

# FundsAtWork Umbrella Funds

## Choice of default investment portfolio at installation

To help you make an informed decision, please read the relevant minimum disclosure document, also known as a fund fact sheet, for each of the investment portfolios. This document explains the nature and risk profile of the investment portfolio and highlights possible risks associated with investing in that portfolio. As this information can change, please make sure that you have the most recent fund fact sheets. You can obtain the fund fact sheets from your financial adviser or the investment manager; they are also available on the website of the specific investment managers. Please complete the form in consultation with your financial adviser.

Please fill in this form in the fields provided. Use the tab key to move from one field to the next.

### Section 1: Employer details

Employer's full name

Name of Fund

**Category description:** Please include the description/s of the category or categories of members you want to select an "employer selected portfolio" for. You may have to complete more than one form if your "employer selected portfolio" does not apply to all the categories of members. Although your scheme may not have members in all the product options, an "employer selected portfolio" must preferably be set up for all the product options if members could be defaulted into a different product option in future.

  
  
  
  


### Section 2: Default investment portfolio choices

Select the default product option/s by placing a tick in the appropriate box

In terms of section 36 of the Pension Funds Act (the default regulations) employers must select a default investment portfolio that is appropriate taking into account their specific member profile. Members will automatically be defaulted into the selected default investment portfolio if approved by the trustees but members can opt out of the chosen default and make their own investment choice from the list of available portfolios.

Please indicate the "employer selected portfolio":

Employer selected portfolio/s	% allocation

The employer selected portfolio can consist of more than one investment portfolio except if a Lifestages portfolio is chosen.

Please continue on the next page before you complete this table.

**Select your “employer selected portfolio”**

The FundsAtWork Umbrella Pension and Provident Funds offer the following three options from which the employer must select a default portfolio. **Please select one of the options below by ticking the box next to the option of your choice.**

	Momentum Default Investment Portfolio	Pre-approved portfolios	Employer selected default
Applicable product option	Provider.	The Enhanced, Classic and Target Lifestages are available on Provider and Entrepreneur. The Passive Lifestages is only available on the Entrepreneur product option. The guaranteed portfolios are available on the Founder, Provider and Entrepreneur product options.	Across all the product options, provided that the portfolios utilised are available on the different FundsAtWork product options.
Selection of portfolios	From March 2019, the Momentum Default Investment Portfolio invests in the Momentum Classic Lifestages portfolio.	<ul style="list-style-type: none"> <li>• Momentum Enhanced Lifestages</li> <li>• Momentum Classic Lifestages</li> <li>• Momentum Target Lifestages</li> <li>• Momentum Passive Lifestages</li> <li>• Momentum Enhanced Factor 3</li> <li>• Momentum guaranteed or smooth bonus portfolios</li> </ul>	Any of the available portfolios on the different FundsAtWork product options.
Trustee approval process	Already approved as a default for the Funds and no employer specific approval necessary.	<b>Simplified process:</b> trustees must review if satisfactory reasons are provided for the employer selecting one of the pre-approved default portfolios, taking into account their member profile.	<b>More onerous process:</b> The trustees will have to approve the employer selected default taking into account the member profile, the requirements of the default regulation as well as the motivation why the selected portfolio is more appropriate than the Momentum Default Investment Portfolio.
Ongoing review process	Trustees will review the Momentum Default Investment Portfolio annually.	Trustees will review the list of pre-approved portfolios annually.	The employer must confirm annually (signed by the advisory body) that the portfolios remain appropriate for all members who will default into them.

**Please complete the following mandatory sections applicable to the option of your choice.**

Momentum Default Investment Portfolio	Pre-approved portfolios	Employer selected default
<ul style="list-style-type: none"> <li>• Section 3: Momentum Default Investment Portfolio</li> <li>• Section 6: Members affected</li> <li>• Section 7: Advisory body details</li> </ul>	<ul style="list-style-type: none"> <li>• Section 4: Pre-approved portfolio list</li> <li>• Section 6: Members affected</li> <li>• Section 7: Advisory body details</li> </ul>	<ul style="list-style-type: none"> <li>• Section 5: Employer selected default</li> <li>• Section 6: Members affected</li> <li>• Section 7: Advisory body details</li> </ul>

**Section 3: Momentum Default Investment Portfolio**

It is a lifestage model that automatically switches a member from more aggressive investment portfolios to more conservative investment portfolios as a member approaches normal retirement. The lifestage model invests in different risk profiled portfolio building blocks. The portfolio building blocks use a combination of asset classes, managed by multiple investment managers with different investment strategies to achieve its objectives. The lifestage philosophy uses ‘term to retirement’ as a proxy for the risk a member is able to adopt. This means, for example, the asset classes in which members of a retirement fund would invest in more than 7 years from retirement will have a different emphasis from those closer to retirement. With this approach a member with a long-term investment horizon, will have a higher allocation to growth asset classes, which include local equities and property as well as global equities. Although these asset classes are volatile, they provide returns above inflation over the long term. However, as a member moves to a medium-term investment horizon, the exposure to volatile asset classes will gradually be reduced to protect members in a retirement fund from being exposed to unnecessary volatility.

From 1 March 2019 the Momentum Default Investment Portfolio invests in the Momentum Classic Lifestages portfolio.

Portfolio	Lifestage progression	CPI target	Underlying portfolio
Default Lifestages Accumulator	More than 7 years to normal retirement	CPI + 7% over rolling 7-year periods	Momentum Classic Factor 7
Default Lifestages Builder	Between 5 & 7 years to normal retirement	CPI + 6% over rolling 6-year periods	Momentum Classic Factor 6
Default Lifestages Consolidator	Between 3 & 5 years to normal retirement	CPI + 5% over rolling 5-year periods	Momentum Classic Factor 5
Default Lifestages Defender	Less than 3 years to normal retirement	CPI + 4% over rolling 4-year periods	Momentum Classic Factor 4

If the trustees implement changes to the Momentum Default Investment Portfolio, employers and members who utilise the portfolio will automatically be impacted.

**We want to make use of the Momentum Default Investment Portfolio as the employer default on the Provider product option.**

## Section 4: Pre-approved portfolio list

The trustees of the FundsAtWork Umbrella Funds have also compiled a pre-approved list of investment portfolios that could be selected as an employer default portfolio. The employer is required to confirm in writing, the reason for selecting one of the pre-approved portfolios as their default.

**The employer selects the pre-approved portfolio as their default investment and the reason is indicated below. Please make your selection by ticking your choice of portfolio from the list.**

<b>Momentum Enhanced Lifestages</b>	
Reason:	
<ul style="list-style-type: none"><li>Although the lifestage portfolios are very similar to the Momentum Default Investment Portfolio (i.e. the Momentum Classic Lifestages portfolio), the underlying portfolio building blocks are more diversified and they invest in a wider range of asset classes. They include exposure to alternative asset classes (like hedge funds and private equity) that will increase the probability of the portfolios achieving their specific objectives over the respective periods. The volatility of the underlying portfolios is also likely to be lower because they are more diversified.</li><li>Other (please specify):</li></ul>	

<b>Momentum Classic Lifestages</b>	
Reason:	
<ul style="list-style-type: none"><li>The lifestage portfolios are similar to the Momentum Default Investment portfolio from 1 March 2019 but will remain the Momentum Classic Lifestages if changes are implemented to the Momentum Default Investment portfolio in future.</li><li>Other (please specify):</li></ul>	

<b>Momentum Target Lifestages</b>	
Reason:	
<ul style="list-style-type: none"><li>Although the lifestage arrangement (i.e. the inflation plus objectives of the different portfolio building blocks and the glide path) is very similar to the Momentum Default Investment Portfolio, the underlying portfolio building blocks are differently constructed. Most of the underlying asset classes of the Momentum Target portfolios are managed on either a passive or enhanced passive basis. This allows for lower investment management fees being charged, which is important to the employer and the members, given that the portfolios will most likely achieve their inflation plus objectives over the respective periods. The employer and the members are aware that the portfolios are less diversified than the actively managed portfolios and that they mainly invest in traditional asset classes. As a result, the volatility of the Momentum Target range could be higher than actively managed portfolios.</li><li>Other (please specify):</li></ul>	

<b>Momentum Passive Lifestages</b>	
Reason:	
<ul style="list-style-type: none"><li>Although the lifestage arrangement (i.e. the glide path) is very similar to the Momentum Default Investment Portfolio, the underlying portfolio building blocks are differently constructed. Most of the underlying asset classes of the Momentum Passive portfolios are managed on a pure passive basis. This allows for lower investment management fees being charged, which is important to the employer and the members given that the portfolios will most likely achieve their inflation plus objectives over the respective periods. The employer and the members are aware that the portfolios are less diversified than the actively managed portfolios and that they mainly invest in traditional asset classes. As a result, the volatility of the Momentum Passive Lifestages portfolio could be higher than actively managed portfolios.</li><li>Other (please specify):</li></ul>	

<b>Momentum Enhanced Factor 3</b>	
Reason:	
<ul style="list-style-type: none"> <li>The portfolio is a conservatively managed multi-manager portfolio that targets inflation +3% per annum over rolling 3 year periods. The portfolio is very well diversified and invests in both traditional (i.e. equities bonds and cash) as well as alternative (i.e. hedge funds and private equity) asset classes. Given the conservative nature of the portfolio, a relatively large portion of the assets is invested in money market type instruments and different types of bonds. The portfolio has been selected because the employer and the members cannot tolerate negative returns over the medium term. The portfolio does have some equity exposure and may give negative returns over the very short term.</li> <li>Other (please specify):</li> </ul>	
<b>Momentum guaranteed or smooth bonus portfolios</b>	
Please specify the portfolio	
Momentum Smart Guaranteed +3	
Momentum Smooth-Edge Fund	
Momentum Smooth Growth Fund Global	
When investing into portfolios that offer capital guarantee, a market value adjuster (MVA) might apply when assets are switched out of these portfolios. Members should be made aware that a market value adjustment will apply if the market value of the portfolio is below the book value and the employer terminates or the members switch out of the portfolio. The MVA will not apply to benefit payments such as retirement, disability, resignations and retrenchments.	
Reason:	
<ul style="list-style-type: none"> <li>The portfolio is a guaranteed portfolio and the monthly bonuses (returns) before fees, will never be negative. The employer and the members cannot tolerate negative returns and it is important that they invest in a guaranteed portfolio. The employer and the members are aware that guaranteed portfolios often target lower returns, after fees, than aggressively managed market linked portfolios because of the guarantee that is provided. The employer and the members are aware of the capital charge and the MVA.</li> <li>Other (please specify):</li> </ul>	

## Section 5: Employer selected default

The employer selected default will be presented to the trustees for approval and will only be implemented as the employer default after the trustees approve it.

**The resolution from the employer and supporting documents provided to the trustees must comply with these requirements. Please indicate by providing the required information and ticking each requirement that the employer's resolution complies with.**

1. Confirm that the portfolio is relevant to the employer's member profile	
2. Provide reasons on why the portfolios selected are appropriate for ALL members at installation and will appropriate to all NEW members who will default into the portfolio going forward	
3. Provide all the fees that will be charged including performance fees, net priced fees, global fees, etc.	
4. Confirm that the portfolio is reasonability priced and competitive for the specific employer	
5. Confirm there are no complex fee structures	
6. Confirm that both active and passive strategies have been considered in the construction of the portfolio	
7. Confirm that there are no loyalty bonuses linked to any of the portfolios selected	
8. Confirm that the portfolio will be reviewed on an annual basis and that their appropriateness will be confirmed in writing annually	
9. Confirm that an employer and member communication will be provided annually to FAWInvestmentQueries@momentum.co.za and will include the following: <ul style="list-style-type: none"> <li>Asset class composition of the portfolio</li> <li>Annualised returns for 1, 2, 3 and 5 year periods</li> <li>Top 10 holdings at instrument level</li> <li>All the fees, including asset management fees, performance fees, net priced asset class fees, guaranteed charges, transaction costs, etc.</li> </ul>	

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## Section 6: Members affected

The default investment portfolio option requested in this form applies to:

All members

A selection of members

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## Section 7: Advisory body details

The following relates to the advisory body authorised to sign documentation in respect of the employer's participation in the Fund.  
**Please note that you may not have more employer representatives than member representatives.**

All the advisory body members must authorise this investment portfolio selection.

Passed at an advisory body meeting held on:   -   -     at

The members have been fully informed, in writing, of the impact the default investment option will have.

Representative  Member  Employer

First name

Surname

Email address

**Signature**

Signed at

Date   -   -

Representative  Member  Employer

First name

Surname

Email address

**Signature**

Signed at

Date   -   -

Representative  Member  Employer

First name

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Email address

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Representative  Member  Employer

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**Signature**

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## Section 8: Terms and conditions

1. You are required to inform us within 10 calendar days of sending this instruction to Momentum if your instruction was not executed or was executed incorrectly. Momentum will not accept any liability or responsibility whatsoever of any losses incurred resulting from the non-execution or incorrect execution of your instruction.
2. If a selected portfolio is capped, the instruction in this form will not be executed in its entirety.
3. FundsAtWork will not be liable for any losses the member incurs if the information the advisory body supplies is unclear, illegible or incorrect in any way.
4. An instruction will only be considered to be correct and valid if all of the following and such other requirements as FundsAtWork may determine from time to time are met:
  - The instruction must be in writing;
  - The instruction must be readable;
  - The instruction must be on the form and in the format decided on by the trustees of the Fund;
  - The form must be signed;
  - The portfolio that is chosen must be clear;
  - The portfolio that is chosen must be available;
  - The allocation between different portfolios must add up to 100% (where applicable);
  - The investment allocation following execution of the investment instruction must comply with Regulation 28 of the Pension Funds Act;
  - The instruction must be addressed to the person as specified by FundsAtWork; and
  - The instruction must be sent to the facsimile number or e-mail address as specified by FundsAtWork.
5. This form must be submitted to Momentum together with the rest of the installation documents.
6. The employer selected default will be presented to the trustees for approval and will only be implemented as the employer default after the trustees approve it.
7. The advisory body choice will apply to all members unless an individual member chooses to opt out in their personal capacity.

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## Section 9: Trustee approval or authorised representative

Trustee approval for the employer selected portfolios to be loaded as the employer default.

First name	<input type="text"/>										
Surname	<input type="text"/>										
Designation	<input type="text"/>										
<b>Signature</b>	<input type="text"/>										
<b>Signed at</b>	<input type="text"/>										
<b>Date</b>	<table border="1"><tr><td>D</td><td>D</td><td>-</td><td>M</td><td>M</td><td>-</td><td>2</td><td>0</td><td>Y</td><td>Y</td></tr></table>	D	D	-	M	M	-	2	0	Y	Y
D	D	-	M	M	-	2	0	Y	Y		

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When you sign this form by inserting a digital signature it confirms that the information provided is true and correct.

**Options to sign the form:**

1. Print out the form, sign and scan it and send it back via email to [FAWInstallations@momentum.co.za](mailto:FAWInstallations@momentum.co.za).
2. Place your scanned signature in the signature block.

How to use a scanned signature:

- Select the 'comments' tab from your menu in Adobe.
- Select the 'add stamp' icon.
- Select custom stamps.
- Create custom stamps.
- You can now browse and upload your signature to save it as a custom stamp under 'sign here' in Adobe.
- You can now go back to your 'stamps' icon and select 'sign here' and select your saved signature.
- Place it in the document and save the document.
- Store your scanned signature in a safe place on your computer.

When you want to print the form to complete by hand you can turn off the field highlights by selecting the "highlight existing fields" on the top right hand corner of your screen.