

FundsAtWork Umbrella Funds

Choice of default investment portfolio at installation

To help you make an informed decision, please read the relevant minimum disclosure document, also known as a fund fact sheet, for each of the investment portfolios. This document explains the nature and risk profile of the investment portfolio and highlights possible risks associated with investing in it. As this information can change, please make sure that you have the most recent fund fact sheets. You can obtain the fund fact sheets from your financial adviser or the investment manager; they are also available on the website of the specific investment managers.

You can find the fund fact sheets for the Momentum investment portfolios at <https://www.momentum.co.za/momentum/business/resource-centre/corporate-fundsatwork>.

Please complete this form in consultation with your financial adviser.

Please fill in this form in the fields provided. Use the tab key to move from one field to the next.

Section 1: Employer details

Employer's full name

Name of Fund

Category description: Please include the description(s) of the category or categories of members for whom you are choosing the default employer-selected portfolio. You may have to complete more than one form if your default employer-selected portfolio does not apply to all the categories of members. Although your scheme may not have members in all the product options, the default employer-selected portfolio must be set up for all the product options if members are expected to be defaulted into a different product option in the future.

Section 2: Default investment portfolio choices and product options

Select the default product option(s) by placing a tick in the appropriate box(es)

Please indicate the employer-selected portfolio(s):

Employer-selected portfolio(s)	% allocation	Run term for lifestage portfolio

- The employer-selected portfolio can be made up of more than one investment portfolio except if you choose a lifestage portfolio.
- If you choose a lifestage portfolio, please specify the run term.
- The allocation must add up to 100%.

Please read the next page before you complete this table.

Choose your default employer-selected portfolio

The FundsAtWork Umbrella Funds offer the three options from which you must select a default portfolio for your members. Please select from one of the three options the portfolio(s) you choose to be your default employer-selected portfolio and tick the box of your choice.

	Trustee Default Investment Portfolios	Trustee pre-approved portfolios	Employer-selected portfolios
Product options	Founder and Provider	The Enhanced, Classic and Target Lifestages are available on Provider and Entrepreneur. The guaranteed portfolios are available on Founder, Provider and Entrepreneur.	Any of the available investment portfolios for the product option(s) you have chosen.
Selection of portfolios	<ul style="list-style-type: none"> • Momentum Default Lifestage • Momentum Conservative Default Lifestage • Momentum Smooth-Edge Fund (trustee default)* 	<ul style="list-style-type: none"> • Momentum Enhanced Lifestages • Momentum Classic Lifestages • Momentum Target Lifestages • Momentum Passive Lifestages • Momentum Enhanced Factor 4 • Momentum guaranteed or smoothed bonus portfolios • Momentum Shari'ah-compliant portfolios 	Any of the available investment portfolios for the product option(s) you have chosen.
Ongoing review process	Annually	Annually	You must confirm annually that the portfolios remain appropriate for all members who will default into them. If you don't the members' investments will be switched to the Trustee Default Investment Portfolio.

*A smoothed bonus portfolio can be closed to new business from time to time to protect the interests of members. For example, it may not be in the interest of a member to invest in the smoothed bonus portfolio when the prevailing market value adjustment (MVA) is considered to be material. Please speak to your financial adviser for more information on the MVA.

Continuing with the example, a member who invests when there is an MVA would be worse off than a member who invests when there is no MVA. That is, the bonus potential would be worse for a member who invests when there is an MVA. To address such concerns, the smoothed bonus portfolio will be closed, and a new bonus series for that original smoothed bonus portfolio (same underlying assets as well as terms and conditions, but different bonus pattern) will be opened to new business in the best interest of members.

Over time, when the original smoothed bonus portfolio and the new bonus series become similarly funded, meaning they have the same bonus potential going forward, they can be merged to become one.

This form includes the original smoothed bonus portfolio, but if it is closed to new business, contributions will be invested in the bonus series which is open to new business. The bonus series that the member is invested in, is specified on their benefit statement and investment portfolio holdings report.

Please complete the following mandatory sections that apply to the option you chose above.

Trustee Default Investment Portfolios	Trustee pre-approved portfolios	Employer-selected portfolios
<ul style="list-style-type: none"> • Section 3: Trustee Default Investment Portfolios • Section 6: Members affected • Section 7: Advisory body details 	<ul style="list-style-type: none"> • Section 4: Trustee pre-approved portfolios • Section 6: Members affected • Section 7: Advisory body details 	<ul style="list-style-type: none"> • Section 5: Employer-selected portfolios • Section 6: Members affected • Section 7: Advisory body details

Section 3: Trustee Default Investment Portfolios

Momentum Conservative Default Lifestages and Momentum Default Lifestages – available on Provider only

The life stage model allows a retirement fund member to switch from a more aggressive investment portfolio based on a longer investment horizon (more years to retirement) to more conservative and, ultimately, defensive portfolios as they get closer to retirement.

The risk profiled portfolios in the life stage model use a combination of asset classes, managed by multiple investment managers with different investment strategies to achieve the portfolios' objectives. The life stage philosophy uses 'term to retirement' as a proxy for the risk a member can accept. This means, for example, the asset classes in which members of a retirement fund would invest in more than 7 years from retirement will have a different emphasis from those closer to retirement.

It stands to reason that when a member of a retirement fund has a long-term investment horizon, the member should be invested in growth asset classes, which would include higher yielding asset classes and strategies appropriate for a higher level of risk, such as equities and property locally and globally.

Although volatile, these asset classes normally provide returns above inflation over the long term. As a member moves to a medium-term investment horizon, the exposure to volatile asset classes should be gradually reduced to protect them from being exposed to unnecessary volatility.

The portfolios follow Momentum Investments' outcome-based investing approach, which strives to enhance the financial success of retirement fund members.

The table summarises the default investment portfolios for the Founder and Provider product options based on the average annual salary as at installation date.

Product option	Average annual salary per member	Default investment portfolio
Founder	All	Momentum Smooth-Edge Fund (trustee default)**
Provider	Less than R50 000	Momentum Smooth-Edge Fund (trustee default)**
Provider	Between R50 000 and R100 000	Momentum Default Conservative Lifestage**
Provider	More than R100 000	Momentum Default Lifestage

**Portfolio may attract a market value adjustment (MVA).

Momentum Smooth-Edge Fund – available on Founder and Provider

The Momentum Smooth-Edge Fund is a low-cost smoothed 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 and includes passive and enhanced indexing investment strategies. 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 insured policy benefit being paid (eg, death, disability, resignation and retirement). Notwithstanding the guarantees on insured policy benefits, 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 insured policy benefits. The portfolio's objective is CPI + 4% per annum, net of all fees and charges, over the long term.

We want to make use of the Momentum Conservative Default Lifestages as the employer default on the Provider product option.

We want to make use of the Momentum Default Lifestages as the employer default on the Provider product option.

We want to make use of the Momentum Smooth-Edge Fund as the employer default on the Founder and Provider product options.

Section 4: Trustee pre-approved portfolios

The trustees of the Funds have compiled a pre-approved list of investment portfolios that can be selected as the employer-selected portfolio. The employer is required to confirm in writing the reason for selecting one of the pre-approved portfolios as their default.

Please select the pre-approved portfolio as your default investment after considering the reason, by ticking next to the name of the portfolio. If you complete this section, you confirm that the default is appropriate for the members of the scheme.

Momentum Enhanced Lifestages

Reason:

The portfolio range has a life stage model, which allows a member of a retirement fund to switch from a more aggressive investment portfolio with longer terms to retirement to more conservative and, ultimately, defensive portfolios as a member approaches retirement. The underlying portfolio building blocks in the lifestage model are actively managed and they use a combination of asset classes, including alternative asset classes like hedge funds and private equity, managed by multiple investment managers with different investment strategies to achieve its objectives. Due to the higher diversification the volatility of the underlying portfolios is likely to be lower.

Momentum Classic Lifestages

Reason:

The portfolio range has a life stage model, which allows a member of a retirement fund to switch from a more aggressive investment portfolio with longer terms to retirement to more conservative and, ultimately, defensive portfolios as a member approaches retirement. The underlying portfolio building blocks in the lifestage model are actively managed and they use mainly traditional asset classes, managed by multiple investment managers with different investment strategies (or styles) to achieve its objectives.

Momentum Target Lifestages

Reason:

Although the life stage arrangement (ie the inflation plus objectives of the different portfolio building blocks and the glide path) is very similar to the Trustee Default Investment Portfolio, the underlying portfolio building blocks are differently constructed. Most of the underlying asset classes of the Momentum Target portfolios are managed on either a passive or enhanced passive basis. This allows for lower investment management fees being charged, which is important to the employer and the members, given that the portfolios will most likely achieve their inflation plus objectives over the respective periods. The employer and the members are aware that the portfolios are less diversified than the actively managed portfolios and that they mainly invest in traditional asset classes. As a result, the volatility of the Momentum Target range could be higher than actively managed portfolios.

Momentum Passive Lifestage
Reason: Although the life stage arrangement (ie the glide path) is very similar to the Trustee Default Investment Portfolio, the underlying portfolio building blocks are differently constructed. Most of the underlying asset classes of the Momentum Passive portfolios are managed on a pure passive basis. This allows for lower investment management fees being charged, which is important to the employer and the members given that the portfolios will most likely achieve their inflation plus objectives over the respective periods. The employer and the members are aware that the portfolios are less diversified than the actively managed portfolios and that they mainly invest in traditional asset classes. As a result, the volatility of the Momentum Passive range could be higher than actively managed portfolios.
Momentum Enhanced Factor 4
Reason: This portfolio is aimed at members who are in the pre-retirement and consolidation phase of investing. It has a short- to medium-term investment horizon and, the aim is to maintain an average exposure of 40% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative asset classes. The allocation between asset classes is actively managed, taking the market environment into account. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. Performance fees may be paid within investment mandates, if they sufficiently enhance investment returns after fees.
Momentum Multi-Manager Shari'ah
Reason: This investment portfolio has been specifically constructed in accordance with Shari'ah, the sacred law of the religion of Islam, as well as the regulatory and investment-return requirements of a retirement fund member.
Smoothed bonus portfolios
Please specify the portfolio. By selecting a guaranteed portfolio you agree that you understand that a market value adjustment (MVA) may apply.
Momentum Smooth-Edge Fund
Momentum Universal Multi-Manager Smooth Growth Fund
Momentum Universal Smart Guaranteed +3
When investing in portfolios that offer a capital guarantee, an MVA might apply when assets are switched out of these portfolios. Members should be made aware that an MVA will apply if the market value of the portfolio is below the book value and the employer terminates their participation in FundsAtWork or the members switches out of the portfolio. The MVA will not apply to insured policy benefits, such as death, disability, resignations and retirements.
Reason: The portfolio is a guaranteed portfolio and the monthly bonuses (returns) before fees, will never be negative. The employer and the members cannot tolerate negative returns and it is important that they invest in a guaranteed portfolio. The employer and the members are aware that guaranteed portfolios often target lower returns, after fees, than aggressively managed market-linked portfolios because of the guarantee that is provided. The employer and the members are aware of the capital charge and the MVA.
Universal Fifty Smooth Return Fund
Note: The Universal Fifty Smooth Return Fund provides a lower level of guarantee and, as a result, has lower fees than other Momentum Corporate smoothed bonus portfolios. During periods of negative investment performance, it is possible to receive negative bonus rates and, as a result, capital invested may be reduced. The maximum reduction will only ever be 50% of the capital invested, which may arise under extreme market conditions. To protect all investors, the portfolio may be closed under certain conditions and a new one (a bonus series) will be opened. In such an event, future recurring contributions will be invested in the open bonus series. More details on how the portfolio works can be found here .
<input type="checkbox"/> Please tick if you have read and understood how the Universal Fifty Smooth Return Fund works and would like to proceed to invest in this portfolio and (any) bonus series thereof.

Section 5: Employer-selected portfolios

Please confirm that the employer-selected portfolio(s) comply with the default legislation by ticking all the requirements listed below:

Confirmation requirement	
1. The chosen employer-selected default portfolio(s) are appropriate for the profile of your members.	
2. The employer-selected default portfolio(s) is reasonably priced and competitive for you.	
3. There are no complex fee structures.	
4. Both active and passive strategies have been considered in the construction of the employer-selected default portfolio(s).	
5. There are no loyalty bonuses linked to the portfolios selected.	
6. The employer-selected default portfolio(s) will be reviewed annually and the appropriateness will be confirmed in writing.	
7. Members are aware that they are not locked into the employer-selected default portfolio(s) and can opt out and switch into portfolios of their choice.	

Section 6: Members affected

The default investment portfolio option requested in this form applies to:

All members

A selection of members

Section 7: Advisory body details

This section relates to the advisory body being authorised to sign documents in respect of your participation in the Fund(s).
The advisory body may not have more employer representatives than member representatives.

All the advisory body members must authorise this product option/investment portfolio selection.

Passed at an advisory body meeting held on: - - at

The members have been fully informed, in writing, of the impact of the default investment option.

I agree that Momentum Corporate may process all information that I provide on this form. I understand that the information will be processed according to the Protection of Personal Information Act, 2013 and Momentum Corporate's strict policies on protecting the confidentiality of my personal information.

I agree that Momentum Corporate may use my personal information to provide and administer retirement fund investment and insurance solutions and share my personal information with Momentum Corporate's partners and contracted service providers, who are legally bound to protect the information.

[Click here to read the full privacy notice.](#)

Representative Member Employer

First name

Surname

Email address

Signed at

Date - -

Representative Member Employer

First name

Surname

Email address

Signed at

Date - -

Representative Member Employer

First name

Surname

Email address

Signed at

Date - -

Representative Member Employer

First name

Surname

Email address

Signed at

Date - -

Section 8: Terms and conditions

1. If a selected portfolio is capped, the instruction in this form will not be executed in its entirety.
2. Momentum Corporate will not be liable for any losses the member incurs if the information the advisory body supplies is unclear, illegible or incorrect in any way.
3. An instruction will only be considered to be correct and valid if all of the following and such other requirements as Momentum Corporate may determine from time to time are met:
 - The instruction must be in writing;
 - The instruction must be readable;
 - The instruction must be on the form and in the format decided on by the trustees of the Fund;
 - The form must be signed;
 - The portfolio that is chosen must be clear;
 - The portfolio that is chosen must be available;
 - The allocation between different portfolios must add up to 100% (where applicable);
 - The investment allocation following execution of the investment instruction must comply with Regulation 28 of the Pension Funds Act;
 - The instruction must be sent to the email address as specified by Momentum Corporate.
4. This form must be submitted to Momentum Corporate together with the rest of the installation documents.
5. The choice of default investment portfolio will apply to all members unless a member chooses to opt out in their personal capacity.

When you sign this form by inserting a digital signature it confirms that the information provided is true and correct.

Options to sign the form:

1. Print out the form, sign and scan it and send it back by email to FAWInstallations@momentum.co.za.
2. Place your scanned signature in the signature block.

How to use a scanned signature:

- Select the 'comments' tab from your menu in Adobe.
- Select the 'add stamp' icon.
- Select custom stamps.
- Create custom stamps.
- You can now browse and upload your signature to save it as a custom stamp under 'sign here' in Adobe.
- You can now go back to your 'stamps' icon and select 'sign here' and select your saved signature.
- Place it in the document and save the document.
- Store your scanned signature in a safe place on your computer.

When you want to print the form to complete by hand you can turn off the field highlights by selecting the "highlight existing fields" on the top right-hand corner of your screen.