

# TRUSTEE MEMBER NEWSLETTER

JULY 2022

## FUNDSATWORK UMBRELLA PENSION AND PROVIDENT FUNDS

It's hard to  
believe we're  
already in  
the second  
half of 2022.

It's been a year of challenges – crazy petrol prices, floods, inflationary concerns, record-high unemployment, and the inevitable load shedding. Maybe you feel the end-of-year holidays just can't come fast enough.

But there are many positives too, like the recent repeal of mask-wearing and there are glimmers of improvements on the economic front. Plus, as a member of FundsAtWork, you have access to great benefits and service experiences from one of South Africa's leading umbrella funds.

Read on to find out about exciting developments on the FundsAtWork front and what we're doing to move you forward on your journey to success.

Regards

Regard Budler

Chairperson  
FundsAtWork Umbrella Funds



## CHALLENGES FACING THE **GLOBAL ECONOMY AND MARKETS**

The start of the interest rate hiking cycle by the United States (US) Federal Reserve, a further acceleration in global inflation and Russia's invasion of Ukraine all had a role in downplaying the performance of risk assets (like global shares) in the first quarter of 2022.

---

Global equities and global fixed income (like bonds) assets suffered the worst quarter since the start of 2020 when virus concerns made investors nervous to take risk.

There were no significant changes to the positioning of the portfolios during the quarter. Momentum Investments did, however, reduce the local equity positions slightly in favour of global equity.

The foreign portfolio investment limits as set

out in Regulation 28 of the Pension Funds Act were increased in February 2022 so that funds can now invest up to 45% of their assets outside of South Africa (SA). Before the increase, retirement funds could only invest a maximum of 30% of their assets offshore and an additional 10% in other African markets. Momentum Investments intend to increase the global allocation in the next few months but are aware of the global macro environment as well as asset class valuations and will therefore implement this in a prudent and responsible manner.

# CHALLENGES FACING THE GLOBAL ECONOMY AND MARKETS

CONTINUES

## Local performance

SA experienced a notable rebound in economic activity from previous global stimulus, but it is going to be much harder to continue growth given reduced global demand, structural unemployment and energy shortages. A faster-than anticipated recovery from the pandemic and a positive surprise on SA's near-term fiscal and debt metrics should stave off negative ratings this year.

Rising global inflation, increasing rhetoric from global central banks around inflationary concerns and upside risks to local food and fuel costs should deliver an early interest rate hiking cycle to curb second-round inflation pressures.

## What does this mean for you as a retirement investor?

**Retirement fund members should consider investing in lifestage portfolios which allow younger members to target relatively high real (returns above inflation) returns over the long-term to achieve an acceptable expected income replacement ratio at retirement.**

The table below shows the Momentum Default Lifestage portfolios, their CPI+ objective and the glide path for each portfolio

Building Blocks	CPI+ Objective	Glide Path
Momentum Classic Factor 7	CPI + 5% - 6% over 7 year rolling periods	Greater than 7 years
Momentum Classic Factor 6	CPI + 4% - 5% over 6 year rolling periods	5 to 7 years
Momentum Classic Factor 5	CPI + 3% - 4% over 5 year rolling periods	3 to 5 years
Momentum Classic Factor 4	CPI + 2% - 3% over 4 year rolling periods	0 to 3 years

# CHALLENGES FACING THE GLOBAL ECONOMY AND MARKETS

CONTINUES

The table below shows the different investment returns (in Rands) across different asset classes to the end of May 2022. The SA equity market held up well in the initial months of the year when strong commodity prices provided support. It had fallen almost 14% between its historical high reached on 2 March 2022 and its recent low on 9 May 2022.

May 2022	1 Year	3 Years	5 Years	7 Years	10 Years
Local equity indices					
FTSE/JSE Capped SWIX All Share Index	12.09%	10.62%	6.77%	5.84%	10.24%
FTSE/JSE SA Listed Property Index	15.54%	-4.97%	-5.23%	-2.02%	4.50%
Local interest-bearing indices					
JSE ASSA All Bond Index	5.59%	7.69%	8.25%	7.88%	7.88%
JSE ASSA SA Government Inflation Linked Bonds Index	10.12%	7.64%	5.55%	5.23%	6.49%
Short-term Fixed Interest Composite Index	4.09%	5.08%	5.98%	6.32%	6.12%
Global indices					
MSCI All Countries World Index	6.52%	14.50%	12.45%	11.58%	16.74%
FTSE World Government Bond Index	-2.55%	0.24%	3.07%	4.27%	5.91%
FTSE EPRA/NAREIT Developed Index	9.36%	5.37%	8.15%	8.17%	13.76%

Saving enough for retirement requires dedication, discipline and appropriate planning. You need to target relatively high inflation plus appropriate pre and post retirement objectives. This means that you need to be comfortable to invest a large portion of your retirement savings in growth asset classes such as equities and property locally and globally. Although the expectation is that these asset classes will outperform inflation over time, the journey will be bumpy, as the value of these assets goes up and down over time.



## Performance of Momentum Classic portfolios

The table below shows how the Momentum Classic portfolios performed over different periods, to the end of May 2022 and the CPI+ objectives for those periods

Portfolios	1 year	3 years	5 years	10 years
Momentum Classic Factor 7	10.5%	9.0%	7.3%	11.3%
Momentum Classic Factor 6	10.3%	8.9%	7.4%	10.8%
Momentum Classic Factor 5	9.5%	8.3%	7.1%	9.5%
Momentum Classic Factor 4	8.7%	8.3%	7.3%	9.0%

CPI/Inflation numbers				
CPI	5.9%	4.4%	4.4%	4.8%
CPI+3%	8.9%	7.4%	7.4%	7.8%
CPI+4%	9.9%	8.4%	8.4%	8.8%
CPI+5%	10.9%	9.4%	9.4%	9.8%
CPI+6%	11.9%	10.4%	10.4%	10.8%
CPI+7%	12.9%	11.4%	11.4%	11.8%

The portfolios have managed to deliver decent returns over the very short term to the end of May despite the recent uncertainty and volatility. They have outperformed their CPI+ objectives over the long-term (10 years). Being overweight in local equity and a healthy allocation to South African bonds contributed to returns. The strong rand and dollar return from global asset classes reduced portfolio returns.

## Looking ahead

Volatility and uncertainty are expected to continue. We will not be surprised if local and global markets decline further. This means it's very possible members could see negative investment returns on their benefit statements in the short term.

Members are encouraged to stay invested, focus on their long-term objectives and avoid any uninformed investment decisions. Always discuss any plans to change investment strategy with a qualified financial adviser.



## ARE WE ABLE TO REACH YOU **AND YOUR BENEFICIARIES?**

**If you can't answer a big YES to this question,  
you definitely need to read this article.**

FundsAtWork works hard to keep all members up to date on their benefits and important industry developments that may impact on their journey to financial success. However, one of the big challenges we face when communicating with members is up-to-date contact information.

### **Why it's so important we have your up-to-date contact information**

Some of the key insurance benefits you may have through your employer are group insurance benefits, like death or funeral benefits. These benefits are vital for protecting your loved ones financially if you pass away. Unfortunately, many members have not nominated beneficiaries or updated their nominations, and we don't have up-to-date contact details to remind them to do so or get hold of their beneficiaries if they pass away.

So, while having insurance cover is really important, equally important is making sure that we always have your latest contact details, plus your nominated beneficiaries.

We need your contact and beneficiary information even if you are a paid-up member and no longer contributing to FundsAtWork.

## Who decides who gets your death benefits?

**This depends on whether you have approved or unapproved death benefits.**

Approved benefits are where the death benefit is provided through FundsAtWork and the FundsAtWork trustees decide who receives the approved benefit, what portion of the benefit your loved ones will receive and how it should be paid. Unapproved benefits are provided through a policy in your employer's name. They are paid to your nominated beneficiaries, and the FundsAtWork trustees and/or your employer have no say over the payment and distribution of these benefits.

## What happens if no beneficiaries are nominated?

**Unapproved benefits** must be paid directly to your beneficiary and if there are no nominated beneficiaries, the benefit will be paid to your estate. **This means it's more important than ever to tell us who your beneficiaries are.**

If no dependants are traced within 12 months of your death and there are no nominated beneficiaries, your **approved death benefit** is paid to your estate, where it will incur executor's fees. If there is no registered estate, the money will be paid to the Guardian's Fund or the Unclaimed Benefits Fund.

This means your loved ones have to wait far longer to receive the benefits and also receive less than they would have received if you'd simply taken the time to nominate beneficiaries.

## How to update your contact details and beneficiaries

The FundsAtWork Umbrella Funds make it as easy as possible for you to update contact and beneficiary information. There are a few channels you can use:

- Follow the steps on your Smart Benefit Statement ([Click here](#) for a video explaining how),
- Use the FundsAtWork member portal ([Click here](#) for a video explaining how),
- Use our new WhatsApp service ([Click here](#) for video explaining how),
- Call us on 0860 65 75 85, or
- Email [momentumcorporateclient@momentum.co.za](mailto:momentumcorporateclient@momentum.co.za).

All processes to update your details are carefully and securely designed to always protect your personal information.

**The best time to update your contact and beneficiary information is right now – today!**  
**It's just too important to put off to another day.**



MISSED YOUR  
MAY 2022 MEMBER  
CONFERENCE?

**WE'VE  
GOT YOU  
COVERED**

**Everyone is still talking about it** - the May FundsAtWork member webinar hosted by popular comedian Donovan Goliath! The webinar shared information on easy actions you can take as a FundsAtWork member which will have a big impact on your financial destiny.

Donovan not only entertained a record-breaking audience of your fellow members but interviewed Momentum Corporate experts on the following three key areas every FundsAtWork member should know about. **Click on the links below to watch the interviews.**

- **Why updating your contact and beneficiary information is so important**
- **The tremendous value of a pension-backed home loan**
- **How to use your Smart Benefit Statement**

Want to know how a pension-backed home loan guarantee from FundsAtWork can help you dodge load shedding? Or how you can protect your children's future when you're not around anymore? What about how your Smart Benefit Statement helps you get on top of your finances and makes engaging with us as easy as the swipe of a finger or click of a mouse? Then make sure you watch these interview recordings.





## DON'T LET EMPLOYEE BENEFITS **BEFUDDLE YOU ANYMORE**

Many of us know we have great benefits through FundsAtWork, but employee benefits can be complex and cluttered with confusing terms. How can anyone make informed choices on their journey to success when they don't fully understand their benefits?

---

This is why Momentum Corporate has developed a website to help members understand employee benefits better. The site offers a list of employee benefits terms explained in easy-to-understand, plain language. It's easy to navigate and has a glossary tab and a search function so you can quickly and easily find an explanation for any term you don't fully understand.

If you don't really understand terms like pensionable salary, trustee, normal retirement date, underwriting and the risk benefit salary, or if you need to understand more about the different kinds of annuities you can buy at retirement, head

over to **[www.employeebenefitsexplained.co.za](http://www.employeebenefitsexplained.co.za)**. These are just some of the over 50 employee benefits terms the website unpacks.

**This short video will give you a quick tour of the website and what you can expect.**

Tell friends and family about this groundbreaking website. It's freely available to everyone who wants to better understand their employee benefits and make informed decisions that lead to improved financial outcomes.



## PREVENT THE PESKY PAIN THAT CAN COME FROM WORKING REMOTELY

**Covid-19 has changed our world** in many ways, including where and how we work. Many have welcomed the move by many companies to adopt more flexible working models, allowing employees to continue working from home or on a hybrid basis. The 'Digital Corporation in South Africa 2021' study by World Wide Worx shows that about one-third of companies will not insist that employees return to offices.

### However, working from home can pose new health risks.

The reason for this is that many makeshift home offices are unergonomic - affecting tendons, ligaments, joints, nerves and intravertebral discs. This is resulting in a rise in musculoskeletal disorders - an umbrella term to describe a collection of injuries that can affect a person's muscles, nerves and tendons. And when you're in pain, you struggle to be productive and your quality-of-life declines.

## FORTUNATELY, THERE ARE WAYS YOU CAN PREVENT THIS PAIN.

### For example:

- Take regular breaks. The change in position relieves the pressure on your joints and muscle, helps blood circulation and promotes mobility in your joints.
- Do easy mobility exercises. Mobility literally means movement and when it comes to your joints, it's the best thing you can do.
- Set up an ergonomically-healthy workstation. The illustration below shows how to go about this.

Ergonomics is about making the most of your equipment, yourself and your habits. When these are not aligned, pain, discomfort, or an ergonomics-related injury can occur.







## PORTFOLIO CHANGES

**We review the investment portfolios available to you regularly** to make sure we continue to help you achieve your retirement goals. Changes are made where necessary and these may affect you. Please check your benefit statement to see if you are invested in any of these portfolios.

Affected members have been informed by email but if we didn't have your correct contact details, you may have missed this important information.

**To get a copy of your benefit statement:**

**Log on to** [www.momentum.co.za](http://www.momentum.co.za)

**Email:** [momentumcorporateclient@momentum.co.za](mailto:momentumcorporateclient@momentum.co.za)

**Call:** 0860 65 75 85

If we have a valid mobile number for you, access your digital benefit statement by [clicking here](#).



## Here are some of the most important portfolio changes:

Portfolio	Change	Effective date															
Passive Portfolio Range	<p>Name changes on the Passive Portfolio Range:</p> <table> <tr> <th>Factor portfolio</th><th>Current name</th><th>New name</th></tr> <tr> <td>Factor 7</td><td>Passive Factor 6</td><td>Passive Factor 7</td></tr> <tr> <td>Factor 6</td><td>Passive Factor 5</td><td>Passive Factor 6</td></tr> <tr> <td>Factor 5</td><td>Passive Factor 4</td><td>Passive Factor 5</td></tr> <tr> <td>Factor 4</td><td>Passive Factor 3</td><td>Passive Factor 4</td></tr> </table>	Factor portfolio	Current name	New name	Factor 7	Passive Factor 6	Passive Factor 7	Factor 6	Passive Factor 5	Passive Factor 6	Factor 5	Passive Factor 4	Passive Factor 5	Factor 4	Passive Factor 3	Passive Factor 4	November 2021
Factor portfolio	Current name	New name															
Factor 7	Passive Factor 6	Passive Factor 7															
Factor 6	Passive Factor 5	Passive Factor 6															
Factor 5	Passive Factor 4	Passive Factor 5															
Factor 4	Passive Factor 3	Passive Factor 4															
Universal Smart Guarantee +3 portfolio range	Merger of Universal Smart Guarantee +3 (bonus series 2013) and Universal Smart Guarantee +3 (bonus series 2020)	March 2022															
Smooth Edge and Universal Edge portfolios	Merger of Smooth Edge and Universal Smooth Edge portfolios	As markets are uncertain, we cannot confirm when funding levels will align but as soon as there is sufficient alignment, the portfolios will merge.															
PSG Wealth EB Pooled Portfolio Range	Proposed changes to the underlying mandates of the PSG EB Pooled portfolios	May 2022															
Default Investment portfolio regulations	<p>The annual investigation into compliance with Regulation 37 of the employer-selected default investment portfolios was finalised. Some employer-selected default portfolios did not comply with the requirements, so affected members will be switched to one of the corresponding trustee default portfolios namely:</p> <ul style="list-style-type: none"> <li>• Default Momentum Smooth Edge Bonus Series 2021,</li> <li>• Momentum Conservative Default Lifestage, or Momentum Default Lifestage.</li> </ul>	During August 2022															



# NOTICE BOARD

## Fund rule changes you should know about

The FundsAtWork Umbrella Funds have a set of General Rules that apply to all members and provide the framework for managing the Funds. The rules can change from time to time, subject to approval by the Financial Sector Conduct Authority. [Click here](#) for some of the changes registered in the last year that apply to you.

### Annual review of fund expenses

The rates of the Funds are reviewed annually and are approved by the FundsAtWork board of trustees. Due to the impact of Covid-19 and to benefit our members, the fund expenses of the FundsAtWork Umbrella Funds were not increased in 2021. The table below shows the rates effective from 1 July 2022.

	Current rate	New rate effective 1 July 2022
FundsAtWork Umbrella Pension Fund	R4,49 per member per month	R4,70 per member per month
FundsAtWork Umbrella Provident Fund	R4,75 per member per month	R4,99 per member per month

[momentum.co.za](https://momentum.co.za)

 Momentum Corporate

Copyright reserved © Momentum Metropolitan 2022 - Momentum Corporate is a part of Momentum Metropolitan Life Limited (registration number 1904/002186/06), a wholly owned subsidiary of Momentum Metropolitan Holdings Limited. Momentum Corporate is the underwriter and benefit administrator of the FundsAtWork Umbrella Pension and Provident Funds. The document is for illustrative purposes only and does not constitute tax, legal, accounting or financial advice. You rely on the contents at your sole discretion. We recommend that you consult with a financial adviser before making any changes to your group employee benefits. Momentum Metropolitan Holdings Limited, its subsidiaries, including Momentum Metropolitan Life Limited, will not be liable for any loss, damage (whether direct or consequential) or expenses of any nature which may be incurred as a result of, or which may be caused, directly or indirectly, to the use or reliance on this publication. Terms and conditions apply.

Momentum Metropolitan Life Limited is a licensed life insurer, authorised financial services (FSP6406) and registered credit provider (NCRCP173), and rated B-BBEE Level 1.