

Fund Fact Sheet – October 2020

Universal Smooth Growth Fund (FundsAtWork)

The Universal Smooth Growth Fund (Universal SGF) 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 investment portfolio has been designed using Momentum Investments' outcome-based investing philosophy.

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 investment management 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 Smooth Growth Fund Global (SGF Global) was launched in January 1989 but permanently closed to new business in June 2020. The Universal SGF has been launched as an alternative investment solution for clients.

Difference between SGF Global and Universal SGF

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

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

Apart from the differences highlighted above, the key features of the Universal SGF are aligned to that of SGF Global. These key features include the investment philosophy, underlying asset portfolio, fund objective, guarantees on benefit payments, standard fees and charges and so forth.

Fund objective

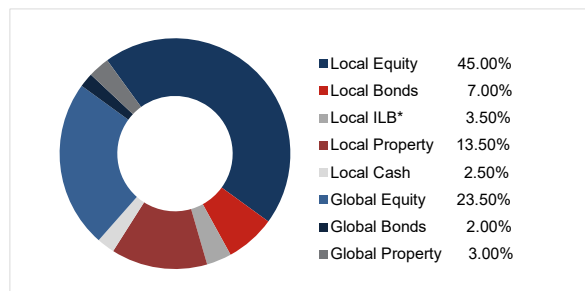
CPI + 4% per annum, net of all fees, over rolling six year periods.

How we aim to achieve the objective

The investment portfolio has been designed using Momentum Investments' outcome-based investing philosophy, which aims to maximise the probability of members achieving their investment goals. The philosophy combines various asset classes, investment strategies and mandates to target Momentum Universal SGF's objective.

Underlying asset returns are smoothed over a six-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



*Inflation-linked bonds

Top ten RSA equities

Name	% of Equities
Naspers Ltd	9.39%
Anglo American Plc	4.17%
PROSUS	4.08%
British American Tobacco Plc	3.60%
FirstRand Ltd	3.15%
BHP Group Plc	2.60%
Impala Platinum Holdings Ltd	2.59%
Sanlam Ltd	2.21%
Standard Bank Group Ltd	2.10%
Vodacom Group	1.95%
Total	35.84%

Monthly bonuses

Month	Vesting	Non-Vesting	Total
Nov - 20	0.090%	0.060%	0.150%
Oct - 20	0.050%	0.000%	0.050%
Sep - 20	0.210%	0.140%	0.350%
Aug - 20	0.210%	0.140%	0.350%
Jul - 20	0.230%	0.150%	0.380%
Jun - 20	0.230%	0.150%	0.380%

Fund Account

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

The vesting account consists of:

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

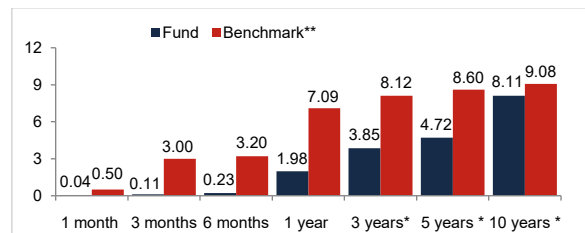
The non-vesting account consists of:

- accumulated non-vesting bonuses declared on the Fund Account each month;
- less amounts transferred to the vesting account; and
- less a proportion of disinvestments allocated to the 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 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 Smooth Growth Fund Global 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 Smooth Growth Fund. The performance figures are as at 31 October 2020.



* Bonuses are annualised and net of underlying asset charges but gross of the investment management fee indicated under 'Fees and charges (per annum)'.
 ** The benchmark is CPI + 4%. Refer to 'Fund objective'. Latest CPI figures available August 2020.

Fees and charges (per annum)

Investment management fee
 0.50% per annum

Underlying asset charges
 0.90% capital charge

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

- Pooled portfolio fees: payable in respect of the foreign assets.

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

Contact

Email: FAWInvestmentQueries@momentum.co.za

Website: www.momentum.co.za/fundsatwork

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