-19 approximately eight million clients had signed on to aYo's mobile insurance offering. aYo's base offerings, which are sponsored by MTN when clients recharge their phones or send money, include hospital cover and mini funeral cover. Clients then have the option to increase their cover at their own expense. During F2020 we also enhanced our product offering in Ghana.

aYo has an exciting financial inclusion aspect to it. Our aim is to continue rolling out aYo products in other African countries deepening insurance penetration across the continent and bringing insurance to people who historically would not have had access to it..

During F2020 aYo invested in cloud-based infrastructure to provide it with scalability.

