

# Multi-manager smooth growth fund global (FundsAtWork)

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.

**Date of inception**

The Multi-Manager Smooth Growth Fund commenced in January 2004. Before that Metropolitan Life Ltd ran a single-manager fund with a similar bonus smoothing philosophy from 1990.

**Fund objective**

The Fund targets a smoothed return of CPI + 4% per annum, net of the Policy fee and Underlying asset 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-of-breed 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 may be used to smooth returns, with this capital being recovered over the rest of the investment cycle. Under these conditions, portfolio hedges may be implemented at the cost of the portfolio to prevent permanent loss of capital.

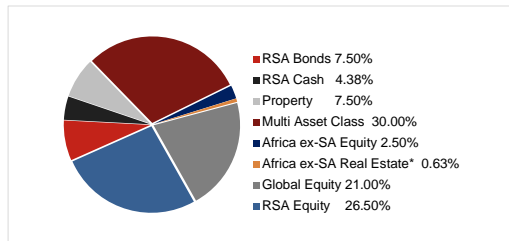
**Risk profile**

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.

**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 is also one mandate allowing an asset manager full discretion over asset allocation and stock selection. The tactical positioning of this portfolio takes account of prevailing market conditions and relative opportunities presented by the various asset classes.

Best-of-breed 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-of-breed 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                           |                 |                     |                      |               |
|----------------------------|-----------------------------------|-----------------|---------------------|----------------------|---------------|
|                            | RSA Equities                      | Abax (7.73%)    | Allan Gray (6.63%)  | Visio (4.42%)        | Steyn (3.86%) |
| 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%)      |               |

**Fund Account and bonus smoothing methodology**

Underlying asset returns are smoothed over a five-year period. Bonuses are declared monthly in advance and added to the Fund Account, which comprises a vesting and a non-vesting element.

**The vesting account consists of:**

- capital invested;
- plus vesting bonus declared each month on the Fund Account;
- plus any portion of the non-vesting account declared to be transferred;
- less proportion of disinvestments allocated to vesting account;
- less policy fees.

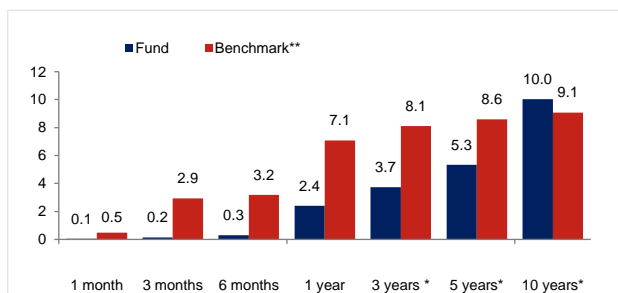
**The non-vesting account consists of:**

- 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 extreme adverse market conditions, Momentum's capital may be used to smooth returns, as described under 'How we aim to achieve the Fund objective' overleaf.

In the event of a structural market readjustment where investment markets fall for a sustained period and it becomes clear that unrealised capital gains previously declared as non-vesting bonuses will not materialise, part of the non-vesting account may be removed. This has not been necessary since the inception of the Fund in 2004.

**Performance**



\*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

**Monthly bonuses**

| Month  | Vesting | Non-vesting | Total  |
|--------|---------|-------------|--------|
| Nov-20 | 0.051%  | 0.000%      | 0.051% |
| Oct-20 | 0.051%  | 0.000%      | 0.051% |
| Sep-20 | 0.051%  | 0.000%      | 0.051% |
| Aug-20 | 0.051%  | 0.000%      | 0.051% |
| Jul-20 | 0.051%  | 0.000%      | 0.051% |
| Jun-20 | 0.051%  | 0.000%      | 0.051% |
| May-20 | 0.051%  | 0.000%      | 0.051% |
| Apr-20 | 0.051%  | 0.000%      | 0.051% |
| Mar-20 | 0.250%  | 0.200%      | 0.450% |
| Feb-20 | 0.350%  | 0.250%      | 0.600% |
| Jan-20 | 0.300%  | 0.100%      | 0.400% |
| Dec-19 | 0.300%  | 0.100%      | 0.400% |

**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.

**Please note:** With effect from June 2020, this portfolio is closed to new business. Existing clients may continue to invest regular contributions in the portfolio. Please direct any queries in this regard (including requests for alternative investment options) to the email address listed below.

**Contact:**

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

Website: [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork)

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