



Momentum Smooth-Edge Fund

momentum
corporate

The lowest cost smooth bonus solution with the highest capital guarantee

"Momentum Corporate is introducing a game changer. We have re-engineered the smooth bonus fund category in South Africa to create the lowest-cost, highest capital guaranteed version."

Increasing market volatility is a reality retirement fund trustees cannot ignore. While smooth bonus solutions have helped to protect members' retirement savings from market ups and downs for over fifty years, the notoriously high charges for the guarantees these funds offer, mean they are not accessible to all working South Africans.

The Momentum Smooth-Edge Fund is a new generation smooth bonus solution offering a low-cost, 100% capital guarantee on benefit payments, along with Momentum Corporate's proven smoothing capabilities and an established performance track record. In addition to the 100% capital guarantee, on average 50% of bonuses will also be guaranteed on benefit payments.

Not only does this solution offer members inflation-beating investment return prospects and protection from market volatility, but the significantly lower capital charge means more money goes directly to the members' retirement savings to bolster their retirement outcomes.

Real protection for your most vulnerable members

The most financially-vulnerable members tend to be low-income earners. Members who change jobs frequently can find themselves on the wrong side of market volatility. They might withdraw at a time where markets are cheap, and each time they move to a new job their retirement savings are exposed to this market volatility – a concept that many South Africans do not fully understand.

For many members, their only form of retirement savings is through their employer's retirement fund. This leads to high levels of anxiety and fear when the value of their retirement savings fluctuates, which can result in poor investment decisions that may impact negatively on their long-term retirement outcomes. This underlines the value of a smooth bonus investment where the insurer is able to smooth the returns for the members through their balance sheet.

The key features are:

- **Lowest cost capital guarantee.** All capital contributions and vesting bonuses, net of the policy fee, are allocated to the vesting account. The total vesting account is fully guaranteed for benefit payments.
- **Vesting vs non-vesting.** On average, 50% of bonuses vest, which means they cannot be removed once granted. The balance of the bonus is non-vesting. The non-vesting bonus can be taken away under extraordinary poor market conditions. Non-vesting bonuses have not been removed for any of Momentum Corporate's smooth bonus portfolios to date. Momentum Corporate may transfer a portion of the non-vesting account to the vesting account on a biannual basis, further enhancing the guarantee.

New contributions are treated as 100% vesting.



"Momentum's Smooth-Edge Fund uses passive and smart beta investments strategies to reduce asset management cost. The portfolio provides a 100% vesting account guarantee at a capital charge of 0.60%."

Outcome-based investing focusses on both the inflation-plus performance targets as well as the volatility of the journey. Solutions are crafted by considering members' needs and risk tolerance, defining a goal, usually an inflation-plus objective, and an appropriate time frame. The approach improves the probability of the portfolio delivering on its ultimate objective and members achieving their desired retirement outcome.

- **Benefits of outcome-based investing.** The underlying investment asset portfolio has been designed using Momentum Investments' outcome-based investing philosophy.
- **Performance excellence.** The inclusion of passive and smart beta investment strategies reduces the costs of the portfolio while aiming to deliver excellent inflation-beating investment performance in the long term. The Momentum Smooth Edge Fund aims to deliver CPI + 4% net of all fees over rolling five-year periods.
- **Proven smoothing capabilities.** The portfolio will use the same proven smoothing capabilities as Momentum's existing smooth bonus solutions.
- **Guarantee on benefit payments.** The total vesting account is guaranteed on benefit payments. Benefit payments include resignation, retirement, death, disability and retrenchment.

Strategic asset allocation*

Asset class	Allocation
Local equity	40.00%
Local property	12.00%
Local bonds	10.00%
Local inflation-linked bonds	10.00%
Local cash	7.50%
Global equity	15.00%
Global bonds	2.50%
Global property	3.00%
Total	100.00%

**Information correct as at November 2019*



Why shouldn't the most vulnerable members have access to stable returns and capital guarantees on key benefit payments, at the lowest cost possible?

The Momentum Smooth-Edge Fund is the logical portfolio to give employees the momentum they need for retirement.

Let's talk.

Terms and conditions apply.
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