

Momentum Universal Smart Guarantee +3 (FundsAtWork)

momentum
corporate

Fund fact sheet
July 2021

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 fee) at the date of a benefit payment (e.g., death, disability, resignation, retirement). 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.

The Momentum Universal Smart Guarantee +3 fund complies with the FSCA Conduct Standard 5 of 2020 (RF) and may be used as a default investment portfolio as per Regulation 37 of the Pension Funds Act.

Inception date

01 October 2013

Fund objective

The Fund targets an average smoothed return of CPI + 3% per annum, net of Investment management fee and Underlying asset charges, over a seven-year time horizon.

How we aim to achieve the Fund objective

A liability-driven investment strategy is utilised to secure the guarantee and allow participation in 85% of the returns generated by the bonus generating portfolio, subject to the bonus smoothing methodology set out further below.

Although the bonus generating portfolio has relatively high growth exposure and may have volatile return pattern, it is expected to provide returns above inflation over the long term.

The portfolio incorporates all opportunities identified and performance fees may be paid within investment mandates, should they sufficiently enhance investment returns after fees. All combinations of asset classes are considered and an optimum allocation is selected to achieve this objective with a high degree of certainty. Alternative asset-class opportunities are continually investigated. The risk of exposure to losses in the short term is continually managed by maximising diversification to predominantly active strategies within specialist investment mandates within each asset class.

How this product differs from other smooth bonus funds

The liability-driven investment strategy is in line with international best practice, presenting the following distinct advantages:

- The capital guarantee is provided for by means of the participation rate in the bonus generating portfolio, which results in the investor paying for the guarantee when it can best be afforded.
- The bonus smoothing formula used is transparent and allows for a clear translation from underlying asset returns to bonuses.
- Cross-subsidy, which is an inherent feature of smooth bonus portfolios, is smaller.
- The liability-driven investment strategy includes a protection overlay to secure the guarantee. As a result, the underlying asset value on disinvestment is sensitive to both asset values and interest rates.

Risk profile

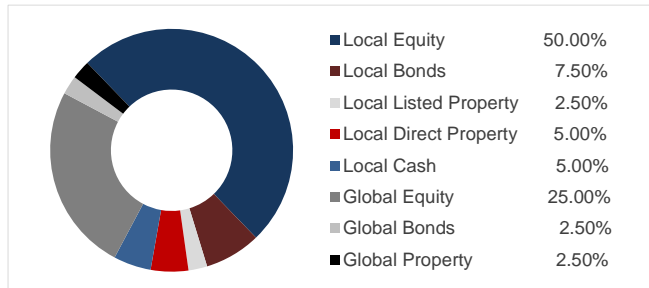
Low

Particularly appropriate for

The portfolio is suitable for:

- long-term investors seeking to plan with confidence for retirement;
- investors who would like to benefit from the upside potential of volatile investment like equities but require downside protection in case of an unforeseen event like death, disability, or a market crash shortly before retirement.

Strategic asset allocation of the bonus generating portfolio



Bonus smoothing methodology

85% of the underlying asset returns of the bonus generating portfolio are smoothed over a three-year period. This means:

- in years when investment markets rise, members forego a portion of the investment returns; and
- in years when investment markets fall, members do not experience the full impact of the fall.

The monthly bonus is the weighted average of 85% of the monthly historical returns of the bonus generating portfolio, as per the following simplified smoothing formula:

- returns for the year ended 31 March 2019 are weighted by 17%
- returns for the year ended 31 March 2020 are weighted by 33%
- returns the year ended 31 March 2021 are weighted by 50%

The monthly bonus can be adjusted to allow for the level of the funding position (this takes cognisance of the product liability and value of the underlying assets), the effect of cross-subsidies and any impact of the protection overlay.

The Fund Account consists of:

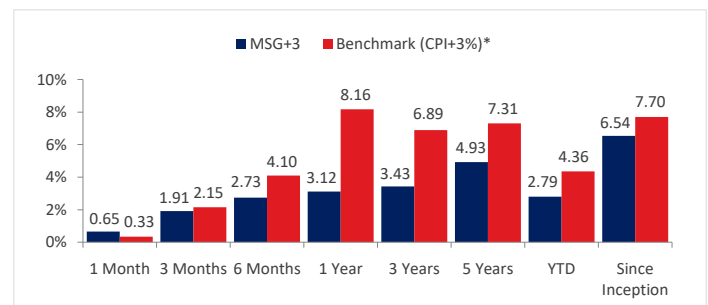
- capital invested;
- plus vesting bonus declared each month on the Fund Account;
- less disinvestments and any market value adjustments;
- less investment management fees.

The smooth bonus disclosure document outlines how Momentum allocates capital to portfolio under adverse market conditions.

Monthly bonuses

Month	Vesting
Aug - 2021	0.550%
Jul - 2021	0.650%
Jun - 2021	0.550%
May - 2021	0.700%
Apr - 2021	0.400%
Mar - 2021	0.300%
Feb - 2021	0.100%
Jan - 2021	0.064%
Dec - 2020	0.064%
Nov - 2020	0.064%
Oct - 2020	0.064%
Sep - 2020	0.064%

Performance



*NOTE: Past performance cannot be extrapolated into the future and is not always an indication of future performance.

Bonuses are net of Underlying Asset charges but gross of the Investment management fee indicated under 'Fees and Charges'

Returns for periods longer than 1-year are annualised

CPI figures are lagged by two months

Fees and charges (per annum)

Investment management fee

0.75% of the fund account value

Underlying asset charges

0.50% capital charge

In addition to the capital charge, depending on the performance, performance fees can be payable to the underlying asset managers. These fees will be deducted from the assets.

Total Expense Ratio (TER) and Total Investment Cost (TIC)

The latest available three-year TER and TIC is shown below, as at 31 March 2021.

Capital Charge	0.50%
Investment Management Fee	0.75%
Net Priced Asset Fees	0.09% ¹
Performance Fees	0.06%
TER, including the Capital Charge	1.40%
Transaction Costs	0.03% ²
TIC, including the Capital Charge	1.43%

¹The net priced asset fees are dependent on the allocations to the bonus generating portfolio and matching fixed income portfolio, which are determined by the liability-driven investment strategy.

²Transaction costs are incurred with the buying and selling of financial instruments within the portfolio.

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

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