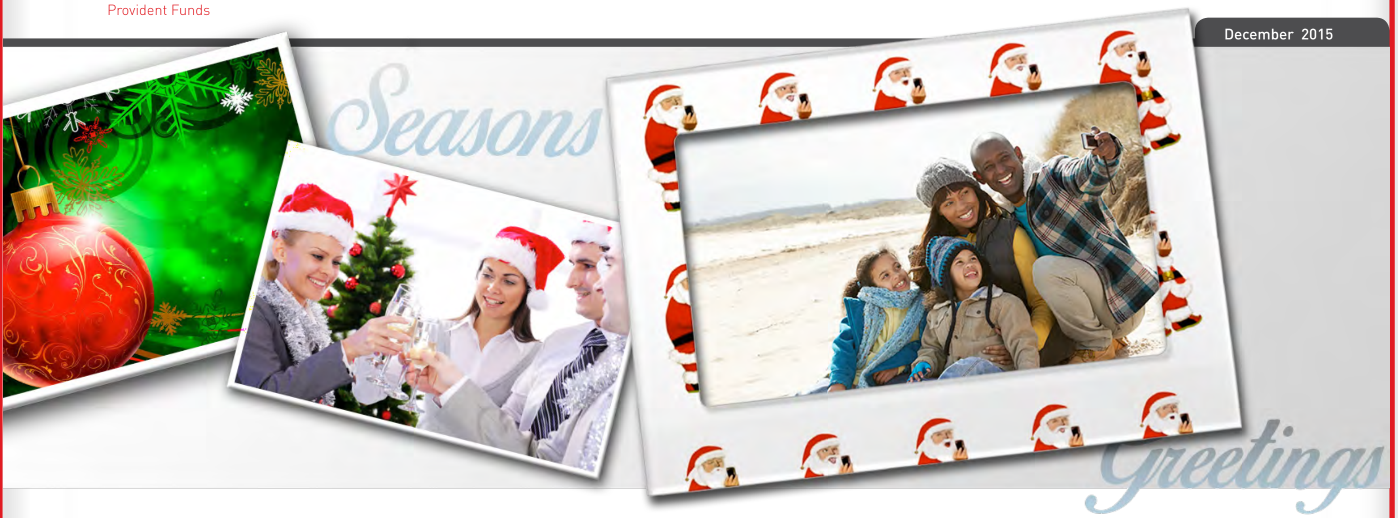
FundsAtWork
Umbrella Pension and Provident Funds

Trustee Member Newsletter

momentum

December 2015



Will you and your family enjoy the **fruits of your labour?**

If you are a member of a retirement fund and you leave your employer, your membership of the fund will end. This means that the fund will pay you the money that you have saved in the fund. If you don't leave your employer, but die before your retirement date, your retirement benefit becomes payable to your dependants and beneficiaries.

Unfortunately, if you or your dependants and beneficiaries don't claim your benefit, and if the fund cannot reach you or your beneficiaries, you and your loved ones may be amongst those people who will never enjoy the benefits of your hard earned retirement fund savings. Instead of being in control of your money and making it work to enhance your financial wellness, it may be sitting in an unclaimed benefits fund.

The reason, in most cases, is that retirement fund administrators cannot find members when they leave the fund, as they do not have the member's updated personal contact details or their beneficiaries' contact details on record. Members move, change cell phone numbers, emigrate and, unfortunately, sometimes pass away before their benefits can be paid to them.

If you withdraw from a retirement fund, you have two years to claim your fund benefit before it is moved to an unclaimed benefits fund. Even if you have claimed your money and it was paid to you when you left your employer, it does not mean that you have received all benefits due to you. For example, you may still be entitled to additional interest.

According to the Financial Services Board, based on 2014 numbers, the total value of unclaimed retirement fund benefits in South Africa is estimated to be around R20 billion owed to roughly 3.5 million people. When you leave the fund, are you prepared to become part of these statistics? Or if you die, are you prepared to let your family suffer? If not, click on the "Benefit statement" tab at the top and then on the 'Your details' menu to update your personal and beneficiaries' details.

It is better to supply your own personal contact details instead of your work contact details. A personal email address stays with you for life, even if you change jobs. You can choose your provider of choice to create your own personal email address. To make it easier for you, we've included the links to the most popular free email address providers. Just click on either the gmail or yahoo link.

Your family should know about your benefits

Tell your family about your benefits with FundsAtWork. If they don't know about them, they can't claim and will suffer financially when you die. Let them keep our number - 0860 65 75 85 - in a safe place. Make sure that your beneficiary nominations are updated regularly and that you provide their most recent contact details. Make sure that your will is updated and that you have a trust for your children or have made an alternative arrangement in case you and your partner die at the same time. Momentum Fiduciary Services can help you. Contact them on 0860 000 107 or send an email to momentumtrust@momentum.co.za.

Talking about beneficiaries, did you know that the beneficiaries who you nominate may not necessarily receive the benefits that you have specified in your nomination form? To find out how it works and to make informed decisions, read the next article, "Who will get the money when you die?"

Who will get your **money** when you die?

You can nominate any person to receive any part of your retirement and insurance benefits when you die. But your benefits may not always be divided like you thought they would be. This is how it works

Your benefits with FundsAtWork

Your retirement savings benefits + your insurance benefits that are provided by the Umbrella Fund that you belong to:

The trustees will consider the nominations you've made, but they must make sure that the people that are financially dependent on you will be taken care of first.

Then they will divide any money that is left over between the beneficiaries that you have nominated.

Your standalone insurance benefits that are not provided by the FundsAtWork Umbrella Fund that you belong to, but that are part of a separate insurance policy your employer has with FundsAtWork or any other insurer, or an individual life policy that you may have taken out:

These benefits will be divided based on your beneficiary nomination.

The trustees of the Fund have no say over your standalone insurance benefits.

For the distribution of your retirement savings benefit and your insurance benefit that are provided by the FundsAtWork Umbrella Funds, the trustees follow guidelines based on section 37C of the Pension Funds Act. The first step the trustees take in deciding who should receive your death benefits is to determine if the claimant is a dependant or not. The Pension Funds Act describes different categories of dependants, which include legal dependants, factual dependants and future dependants. For more information on the different types of dependants, click here to read the article in the November 2013 trustee newsletter. This will help you to make informed decisions when you nominate your beneficiaries.

Your beneficiaries can choose to buy an annuity, also called a pension, with the whole or part of the death benefit that is paid by the FundsAtWork Umbrella Funds, instead of receiving it as a lump sum. This will ensure that they receive a monthly income from the benefit. Death benefits for a minor child can also be paid into a trust set up by you or by the child's guardian, or into a beneficiary fund, as decided by the trustees. Please discuss these options with your family and also let them know that Momentum can assist them.

Contact Momentum Fiduciary Services on 0860 000 107 or send an email to momentumtrust@momentum.co.za

What to do in our current "not so normal" market environments?

The philosophical ancient Chinese proverb "When the wind of change blows, some people build walls, others build windmills" has not only stood the test of time, but is also very relevant in our current "not normal" market environment. We have seen a huge increase in global and local market uncertainty and this is creating a volatile environment within which we have seen huge share price movement (either up or down) depending on the nature of the data (i.e. market information) that is released on a daily basis. In such a "not normal" environment, some react hastily and take investment decisions based on the information released (either positive or negative), rather than focussing on the fundamental value of the underlying investments and understanding the long term consequences of the decision. In this environment, good news has a positive impact on markets and vice versa, and could easily result in members making the wrong investment decisions especially if they are concerned about the volatility.

So what has been "not normal"? Nobody is quite sure whether the world's second largest economy, China, is really growing at 7%, as the official figures suggest, or if they are on their way towards a hard landing. It is also widely reported that they have recently interfered in their stock market by buying shares to try and prevent it from crashing, and by devaluing their currency to make their exports more competitive. Globally, in countries like the USA, Europe and Japan short-term interest rates are at record low levels, banks are being encouraged to lend money and infrastructure spending has increased. These measures have been introduced to stimulate their economies that have been under pressure for some time.

Although all of us would like to be seen as "smart" investors, we so often make the wrong investment decisions in times when markets decline. Global research, in many countries, shows that investors who adopt and stick to a well thought through long-term investment strategy without making unnecessary changes, outperform investors who make too many changes based on short-term market volatility. Moving your assets, based on short-term decisions, requires two actions: moving out of the market and getting back into the market. Moving back into the market is the more difficult decision and has eroded value for most investors who have been trying to time the exit and entry back into the market.

The concept of "time in the market and not timing the market" has been proven over and over again, but yet as investors we are tempted to make changes in times of uncertainty, often after the horse has bolted.

Albert Einstein referred to compound interest as the eighth wonder of the world. He said "he who understands it, earns it... he who doesn't ... pays it." Warren Buffett, investment genius and one of the richest investment professionals in the world, said about himself, "My wealth has come from a combination of living in America, some lucky genes and compound interest." To benefit from compound interest, you must be a long-term investor and not be concerned about short-term volatility.

Having said this, it is still important to review your investment strategy regularly and to make changes, for example, if your risk profile changes. You can use the retirement replacement ratio calculators to find out if you are on track towards a comfortable retirement. Please consult your financial adviser before making any changes.

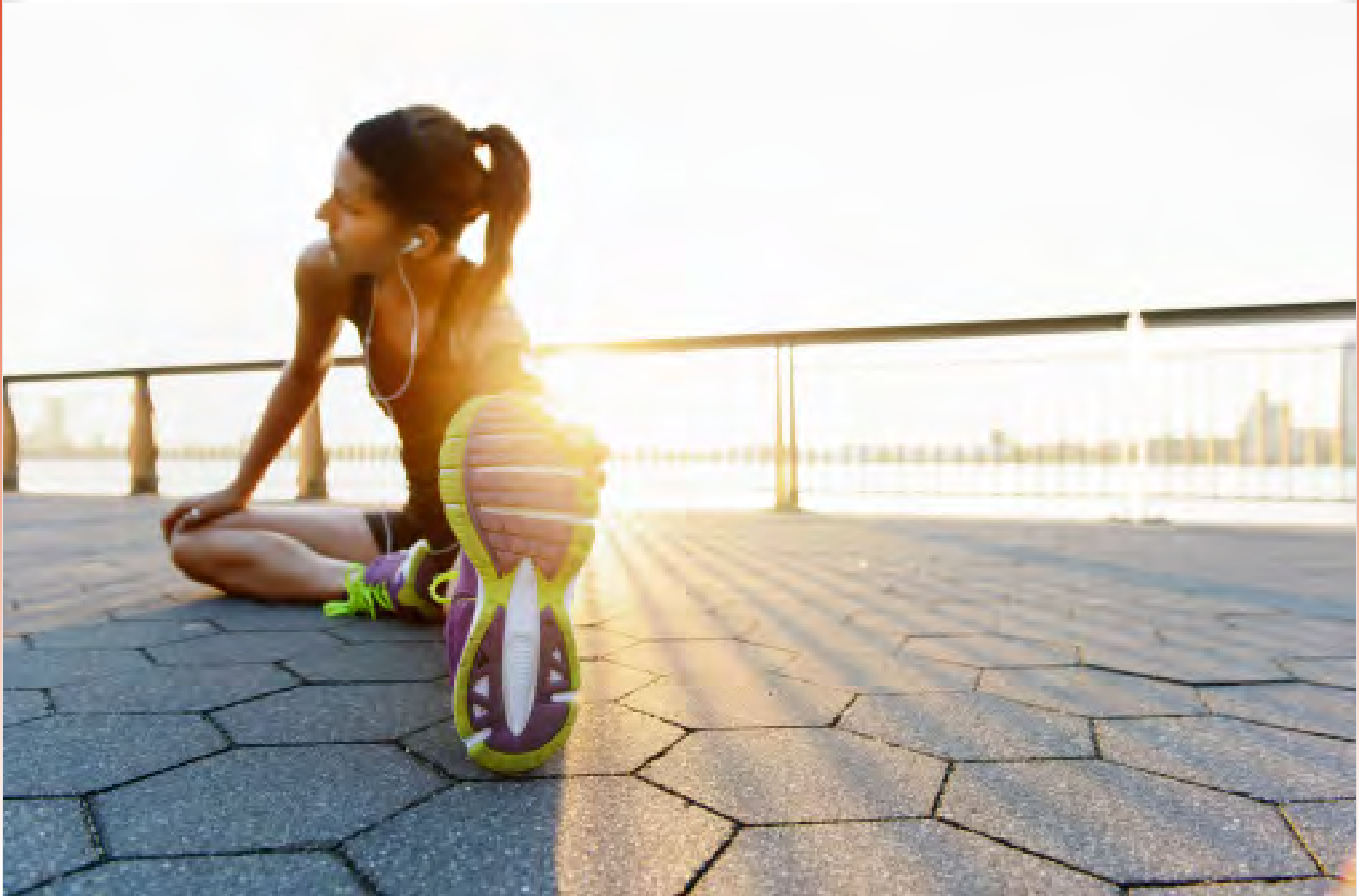
Boost your financial wellness

As a member of FundsAtWork, you can get a percentage of your life cover and dread disease premiums back with the Healthy Heart benefit. If you register for the Healthy Heart Benefit, the money will be paid into your retirement savings account with FundsAtWork, your Momentum HealthSaver account, if you have one, or into your Pick n Pay smart shopper card as points. No cash is paid out to you.

To qualify for the Healthy Heart Benefit:

- You must be a member of FundsAtWork (you can tick this box because you are a member of the FundsAtWork Umbrella Funds);
- You must have life or dread disease cover with FundsAtWork. Click on the 'Benefit statement' tab at the top to check if you have these benefits.
- You must be a member of Multiply. The percentage of your insurance benefits that you will get back depends on your Healthy Heart Score, your Multiply product option and your Multiply status.

If you are already a Multiply member, click here to login and register for the benefit on the FundsAtWork page or call us on 0860 65 75 85.



Doctors on call

With **Momentum FundsAtWork,** you now get Hello Doctor ***for free***

Because you are a member of FundsAtWork, you will have access to Hello Doctor from January 2016. Hello Doctor gives you expert health advice from a qualified medical doctor via your mobile phone, whenever you need it, for FREE!

All conversations with our doctors are completely private and confidential.

Your free access to Hello Doctor includes the following:

Talk to a Doctor: Get instant access to a doctor from your mobile phone via the Hello Doctor App or by dialling *120*1019#. This service is available 24/7/365, and you can ask that the doctor call you back and give you advice over the phone. That's right, the doctor will call YOU!

Text a Doctor: You can also request a text-based conversation with one of our doctors.

Daily health tips: Daily health and wellness advice, articles and health tips.

Monthly newsletters, health quizzes & more!

You will receive your login details for the Hello Doctor App in January 2016, if we have your valid ID number, cell number and email address. All you have to do is to download the App and log in with the details sent to your cell number.

To update your personal details click on the "Benefit statement" tab at the top and then on the 'Your details' menu.

What happens to your insurance benefits when you **leave your employer?**

Normally, if you have insurance cover through your employer as part of a group scheme, you would lose your cover when you leave your employer. But with Momentum FundsAtWork, you don't have to lose your insurance cover when your employment ends.

You have the opportunity to take out individual insurance benefits that are similar to your group insurance benefits with Momentum Myriad when you leave your employer. This way you can maintain your financial wellness and continue to protect your loved ones if you can no longer work.

Check your benefit statement to see if you have insurance cover with Momentum FundsAtWork through your employer.

This is how it works:

	All benefits except lump sum death benefit	Lump sum benefit
You have to exercise your option	5 years before the age at which benefit stops. You cannot exercise your option afterwards.	You can exercise your option either before or on the age at which benefit stops.
Medical underwriting	You will need to undergo a smoker's test.	
Financial underwriting	To enhance your financial wellness, Momentum will help you to calculate if you can afford the premiums.	
Individual policy termination age	Same as the group policy termination age.	You can decide when you want the benefit to terminate.
Individual policy features	Similar to the group policy.	You can decide which features you want to include in your benefit.
31 days cover after termination	You will be covered for 31 days after your group benefit terminates.	

Investment performance:
the Momentum Enhanced portfolios

The Momentum Enhanced Factor portfolios follow an "outcome-based" investment strategy which means that they are built and managed in such a way that they have a high probability of achieving their inflation plus investment objectives over different market cycles. These portfolios have performed well for various periods in a very volatile and uncertain market environment.

The Momentum Enhanced Factor range of portfolios is well diversified across:

- underlying investment managers who have been selected for their skill to manage the underlying asset classes,
- asset classes, both traditional assets such as equities, bonds and cash as well as other assets such as hedge funds, private equity and commodities, both locally and offshore, and
- investment styles i.e. deep value, momentum, core, growth, etc.

The Trustee Choice portfolio fully invests in the Momentum Enhanced Factor 3 portfolio, which is part of the Momentum Enhanced Factor range. The Momentum Enhanced Factor 3 portfolio is a conservative portfolio with a short-term investment horizon and aims to outperform inflation plus 3% per annum over three year rolling periods. The portfolio has a strategic asset allocation and invest approximately 67.5% in defensive asset classes such as local and global bonds, local inflation linked bonds and local cash. The portfolio has been well positioned and performed well over all the periods, to the end of October 2015, and managed to outperform the inflation plus 3% per annum target.

The table below shows the gross returns, before fees, as at the end of October 2015, for the Momentum Enhanced Factor portfolios that are being used as the underlying building block portfolios for the Momentum Lifestage portfolios.

Portfolio	One year	Three years	Five years	Seven years	Ten years
Momentum MoM Enhanced Factor 7	14.5%	18.2%	16.9%	17.1%	15.5%
CPI+7%	11.6%	12.5%	12.5%	12.1%	13.1%
Strategic Benchmark	14.8%	18.4%	17.1%	17.3%	15.4%
Momentum MoM Enhanced Factor 6	14.2%	16.6%	15.7%	15.8%	14.6%
CPI+6%	10.6%	11.5%	11.5%	11.1%	12.1%
Strategic Benchmark	14.5%	17.2%	16.1%	15.9%	14.4%
Momentum MoM Enhanced Factor 5	13.3%	13.5%	13.3%	-	-
CPI+5%	9.6%	10.5%	10.5%	-	-
Strategic Benchmark	12.9%	13.8%	14.0%	-	-
Momentum MoM Enhanced Factor 4	11.8%	11.5%	11.6%	12.3%	11.9%
CPI+4%	8.6%	9.5%	9.5%	9.1%	10.1%
Strategic Benchmark	11.0%	11.9%	12.2%	12.7%	12.0%
Momentum MoM Enhanced Factor 3	10.8%	10.0%	10.5%	10.6%	10.9%
CPI+3%	7.6%	8.5%	8.5%	8.1%	9.1%
Strategic Benchmark	9.7%	10.7%	11.5%	10.6%	11.2%