NMG Umbrella SmartFund

Annual Fund Report

1 January 2025 to 31 December 2025

Contents

Fund names:

NMG Umbrella SmartFund (pension section)
NMG Umbrella SmartFund (provident section)

FSCA registration number:

NMG Umbrella SmartFund (pension section) - 12/8/36758/1
NMG Umbrella SmartFund (provident section) - 12/8/36750/1

Registered office:

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1. About the Fund

The NMG Umbrella SmartFund is a multi-employer retirement fund that was established to enable participating employers to provide employees with access to a professionally managed and cost-efficient retirement savings vehicle.

By pooling the assets and administration of multiple, unrelated employers under a single fund, the NMG Umbrella SmartFund achieves economies of scale and governance efficiencies, while maintaining flexibility to meet the diverse needs of participating employers and members.

The primary objective of the Fund is to assist members in building sustainable retirement savings through regular contributions and prudent investment management. Contributions made by both employers and members are invested with the aim of delivering appropriate long-term returns while managing risk.

The Fund operates within the regulatory framework prescribed by the Pension Funds Act, 1956, and is governed by a board of trustees who are responsible for ensuring that the Fund is managed in the best interests of members. The board is supported by professional service providers, including administrators, investment managers, actuaries, and consultants, who collectively contribute to the effective operation of the Fund.

This annual report provides an overview of the Fund's activities, governance, financial performance, and key developments for the year ended 31 December 2025. The board remains committed to upholding high standards of governance, transparency, and member value, and to supporting members in achieving improved retirement outcomes.

1. Overview of the fund

In the Financial Year Ending 31 December 2025		
As at 31 December 2025, the Fund comprised 5,247 members in the pension section and 36,529 members in the provident section.	The value of the Fund's investments amounted to **R1.48 billion** in the pension section and **R9.79 billion** in the provident section as at 31 December 2025.	During the financial year ended 31 December 2025, total contributions of **R184 million** were received in respect of the pension section, while contributions to the provident section amounted to **R982 million.**

Benefit payments made during the same period were as follows:			
Retirement claims	**Death benefits**	**Withdrawal Benefits (including retrenchment)**	**Two-Pot Savings Withdrawals**
• **R68 million** (pension section) • **R299 million** (provident section)	• **R8 million** (pension section) • **R60 million** (provident section)	• **R112 million** (pension section) • **R421 million** (provident section)	• **R10 million** (pension section) • **R86 million** (provident section)

Following the alignment of the tax treatment applicable to pension and provident funds in respect of both contributions and benefits, the historical requirement to maintain separate pension and provident arrangements has fallen away. In response, the Trustees of the NMG Umbrella SmartFund have resolved to consolidate the two sections of the Fund.

This consolidation is being implemented as an ongoing initiative. The Fund's administrator and consultants have been mandated to engage with participating employers in the pension section who have not yet elected to transfer, with a view to facilitating their transition into the consolidated structure.

2. Management of the Fund

The NMG Umbrella SmartFund is a separate legal entity governed by a professional board of trustees, allowing participating employers to focus on their core business activities. The board comprises four trustees, each with extensive industry experience and specialised expertise, collectively ensuring effective oversight and governance of the Fund.

The composition of the trustee board as at 31 December 2025 was as follows:

Name	Dalene Willemse	Gordon Moeng	Siphamandla Buthelezi	Chris van Wyk
Expertise	Sponsor appointed trustee and chairperson with pensions legal expertise.	Independent trustee with regulatory and retirement fund consulting expertise.	Sponsor appointed trustee with operational and administrative experience.	Independent trustee with employee benefits experience.
Qualifications	BA (University of Stellenbosch), B.Proc (UNISA), LLB (UNISA).	B.Com specialising in Economics, B.Com (Hons) Business Management, Advanced Postgraduate Diploma in Financial Planning.	Executive MBA, FinTech certificate (GIBS Business School), Post Graduate Diploma in Business Management B.Com specialising in Economics.	Hons. B Human Movement Studies (Stellenbosch), National Certificate in Wealth Management (Institute of Health Risk Managers).
Experience	Independent trustee since 1996, Principal Officer since 2003. Worked in the pensions legal field since 1990. Full member of the Pension Lawyers' Association since 1996.	Self-employed, independent trustee and retirement fund consultant. Worked in the retirement funds industry, at the regulator, and as a retirement fund consultant, since 2004.	Joined NMG in November 2021 as Head of Platforms leading the retirement funds administration team, including the umbrella fund administration team. Worked in operational and administrative leadership roles in financial services businesses.	CEO of Medi Call Holdings Group. 30+ years' experience in the Financial Services Industry (Healthcare and Retirement Funds).

The trustees are governed by applicable legislation, including the Pension Funds Act and the Income Tax Act, as well as relevant regulations, the Fund's Rules, Codes of Conduct, the FSCA's Treating Customers Fairly (TCF) principles, and the Fund's internal policies. The Board maintains a robust governance framework to ensure that the Fund is administered in a prudent and compliant manner.

1. Trustee responsibilities

The trustees' responsibilities include:

- Taking all reasonable steps to safeguard the interests of members and beneficiaries
- Acting with due care, diligence, and good faith
- Ensuring fair and equitable treatment of all members and beneficiaries
- Providing members with timely, accurate, and relevant information

2.2 Meetings

The board of trustees meets formally on a quarterly basis to oversee the effective operation of the Fund. In addition, the Fund's sub-committees meet regularly to monitor specific areas of the Fund's activities. These sub-committees report to, and make recommendations for consideration by the Board.

The Board has established the following sub-committees:

Sub-committee	Admin and Governance	Audit and Risk	Communication	Death Claims	Investment
Meetings	Four meetings a year.	Two meetings a year.	Two meetings a year.	Five meetings a year.	Two meetings a year.
Oversight role	Administration operations, compliance requirements.	Assurance, financial statements, financial reporting and internal controls.	Communication matters.	Death claims review, including the allocation of benefits. Compliance.	Investment strategy, investment manager and portfolio review.

The trustees are supported by the Fund's Principal Officer, Andre Haasbroek. Andre has been active in the retirement funds industry since 1978, with extensive experience across senior management and consulting roles. His expertise spans retirement funds, group risk benefits, and fund administration.

He holds a BA (Law) from the University of Stellenbosch and a National Certificate in Financial Services: Wealth Management (NQF5). Andre has served as a Principal Officer since 2016.

2.3 Treating Customers Fairly

The trustees incorporate the FSCA's Treating Customers Fairly (TCF) principles into all aspects of the Fund's governance and operations. The TCF outcomes aim to ensure that:

- Members can be confident in dealing with a fund where fair treatment is embedded in the organisational culture
- Products and services are designed to meet the needs of members
- Members receive clear, appropriate, and timely information throughout their membership
- Any advice provided is suitable and takes account of members' individual circumstances
- Products perform as expected and service standards meet members' reasonable expectations
- Members do not face unreasonable barriers when changing products or providers, or when submitting claims or complaints

Through adherence to these outcomes, the trustees seek to promote fairness, transparency, and positive member experiences at all stages of the member lifecycle.

3. Retirement Fund Update

The 2025 year was marked by several important developments impacting retirement fund members, both in South Africa and globally. These developments influence how members save, access, and manage their retirement benefits.

1. Implementation of the Two-Pot Retirement System

One of the most significant changes for members has been the continued implementation of the two-pot retirement system, which came into effect on 1 September 2024. During 2025, members became more familiar with this structure, which divides retirement savings into a "savings pot" (accessible before retirement under certain conditions) and a "retirement pot" (preserved until retirement).

While the two pot system gives you the flexibility to access your funds in times of financial need, you are encouraged to use withdrawals cautiously to avoid compromising your long-term retirement outcomes.

2. Economic Environment and Investment Returns

Global and local investment markets during 2025 were influenced by changing inflation levels, interest rate movements, and ongoing geopolitical uncertainty. While inflation continued to moderate compared to previous years, interest rates remained relatively elevated for much of the year. Against this backdrop, investment markets demonstrated remarkable resilience and 2025 proved to be an exceptional year for investment performance, delivering stronger-than-expected returns across many asset classes despite periods of market volatility.

It is important to note that the performance achieved during 2025 was unusually strong and should not necessarily be regarded as representative of future market conditions or long-term return expectations. Members are reminded that retirement investing is a long-term journey, and investment outcomes should be assessed over extended periods rather than based on the results of any single year. While positive market performance is encouraging, maintaining a disciplined long-term investment approach remains the most effective way to achieve retirement goals.

Have You Activated 'My WhatsApp' Yet?

It's the easiest way to interact with your retirement benefits - from checking your pot balances and downloading your IRP5, to managing withdrawals and learning about the Two-Pot system and money matters.

Simply say **"Hi"** on **WhatsApp** to **+27 72 814 6929** and **log in** to get started.

3. Focus on Preservation and Retirement Adequacy

A continued industry focus in 2025 has been on improving retirement outcomes through greater preservation of benefits. Statistics consistently show that many members withdraw the maximum allowable amount in cash when changing jobs, which can significantly reduce their retirement income.

Trustees and industry stakeholders aim to strengthen communication and education efforts to encourage members to preserve retirement savings wherever possible.

4. Regulatory and Governance Developments

In 2025, there was an ongoing emphasis from the Financial Sector Conduct Authority (FSCA) on governance, transparency, and member outcomes. Treating Customers Fairly (TCF) principles continue to be a key focus area, ensuring that members receive appropriate products, clear communication, and fair treatment throughout their interactions with retirement funds.

5. Member Engagement and Financial Education

There has been an increasing emphasis on empowering members through improved communication, digital tools, and financial education initiatives. In 2025, the administrator continued to expand access to online platforms like WhatsApp, and retirement benefit modelling tools, that help you as a member to better understand your savings progress and make informed decisions.

6. Sustainable and Responsible Investing

Environmental, Social, and Governance (ESG) considerations remained an important theme in 2025. Retirement funds are increasingly incorporating responsible investing principles into their strategies, recognising that sustainable business practices can support long-term investment performance and risk management.

With this backdrop, you are encouraged to remain informed, review your retirement savings regularly, and seek advice where appropriate to improve your retirement readiness.

4. Fund Investments

1. The fund's investment offering

The Fund offers two investment options, which are selected by the participating employer or management committee for your employer's section of the fund:

SmartFocus: Under this option, the employer or management committee selects either the SmartActive or SmartPassive life-stage model as the default investment strategy. Members may, however, choose to invest in a range of alternative portfolios made available by the Trustees.

SmartExpert: This option allows the employer or management committee to construct a tailored investment strategy with the support of an investment consultant, subject to strict criteria set by the Trustees.

Members can access details of their investments via their benefit statements or online at: https://www.adminportal.nmg.co.za/.

2. Default Investment Strategy

Your contributions to the Fund are invested in the portfolio, or combination of portfolios, selected by your employer or management committee. If no default investment strategy has been chosen at employer or management committee level, your contributions will be invested in the Fund's default investment strategy, which is determined by the trustees. The Fund's default investment strategy is the SmartActive Life Stage model.

Regulatory requirements oblige the Fund to provide members annually with information relating to the default investment strategy, including the underlying asset composition, historical investment performance, the top 10 holdings by value, and applicable portfolio fees. This information has been provided below in respect of the portfolios that form part of the Fund's default investment strategy, namely the SmartActive Life Stage model portfolios.

4.3 Investment performance

The investment performance of the portfolios in the default investment strategy to 31 December 2025 are included below:

	SmartActive Aggressive	SmartActive Moderate	SmartActive Conservative
1 Year to 31 December 2025	23,2%	21,1%	18,7%
3 Years to 31 December 2025	16,7%	15,8%	14,9%
5 Years to 31 December 2025	14,0%	13,0%	12,2%

This investment return assumes a fixed investment is made at the start of the period. It shows the return before costs are deducted.

4.4 Strategic asset allocation

The asset allocation of the portfolios in the default investment strategy as at 31 December 2025 is included below.

	SmartActive Aggressive	SmartActive Moderate	SmartActive Conservative
South African Equities	38,9%	30,1%	18,6%
South African Bonds	17,2%	23,4%	31,5%
South African Income	3,1%	14,4%	23,7%
South African Property	3,0%	3,1%	3,1%
South African Other	0,8%	0,4%	0,3%
International Equities	30,4%	20,3%	12,0%
International Bonds	1,9%	5,0%	7,3%
International Cash	-	0,3%	0,6%
International Private Equity	4,7%	3,0%	2,9%
Total	**100%**	**100%**	**100%**

4.5 Top ten shares

The top ten shares as a percentage of the total portfolio, for the portfolios in the default investment strategy, as at 31 December 2025, is included below:

SmartActive Aggressive		SmartActive Moderate		SmartActive Conservative	
Naspers	5,9%	Naspers	4,6%	Naspers	2,8%
AngloGold Ashanti	4,9%	AngloGold Ashanti	3,4%	AngloGold Ashanti	2,3%
Goldfields	4,0%	Goldfields	2,8%	Goldfields	1,9%
Standard Bank Group	3,4%	Firstrand	2,4%	Standard Bank Group	1,6%
Firstrand	3,4%	Valterra Platinum	2,3%	Firstrand	1,6%
Prosus	3,4%	Prosus	2,2%	Prosus	1,6%
Valterra Platinum	3,0%	Standard Bank Group	2,1%	Valterra Platinum	1,4%
Capitec Bank Holdings	2,7%	Anglo American	1,8%	Capitec Bank Holdings	1,3%
Richemont	2,6%	Glencore	1,7%	Richemont	1,2%
Glencore	2,6%	MTN Group	1,7%	Glencore	1,2%

4.6 Portfolio fees

The following investment fees apply (including VAT) for the portfolios in the default investment strategy, as at 31 December 2025.

	SmartActive Aggressive	SmartActive Moderate	SmartActive Conservative
Portfolio Management Fee	0,48%	0,51%	0,51%
Other Costs	0,45%	0,39%	0,35%
Performance fees	0,00%	0,00%	0,00%
TOTAL EXPENSE RATIO (TER)	**0,93%**	**0,90%**	**0,86%**
TRANSACTION COSTS	0,12%	0,09%	0,07%
TOTAL INVESTMENT COST (TIC)	**1,05%**	**0,99%**	**0,93%**

These fees include investment management fees payable to the underlying asset managers but exclude any applicable performance fees. The fees are calculated as a percentage of the portfolio's market value.

The underlying manager fee schedule is available from NMG Benefits on request and may change over time due to factors such as asset allocation adjustments, market movements, and changes in manager selection.

4.7 Economic update for the financial year to 31 December 2025

Growth	• Global economic growth remained resilient but subdued during 2025. According to the International Monetary Fund (IMF), global GDP growth was approximately 3.0% to 3.2%, broadly in line with 2024 but still below long-term averages. • Growth was uneven across regions, with emerging markets continuing to outperform advanced economies. However, global activity was constrained by ongoing geopolitical tensions, trade uncertainties, and tighter financial conditions, all of which tempered business confidence and investment levels. • South Africa's economy continued to grow modestly in 2025, with real GDP increasing by approximately 1.1% to 1.2% for the year. Although growth remained relatively low by emerging market standards, the economy showed improved stability, supported by gains in the services sector, a gradual recovery in business confidence, and improved fiscal discipline. Structural challenges, including infrastructure constraints, logistics inefficiencies, and weak investment levels, continued to limit stronger economic expansion.
Inflation	• Inflation continued its downward trend in 2025 following the elevated levels experienced in previous years. Global inflation declined to approximately 4%, reflecting the impact of tighter monetary policy and easing supply chain pressures. • While inflation moderated across most economies, it remained above central bank targets in certain developed markets, and risks persisted due to geopolitical developments and commodity price volatility. • In South Africa, inflation moderated significantly during 2025. The average consumer price inflation rate for the year was approximately 3.2%, the lowest level recorded in over two decades. This decline was driven by lower fuel and goods price inflation, although food price increases remained a source of pressure for many households.

Investment Markets	• Global financial markets delivered generally positive returns in 2025. Equity markets in major economies recorded solid gains, supported by easing inflation, expectations of interest rate cuts, and continued investment in technology and artificial intelligence sectors. • However, market conditions remained volatile at times due to geopolitical tensions, policy uncertainty, and shifting expectations regarding interest rate paths • South African financial markets performed strongly in 2025, outperforming many global peers. The FTSE/JSE All Share Index delivered exceptional returns, rising by approximately 40% or more over the year, supported largely by strong performance in resource stocks amid elevated commodity prices. The rand strengthened significantly against major currencies, benefiting from favourable commodity prices and improved investor sentiment. Bond markets also performed well, with yields declining as inflation eased and fiscal credibility improved. • These strong market returns occurred despite relatively modest domestic economic growth, highlighting the influence of global factors and commodity price movements on local financial markets.

In summary, 2025 was characterised by moderate global growth, a meaningful decline in inflation, and strong investment market performance. South Africa benefited from lower inflation and favourable market conditions, although economic growth remained constrained by structural challenges.

For retirement fund members, the year reinforced the importance of maintaining a long-term investment perspective, as market performance remained positive despite ongoing economic uncertainty.

5. Default Preservation

If you leave your employer before retirement and do not elect how your benefit should be paid, your benefit will remain in the Fund as a paid-up benefit until you provide further instructions.

Paid-up benefits are invested in the SmartActive Life Stage model, which gradually shifts to less aggressive investment portfolios from age 58.

As a paid-up member, you may still withdraw your benefit from the Fund prior to retirement by submitting a written instruction using the prescribed withdrawal claim form. At that stage, the same benefit options available when you left employment will apply.

While you remain a paid-up member:

- No further contributions can be made to the Fund
- You may access your savings pot once per tax year, provided the balance is at least R2,000 (withdrawals are taxed at your marginal rate)
- If you have a housing loan secured against your Fund benefit, any outstanding balance will be deducted when you leave employment, with the remaining amount becoming paid-up
- In the event of your death, your benefit will consist only of your Fund value, as no insured benefit applies. In accordance with legislation, if no written election has been made, the benefit will be allocated to your dependants and nominees rather than automatically forming part of your estate.

Further details are available in the Fund's "Options on leaving" brochure.

6. Annuity Strategy

The Fund's annuity strategy is designed to support members who may be uncertain about how to use their retirement benefit and who may not have access to financial advice. At retirement, you have the option to purchase a pension that provides a regular income, based on the annuity solutions selected by the Trustees. This option must be actively elected by you. You are, however, not obliged to choose an annuity from the Fund's strategy and may select any annuity available in the market.

The Fund offers three annuity options, allowing you to choose the solution best suited to your needs:

- The NMG Smart Living Annuity
- A hybrid annuity, combining the NMG Golden Living Annuity with a guaranteed annuity portfolio
- The Golden Income With-Profit Annuity

Further details on these options are available in the Fund's "Options on Retirement" booklet, which also provides guidance on what to expect when consulting with a financial adviser.

7. Rules of the Fund

The Fund's Rules are required to be registered in terms of the Pension Funds Act and approved under the Income Tax Act. Any changes to the Rules, referred to as amendments, must be submitted to and approved by the Financial Sector Conduct Authority (FSCA).

During the 2025 financial year, Amendment 19 to the Rules of the NMG Umbrella SmartFund (pension section) and Amendment 18 to the Rules of the NMG Umbrella SmartFund (provident section) were submitted to the FSCA to provide for the following:

- Clarification that, where a member transfer includes an in specie asset, the value of that asset must be used in determining the member's fund credit.
- An increase in the number of independent trustees to ensure that they comprise 50% of the board.
- The protection of liquidity requirements pending a Section 14 transfer to another fund.
- Clarification that the board may require a member to retain an illiquid asset where their fund credit includes such an asset, notwithstanding a switch to another investment portfolio

These amendments were approved by the FSCA on 19 March 2026.

8. Contact Us

You can access information about the fund here. You can also obtain information from your human resources or payroll department.

You can speak to your human resources or payroll department to put you in contact with your fund consultant if you need further assistance with information about the fund and your options.

The fund recommends that you speak to a financial advisor before choosing your investment options and deciding what to do with your money when you withdraw or retire because the manner in which you choose to receive your benefit could have tax implications. You can choose any financial advisor. If you would like to speak to an NMG financial adviser, please click here.

9. Complaints

If you have any complaints, please contact the administrator on https://nmg.co.za/get-in-touch/

If the board of the fund can't resolve your complaint within 30 days or doesn't reply within 30 days, you can contact the Pension Funds Adjudicator on:

Tel:	(012) 748 4000 or (012) 346 1738
Fax:	086 500 3351
Email:	enquiries@pfa.co.za

If you have any complaints about the way in which we have used your personal information, you can lodge a complaint with the Information Regulator at:

Tel:	(010) 023 5200
Email:	POPIAComplaints@inforegulator.org.za

10. Service Providers

The fund has appointed the following service providers:

Benefit consultants	NMG Employee Benefits (Pty) Ltd
Investment consultants	NMG Consultants and Actuaries (Pty) Ltd
Administrator	NMG Consultants and Actuaries Administrators (Pty) Ltd
Actuary	NMG Consultants and Actuaries (Pty) Ltd
Auditors	Moore Johannesburg Inc
Housing loan providers	New and existing loans are provided by FNB and Standard Bank. ABSA, Abacus and NBC previously provided loans.
Bankers	FNB
Tracing agents	Data Factory, ICTS Tracing Services and Vunani.

NMG Employee Benefits (Pty) Ltd is a licenced Financial Services Provider (FSP number 33426 and registration number 2007/025310/07).

NMG Consultants and Actuaries Administrators (Pty) Ltd is a licenced Financial Services Provider (FSP number 33424 and registration number 1993/07696/07).

NMG Consultants and Actuaries (Pty) Ltd is a licenced Financial Services Provider (FSP number 12968 and registration number 1979/001308/07).

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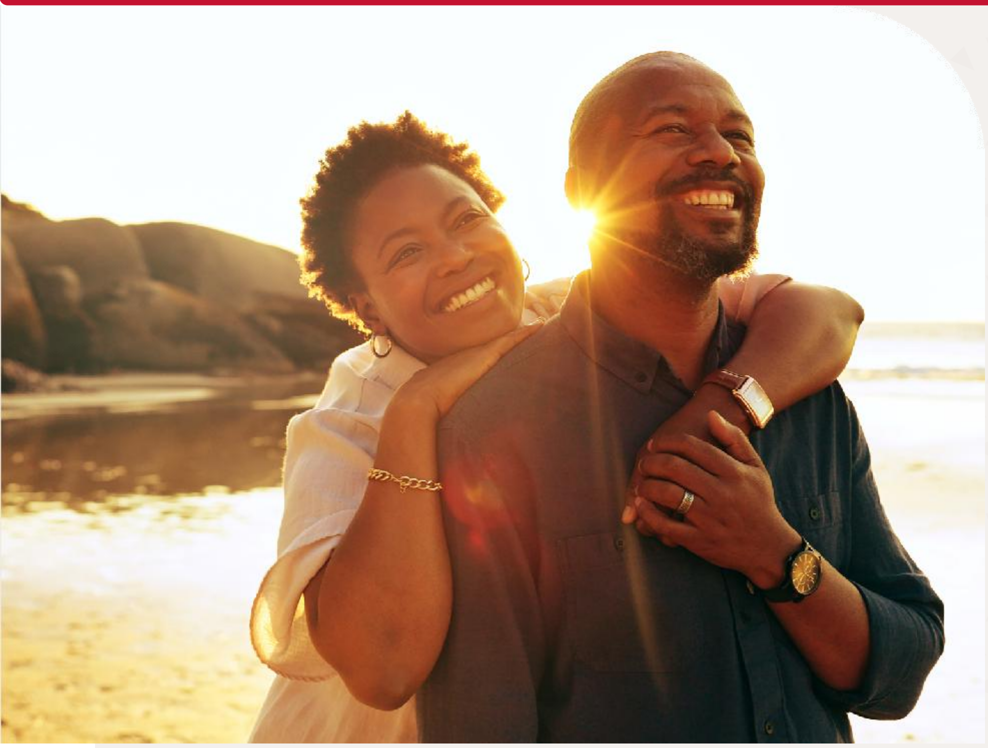
nmg BENEFITS



Finding a Better Way

NMG Benefits is a financial advisory firm that provides unbiased advice, fosters industry competition, and simplifies complex financial matters. Our global reach, powered by proprietary insights and smart technology, enables us to deliver innovative solutions to our clients and members.

Healthcare | Retirement | Investment | Financial Planning | Actuarial | Insurance