



NEDBANK
INSURANCE

December 2025

Nedgroup Life Smooth Bonus Fund

see money differently

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Investment objective

The Smooth Bonus Fund is designed to provide inflation-beating returns by declaring an annual bonus that smooths out the volatility of the stock market exposure. Volatility is further reduced by investment in a range of asset classes (see Graph 2 below).



How the Smooth Bonus Fund works

Policyholder premiums are invested in a range of underlying investment funds, which one typically finds on an investment platform.

However, rather than being exposed to the vagaries of these underlying funds, a bonus is declared at the end of every year to smooth out the volatility of those funds while aiming to provide a real return over the medium-to long-term. The declared bonus then serves to increase the value of clients' overall investment.

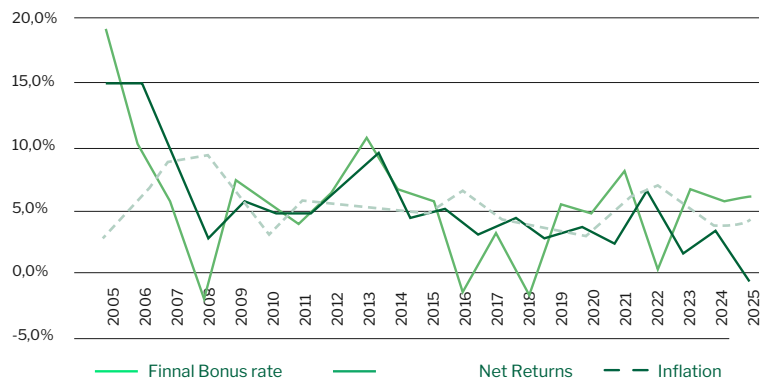
An interim bonus rate is declared to ensure a fair return for those policyholders who exit the fund mid-declaration.

The Smooth Bonus Fund has an underlying guarantee of 4.25% per annum after all charges and taxes.

Performance¹ per year

Period	Declared bonuses	Benchmark (Inflation)	All-share index (alsi)
1 year	9.0%	3.6%	37.7%
3 years	7.0%	3.9%	15.0%
5 years	7.0%	5.2%	14.3%
10 years	3.5%	7.8%	8.6%

Final bonus rate declared vs net returns vs inflation²





Underlying funds

There are 2 funds in which the Smooth Bonus Fund's assets are invested: Nedgroup Investments Core Guarded Fund and Stable Fund.



Charges

There are 3 categories of charges levied on the Smooth Bonus Fund:

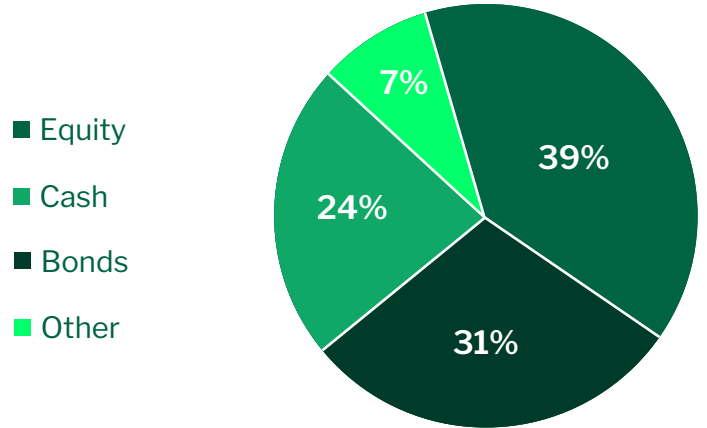
- Investment management charges
- Policy management charges
- Capital guarantee charges

The average of these charges for the Smooth Bonus Fund in 2025 is 3.41%, annualised.

In addition to the above, tax is also deducted, which ensures the proceeds are paid out without any further obligation to tax.

Tax has resulted in a reduction in the returns of 2.7%, annualised for 2025.

Smooth fund asset composition at December 2025



Commentary

Annualised bonuses have been lower than the desired benchmark for the medium term, which has been driven largely by the poor performance of equity markets over the same time frame.

Over the longer term, specifically 10 years, the actual performance is on track with the benchmark.

Final bonus declared for 2023: 4.0%
Final bonus declared for 2024: 6.5%
Final bonus declared for 2025: 9.0%