






Our productive capital, which is key to our sustainability, includes our buildings, our infrastructure and the goods we own or lease that make it possible for us to create value for our stakeholders by delivering products and services that provide practical financial solutions for people, communities and companies. Our products and services help them grow their savings, protect what matters to them and invest for the future.

If we make good use of our productive capital it allows us to be flexible, innovative, to devise new platforms and to increase the speed to market of our products and services.

The financial performance of the Group and its portfolio of businesses is addressed in the financial capital section of this report on pages 41 to 51.

momentum life

Life insurance-based savings and estate administration that safeguard families from the financial uncertainty that comes with serious illness, disability or death and offers peace of mind through unique flexible solutions

What we needed to reset	Progress	What we needed to grow	Progress
Establish full value chain business	 Good progress	Product innovation	 Good progress
Improve service	 Good progress	Digitalisation	 Good progress
Commercial ethos	 Done		

Over **1 million** life policies in issue

Protection **300 000** policies
Savings **400 000** policies
Traditional **300 000** policies

Service improvement	F2019H1	F2019H2
Voice of client	7.9	8.1
Email turnaround	690 min	271 min
Lost call rate	16%	8%

Momentum Life is addressing its stated Reset and Grow objectives by driving four key themes across its portfolio by:

- **establishing a strong commercial ethos** in our decision-making by interrogating profitability outcomes across channel and product house value chains
- **reigniting the competitive energy in Momentum** by re-establishing our product marketing focus and creating dedicated product houses
- **building a strong culture of delivery** by ensuring that IT and business outcomes are well aligned and that our chosen delivery objectives enhance the competitive capabilities in the business in a practical way
- **embedding a culture of engagement** where leaders are encouraged to create a trusting environment and where employees can openly engage and challenge one another on business outcomes.

Momentum Life's portfolio includes:

- Momentum Protection (Myriad)
- Momentum Legacy (Investo and Traditional)
- Momentum Trust
- Momentum Financial Planning (MFP).

RESET

ESTABLISH FULL VALUE CHAIN BUSINESS

We made good progress with establishing clear business unit accountability. The Momentum Retail Life Insurance business (Myriad) has been able to achieve full value chain responsibility. There is a high level of buy-in from leaders within Myriad and as a result the environment is more energised and morale levels have improved. Key resources are empowered to focus on solving key Myriad business problems while collaborating with relevant areas outside of Myriad where needed.

Momentum Legacy (Investo and Traditional) and Momentum Trust have made good progress and are well on the way to achieving full value chain responsibility.

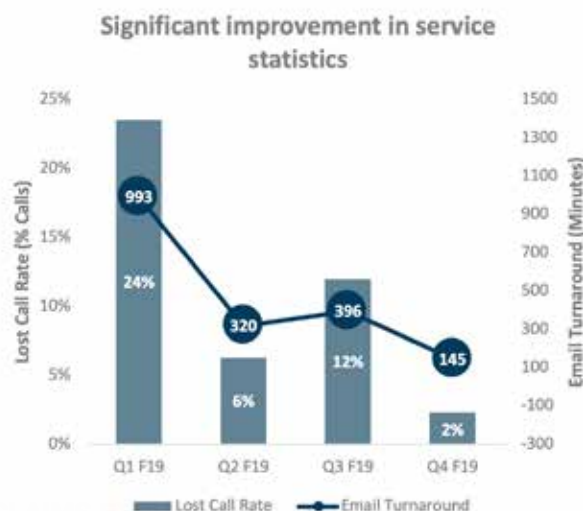
IMPROVE SERVICE

General service experience

A key Reset focus for Momentum Life is improving service outcomes across all its product service call centres. This environment underwent a significant business restructure at the start of the financial year, followed by a change in leadership. The improvement in the knowledge of employees through new training initiatives and the ongoing

enhancements to the new workflow system introduced to the business a year ago delivered good results. There was a steady improvement in service levels during the year. Service outcomes for the final quarter were particularly pleasing, showing great improvement across all internal call centre metrics as well as our voice of the client outcomes.

Quality will be our focus area for the coming year.



Improving the claims experience remains a top business priority for Momentum Life. We reorganised the leadership team and substantially increased the number of claims assessors. These changes resulted in improved turnaround times for the assessment of claims, supported by the embedding of a new claims structure, which has resulted in a corresponding decrease in claims escalations on the retail side of our business.

COMMERCIAL ETHOS

The Momentum Life earnings outcomes for the year under review were promising (54% year-on-year growth ahead of budget), off the back of normalised demographic experience and increased revenue and good expense management. The value of new business results improved substantially relative to the same period last year (see page 44 of financial capital for more information).

GROW

PRODUCT INNOVATION

Myriad

Sales of the Myriad range of products started to show a good recovery in the second half of the financial year. This flowed from significant product enhancements launched towards the end of 2018,

as well as increased support from independent financial advisers. The manner in which rewards (premium discounts) for healthy behaviour are allocated has been refined. This resulted in higher average client discounts to policyholders, while at the same time improving product margin.

Investo

During the year under review, we successfully launched Investo 10, introducing a new Investo recurring premium retirement annuity product. Investo 10's simplified fee structures and better client value proposition were well-received by the market in which it competes. It supported positive sales growth from both independent intermediaries and tied financial planners.

MOMENTUM TRUST

Momentum Trust made good progress, increasing its wills drafting year-on-year. Overall revenue also increased by 14.7% year-on-year and assets invested on the Momentum Wealth platform exceeded annual targets.

The Momentum Trust Estate Provider Benefit product, which was launched to selected financial planners in February 2019, has been well received. More financial planners will be accredited to provide advice on the product and quote activity is steadily increasing.

DIGITALISATION

There was good uptake by both financial planners and independent financial advisers of the new Myriad quote platform, which enables digital onboarding. The adoption of digital self-capture and tele-underwriting, however, remains low. We have enhanced the digital browser and mobile application solutions available to our intermediaries and MFP released the first version of a new digital advice process, a first step to digitalisation of the advice administration process.

THE WAY FORWARD

Having addressed some very real challenges in the year under review, Momentum Life is now well-positioned to finalise its Reset efforts and to start focusing on the development of its future Grow strategies.

Our key Reset focus in F2020 will therefore be the simplification and enhancement of our delivery environments, as well as the bedding down in particular of the quality of our service and clients interactions. Of great importance is the finalisation

of system migrations across the Momentum Metropolitan Group, notably the migration of the Metropolitan traditional products onto the Momentum Life legacy system platform and the successful decommissioning of a number of traditional digital channel engagement solutions.

Momentum Life will also be expanding its new digital onboarding solutions in the year ahead and improving the uptake of digital self-capture and tele-underwriting.

We expect that business unit accountability will be well-established in Momentum Life during the year ahead.







To grow its business, Momentum Financial Planning will continue to increase its number of financial planners, ensuring that new-to-industry planners are well-trained and skilled to use the digital systems, meet the fit and proper requirements within the determined timelines and have the support they need to service clients.

Momentum Trust will be seeking further opportunities to grow the number of active wills and estate planning opportunities. It will continue to leverage the growth opportunity arising from the newly launched estate provider product benefit.

Momentum Life wishes to build a work environment that is home to a talented, diverse, productive, competitive and engaged workforce whose members enjoy their work. We are excited to experience a renewed vigour within the business, with the leadership core highly engaged to take the business forward.

IF WE WANT TO HELP OUR CLIENTS REACH THEIR FINANCIAL GOALS WE NEED TO GET INVOLVED IN THEIR EVERYDAY LIVES

Momentum Multiply is a wellness and rewards programme that helps members live a better, happier life through reaching achievable targets and collecting benefits that make their money go further. We reward members through cashbacks and discounts for the steps they take to be healthier, safer and on top of their finances. We then grow their saved cashbacks in Multiply Money, through a market-leading interest rate, to use for big purchases, financial emergencies or to kickstart an investment portfolio.

What we needed to reset	Progress	What we needed to grow	Progress
Improve service	 Done	New product innovation	 Disappointing Focus for next financial year
Increase efficiency	 Done	Improve marketing	 Some progress made
Product innovation	 Good progress	Sales	 Some progress made

Meeting our service promise

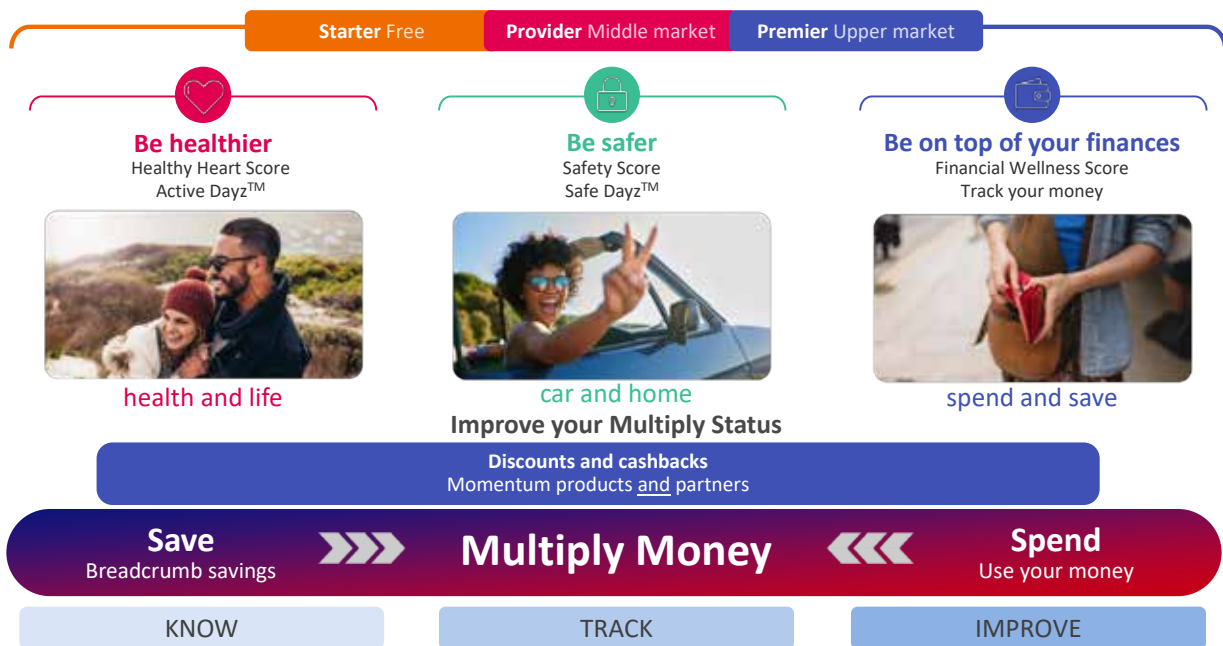
We met our promise to:

- respond to email queries within 24 hours
- return missed calls from our clients within an hour

Encouraging saving

- Momentum Multiply clients are earning a market-leading interest rate on the funds in their Multiply Money savings wallets
- R32.4 million has been paid into the 123 760 Multiply Money wallets that clients have activated since October 2018

Multiply rewards you for taking everyday steps towards your money, safety and fitness management



RESET

IMPROVE SERVICE

Momentum Multiply has turned the corner in terms of providing its members with an improved service experience, measured by the improvement in its lost call rate and same day turnaround metrics. We implemented a service promise in January 2019 in which we pledged to respond to email queries within 24 hours and to return missed calls from clients within an hour. We achieved both the target we set for our lost call rate as well as the target set for the same-day turnaround on emails.

GROW

ENHANCE MOMENTUM MULTIPLY OFFERING

Our efforts to enhance Momentum Multiply include the introduction of Multiply Money, which by providing our clients with a digital transactional bank account with a savings wallet into which cashbacks and payouts are automatically deposited, is encouraging short-term saving. Funds in the Multiply Money savings wallet earn a market-leading interest rate on savings. We launched Multiply Money in October 2018. By June 2019 123 760 clients had opened accounts and 56 940 had received payments into their accounts.

Momentum Metropolitan clients who are members of Momentum Multiply on average have a higher product holding than those who are not members. Behavioural improvements resulted in claim rate being a third less than non-Momentum Multiply members (see the MSTI section of this report on page 71 for information on the impact on driving behaviours of the Safe Dayz telematics product, offered in conjunction with Momentum Multiply).

THE WAY FORWARD






Building brand awareness and awareness around the advantages of membership will play an important role in our drive to grow membership in F2020.

A number of further enhancements to Momentum Multiply are planned for F2020, some of which will use digitalisation to increase the ease and efficiency of our clients' engagement with us.

momentum

investments

Delivering Outcomes-based Investment solutions

What we needed to reset	Progress	What we needed to grow	Progress
Full value chain	 Good progress	Increase flows into own funds	 Disappointing but improving
Improve client service	 Significant improvement	Product rationalisation	 Good progress
Wealth platform fees	 Good progress		

Recognised by the Raging Bull Awards for top performance in three categories

Total assests under management (AUM) R550 billion

The Momentum Investments business builds portfolios for its clients that are specifically designed to deliver desired investment outcomes with the lowest possible level of risk of capital loss, volatility and of missing the intended target.

To achieve this result, we make a number of multi-asset portfolios available to our clients, blending both local and international asset classes. In general, where scale and efficiency are benefits the capability is manufactured within the team (e.g. fixed income and passives). Where different styles outperform over different periods and there are capacity constraints, management tends to be outsourced (such as equities).

For the retail market, these investment solutions are offered on our local and offshore platforms with a number of different pooling structures to ensure efficient delivery. The core driver of our revenue is the ability to attract assets onto our various platforms and to ensure that, as appropriate, they are invested in our internal investment solutions.

RESET

OFFER THE FULL VALUE CHAIN

Giving our investment business full control of the value chain has enhanced relationships with clients, product delivery and client service. We have adopted a market segmentation-led approach

to ensure that we offer a competitive, fit-for purpose and clearly-defined value proposition in all key segments of the South African retail and institutional adviser markets. To support this approach Momentum Investments has been reorganised into dedicated, accountable business areas. In addition to attracting flows into our platform, there is now a dedicated focus between our business areas on how to convert those flows to the appropriate Momentum Investments' portfolios.

Included in the Momentum Investments' capabilities is Eris, which manages shareholder and policyholder direct property exposures and Momentum Global Investment Managers (MGIM) who not only manage local clients' offshore investments but have built solutions for international investors distributed via a number of global partnerships.

IMPROVE CLIENT SERVICE

Momentum Investments' focus on offering an exceptional experience to advisers resulted in intensified focus and a positive improvement in this area during the year under review. We focused on efficiency metrics and were able to exceed our internal targets. In the year ahead, while we will continue to monitor efficiency metrics, our focus will shift to measuring the quality of interactions and the consistency of experience.

In order to better validate our investment philosophy with our clients the Outcomes-based Investment (OBI) score and OBI analysis tool have been enhanced by the OBI income tool, which enables advisers to select the appropriate portfolio of solutions for clients needing to draw an income (See page 84 of the intellectual capital section of this report for more information).

REPRICE WEALTH PLATFORM FEES

The repricing of our Wealth platform business is well under way. As this requires considerable interaction with advisers we have adopted a staggered approach, meeting with each financial adviser to explain the rationale and impact, and to use the opportunity to reposition our wealth capabilities and solutions. These interactions have been generally positive and have strengthened relationships, particularly where support had been waning. In keeping with the industry trend towards clean pricing, Momentum Wealth is proactively switching all its investors to clean-priced fund classes, where they exist.

GROW

INCREASE FLOWS INTO OWN FUNDS

We have made significant progress with ensuring growth in assets under management (AUM) by not only targeting sales, but ensuring we retain our existing clients. Poor market returns have constrained growth of total AUM. Unfortunately, the expected outflow of a large institutional client purchasing an annuity within our Corporate business and a large money market disinvestment mask the efforts in this regard.

In future, we will be placing greater focus on ensuring clients are invested in Momentum Investments' branded and growth portfolios as these portfolios tend to deliver better outcomes to clients at higher margins to shareholders.

There is also a heightened effort to raise our media profile to present our investment and product capabilities.

PRODUCT INNOVATION

We have a full range of product solutions for clients. In many instances there is unnecessary complexity, which we will streamline to generate further efficiencies.

We are working to reduce complexity in our product range that provides our clients with a full range of options. The appropriate range of solutions should be available to advisers and trustees to support the 'default regulations' for members retiring and exiting from retirement funds. We are actively responding to client and adviser behaviour changes as this market matures.







THE WAY FORWARD

In response to the challenging economic and investment environment, our Investments team is looking at ways to reduce costs and find more diversified and potentially yield-enhancing investment opportunities. We have developed specific and targeted investment programmes for alternative assets that will allow us to continue to meet our clients' needs and defined outcomes.

We are confident that the portfolios we hold for our retail institutional clients will continue to be well-positioned to deliver superior and credible outcomes. There are various nuances to the OBI philosophy that apply in different markets that will require different solutions to be provided. Refining the marketing and distribution of these solutions is under way.

momentum

Distribution of Momentum-branded retail products

What we needed to reset	Progress	What we needed to grow	Progress
Reshape Momentum Financial Planner sales channels (see page 55)	 Good progress	Momentum financial planner footprint growth (MFP)	 Adjusted to accelerate
Reshaping distribution channels (MIS)	 Good progress	Momentum Consult footprint growth	 Excellent progress
		Grow productive independent financial advisers	 Good progress
		Increase flows into own funds	 Good progress

The distribution of Momentum-branded retail products is driven by:

- MFP, our tied-agency distribution force, operating under the Momentum Metropolitan Life Limited financial service provider (FSP) licence
- Momentum Intermediary Services (MIS), whose aim is to be the preferred partner to independent financial advisers and who provides support services to independent financial advisers
- Momentum Consult, a stand-alone financial planning business, operating under its own FSP licence.

RESET

RESHAPE THE MFP DISTRIBUTION CHANNEL

The management team for MFP was reorganised successfully at the beginning of the financial year. In addition, the introduction of our new digital advice and enablement platform holds great promise for future easier advice and new business processing. The productivity of our less experienced financial planners has also improved, following focused initiatives to improve skills and experience levels.

RESHAPE DISTRIBUTION CHANNELS

Growing our number of productive intermediaries is key to growing the Momentum Investments business. During the year under review we were able to mostly exceed the growth target we set ourselves.

To effectively support our fund solutions, we have invested in upskilling and developing our Retail Sales team. The iKnow and iGrow initiatives being applied in our distribution channels are enabling learning by doing and ensuring that all our

distribution employees are competent to effectively distribute Momentum Investments' products. We have actively recruited to bolster our institutional distribution capability and be a stronger player in a market we previously neglected.

Momentum Global Investments Management (MGIM) has appointed a third-party distributor for its retail funds in the United Kingdom, which is in line with our approach to international markets.

GROW

MFP FOOTPRINT GROWTH

MFP increased the support and training available to its financial planners in order to enhance their skills and increase their productivity.

The overall footprint growth for MFP was unsatisfactory as its efforts to attract and retain new-to-industry recruits was disappointing. As a result, business changed its approach towards the recruitment, training and supervision of new financial planners to better secure the sustainability of the planner force. This will be further supported by a focus on the retention of financial planners and improving financial planner engagement with various digital platforms and solutions.

MFP is also changing its channel support structures to better align with its business models within the channel environment in order to unlock further value.

It remains a business imperative for Momentum to grow its agency footprint.

MOMENTUM CONSULT FOOTPRINT GROWTH

Growing our adviser footprint is central to the success of Momentum Consult. During the past twelve months we increased our footprint with 39 advisers to 255 advisers by year-end against the target we set for ourselves of increasing our footprint to 250 advisers by F2019.

GROW PRODUCTIVE INDEPENDENT FINANCIAL ADVISERS

Growing the number of productive supporting independent financial advisers is a key success factor for MIS and it was also introduced as a key performance indicator in the remuneration contracts of all our retail distribution support staff. During the year under review our number of productive independent financial advisers increased 3.4% year-on-year.

INCREASE FLOWS INTO OWN FUNDS

The percentage of investments from independent financial advisers flowing into local Momentum branded funds has improved by more than 55% from 6.1% in F2018 to 9.4% in F2019. This improvement resulted in positive net flows into our local in-house funds in the second half of the year.

The assets under administration on the Momentum Wealth platform, being advised by MFP advisers, increased by R991 million during F2019, representing a 3.5% increase year-on-year. There were positive net flows of R842 million, of which market movements accounted for R149 million. MFP's total in-house assets on the Momentum Wealth platform increased by R1.4 billion during F2019, which represents a 16% increase year-on-year.

THE WAY FORWARD

In addition to changing its approach to recruiting, training and supervising new financial planners, MFP's efforts to grow its overall footprint will include an increased focus on retaining financial planners and improving financial planner engagement with various digital platforms and solutions.

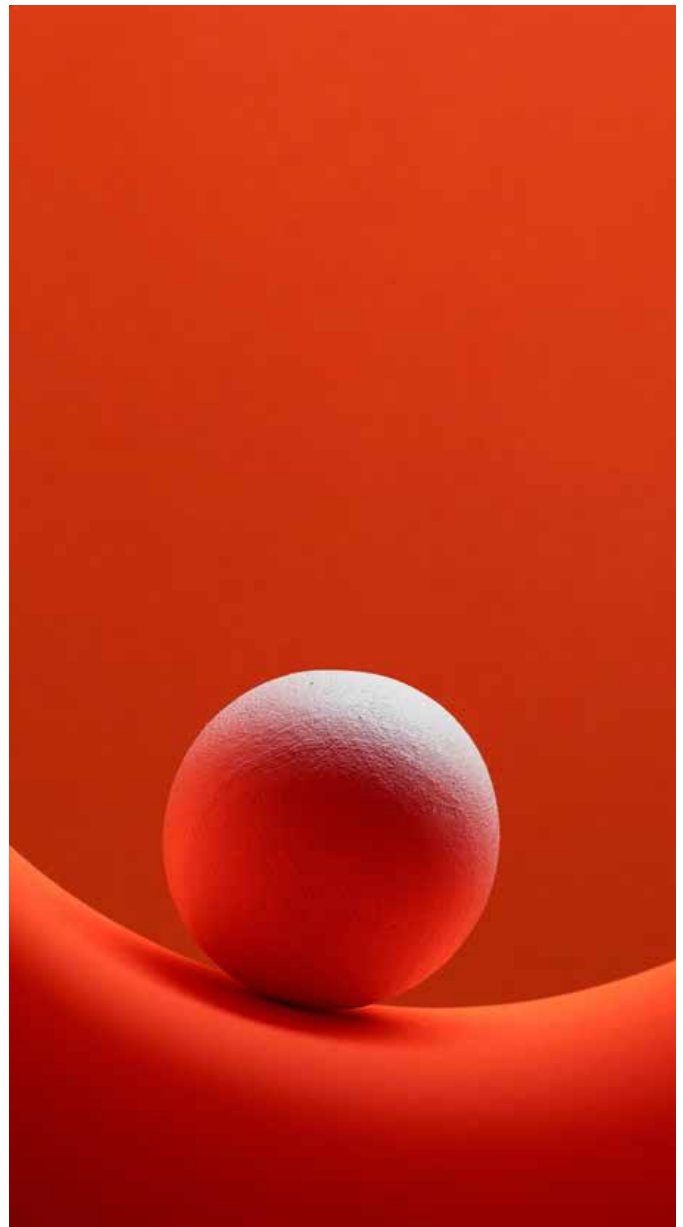
MIS recognises that we need to improve how we add value to our independent financial advisers in future. To achieve, this, we plan to further increase our business consultant footprint in F2020 to enable better and more regular intermediary engagements. We will also be focusing on improvements to our value proposition and support services to

independent financial advisers.

We have set ourselves a target to grow our number of productive independent financial advisers to 2 250 for F2020. In order to be able to add value by growing the number of productive independent financial advisers we depend on support from the Group in the form of products, service, marketing and technology.

During the first quarter of F2020 our focus will be on agreeing and implementing the MIS change plan, focusing on the pillars that underpin our Credo: Independent financial adviser partnerships; competitors; talent and execution plan.







Momentum Consult will continue with its drive towards a breakeven point. Over the next five years we aim to grow the footprint by 35 advisers per year to reach a total footprint of 425 by F2024.



Metropolitan Retail helps you achieve your financial life goals

Metropolitan Retail provides solutions for our clients in the emerging and middle-income markets. We offer a wide variety of solutions including funeral cover, death and disability cover, voluntary savings, retirement savings and post-retirement income solutions. The solutions are distributed through a combination of tied agents, brokers and an outbound call centre

Metropolitan Retail's progress with its Reset and Grow strategy

What we needed to reset	Progress	What we needed to grow	Progress
Stabilise our sales force leadership	 Good progress	Adviser productivity	 Good progress
Upgrade points of sale	 Good progress	Improved client value proposition	 On track
Legacy systems migration	 On track	Sales and service efficiencies	 Good progress

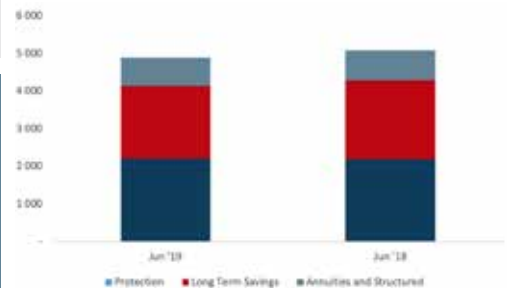
Core solutions:

- Unique customisable funeral offering
- Life and Disability Cover
- Savings for life goals
- Post Retirement solutions including Capital Preservation, Life and Living Annuities

2.1 million
clients across South Africa

Recognised for service excellence as an Industry leader on SAcSi, and first position in Ask Afrika Orange Index

New business mix



RESET

STABILISE OUR SALES FORCE LEADERSHIP

At the top of the list of what we at Metropolitan Retail had identified as the things we needed to reset was stabilising our sales force. To ensure stability within our sales force requires the right sales leadership. We have made good progress in stabilising the leadership through a process of replacement and upskilling. A crucial component is the upskilling of our branch managers. Emphasis was placed on changing our approach to adviser recruitment and the new processes put in place are yielding results in terms of adviser retention and quality of business.

UPGRADE POINTS OF PRESENCE

Our branches are a key element of our strategy as a majority of our clients have indicated they prefer face-to-face contact. During the year we have also made substantial progress with upgrading of our points of presence. Using geomapping to ensure our branches are well-positioned we relocated 16 branches and opened eleven new ones during the year. By year-end we had 120 points of presence, of which 35 were improved during the past year. There was an improvement in productivity in excess of 10% in our upgraded branches.

SYSTEMS MIGRATION

Metropolitan is migrating and modernising its policy administration platforms and using this opportunity to revitalise its client value proposition. During the year under review we launched our new funeral solutions on a new IT platform as a result of which we can now enrol business digitally. The migration to our new systems is providing us with a new service and channel environment, which in turn empowers our sales team.

The migration, which spans over three years, is a significant change for our business as we are effectively replacing our entire end-to-end process and value chain. Our change management processes are playing an important part in ensuring that we maintain the stability of our channels during the changeover process and in minimising the risk of disrupting our day-to-day operations.

GROW

ADVISER PRODUCTIVITY

There were marked improvements in our productivity during the year under review. The improvement in productivity on business that is collected from salary deductions (stop order business) is especially encouraging and it bodes well for the persistency of our clients. Our worksite strategy is a core enabler of this improvement in productivity.

IMPROVED CLIENT VALUE PROPOSITION

The launch of our new funeral policy gives our clients an opportunity to personalise their funeral solution through the wide range of benefits we offer. The new digital sales processes also improves our ability to offer clients expert financial advice.

SALES AND SERVICE EFFICIENCIES

Metropolitan was once again recognised as an industry leader in the South African Customer Satisfaction Index (SAcsi). We also received first place in the Ask Afrika Orange Index, and we were placed second in the *Sunday Times* Top Brands long-term insurance brand survey. Our strong emphasis on client service was envisioned in our *What Matters to You, Matters to Us* brand campaign launched during the year under review. This was followed by a successful call to action funeral policy marketing campaign building on the *What Matters to You* campaign.

The launch of our new funeral policy digital enrolment process has resulted in a number of efficiencies in the value chain and we envision replacing all other solutions with this process in the next 24 months.

The Metropolitan claims service was exceptional with almost 90% of funeral claims being paid within four hours. In addition, 95% of all our service interactions are resolved in the first interaction, whether in our branches or through our call centres.

IMPROVED MARKET ACCESS

We operate in an increasingly competitive market. Our ability to successfully implement our workplace strategy and increase our sale of stop orders is critical to our ability to grow our business, retain clients and achieve a better premium collection rate going forward. There has been a steady improvement in premium collection rates, especially in the second half of F2019.

THE WAY FORWARD

We will continue to implement our Reset and Grow strategy in the year ahead and are on track to deliver on our Reset and Grow earnings projections. The progress we made during the year under review will allow Metropolitan Retail to shift its focus towards growth while supporting our migration reset objective. To ensure our strategy remains relevant in a changing environment, we will continue to review it quarterly.


We do, however, expect increased competition in the market and a challenging low growth economic environment in which early retirements and the planned retrenchments announced are likely to negatively impact unemployment rates. We expect there to be opportunities for the sale of our competitive single premium products to those taking voluntary early retirement.



momentum

corporate

We partner with public and private sector organisations and their intermediaries in South Africa to provide employee benefit services and products through our comprehensive and flexible suite of solutions. We operate across all the major industries serving small, medium and large businesses.

What we needed to reset	Progress	What we needed to grow	Progress
Full value chain responsibility	 Completed	Retailisation	 Some progress made
Strengthen leadership team	 Good progress	Increase underwriting margins	 Good progress
Rebuild distribution team	 Good progress	Organised labour and public sector	 Good progress
Improve underwriting experience	 Good progress	Diversify distribution channels	 Good progress

The Smart Underwriting solution won a silver award in the Service Design category at the 2018 Loeries

Partnering with Astute Financial Services Exchange to introduce the first ever Employee Benefit Switch in SA that enables financial advisers to holistically look at their clients' retail and group benefits when providing financial advice

Ask Afrika's inaugural Da Vinci Awards were held in November 2018. Momentum took top accolades for its innovative use of Ask Afrika's research on employee presenteeism

RESET

FULL VALUE CHAIN RESPONSIBILITY

Momentum Corporate was the first business within Momentum Metropolitan to embark on the journey to full value chain accountability, with the operating model substantially being in place for the year under review.

STRENGTHEN LEADERSHIP TEAM

Our focus on leadership development and organisation design is driving business performance and improving service to our clients.

REBUILD DISTRIBUTION TEAM

We have spent time rebuilding relationships with our supportive intermediaries positioning ourselves as a credible and valuable solutions provider.

This has been achieved through an improved and expanded intermediary servicing model, supported by robust technical product expertise and a focus on client service excellence.

Our efforts to improve our service, market pricing, product enhancements, the annual review process and our engagement with intermediaries and clients are helping us retain and grow our existing clients, as well as generate new business. We have retained 100% of our top 50 clients through our key client management capability. New business volumes were boosted by a material with-profit annuity transaction and a number of large sustainably priced Group insurance wins.

IMPROVE UNDERWRITING EXPERIENCE AND INCREASE UNDERWRITING MARGINS

After a number of years during which the industry made substantial losses, most insurers in the group insurance market have now embarked on a fairly wide-scale rate increase programme.

For Momentum Corporate our focus is to have a healthy balance between premium income growth, profitability and sustainability of rates.

Our approach to improving our underwriting experience has been to rerate schemes where the rates are unsustainable while proposing alternative solutions to clients. This has been applied across the board, but especially for income disability benefits where a combination of a weak economy, stress-related illnesses and tax changes have led to an increase in claims, as well as claim durations. We continually work to enhance the quality of our data on which these pricing decisions are made. We also engage with our large corporate clients to ensure we obtain accurate payroll data on which to base our premium rates.

GROW

DIVERSIFY DISTRIBUTION CHANNELS

Our Momentum Consultants and Actuaries Proprietary Ltd business, reconfigured to help drive our direct client acquisitions strategy through a dedicated direct advisory capability, has further strengthened its team during the year under review and has been successful in securing a number of new advisory clients.

To address regulatory changes and meet the needs of a more digitally connected workforce we needed to find ways to communicate more directly with our members. This entailed fundamentally relooking the way we engage and service our members.

Our Smart digital client journeys, which are easy to use and provide digital education tools, are designed to help our members with making the right financial decisions throughout their life events. They have been successful in improving the preservation rates of our members, as well as generating a positive client experience, measured through a rating of 4.2 out of 5. We have launched our Smart Exits, Smart Retirements and Smart Underwriting initiatives (see page 84 of the intellectual capital section of this report for more information) and are close to launching our Smart Onboarding initiative. Smart Exits and Smart Underwriting won Gold and Silver Loeries, respectively in Service Design in 2017 and 2018.

Smart Counsel, the retirement benefit counselling offering we developed in response to the default regulations promulgated earlier in 2019, provides our members with a platform to improve preservation rates and steer retirement

savings into institutionally priced annuities using Momentum Metropolitan distribution channels. Smart Counsel is supported by the Smart Exits and Smart Retirements digital client journeys. Momentum Corporate, who was appointed by the FundsAtWork trustees as the Retirement Benefit Counsellors in F2018, has contributed positively towards preservation statistics. We have also been appointed as the out-of-fund default annuity provider to some external retirement funds and continue to innovate on our on-balance sheet investments products to grow our asset base.

RETAILISATION

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 (see page 84 of the Intellectual capital section for more information on our digital solutions). Our retailisation initiative is gaining traction and we are represented in over 80 worksites where the main aim is to educate and assist members on their FundsAtWork employee benefits and to identify gaps in their holistic financial wellness. Financial coaching plays a vital role in moving members towards financial success and achieving their financial goals.

Smart Counsel, our retirement benefit counselling offering, forms a key part of our retailisation strategy and goes beyond the letter of the law by providing telephonic counselling, digital counselling through Smart Exits and Smart Retirements as well as annual member conferences for our FundsAtWork members.

INCREASE UNDERWRITING MARGINS

The ability to articulate the value of our solutions to clients through our intermediaries, which allowed us to rerate our schemes to more sustainable long-term pricing, has resulted in the improvement of our underwriting performance for the year.

Our Disability Management team is equipped to assist members wherever possible to return to work. They also have the expertise to deal with complex claims. The team gives valuable assistance to employers on how to improve workspace conditions, making them safe and mitigating the risk of the business losing employees to disability events. We also recently launched a disability product that provides a simpler and more affordable disability benefit with innovative additional benefits and customisation.

ORGANISED LABOUR AND PUBLIC SECTOR

Our market shares in the organised labour and public sector segments remain low relative to the size of the respective markets and we have increased new business activity in this space. Our public sector focus is on employers and retirement funds in the local government, State-Owned Entities and university segments. Organised labour is predominantly large union

negotiated retirement funds, including bargaining council negotiated employee benefits. We are focused on achieving growth in these segments by improving the association of our clients and potential clients with the value we contribute to solving for employee financial outcomes within their particular environments, while building relationships of trust at the board of trustee and employer-levels.

ACTIVITIES MEASUREMENTS



THE WAY FORWARD

While Momentum Corporate is well-positioned to deliver on its Grow strategy, the retrenchments taking place across most industries could negatively impact the premium income from our employee benefit services and solutions. However, we believe we are well-positioned to address this loss of income through new growth opportunities in the private, organised labour and public sectors. We also acknowledge our increasing role in partnering with our clients and intermediaries to craft solutions that benefit and assist both employers and members during this difficult economic environment.

Our proactive approach to the educational task required of us is not only working towards achieving the government's goal of ensuring retirement savings are preserved, but it is also creating an excellent opportunity for other business units in the Group to benefit from the retailisation opportunities of members exiting funds.

We will continue to focus on improving the experience we offer our clients, whether it be through increased engagement, service delivery, product innovation, reduced product complexity, or increased convenience and efficiencies through digitisation.

Momentum Metropolitan's health business

momentum
health



momentum | TYB

momentum
OCSA

Providing health administration, risk management and healthcare funding solutions

What we needed to reset	Progress	What we needed to grow	Progress
Systems consolidation	Good progress	Public sector	Good progress
Public sector value proposition	Good progress	Low-income health	Good progress
BEE transactions	Completed	Focused distribution	Still needs attention

We manage the health of

2.6 million

South African beneficiaries with benefits to the value of R40 billion annually

On average we pay claims amounting to

R110 million

every day

Our South African operations

Momentum Metropolitan's health business focuses on four different segments in South Africa:

- Public sector
- Corporate
- Mining
- Retail

and also supports our Africa and India operations with solutions, risk management and systems.

RESET

Momentum Metropolitan's health business has made good progress in its journey of migrating its South African health schemes onto one platform. We have introduced a number of digital applications, including a digital communication solution that makes accessing our services more convenient and efficient for our members. Our operational performance during the year under review was stable and largely within our service level agreements.

We have made improvements to our public sector value proposition through a focus on achieving

service excellence through service enhancements, which included our on boarding process, significantly improving our call centre hold times and reducing the number of complaints.

Momentum Metropolitan Health has completed its intended black economic empowerment transactions.

GROW

Public sector membership grew at an average of approximately 2 000 new members per month during the year under review and in the wellness and employee assistance space various new public sector contracts were signed.

The Government Employees Medical Scheme (GEMS), which is partly administered by Metropolitan Health (a business unit within Momentum Metropolitan's health business), has improved its solvency levels close to 25%. Momentum Metropolitan's health business currently administers nine restricted **corporate medical aid schemes**. Overall, the trend is a reduction in membership numbers in these schemes mainly due to tough economic conditions.

Our joint venture with Thebe Health in Momentum Thebe Ya Bophelo (Momentum TYB), which operates in the **mining sector** has been well-received by the market and we added 9 000 new members from Sibanye Stillwater in the second half of the year.

The **Momentum Health open scheme**, which has both individual and corporate members, has a strong retention rate of 98% and has experienced growth in individual membership. The scheme also offers medical cover to foreign students for the period they are in South Africa.

Membership of our Health4Me **low-income offering** that provides a range of day-to-day benefits available through a network of doctors, dentists and optometrists grew 8% year-on-year.

MOMENTUM METROPOLITAN AFRICA (REST OF AFRICA)

Areas receiving attention in our Rest of Africa health operations are strategic oversight and growth initiatives. Our focus has been to migrate the health schemes administered onto a new health platform and one country has been successfully migrated during the year.

THE WAY FORWARD

Our future focus will be on our key areas for growth, to improve clients engagement and efficiencies for all our schemes that we administer, and participating in the primary care delivery system in South Africa.

Post year-end the revised National Health Insurance (NHI) Bill was published on 8 August 2019. While a section of the draft bill suggests that current medical aid schemes will gradually be transformed to only provide complementary services, other parts of the bill are clear on private sector participation. We therefore remain confident that the private healthcare sector and private funding models, which currently contribute significantly to the health and well-being of a large and increasing percentage of the population, will have a substantial role to play in the much-needed quest for universal health coverage.






We have made submissions on the previous versions of the bill and have engaged with government and various industry forums, in which we are involved, to share our views on how we can help build a better, more universal healthcare system. Alongside the Board of Healthcare Funders (BHF), the Health Funders Association

(HFA) and Business Unity South Africa (BUSU), we will continue to make a contribution by carefully working through the bill and actively working with government towards removing inequalities and creating sustainable universal health cover for all South Africans during the three months the bill is open for public debate and comment.

We believe that if the public and private sectors (including providers, members, advisers, regulators and funders) work together, we can create a system that provides quality healthcare for all South Africans.



Leading providers of cell captive business and alternative risk solutions

What we needed to reset	Progress	What we needed to grow	Progress
Reprice loss-making schemes	 Done	Increase underwriting revenue	 Done
		Bolt-on transactions	 Good progress
		Linked investment products – June 2019	 Good progress
		Open architecture insurance platform	 Good progress

Assets of approximately
R22.5 billion
in 300 cell captives

Guardrisk General Insurance generated
R1.9 billion
in gross written premiums for the year ended 30 June 2019

Guardrisk's gross written premium before premium refund for the year ended 30 June 2019 was
R23.2 billion
*Includes all Guardrisk-related and associated business, locally and internationally, and is based on the Statutory EWP account

RESET

RE-PRICE LOSS-MAKING SCHEMES

In order to meet its reset plan, Guardrisk needed to turn around some schemes which previously experienced losses, specifically in the health product range and the municipal business within Guardrisk General Insurance (GGI).

Guardrisk has participated in the municipal market for a number of years and is now a major provider of insurance products to the market. We currently insure over 140 of the country's municipalities. Our aim is to find ways to ensure that our policies are adding value to the municipalities by providing protection for their assets and limiting down time, to avoid delays in service delivery. Through engagement with the municipalities, via their brokers, we have been able to implement the changes required to underwrite this business on a more sustainable basis.

GROW

INCREASE UNDERWRITING REVENUE

This has been achieved as Guardrisk has substantially increased its underwriting revenue

in comparison to the previous financial year. The biggest development in the Guardrisk business during the year under review was the expansion of our offering in traditional insurance underwriting in the specialist corporate and large commercial markets with GGI, which was formally launched to the market in March 2019. Having previously specialised in assisting clients to self-insure through cell captive solutions and earning most of our income from fees and investment income, we are now increasingly underwriting certain risks and accepting underwriting risk for our own account. GGI will operate as a niche business-to-business insurer offering products through Guardrisk's extensive broker network. Building on the healthy premium base Guardrisk already had through its Guardrisk Allied Products and Services business, GGI has generated approximately R1.9 billion in gross premiums for the year ended 30 June 2019.

BOLT-ON TRANSACTIONS

Good progress has been made with the bolt-on transactions, specifically in the construction, engineering and guarantees, and marine sectors.

LINKED INVESTMENT PRODUCTS

Using the cell captive model to offer life licence-wrapped investment products

Guardrisk Life's proprietary structures and ability to develop innovative products based on our clients' needs, gives us the competitive advantage of being able to take value-added products to market timeously, which should ensure that we remain a partner of choice in the future. During the year under review, Guardrisk Life selected a few partners with which to offer specific investment products to the market. Most of these products were only launched during the last quarter of the financial year, but premiums earned from these already exceed R1 billion.

OPEN ARCHITECTURE INSURANCE

Insurtech partnership

In the Group's 2018 integrated report we reported on the partnership with Root Insurance, a Fintech start-up. This partnership, which has allowed Guardrisk to roll out an insurance administration platform that opens up new digital distribution channels, has made it possible for Guardrisk clients to rapidly develop and take to market innovative niche demand insurance products. We have already had success with the platform with some of our major affinity clients using the platform in their own businesses to launch new products and expand distribution of their products. It is an exciting opportunity for both Guardrisk and our clients to digitise existing business models and find affordable digital solutions for policyholders requiring niche products.

THE WAY FORWARD

Using our cell captive expertise to achieve economic transformation

Guardrisk is using its cell captive model, which is the ideal enabler for setting up an insurance business of any size, to embrace economic transformation. We can offer the necessary infrastructure requirements of systems, sales, administration, financial processes and reporting within a regulated framework that an insurance business requires. Following the inception of a cell captive, the client is immediately ready to distribute its products to its target markets and grow the business, all the while being guided by the enabling factor of the cell captive model.

Our first client to take up this opportunity is WAY Financial Services (WAYFS), which is a 100% black women-owned business. About a year after meeting up with Guardrisk to present their dream

of becoming the first 100% black women-owned insurance business, WAYFS launched its initiative and went to market with its first offering, Assistance Business funeral products, which offers individual and employee group schemes. More products are in the pipeline.

USING THE CELL CAPTIVE MODEL TO FUND MINING POST-CLOSURE REQUIREMENTS

The finalisation of government's regulatory requirements relating to the rehabilitation of land disturbed by mining activities is long overdue and could have significant financial ramifications for mining companies. To assist mining companies, Guardrisk has structured a solution, which has been accepted by the Department of Mineral Resources (DMR). Using a structured solution housed either in a cell captive or a contingency policy, we are able to provide mine owners with the required full value guarantee. The premium payments are comparable with the payments that the mine would have made to a trust. Guardrisk has already issued guarantees of around R10.5 billion to the DMR. Ideally this solution will allow the matching of the environmental rehabilitation liability against company assets over time. The advance tax ruling obtained from SARS makes the solution as tax efficient as possible, if all conditions are met.

PROVIDING TAILOR-MADE INSURANCE FOR GRAIN FARMERS

To mitigate and reduce the financial risks faced by South African grain farmers, who are vulnerable to the effects of drought and grain price volatility, Guardrisk has partnered with Agnovate to develop a multi-peril yield insurance (MPYI) product. This is a new generation crop insurance product based on state-of-the-art technology. MPYI calculates insurance rates according to the historical yield performance of a predefined production area, which considers similar soil and climate in one geographical area. Claims are based on the weighted average of yield shortfall determined across the production area and clients pre-agree to absorb a percentage of the total financial loss themselves. Following a successful 2018/19 pilot season, the product launched in August 2019.

The number of new, innovative and diverse initiatives we have initiated, in equally diverse sectors of the economy, present Guardrisk with several of opportunities for sustainable growth in the year ahead. We look forward to building on these initiatives to contribute to the creation of sustainable value for our stakeholders.

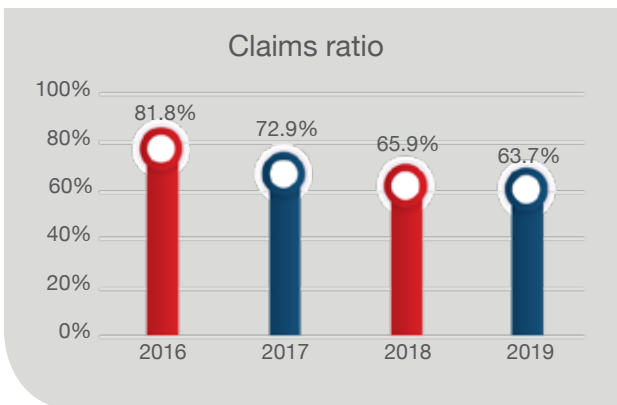
momentum

short-term insurance

An innovative underwriting model providing competitively low premiums based on individual risk profiles

Momentum Short-term Insurance (MSTI) is Momentum Metropolitan's product provider in the South African retail short-term insurance market. We provide personal and commercial short-term insurance solutions, distributed through Momentum's financial adviser network (both tied agents and independent advisers) and direct to consumer marketing campaigns. In the middle, upper and high net worth market segment, MSTI's value proposition is centred around promoting safety as a key differentiator. This is articulated through MSTI's innovative Safety Score and Safe Dayz benefits for clients as well as several mobile app and online self-service features.

What we needed to reset	Progress	What we needed to grow	Progress
Full value chain responsibility		Grow client base	
SA focus only		Improve claims ratio	
Exit unprofitable portfolios		Enhance client value proposition	
Enhance pricing and underwriting capability			



RESET

MSTI, having begun resetting its business a year ahead of the rest of Momentum Metropolitan, has successfully completed most of the elements of its Reset plan. We are operating as a full value chain business with management control over all our key capabilities driving profitability and growth.

We have exited and repriced all unprofitable portfolios, such as business received via brokers focusing predominantly on new business generated via motor dealerships. We now only focus on South Africa with one exception, which is Tanzania where we continue to provide a system solution for short-term insurance products.

GROW

GROWING OUR CLIENT BASE

The MSTI business has continued to grow aggressively in a tough economic environment with gross written premium growth of 18%, supported by improved client retention. Our gross new business annual premium income in commercial lines increased more than 30% year-on-year. This was as a result of growth across all our distribution channels and improved price competitiveness.

IMPROVING OUR CLAIMS RATIO

Our claims ratio, which is one of the key drivers of our profitability, continues to improve (see graph on page 71). This is as a result of ongoing investment into our risk selection, pricing and underwriting capabilities. We implemented significant improvements in our new business pricing models, policy renewal capabilities and fraud management processes. The improvement is slightly lower than the previous year due to the accumulation of weather-related claims in the last quarter, which negatively affected the year under review. It is becoming clear that a vast improvement in future would be more difficult than previously due to the book being fairly clean of obvious unprofitable cohorts and the price competitiveness in the market being fairly high.

ENHANCING OUR CUSTOMER VALUE PROPOSITION

During the year under review we continued to focus on enhancing our client value proposition, with a particular focus on safety and convenience.

Ease of use and convenience

MSTI launched an online quote platform on momentum.co.za in June 2019, which has created an easy to use and convenient additional channel where clients can obtain a quote. We will be expanding this facility to our intermediaries in the second half of F2020.

The increased use of our self-service channels by both clients and intermediaries, both online and on our app, resulted in approximately 70% of all qualifying transactions being serviced digitally.

Our efforts to increase the convenience of making a claim for our clients include providing digital solutions on the Momentum app and website for the reporting of various types of claims.

During the year under review the number of windscreen claims we processed via our website and app increased by more than 20%. On average when our clients used our digital offering to make their windscreen claims they were contacted by their service provider to arrange for a windscreen replacement within two minutes of making the claim.

Rewarding safe behaviour



Our Safe Dayz telematics product, which is offered in conjunction with Momentum Multiply, is driving better client engagement, improving persistency and claims experience. The full MSTI/Multiply Safety product offers clients up to 30% back in cash every year of their premiums, even if they claim.

There has been strong growth in both MSTI and Momentum Multiply clients using Safe Dayz to measure their safety on the road, resulting in a 50% increase year-on-year in MSTI clients taking up the full MSTI/Multiply Safety offering. During the year under review we paid clients nearly R7.5 million in bonuses as a reward for safe behaviour and a good claims experience.

We recorded approximately 45 000 journeys per day during F2019, and since Safe Dayz was launched in November 2017 we have recorded 27.3 million journeys, covering a total distance of 396 000 000 km and 8.6 million hours of driving.

MEETING OUR CLIENTS' EXPECTATIONS

Our promise to our clients is one of affordability, convenience, being there when they need us most and understanding their needs. The results of the Consulta South African Customer Satisfaction Index (SAcsi) for short-term insurance indicate that we are meeting our promise to our clients, as MSTI featured prominently as one of the top three insurers currently meeting client expectations. MSTI was also nominated as a finalist in the 2018 Financial Intermediaries Association of Southern Africa awards in the Short-Term Insurer of the Year – Personal Lines category.

THE WAY FORWARD

In the year ahead we will continue to focus our efforts on ensuring MSTI becomes a sustainably profitable business. Critical to our success will be to grow our client base further. We have exciting plans in place to enhance our key differentiator, namely our safety value proposition, both on the road and at home. We believe that these changes will create more tangible value for clients and if, combined with the excellent client service with which we are synonymous, will result in more clients choosing us and our existing clients staying longer.

As part of our medium-term growth strategy, we also intend to place more emphasis on our commercial offering (focusing on the SMME market) in the year ahead.

Lastly, from a convenience perspective, both clients and financial advisers can look forward to positive changes as we continue to drive our digital strategy by offering more self-service functionality and an improved experience.

Alexander Forbes Short-term Insurance (AFI) business acquisition

Our acquisition of AFI, which is subject to regulatory approval, will fast track the growth of our short-term insurance interests, position Momentum Metropolitan as a significant player in the short-term insurance market and facilitate the achievement of our Grow strategy.

Our focus in the year ahead will be on fulfilling the conditions precedent, specifically ensuring approval from the Prudential Authority and Competition authorities, which is progressing well. We hope to have concluded this process by the latest in the first quarter of 2020.

Momentum Metropolitan's experience in integrating a short-term insurance business into the Group positions it well for its planned integration of MSTI and AFI into an integrated unit trading under the Momentum brand. In anticipation of obtaining regulatory approval for the acquisition, we are planning for the migration and integration of AFI into our short-term insurance business. Once we have regulatory approval for the transaction and can begin the integration process, our key focus will be on minimising the risk of losing AFI clients and key AFI employees. To achieve this we will be engaging with AFI clients and the AFI team and supporting the process with a detailed change and communication plan.



Momentum Metropolitan Africa

Momentum Metropolitan Africa had operations in over 11 countries outside South Africa, providing life insurance, short-term insurance, health, asset management and pension administration. The countries included Botswana, Ghana, Kenya, Lesotho, Namibia, Nigeria, eSwatini, Mauritius, Mozambique, Tanzania and Zambia.

R4.69 billion

gross written premiums for Life, Health and Short-term Insurance

> 600 000

retail policies

> 838 000

group members

Heritage of

51 years







in Namibia and Lesotho

R4.14 billion

recurring

R0.55 billion

single

What we needed to reset	Progress	How we plan to grow	Progress
Exit selected countries	 Good progress	Strengthen distribution	 Still needs attention
In-country governance and control	 Done	Improve product mix and margins	 Done
Strengthen leadership teams	 Done		
Finalise operating model	 Still needs attention		

Over the past few years Momentum Metropolitan Africa experienced a number of challenges with the performance of some its operations, which compelled us to make some difficult decisions to ensure the sustainability of our business. To this end, in 2017 a decision was taken to rationalise the portfolio through a more condensed Africa portfolio. We identified eSwatini, Mauritius, Mozambique, Tanzania and Zambia as the countries we would exit. At the same time, we resolved to defend our market share in our remaining southern Africa business and deliver shareholder value in our east and west African operations.

During the 2019 financial year, our focus was on the rationalisation of our portfolio and improving our control environment, strengthening our leadership teams and distribution, reviewing the segment's operating model and improving our product mix and margins.

RESET

EXIT SELECTED COUNTRIES

We have made significant progress during the year under review with our exit from eSwatini, Mauritius, Mozambique, Tanzania and Zambia. In February 2019 we announced the sale of the eSwatini business to a consortium consisting of management and Vunani Capital (Telos) and are now awaiting regulatory approvals. We have signed two additional share purchase agreements and have recently received regulatory approval for the sale of our business in Mauritius and all conditions precedent have been met. As we conclude the balance of these transactions a growing focus for our business is on managing the transition of services to the new owners.

IN-COUNTRY GOVERNANCE AND CONTROL

We have made measurable progress towards improving our governance and control environments and increasing in-country ownership of these environments. We initiated a controls

improvement programme to address a number of control gaps we had identified, 84% of which have now been closed. We also delivered a new health system in Lesotho and Botswana that will further improve these countries' control environments, drive efficiencies, reduce costs and enhance our client and employee experience. To ensure that our focus on the control environment continues, we have introduced an audit findings tracker, which we will use to monitor our progress in addressing audit findings as well as the proactive identification of these by management.

STRENGTHEN LEADERSHIP TEAMS

We conducted a leadership profiling exercise aimed at understanding the leadership bench-strength across our operations, with a particular focus on executive leadership both in-country and at the centre. We have successfully concluded the exercise and are now using the outcomes of the exercise to bolster development plans and develop medium-to long-term succession plans.

During the year under review the CEO of our Namibia operation retired and the CEO in Lesotho resigned. Interim CEOs are in place in both countries and we are in the process of finding permanent replacements for both roles.

FINALISE OPERATING MODEL

It has been important for Momentum Metropolitan Africa to define an operating model suitable for the delivery of our strategy, subsequent to the change in the Group's operating model.

While we waited for the Group's operating model to settle our focus for F2019 was to review the in-country organisational structures and evaluate how these will enable delivery of the respective in-country strategies in an efficient and cost-effective manner. Significant progress has been made in Botswana, Ghana and Namibia in this regard.

GROW

STRENGTHEN DISTRIBUTION AND IMPROVE PRODUCT MIX AND MARGINS

Southern Africa and Ghana

A key deliverable we have been able to achieve in the period under review was an improvement in the product offering across our businesses. To name a few we:

- launched a wealth offering and unit trusts in Namibia
- launched Outcomes-based Investment (OBI) in

- Namibia, Lesotho and Botswana
- re-priced our voluntary group (VG) offering in Namibia, Lesotho and Botswana
- re-rated our retail savings and risk products in Namibia
- re-priced our retail funeral product (Mmelegi) in Botswana and launched an improved funeral product in Ghana
- launched FNB bancassurance products in Ghana
- improved and simplified the group risk tools for an enhanced intermediary experience

We achieved an improvement in sales relative to F2018, however, much work still has to be done to get our mass retail business to deliver an optimum sales mix and improve productivity.

NIGERIA AND KENYA

Having identified the need to stem losses in Nigeria and Kenya, which were the most significant loss makers in our portfolio in the recent past, we took action during the past two years to turn these businesses around. We decided to focus on corporate business in Nigeria, which benefitted from the regulatory change to minimum pricing for group life, resulting in favourable premium increases relative to F2018. The control environment in the company has also greatly improved.

In Kenya, we cancelled unprofitable short-term insurance business, repriced the book and reduced our exposure to loss-making private motor insurance. We have also revised our group Life pricing and are now exploring opportunities to expand our corporate offering in Kenya. The essence of our strategy in these countries and in the broader portfolio is that of a focus on delivering profitable growth.

COUNTRY UPDATES

NAMIBIA

Key drivers for the business performance have been the product launches and re rates that took place, as well as the improvement in the control environment, which had historically impacted earnings. Retail sales were a challenge for the business in the period under review, while Corporate sales peaked at the beginning of 2019 when we landed two major group life clients.

In F2020, a key focus for the Namibian business will be to successfully implement our Retail Transformation Plan, which seeks to address a variety of challenges faced by this sizeable portion

of the business. A key element of the plan is to improve our distribution capability. This will include reviewing the Sales and Distribution team structure, the adviser remuneration model and the business's expense base. A number of products will be launched during the year and others refreshed to ensure that we remain competitive in the market.

LESOTHO

The year under review was a difficult one for the Lesotho business because of very harsh economic conditions under which we had to operate. Despite these conditions the Retail business received significant single premium inflows, while the Corporate and Health businesses improved steadily on both written premiums and claims experience. Our performance was impacted by the current product mix, which is skewed towards savings products, as well as high fixed sales-related expenses.

During F2020 the Lesotho business will prioritise expense management and bolster its distribution capability. In addition, we will be modernising some of our operating systems to enhance client experience for our Life business clients. Our Health business's venturing into the underserved sector of the market with a low-cost solution.

BOTSWANA

Our Retail business finished the year strongly on the back of re-rating our voluntary group and Mmlegi products during the year, while our Corporate business, and in particular single premiums, remained under significant pressure. Expense management and improved claims experience also contributed to the business' sound performance.

In the year ahead Botswana will focus on implementing a revised organisational structure, which will be aligned to the business' Grow strategy. To bolster distribution capability we will focus on manpower and productivity and enhanced management skills for the Retail business. Our Corporate strategy will focus on profitable SMME business. We have launched a new Health system to improve client experience and drive operational efficiencies. We expect to see the impact of the new system in F2020.

GHANA

We have made significant progress towards achieving our strategic objectives, which are focused on achieving a superior client experience in

order to deliver sustained value. We made progress with key strategic initiatives to reset solutions and systems toward client needs. Additionally, we revised our funeral and employee benefits solutions.

In F2020, our focus will be on bolstering our distribution capability, modernising our Health business's operating system and further digitising our operations. In addition, we will focus on improving our way of working to ensure that we have happy and engaged employees, while we continue to maintain a strong governance and control environment.

KENYA

Key drivers for the improved performance of the business included a focus on better underwriting for short-term and long-term insurance and exiting loss-making business, together with a reduction in management expenses. Focus was also placed on enhancing people practices and improving staff morale, while we enhanced the internal control environment. A key challenge for the business, however, is scale.

In F2020 we will focus on enhancing our client value propositions by delivering innovative solutions with value-added features for our clients. These enhanced client value propositions will also enable us to improve our client experience as we create a client-centric culture and align to the Treating Customers Fairly (TCF) regulatory requirement. We will also modernise our Life business platform as we seek to improve client experience, following the revamp of our general business operating system during the period under review.

NIGERIA

The minimum pricing for group life, a pricing regime implemented in Nigeria to ensure the competitive growth of the insurance industry in an environment where competitors were under-pricing solutions to attract clients, was largely complied with by the market, resulting in favourable premium increases relative to F2018. Furthermore, the control environment within the company has greatly improved.

During F2020, the business will be focused on enhancing its distribution capability, implementing revised client value propositions in order to remain competitive, optimising the capital base in order to align and ensure compliance with the new minimum capital base requirement effective 30 June 2020.

NEW INITIATIVES

INDIA HEALTH INSURANCE JOINT VENTURE

Aditya Birla Health Insurance Limited (ABHI), founded in 2016, is a joint venture between Momentum Metropolitan and Aditya Birla Capital, the financial services arm of Aditya Birla Group, a multinational Indian conglomerate operating in 35 countries with more than 120 000 employees worldwide and with interests in fashion, textiles, metals, cement, telecoms and financial services. Momentum Metropolitan has a 49% shareholding in ABHI.

ABHI, which is enjoying strong growth, has a presence through 59 branches in 41 cities in India, with a health provider network spanning over 5 800 hospitals in 800 cities. At the end of March approximately 2.3 million lives were covered by one or more of the ABHI product offerings, a 130% increase year-on-year. While stand-alone health insurers like ABHI are relative newcomers to the Indian insurance industry, growth from this market segment is outpacing general industry growth.

The venture is progressing in accordance with its business plan and is expected to achieve the scale that will allow it to achieve profitability over the next few years.

AFRICAN MOBILE INSURANCE JOINT VENTURE



aYo is Momentum Metropolitan's mobile insurance joint venture with MTN, in which we have a 50% shareholding. Its products, which are designed for the lower-income segment of mobile phone users, focus on digitally-enabled, high volume, low value transactions offering flexible payment and cover options. By year-end approximately four million clients had signed on to aYo's mobile insurance offerings. Currently, aYo has operations in Ghana and Uganda, with plans to launch in Zambia. There are further plans for it to expand into four more African countries in the medium term. The rollout of aYo to additional markets should help it achieve the necessary scale.

INVESTMENT IN VENTURE CAPITAL FUNDS



Momentum Metropolitan's Exponential Ventures has invested in two venture capital funds, the 4Di Exponential Technology and Anthemis Exponential Venture funds. These venture capital funds focus

on Fintech, Insurtech and Healthtech start-up enterprises. They are currently invested in 21 different ventures across Africa, Europe, the UK and the United States.

The 4Di Exponential Technology local rand-denominated fund is viewed as a strategic investment by Momentum Metropolitan, from which it expects to earn adequate returns. It has served as the initial trigger for a number of Momentum Metropolitan technological initiatives and ongoing engagements between our business units and other start-ups to explore the commercial viability of projects.

Our investment in the UK-based euro-denominated Anthemis fund is a financial one, however, it does provide us with a gateway to commercial interaction with the fund's underlying investments, as well as deep insight into the newest industry trends.

Over the next 12 months a number of entities underlying each of the funds are expected to enter further funding rounds, which may affect the valuations of these ventures.

Kimi



Kimi is a technology-enabled health engagement application that Exponential Ventures developed with internal resources. Kimi can create a unique profile for an individual based on his or her heart health, sleeping habits and levels of activity using a mobile device or wearable sensor to take these measurements. Kimi has a number of applications in insurance and wellness.

TaxTim



TaxTim is another Exponential Ventures investment, in which Momentum Metropolitan has a 49% shareholding. TaxTim is an online application that provides taxpayers with real-time assistance as they complete their tax returns. It is available free of charge to Momentum Multiply clients and as a paid for service for others. Momentum Multiply clients who make use of TaxTim earn Multiply points and if they wish, they can share their tax score with their advisers, enabling an improved analysis of their financial needs. In addition to its Momentum Multiply clients, TaxTim has a substantial diversified client base.