

Universal Multi-Manager Smooth Growth Fund (FundsAtWork)

The Universal Multi-Manager Smooth Growth Fund (Universal MMSGF) is a smooth bonus portfolio where the underlying assets are invested according to a balanced fund mandate, offering exposure to both local and global investments. The asset portfolio has been constructed to optimise the risk-return profile of the portfolio and the asset managers have been selected on a best-in-class basis.

Underlying asset returns are smoothed to reduce the volatility otherwise associated with investing in markets. The underlying asset returns are distributed in the form of bonuses, which are declared monthly in advance.

This is an investment product provided through a policy of insurance. Members receive a guaranteed return of the value of their premiums invested (net of any payments made) plus accumulated bonuses (net of policy fees) at the date of a benefit payment (e.g., death, disability, resignation, retirement, retrenchment). Notwithstanding the guarantees on benefit payments, all other disinvestments may be subject to a market value adjustment (for further details contact your financial adviser to obtain more information on the market value adjustment).

This means that if the underlying asset values are below the fund value, the amount payable will be lower than the amount requested. It is therefore important to ensure that you are comfortable with the level of the market value adjustment if applicable, prior to investing or requesting disinvestments other than guaranteed benefit payments.

Bonus declaration method

Final vesting (guaranteed) and non-vesting bonuses (non-guaranteed) are declared monthly in advance.

Risk profile

Moderate to low

Particularly appropriate for:

- long-term investors seeking to plan with confidence for retirement;
- members seeking downside protection for their benefits, because they are less than ten years from retirement, or concerned about death, disability or retrenchment and seeking downside protection for their benefits.

Inception date

June 2020

The Multi-Manager Smooth Growth Fund Global (MMSGF Global) was launched in January 2004 but permanently closed to new business in June 2020. The Universal MMSGF has been launched as an alternative investment solution for clients.

Difference between MMSGF Global and Universal MMSGF

The Universal MMSGF represents a simplification of the design of MMSGF Global, specifically to the way in which funding levels are tracked. The Universal MMSGF only tracks a portfolio funding level and therefore does not track separate funding levels for individual policyholders.

The Universal MMSGF has different product closure rules and uses a bonus smoothing philosophy better suited to its design. These controls have been developed to manage the cross-subsidies and anti-selection.

Apart from the differences highlighted above, the key features of the Universal MMSGF are aligned to that of MMSGF Global. These key features include the investment philosophy, strategic asset allocation, investment manager line-up, fund objective, guarantees on benefit payments, standard fees and charges and so forth.

Fund objective

CPI + 4% per annum, net of all fees and charges, over a five-year time horizon.

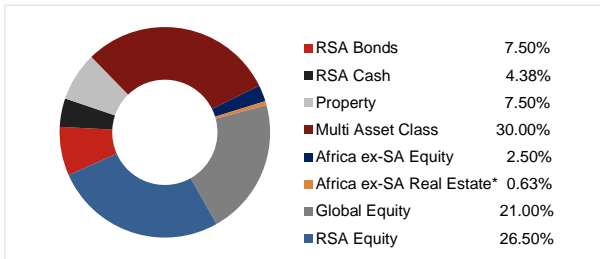
How we aim to achieve the Fund objective

The Fund maintains a long-term strategic asset allocation and blend of investment styles within each asset class that is designed to optimise the risk-return profile of the Fund relative to its objective.

An active management approach has been adopted for all asset classes, with best-in-class specialist managers being awarded mandates per asset class.

Underlying asset returns are smoothed over a five-year period. In extreme adverse market conditions, Momentum's capital will be injected into the portfolio. Under these conditions, portfolio hedges may also be implemented at the cost of the portfolio to prevent permanent loss of capital.

Long-term asset allocation



*The Africa ex-SA Real Estate allocation is expected to increase gradually over the next 5 years to a total of 2.50%, in line with drawdown notices from MGIM (Africa ex-SA Real Estate manager)

Asset manager selection

Investment mandates are set for each asset class and investment style making up the strategic asset allocation. Within each investment style, a shortlist of asset managers is compiled with the help of investment professionals with a well-established database of investment performance and detailed investment manager site visits.

There are also three mandates allowing the asset managers full discretion over asset allocation and stock selection. The tactical positioning of these portfolios takes account of prevailing market conditions and relative opportunities presented by the various asset classes.

Best-in-class asset managers with the greatest likelihood of outperforming over a prospective five-year period are chosen based on the robustness of their investment processes, depth of skilled resources and demonstrable track record.

Once selections are made, the overall blend of managers used is assessed to ensure that the skills are complementary and that the blended investment return from each asset class can be expected to deliver the required return and volatility. This ensures that the portfolio is built on the foundation of strong investment convictions held by best-in-class managers.

An extensive performance monitoring system is in place to monitor the ongoing suitability of the appointed managers.

Current asset manager selection

Asset Class	Manager				
	Abax (7.73%)	Allan Gray (6.63%)	Visio (4.42%)	Steyn (3.86%)	Fairtree (3.86%)
RSA Equities					
RSA Bonds	Prescient (2.50%)	Prudential (2.50%)	Futuregrowth (2.50%)		
Multi-Asset Class	Coronation (10.00%)	Prudential (10.00%)	Allan Gray (10.00%)		
Listed Property	Catalyst (2.50%)				
Direct Property	ERIS (5.00%)				
RSA Cash	Momentum Asset Management (4.38%)				
Africa ex-SA Listed Equity	Coronation (2.5%)				
Africa ex-SA Real Estate	MGIM (0.63%)				
Global Equities	Orbis (6.00%)	Hosking (7.50%)	Veritas (7.50%)		

Monthly bonuses

Month	Vesting	Non-Vesting	Total
Nov - 20	0.120%	0.080%	0.200%
Oct - 20	0.100%	0.050%	0.150%
Sep - 20	0.210%	0.140%	0.350%
Aug - 20	0.210%	0.140%	0.350%
Jul - 20	0.240%	0.150%	0.390%
Jun - 20	0.240%	0.150%	0.390%

Fund Account

Bonuses are declared monthly in advance and added to the Fund Account, which comprises a vesting account and a non-vesting account.

The vesting account consists of:

- capital invested;
- plus vesting bonus declared each month on the Fund Account;
- plus a portion of the non-vesting account which may vest biannually;
- less proportion of disinvestments allocated to vesting account;
- less policy fees.

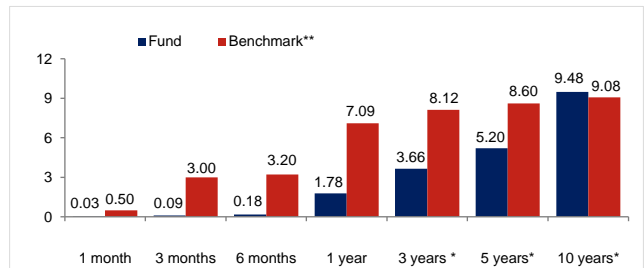
The non-vesting account consists of:

- accumulated non-vesting bonuses declared on the Fund Account each month;
- less amounts transferred to the vesting account;
- less proportion of disinvestments allocated to non-vesting account.

In the event of a structural market readjustment where investment markets fall for a sustained period and remain at these low levels, part or all of the non-vesting account may be removed. Non-vesting removal has not been necessary for any Momentum Corporate smooth bonus portfolio to date.

Performance

The Universal MMSGF is a new offering and therefore does not have an actual medium or long term performance track record. The graph shows the back-tested performance of the Universal MMSGF. The performance figures are as at 31 October 2020.



* Bonuses are annualised and net of Underlying asset charges but gross of the Policy fee indicated under 'Fees and charges (per annum)'.
 ** The benchmark is CPI + 4%. Refer to 'Fund objective' overleaf

Latest CPI figures available August 2020.

Fees and charges (per annum)

Policy fee

0.25%

Underlying asset charges

0.90% capital charge

In addition to the capital charge, the following is also paid directly from the underlying assets of the portfolio:

- Performance fees: payable to some managers of the underlying assets.
- Pooled and segregated portfolio fund manager fees: payable in respect of the foreign and local assets.

The Principles and Practices of Financial Management (PPFM) describe the approach we adopt in managing this product. The PPFM document is available on our [website](#).

Contact

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