

10X INVESTMENT REPORT



31 OCTOBER 2020

Living annuity investment choices

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ABOUT 10X

Our goal is to give investors more money at and in retirement. We achieve this by providing one optimal investment solution, and no competing choices. Three investment principles underlie 10X's Living Annuity investment choices:

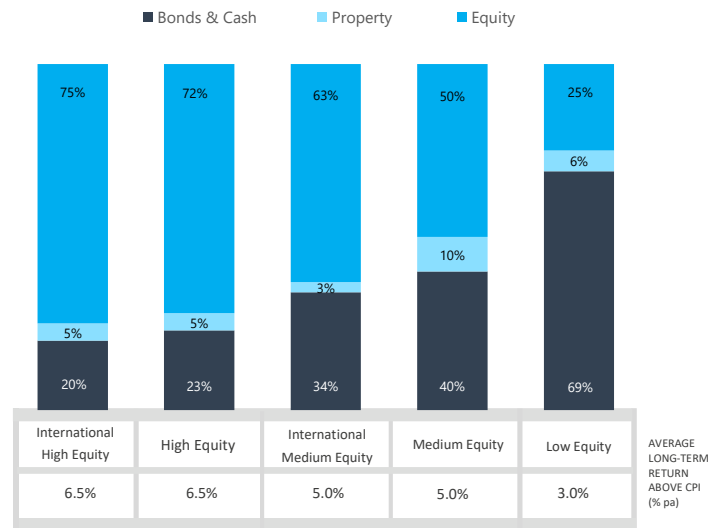
1. Time drives investment risk
2. Index funds
3. Low fees

01 | Time drives investment risk

At retirement, you may need your living annuity to last for 20 years or longer. Therefore, contrary to popular belief, most retirees are still long term investors and need to have a long term approach when managing their investments. Investment risk is linked to the term of your investments. The longer your term, the more time you have to ride out a drop in your investments. This holds true even when drawing an income from your investments.

A high equity investment choice is optimal for investments of 5 years or longer, as it maximises long-term returns. However over shorter time periods the returns of the High Equity investment choice can be very volatile.

10X LIVING ANNUITY INVESTMENT CHOICES



SOURCE: 10X Investments, Dimson, Staunton & Marsh. Based on back tested after-inflation returns since 1900.

10X LIVING ANNUITY INVESTMENT CHOICES

Standard Investment Choices

| | 1 MONTH | 3 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 7 YEAR | 10 YEAR |
|---------------|---------|---------|--------|--------|--------|--------|---------|
| High Equity | -4.0% | -5.0% | -4.0% | 0.9% | 3.2% | 6.1% | 9.5% |
| Medium Equity | -3.4% | -4.6% | -5.5% | 0.2% | 2.7% | 5.5% | 8.5% |
| Low Equity | -1.6% | -2.2% | -0.5% | 3.2% | 4.6% | 6.2% | 7.7% |

SOURCE: 10X Investments. Performance is before 10X's fee but after all other trading costs. All returns greater than 12 months are annualised. 10X Living Annuity returns are shown from Dec 2014 (when this product first commenced). Earlier returns shown are based on the same portfolio in the 10X Umbrella Pension Fund, which is shown for illustrative purposes.

International Investment Choices

| | 1 MONTH | 3 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 7 YEAR | 10 YEAR |
|-----------------------------|---------|---------|--------|--------|--------|--------|---------|
| International High Equity | -3.6% | -3.9% | 3.9% | 5.8% | 7.6% | 10.3% | 13.5% |
| International Medium Equity | -2.7% | -2.7% | 6.3% | 7.1% | 8.2% | 10.5% | 13.0% |

SOURCE: 10X Investments. Historical benchmark performance, before fees is shown for illustrative purposes. 10X International High Equity returns comprise of a benchmark tracking 50% of the 10X Medium Equity Index and 50% of the MSCI World Index. 10X International Medium Equity returns comprise of a benchmark tracking 50% of the 10X Low Equity Index and 50% of the MSCI World Index.

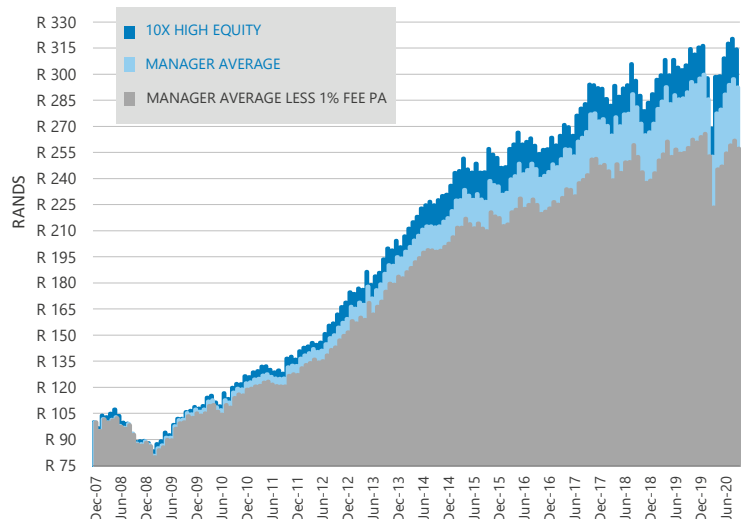
02 | Index funds

10X uses index funds as 3 out of 4 have historically outperformed active funds after costs.*

An index fund owns the same basket of investments as the index and therefore earns the index return at a low cost. Active funds do not own the same basket of investments as the index and therefore returns differ from the index return, and costs are higher.

The 10X High Equity investment choice has consistently outperformed the average return of large fund managers (BEFORE FEES) since inception (1 January 2008). 10X's total fees are generally half the industry average** and so 10X saves most clients at least 1% pa (of the investment balance) in fees. We thus also show the average return of large fund managers reduced by a 1% higher fee to show the effect of the fee differential. Higher fees will always reduce the investment outcome regardless of market performance, however past performance is used here for illustrative purposes.

10X HIGH EQUITY VS. AVERAGE RETURN OF LARGE INVESTMENT MANAGERS SINCE INCEPTION (BEFORE FEES)¹



SOURCE: 10X Investments, Alexander Forbes Large Manager Watch Global Best Investment View Median. Returns are based on R100 lump sum invested on 31 December 2007.

* Profile Data, 10X, General Equity unit trusts, 5 yrs to Dec 2019, index fund assumed to be ALSI less 0.4% pa fee.
** National Treasury, Charges in South African retirement funds, July 2013.

BENCHMARKS

Each 10X Portfolio is benchmarked against its own asset allocation, with the relevant indices shown below. 10X's tracking performance is disclosed in our Annual Investor letter.

| ASSET CLASS | BENCHMARK (INDEX TRACKED) | DESCRIPTION |
|------------------------|--------------------------------------------------------|-------------------------------------------|
| SA Equity | 10X Top 60 SA Share Index | Top 60 Shares, 6% cap per share |
| SA Bonds | FTSE/JSE Government Bond Index (GOVI) | SA Government Bonds: nominal |
| | FTSE/JSE Inflation-Linked Government Bond Index (IGOV) | SA Government Bonds: inflation-linked |
| SA Property | 10X SA Property Index | Top 14 property shares, 20% cap per share |
| SA Cash | STeFI 3-month | Interest rate on 3-month SA cash deposits |
| International Equity | MSCI World Index | Top 1,600+ developed market stocks |
| | MSCI Emerging Markets Index | Top 1,100+ emerging market stocks |
| International Currency | US Dollar / Rand Exchange Rate | US Dollar / Rand exchange rate |

SOURCE: 10X Investments

10X'S BENCHMARK RETURNS

| INDEX | 1 MONTH | 3 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 7 YEAR | 10 YEAR |
|-------------------------------|---------|---------|--------|--------|--------|--------|---------|
| 10X Top 60 SA Share | -6.1% | -7.5% | -10.1% | -2.8% | 0.2% | 3.6% | 8.1% |
| GOVI | 0.8% | 1.7% | 4.7% | 8.1% | 7.3% | 7.1% | 7.5% |
| IGOV | 1.1% | 3.3% | -0.8% | 1.2% | 1.9% | 3.8% | 5.9% |
| 10X SA Property | -9.7% | -19.9% | -53.6% | -27.8% | -12.5% | -4.9% | 3.0% |
| STeFI 3-month | 0.3% | 0.9% | 5.3% | 6.4% | 6.7% | 6.4% | 6.1% |
| MSCI World Index ³ | -3.8% | -3.2% | 13.8% | 11.7% | 12.0% | 15.1% | 18.4% |
| MSCI EM Index ³ | 2.6% | -0.4% | 18.8% | 7.6% | 12.0% | 10.9% | 11.7% |
| USD/ZAR | -2.2% | -4.1% | 8.1% | 4.9% | 3.4% | 7.2% | 8.8% |

SOURCE: MSCI, FTSE/JSE, Reuters, 10X Investments. All returns greater than 12 months are annualised. ³MSCI Indices are lagged by 1 day due to underlying price availability

TOP 10 SA SHARES AS % OF SA EQUITY

| Company | % of SA Equity | Company | % of International Equity |
|-----------------------|----------------|------------------------------------|---------------------------|
| Naspers Ltd | 6.8% | Apple Inc. | 3.6% |
| Anglo American Plc | 6.1% | Microsoft Corp. | 2.7% |
| Richemont SA | 5.9% | Amazon.com Inc | 2.4% |
| BHP Group Plc | 5.5% | Alibaba | 1.7% |
| Prosus N.V. | 5.0% | Tencent Holdings Ltd | 1.1% |
| FirstRand Ltd | 4.4% | Facebook, Inc | 1.1% |
| AngloGold Ashanti Ltd | 3.8% | Taiwan Semiconductor Manufacturing | 1.1% |
| Gold Fields Ltd | 3.7% | Alphabet, Inc | 0.8% |
| Mondi Plc | 3.7% | Alphabet, Inc | 0.8% |
| BAT Plc | 3.5% | Samsung Electronics Ltd | 0.7% |

SOURCE: S&P Dow Jones Indices and MSCI Indices

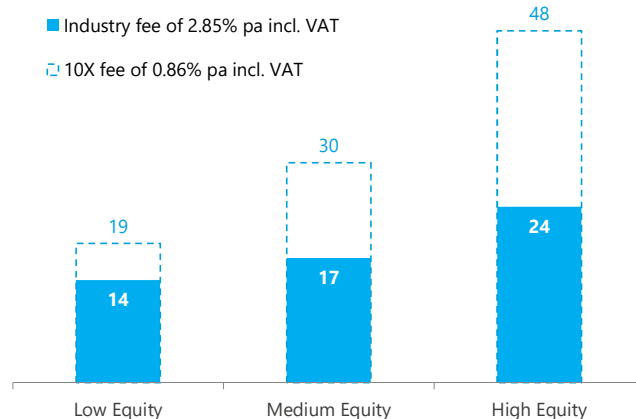
03 | Low Fees

10X charges low total fees to ensure investors save more of their money, and keep more of the investment return.

Consider two retirees; both purchase a living annuity at retirement and draw an initial income of 5% of their savings. The first retiree pays total fees of 2.85% pa (incl. VAT) for advice, administration and investments, which is not uncommon in the industry. The second retiree pays a fee of 0.86% pa (incl. VAT), which is the maximum fee charged by 10X on a sliding scale (where the larger your investment, the lower your fee).

If both retirees draw the same income and increase their income in line with inflation until their income reaches the 17.5% cap, the income would no longer keep pace with inflation thereafter. The chart shows that higher fees impact how long your income will last and keeps pace with inflation in each instance.

YEARS INCOME KEEPS PACE WITH INFLATION (5% PA INITIAL DRAW)²



SOURCE: 10X Investments, Dimson, Staunton & Marsh. This illustration is based on asset class index returns after inflation back tested to 1900.

10X Living Annuity Policy Fees⁴

| Investment value | 10X Fee pa incl VAT as a % of investments |
|-------------------|-------------------------------------------|
| First R5 million | 0.86% |
| Next R5 million | 0.57% |
| Above R10 million | 0.40% |

⁴ An additional fee will be charged for International investment choices

DISCLAIMER & FOOTNOTES

- Returns are not necessarily indicative of future returns, which are not guaranteed.
- Higher fees will always reduce investment outcome regardless of market performance, however, the returns used here are for illustrative purposes. It is not necessarily indicative of future returns, which are not guaranteed.

While every effort has been made to ensure the accuracy and reliability of the information in this document, 10X Investments cannot be held responsible for any errors. Past performance is not necessarily indicative of future performance. Future returns are not guaranteed.

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GENERAL INFORMATION

| | |
|-----------------------------|----------------------------------------------------------|
| Auditors | EY |
| Bankers | FNB Corporate |
| Regulator | Financial Sector Conduct Authority |
| Investment manager | 10X Investments |
| Funds under management | R 12.9 billion |
| Since Inception (10X funds) | 01 January 2008 |
| Guardrisk | The MARC, Tower 2 129 Rivonia Road Sandton 2196 |