

# Momentum Smooth-Edge (FundsAtwork)

The Momentum Smooth-Edge Fund is a smooth bonus portfolio offering a low cost solution with a 100% capital guarantee on benefit payments using Momentum's proven smoothing capabilities.

The investment portfolio includes passive and smart beta strategies to reduce the costs of the portfolio while aiming to deliver excellent inflation-beating investment performance in the long term.

The guarantee is applicable on benefit payments which include resignation, retirement, death and disability. The guarantee also applies to retrenchments, subject to an overall limit on retrenchment payments.

Notwithstanding the guarantees on benefit payments, all other disinvestments may be subject to a 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. For further details on the market value adjustment contact your financial adviser.

**Inception date**

February 2019

**Fund objective**

The Momentum Smooth-Edge Fund targets a smoothed return of CPI + 4% per annum, net of all fees over rolling five-year periods.

**How we aim to achieve 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 Smooth-Edge Fund's objective.

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**

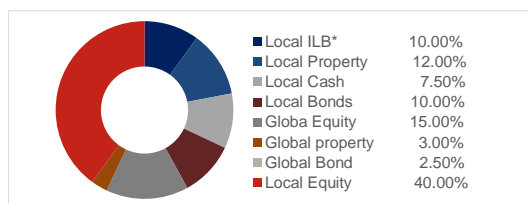
Moderate to low.

**Bonus declaration method**

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

**Long term asset allocation**

The strategic asset allocation:



\*Inflation-linked bonds

**Monthly bonuses**

Month	Vesting	Non-vesting	Total
Oct-19	0.175%	0.175%	0.350%
Sep-19	0.100%	0.100%	0.200%
Aug-19	0.250%	0.250%	0.500%
July-19	0.300%	0.300%	0.600%
Jun-19	0.200%	0.200%	0.400%
May-19	0.300%	0.300%	0.600%
Apr-19	0.125%	0.125%	0.250%
Mar-19	0.100%	0.100%	0.200%
Feb-19	0.100%	0.100%	0.200%

**Contact details**

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**Particularly appropriate for**

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

**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 is made up of vesting and non-vesting components.

**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.

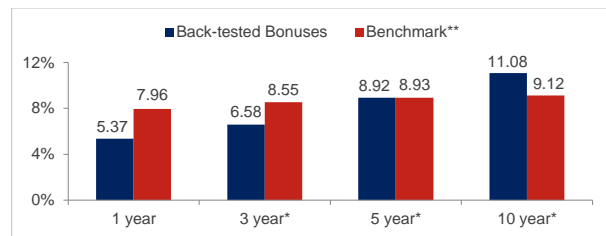
**The non-vesting account consists of:**

- 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.

If a structural market readjustment happens where investment markets continuously fall, part of or the entire non-vesting account may be removed. Non-vesting removal has not been necessary for any Momentum Corporate smooth bonus portfolio to date.

**Performance**

The Momentum Smooth-Edge Fund is a new offering and does not have an actual medium or long term performance track record. The graph shows the performance of the Momentum Smooth-Edge Fund which was calculated using the back-tested returns of the underlying asset portfolio. The performance figures are as at 30 September 2019



\*Annualised  
\*\*The benchmark is CPI + 4%. Refer to 'Fund Objective'. Latest CPI figures available July 2019.  
Note: The back-tested bonuses are net of the underlying asset charges but gross of the investment management fee under 'fees and charges per annum'.

**Fees and charges per annum**

Investment management fee:

- Fund accounts less than R25m: 0.60% per annum on the value of the fund account
- Fund accounts greater than R25m: 0.25% per annum on the value of the fund account

**Underlying asset charges**

- The capital charge is 0.60% per annum;
- Additional asset management fees paid to the local and global asset managers are deducted directly from the underlying assets; and
- There are no performance fees on the Momentum Smooth-Edge Fund.

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.