

# Momentum Corporate Engagement, the future of Employee Benefits

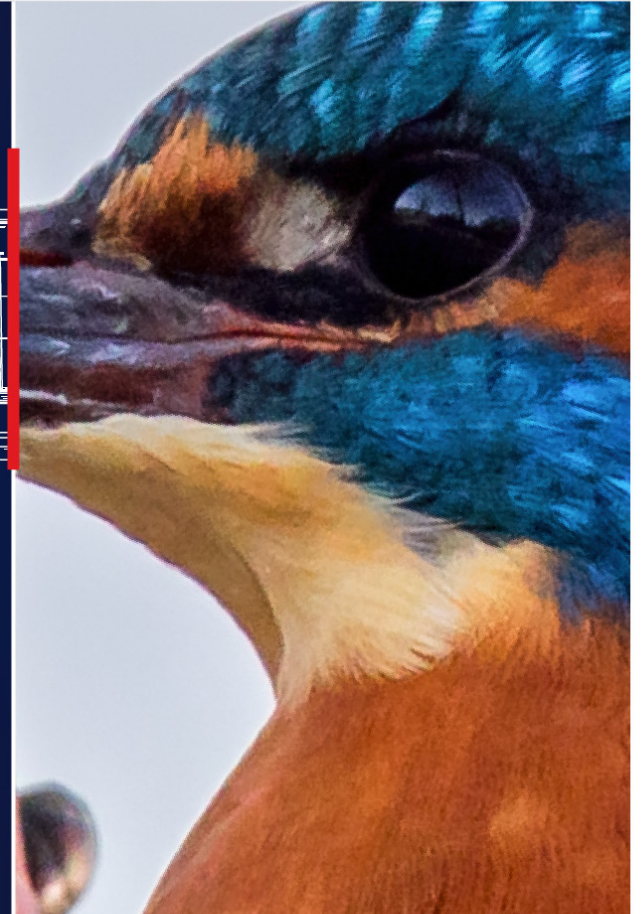
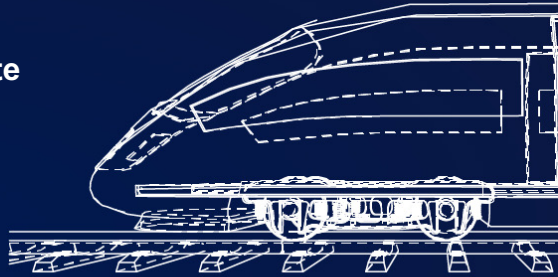
Dumo Mbethe

CEO Momentum Corporate



# Agenda

- 1 Overview of Momentum Corporate
- 2 Current strengths: FundsAtWork and Group Insurance
- 3 The future: delivering sustainable growth through engagement-rich solutions





**Overview of  
Momentum  
Corporate**

# Momentum Corporate is a significant business in the employee benefits industry



We look after 6 600 employers and their 1.6 million employees



In F2020 we received ±R 5 billion in annual premium income for group insurance



In F2020 we paid R1.2 billion in income disability benefits and R350 million in lump sum disability benefits



In F2020 we paid R2.6 billion in death claims



Our standalone retirement administration business administers R220 billion in assets under administration with 440k members



R33 billion assets under management in Structured Investments and Annuities



R59 billion in asset under management in the FundsAtWork umbrella funds



58 worksites opened where members improved their financial journeys by investing R82 million in retirement solutions and preserved more than R143 million in retirement savings



Over 1 000 employers have joined Multiply for Corporates and earned R6.9 million in rewards which they can spend on Covid-19 initiatives



166k digital engagements with members, with a 4.4 out of 5 client experience rating

# Our solutions

We provide a wide range of solutions to organisations, **leading with our FundsAtWork umbrella funds and Group Insurance**



1

FundsAtWork umbrella funds

2

Group Insurance

3

Structured Investments & Annuities

4

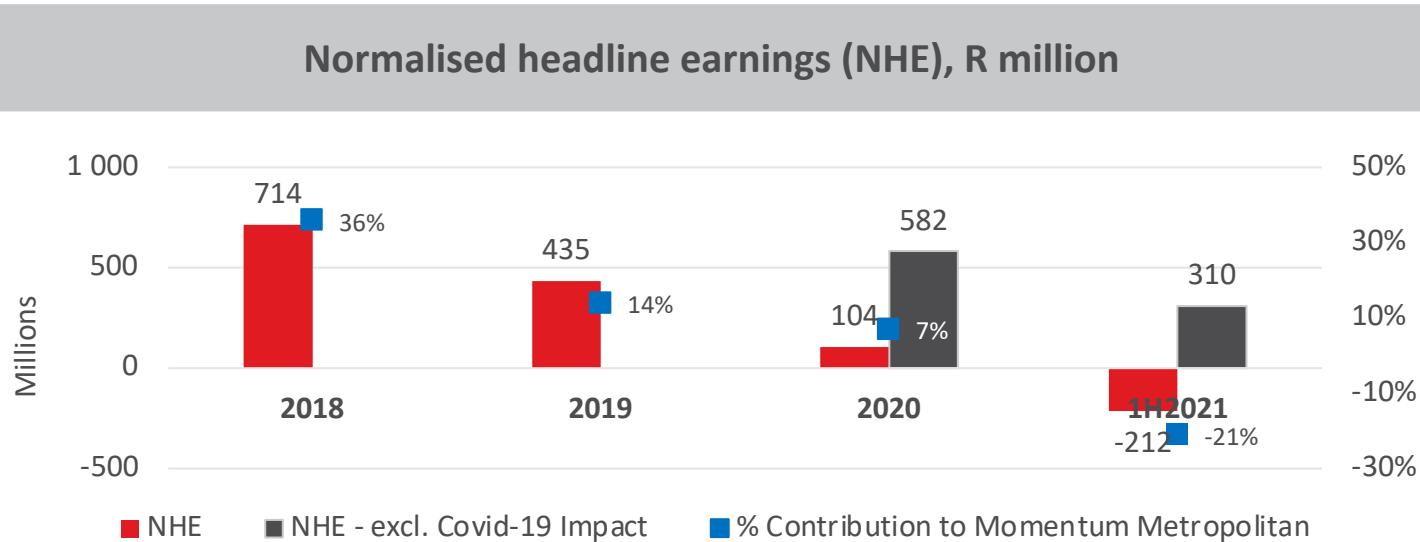
Momentum Corporate Advice & Administration

5

Member Solutions

# Normalised headline earnings

Our normalised headline earnings performance has been reasonably strong. F2020 was significantly impacted by Covid-19 reserving and a large increase in the investment guarantee reserve.



F2020 normalised headline earnings were impacted by:

- Covid-19 reserves of R346 million after tax
- An increase in the investment guarantee reserves of R130 million after tax

1H2021 normalised headline earnings were impacted by:

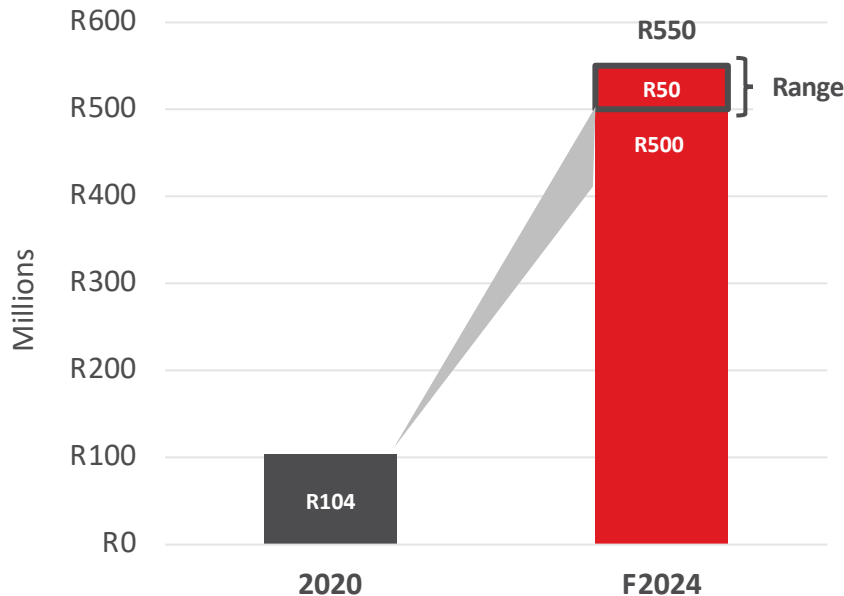
- Additional Covid-19 reserves of R453 million after tax
- The number of excess deaths for the six months ending December 2020 were 520, amounting to R424 million in excess claims

**Note:** The 2018 result was positively impacted by R324 million basis changes

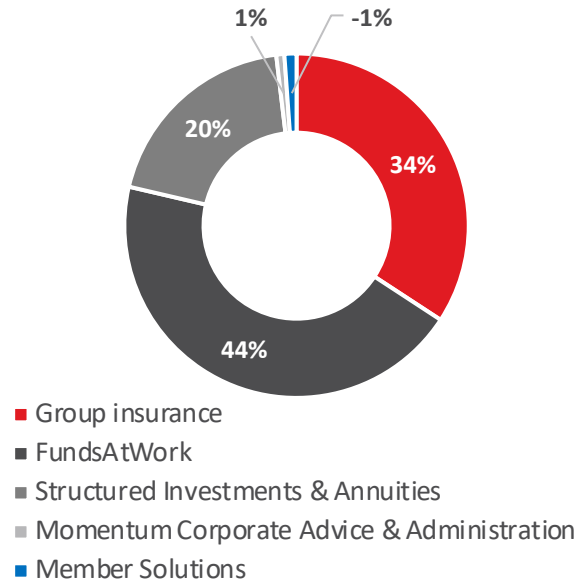
# F2024 normalised headline earnings range

We target an improvement in normalised headline earnings to a range of R500 million – R550 million by F2024, with  $\pm 80\%$  coming from FundsAtWork and group insurance.

## Normalised headline earnings (NHE) target, R million



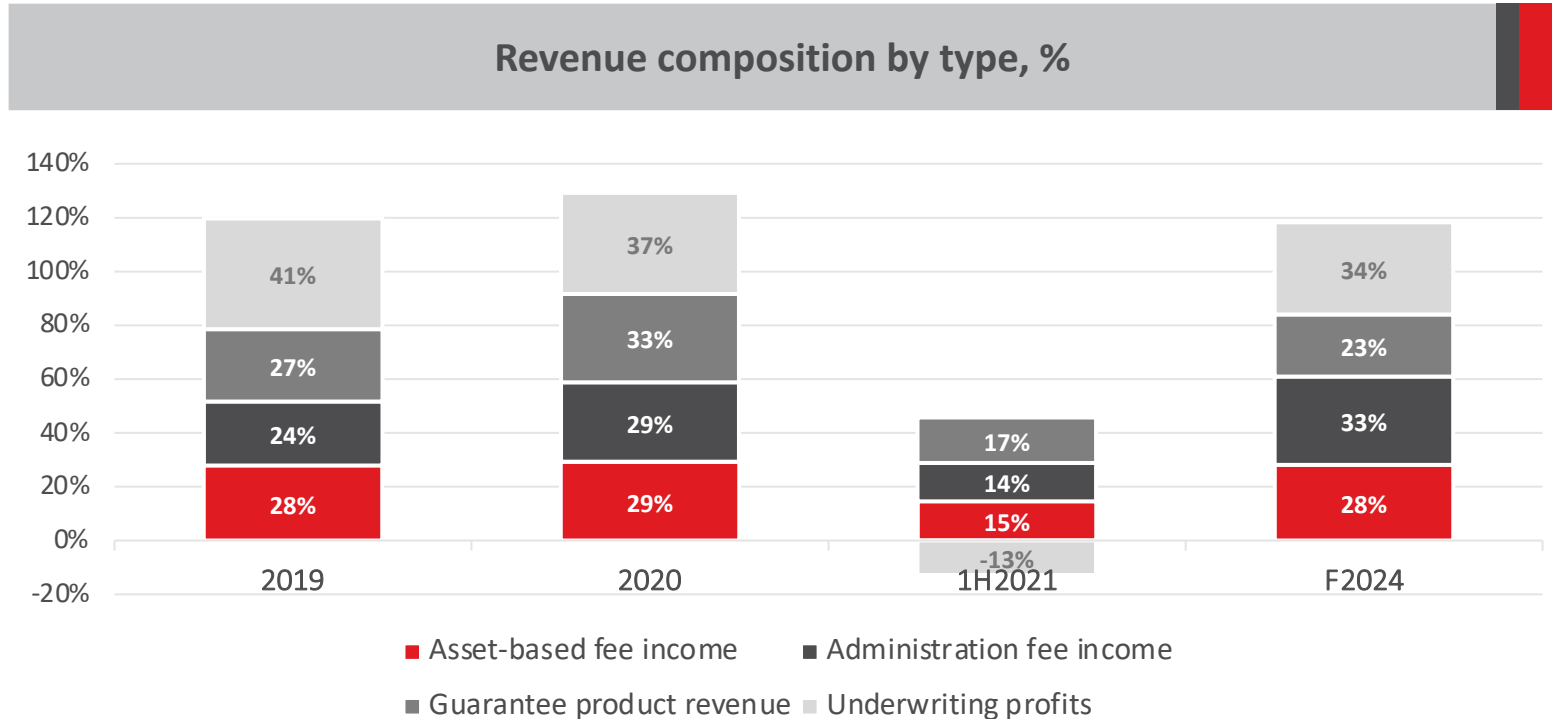
## Percentage contribution to normalised headline earnings in F2024





# Revenue composition

We expect our underwriting revenue to stabilise following the impact of Covid-19 in F2021, as our asset-based fee income and administration fee income streams strengthen.



**Note:** Graph excludes capital investment returns





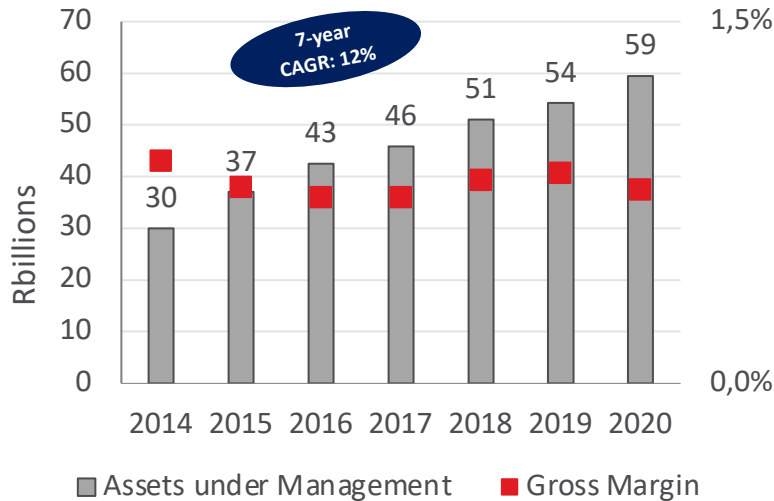
**Current strengths:**  
FundsAtWork and  
Group Insurance



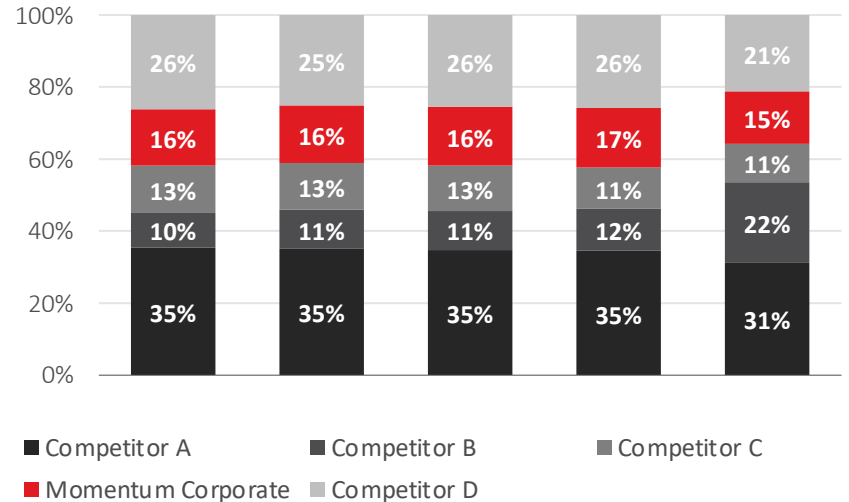
# FundsAtWork umbrella funds

FundsAtWork has doubled assets under management in the last 7 years at healthy margins. Market share has remained relatively consistent during the same period.

### Assets under management 2014 – 2020



### Market share by assets under management

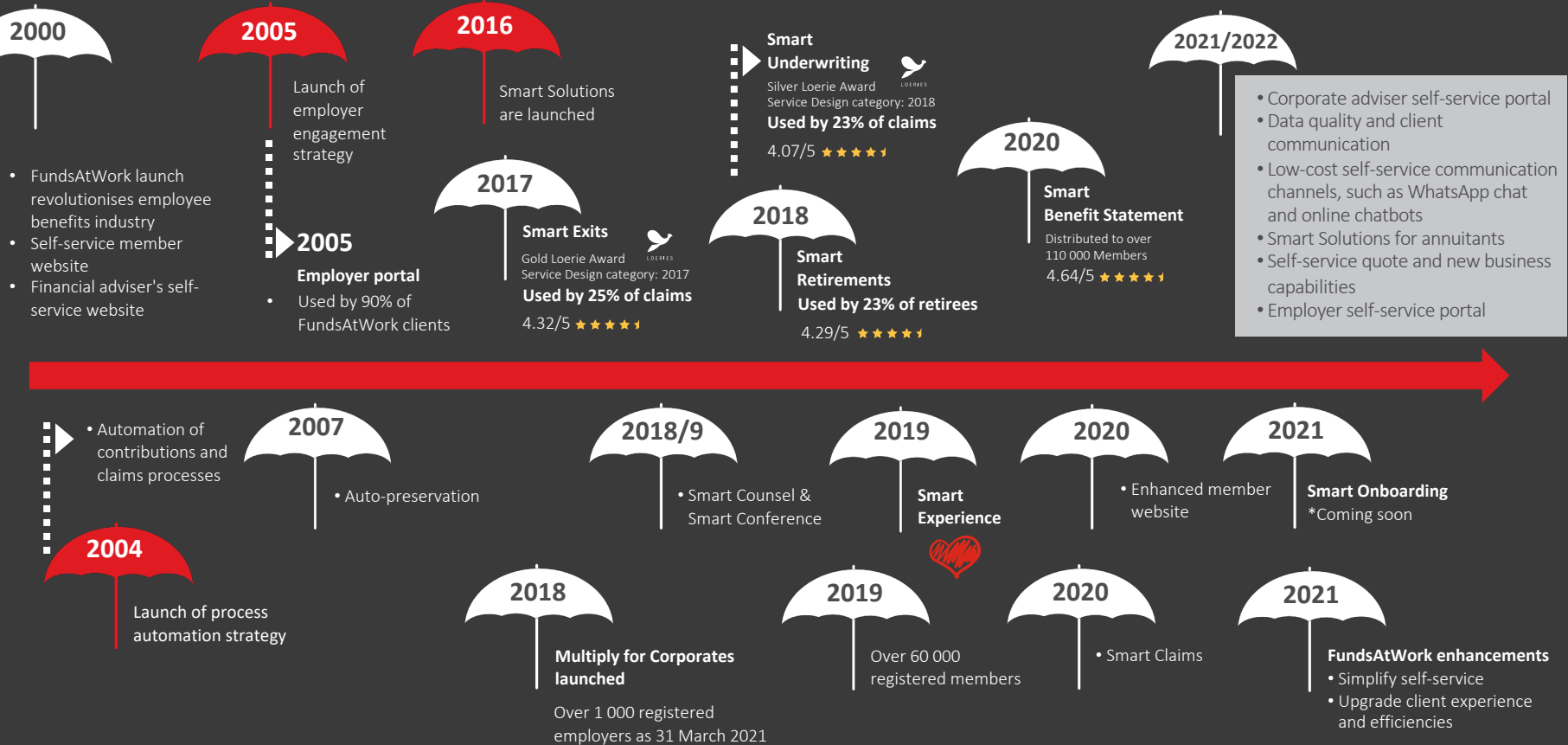


Note: The market share analysis focuses on the top five competitors in the market

Source: Financial Sector Conduct Authority Database, 2020



# FundsAtWork digital journey



# FundsAtWork key success factors

Surveys with clients and financial advisers showed that there are least five factors that have mostly contributed to our success to date.

**1**

**Flexibility and openness to co-craft solutions with clients and financial advisers**

**2**

**Strong relationships, support and ease of doing business**

**3**

**Value for money**

**4**

**Engaging and empowering communication**

**5**

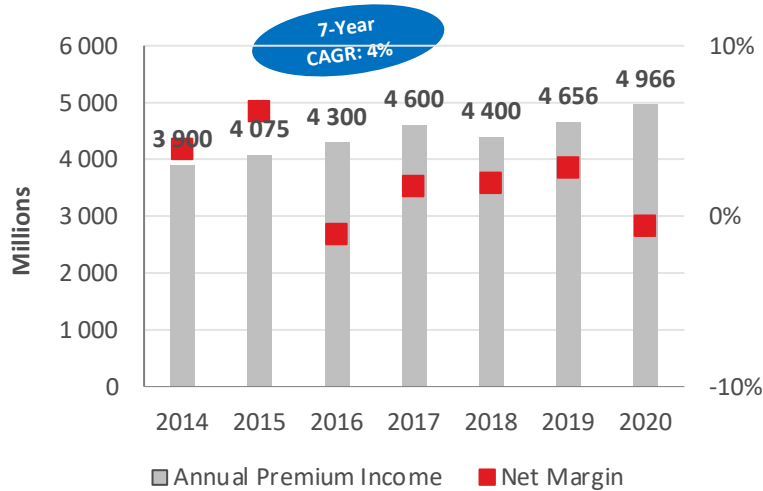
**Digital engagement tools (member portal and mobile app)**



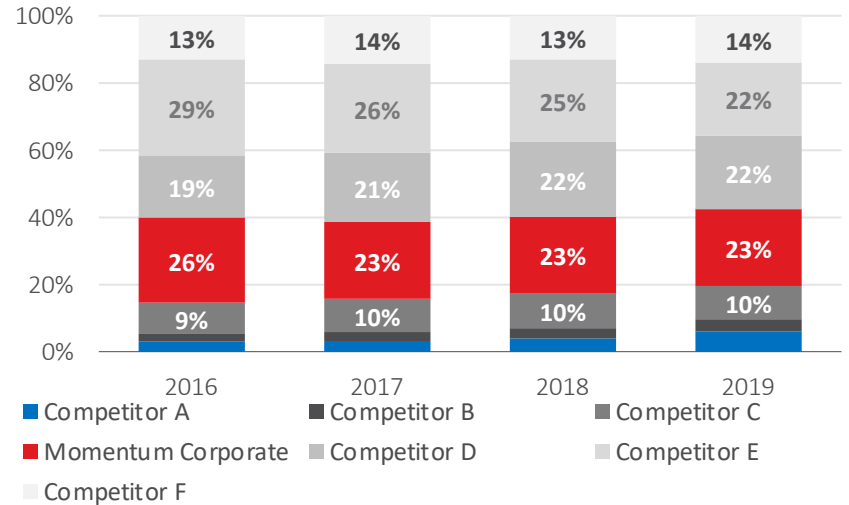
# Group Insurance

In 2018, we implemented a risk selection & pricing strategy that focused on writing and retaining business at sustainably profitable levels to ensure improvement and stability in margins while improving client experience. Market share has also remained strong during this period.

### Group insurance (including FundsAtWork) annual premium income, 2014 – 2020



### Market share by gross written premium, 2014 – 2020



Source: 2019 Group Volume Survey, Swiss Re

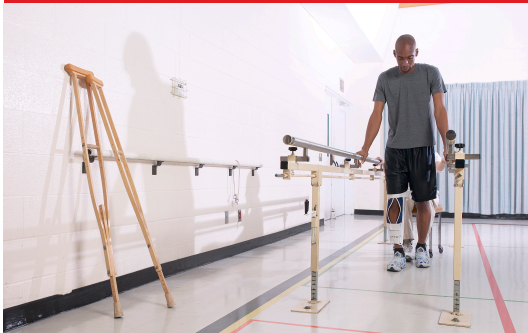
Note: The top five payers in the market account for 91% of the industry's R22 billion in gross written premiums (2019)

Note: 2014 – 2016 net margin figures are estimates following a change in how we account for expenses

# Group Insurance key success factors

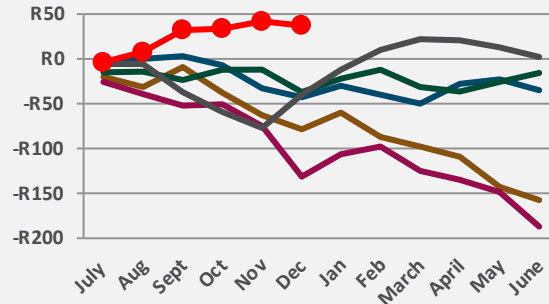
Our approach to disability management, the income disability turnaround and innovation are some of the reasons there is an improvement in profitability.

## Disability management



- Technical expertise in disability claims management
- Medically trained assessors
- We support employers and claimants during the claims process
- Assist claimants with rehabilitation and reskilling

## Turnaround in income disability benefit business



- F2016
  - F2017
  - F2018
  - F2019
  - F2020
  - F2021
- The loss of the income disability benefits product was moved into profit during the first half of F2020
- This was done by pricing more accurately and being prudent with risk selection

## Innovation: Tax-adjusted benefit – Disability 2.0



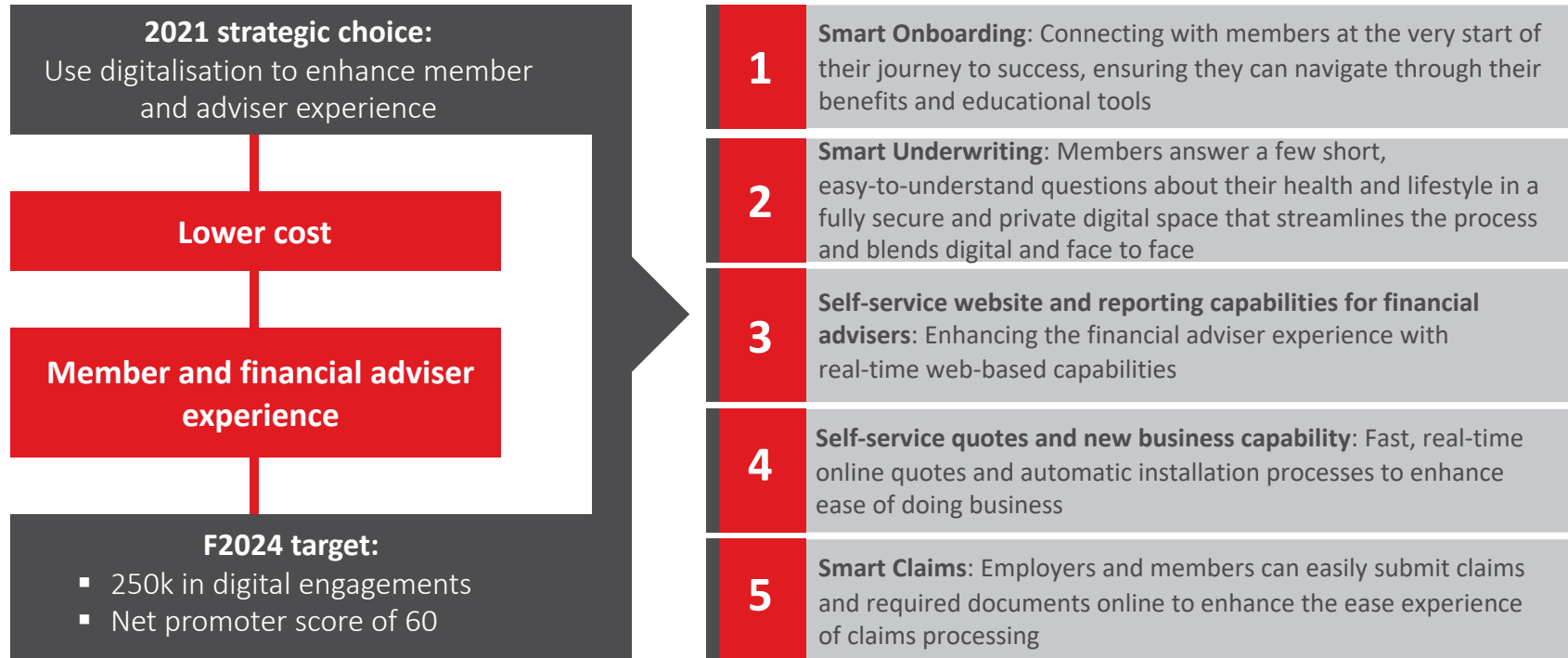
- Changes the timing of benefit payments
- Reduces inequality between different income groups
- The cost can reduce by up to 30% depending on the salary profile of the members
- A value-for-money solution for employers



**The future:**  
delivering sustainable  
growth through  
engagement-rich  
solutions

# 1. End-to-end digitalisation

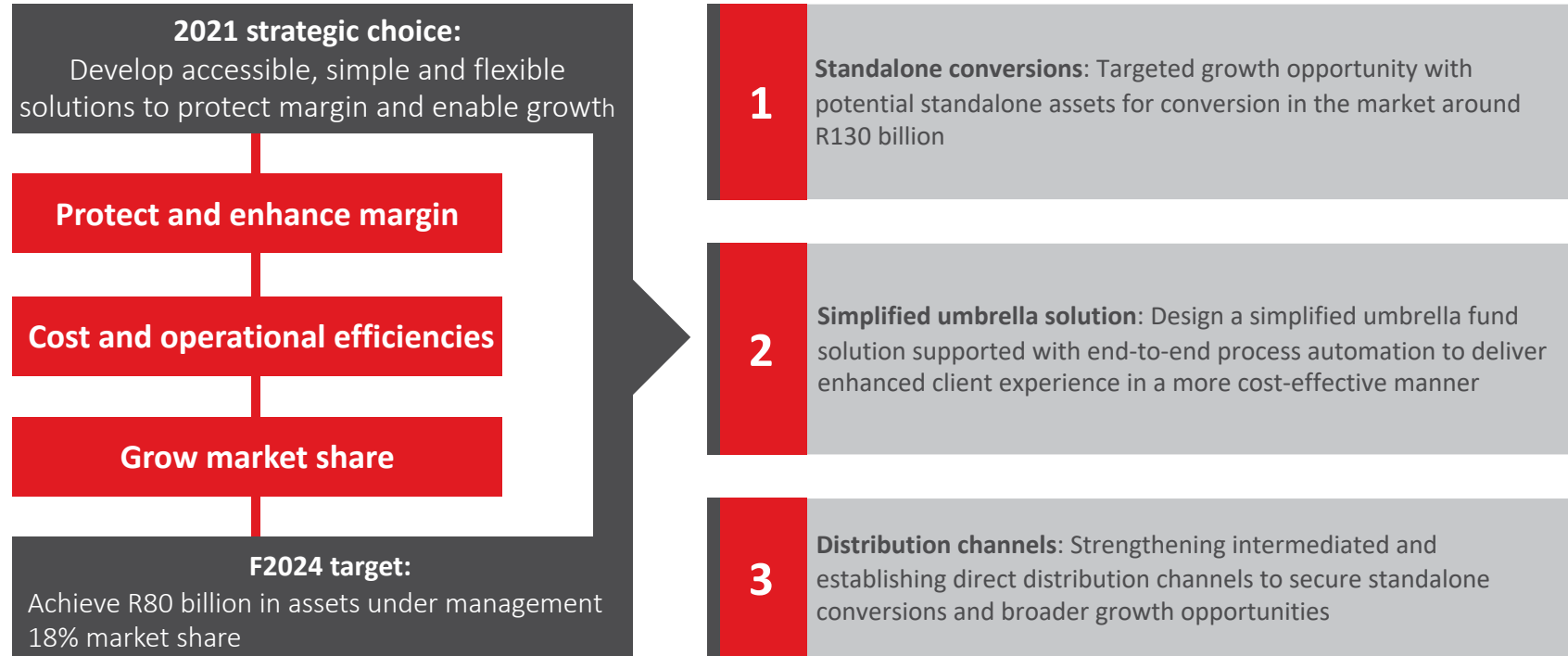
Deliver service experiences that delight and empower our clients and financial advisers.





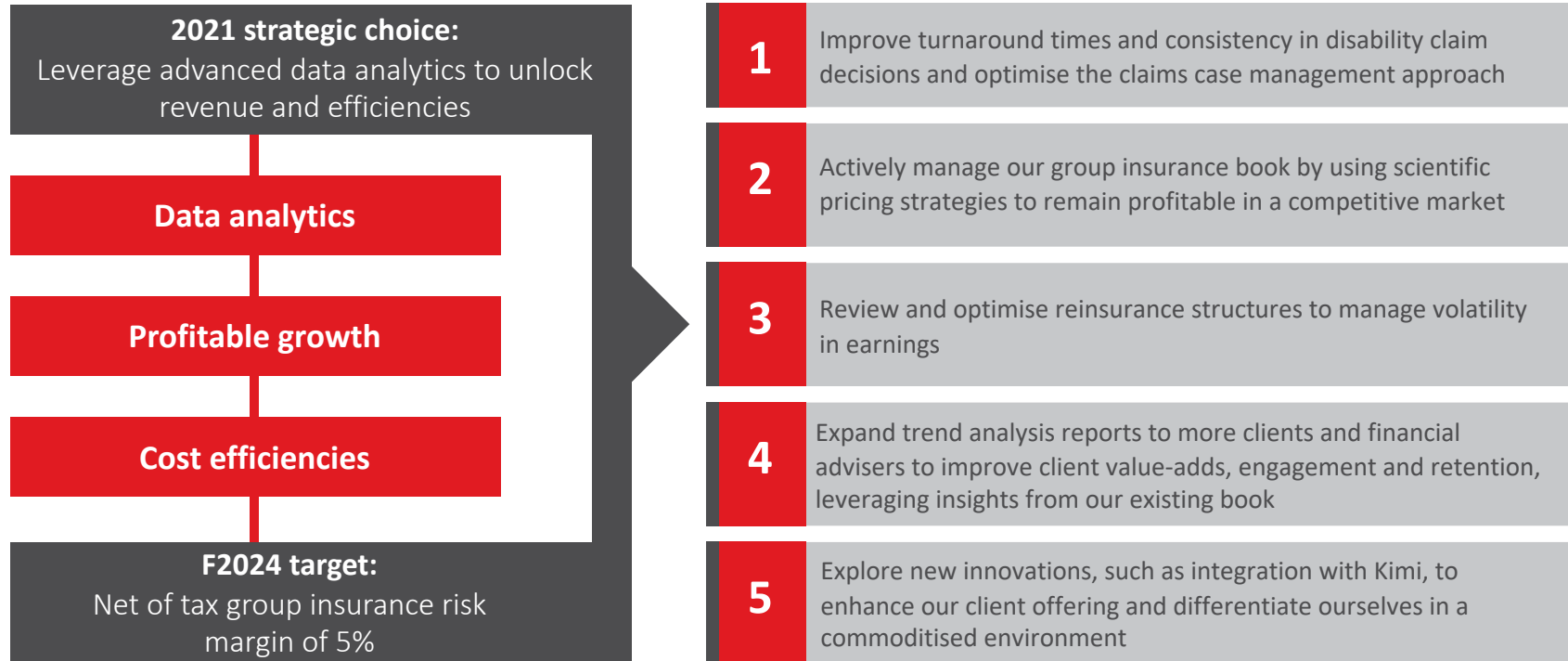
## 2. Enhance FundsAtWork

Growing competition in the umbrella funds' space is leading to increased pressure on margins. Winners will be organisations that operate at an efficient cost base, offering value for money and flexible umbrella solutions through exceptional client experience.



### 3. Improved use of data

Our focus and the opportunity we see in the market going forward is to understand our clients and members better, to improve price, service and management through data analytics.



1

We are a business with scale and a significant contributor to the Group

2

Through engagement-rich solutions, improve outcomes for all key stakeholders

3

On a digital journey to enhance stakeholder experience, while driving efficiencies

4

Leverage data analytics for more scientific underwriting, insights and claims management

5

These efforts will help us achieve normalised headline earnings target of R500 million – R550 million by 2024

