



SMM Vesting Fund

The SMM Vesting Fund is a multi-managed smoothed bonus fund which provides exposure to leading investment managers. Investors are protected against short-term volatility by smoothing out investment returns, whilst providing guarantees on benefit payments. Fully vesting bonuses are declared monthly in advance. Bonuses cannot be negative.

Smoothed bonus portfolio

This is a smoothed bonus portfolio where investment returns are smoothed by way of monthly bonus declarations, thereby lessening the roller-coaster ride that investors in market-linked portfolios might experience.

The book value is the value that is guaranteed to be paid out for benefit payments (death, disability, resignation, retrenchment and retirement). The book value is the net amount invested accumulated at the bonus rates declared. The market value is the amount obtainable on the open market by the sale of the underlying assets.

Default investment option

The SMM Vesting fund may be used as a default investment portfolio for retirement fund members and complies with the conditions set out in the FSCA Conduct Standard 5 of 2020 (RF).

The SMM Vesting Fund satisfies clients who:

- ③ Seek diversification provided across leading investment managers.
- ③ Want to reduce the volatility of their investment, especially as they approach retirement.
- ③ Seek bonuses with a minimum value of zero.
- ③ Want comprehensive guarantees on their benefit payments.

For these reasons the SMM Vesting Fund makes a good default portfolio in the case of individual investment choice. This portfolio is also more in line with modern administrative systems, which require products without interim or top-up bonuses.

Investment mandate

The underlying portfolio is a moderate balanced fund, with a diversified exposure to domestic equity, bonds, and property as well as international assets.



The Notional Benchmark will consist of:

Asset Category	Long-term Asset Allocation Range	Benchmark Weight %	Asset Class Benchmark
RSA Equities	10% – 50%	32%	Capped SWIX
RSA Interest Bearing Assets	10% – 60%	Fixed interest - 20%	ALBI
		ILB - 9%	Government Issued Bonds (IGOVI)
		Cash - 8%	STeFI (Short Term Fixed Interest Index)
RSA Alternatives (incl. direct property)	0% – 25%	Property - 6%	SA Listed Property Index
Foreign Equity	10% – 30%	17.5%	Morgan Stanley Capital International World Index (Developed Markets)
Foreign Interest Bearing Assets	0% – 15%	Fixed Interest - 5%	Bloomberg Global Aggregate Index
		Cash - 2.5%	US 3 month London InterBank Offered Rate (LIBOR)

- ⌚ The maximum exposure to volatile assets (unhedged RSA equity and foreign assets) is limited to 60% of the Portfolio.
- ⌚ The maximum unhedged currency exposure is limited to 22% of the Portfolio.
- ⌚ The asset composition of the portfolio may vary from the benchmark.
- ⌚ This portfolio complies with Regulation 28 of the Pension Funds Act.

Bonuses

Bonuses for the SMM Vesting Fund are declared monthly in advance based on the following formula:

Bonus = $i + (FL - 103\%) / (24 - m) - \text{fees}$

i: expected net long-term monthly return
FL: funding level of the product
m: months
fees: see below

FL > 115%	m = 12
For 97.5% ≤ FL ≤ 115%	m = 0
92.5% ≤ FL < 97.5%	m = 10
FL < 92.5%	bonus = 0% net of fees

Sanlam may deviate from the above bonus formula to include allowance for expectations of future market movements. This deviation may not exceed 2% p.a. from the calculated bonus. Sanlam shall notify clients when deviating from the calculated standard bonus.

- ⌚ Bonuses are declared net of the guarantee premium and have a minimum value of zero.
- ⌚ All bonuses vests fully.
- ⌚ Sanlam retains the right to change the bonus formula without prior notice.



Fees

Sanlam's cost in relation to the investment plan is recouped by recovering the following fees:

Investment fee

⊙ $\frac{1}{12}$ th of 0.55% per month

Guarantee Premium

⊙ $\frac{1}{12}$ th of 1.6% per month

SMMI may incentivise underlying asset managers with performance fees. Details of the performance fees actually paid over the past calendar year are available on request.

Cash flow

The portfolio facilitates daily cash flows for contributions, benefit payments and disinvestments.

Benefit Payments

Book value is paid on resignation, retirement, death, retrenchment and disability.

Member switches (transfer to other portfolios)

Switches by individual members are done at lower of book value and market value.

Termination conditions

Book value is paid as soon as practicable (but within 30 business days), unless it is considered not to be in the interests of remaining policyholders to pay out book value immediately (e.g. if market value is less than book value), payment is then spread over a period (alternatively, the fund may request Sanlam to pay out a cash value immediately).

Policy contract

Sanlam Corporate, a division of Sanlam Life Insurance Ltd, has taken all reasonable effort to ensure that this brochure correctly reflects the terms and conditions of the policy contract. If there are discrepancies between this document and the policy contract, conditions in the policy will apply. The treatment of structuring income and managed asset classes are dealt within the policy contract.

Practices and Principles of Financial Management (PPFM)

A document detailing the PPFM that are applied to smoothed bonus products is available on the Sanlam Investments website at <http://sanl.am/sebi>.

call us 

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