



Investments

**Shaping your
investment**
experience in
choppy markets

Managing ups and downs over short periods

We understand that ups and downs and twists and turns in the stock market affect investors in different ways.

When you choose to invest for growth, you're looking to grow your investment in the long run along with potential higher investment returns. The problem, though, is that aiming for higher returns means having to take more investment risk.

The value of your investment could fall rapidly over short periods of time – days, weeks and months – and it's painful to see the value of your investment fall. You might be tempted to make rash decisions to switch to another product or stop investing instead of waiting for an upswing.

This is why we've created a solution with an insurer that reduces ups and downs in investment returns over short periods.

The investment portfolio is made up of many investment classes, including growth investments, to spread the risk. In this way, it can create growth over long periods – at a lower cost to traditional smoothed bonus funds.



Did you know?

Investors feel the **pain of a loss twice** as strongly as the pleasure from investment gains.

This fear of loss often results in impulsive decisions that lead to undesirable outcomes.

Over short periods

Smoother journey

Over long periods

Investment growth

You are in the right place for your retirement plans.



Shaping your investment experience in choppy markets

Who we are

We are an investment manager (**Alexander Forbes Investments, hereafter referred to as Alexforbes**) that manages investment portfolios across multiple investment classes, strategies and managers.



Momentum Metropolitan Life Limited, one of the largest insurance companies in South Africa, has a history of managing balance sheet solutions.



Your product provider

We manage the underlying investment portfolio, Performer, that creates the investment experience and has the desired growth over long periods. Performer is a market-leading portfolio and has a well-established performance history.

Your insurer

Momentum Metropolitan Life Limited declares and distributes adjusted investment returns every month to policyholders using a transparent, defined process.

Together, we developed an investment portfolio that applies a framework for reducing the effect of ups and downs over short periods on underlying investment returns.

If the underlying investment value falls quickly, the portfolio will cushion the impact to some extent. And if the value of the underlying investments rises sharply, the investment returns may be less.



Expressing and delivering value

AF Retirement Navigator is an investment portfolio that tracks two values:



Book value

The book value shows what is owed to policyholders in the fund account, managed by Momentum. **This value shows how the policyholders' values are performing.**

Book value = net investments made on behalf of policyholders plus (or minus) the adjusted investment return declared by Momentum



Market value

The market value shows the value of underlying investments, managed by us. **This value shows how the investments are performing in the market.**

Market value = net investments made on behalf of policyholders plus (or minus) the actual investment return earned in the market

Portfolio funding level = market value divided by book value

The value can go up and down, and can be more than or fall below the amount invested.



Why does it matter?

With AF Retirement Navigator, you get a good book value return with reduced fluctuations in investment returns.

When you leave AF Retirement Navigator



Book value

Policy benefits will be paid at book value.



Market value

Certain benefits may require a market value adjustment if the book value is more than the market value when the benefit is to be paid.

Examples



Disability



Retirement
benefits



Death



Resignation

Examples



Switches



Transfers from one
retirement fund to
another



Portfolio
closures

Retrenchments are typically paid at book value. However, for bulk retrenchments, a market value adjustment may be applied depending on the overall portfolio funding level.



Savings pot withdrawals

If you belong to a preservation or retirement annuity fund and have a savings pot in the fund, any withdrawals you elect to make, as allowed by legislation once per tax year, will be paid at book value.

Let's look at **two examples** to see how this portfolio could offer protection.

Without AF Retirement Navigator
= **fully affected by ups and downs**

With AF Retirement Navigator
= **reduced ups and downs**

Watch video



What can we observe from these two examples?

Adjusting the actual market return that was earned means that the policy value is somewhat protected from the fluctuations in the underlying market value of the portfolio.

Adjustments in market upturns are distributed quicker relative to downturns which are evened out over a longer period.

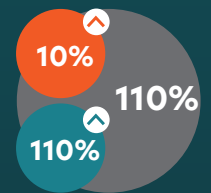
What happens during more extreme events such as a **global financial crisis**?

If the funding level changes by more than 10% in any direction, immediate corrective action is taken:

If the market falls by more than 10% and the funding level drops to below 90%, an immediate negative return is declared to improve the funding level to at least 90%.

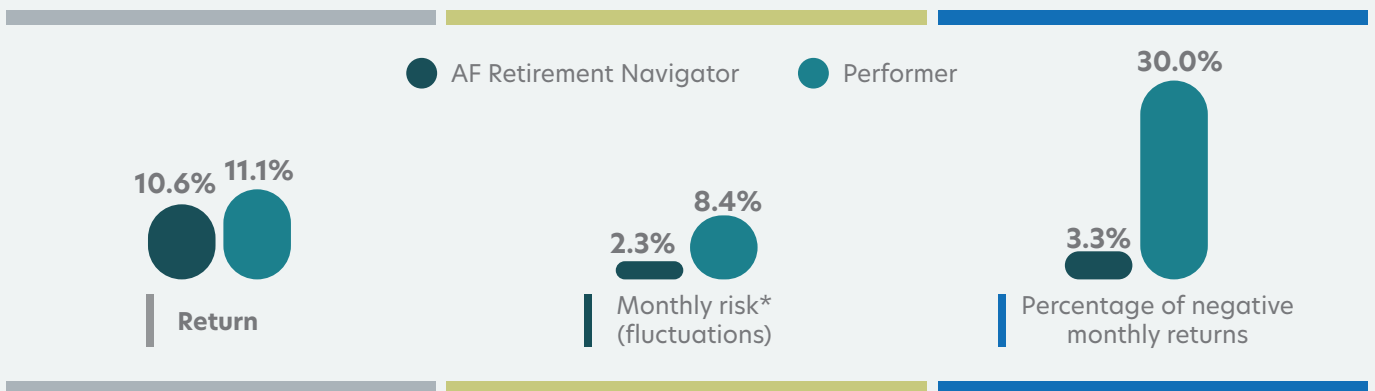


If the market value increases by more than 10% and the funding level increases to above 110%, an immediate positive return is declared to decrease the funding level to at least 110%.



How it works

The information in the example below is based on actual investment returns and risk data captured on 31 December 2025. The quoted returns of both portfolios are gross of investment management fees. The returns shown are back-tested for 10 years.



AF Retirement Navigator does not compromise long-term returns

AF Retirement Navigator protects for a smoother journey

AF Retirement Navigator reduces the pain of loss

This illustrates that over long periods the risks and returns of AF Retirement Navigator are similar to those of the underlying portfolio, Performer.

The framework used to distribute the underlying returns has greatly reduced the market ups and downs, ensuring a smoother journey.

This illustrates the protection against market ups and downs over short periods that AF Retirement Navigator can provide.

AF Retirement Navigator experienced only 3.3% (4 months) instead of 30.8% (37 months) of negative investment returns in Performer.

Again, the framework reduces the pain of losses over short periods on underlying investment returns so that she can gain over long periods.

Note: *Risk is measured by the standard deviation of investment returns

Offering unique investment value

Various investment products offer reduced ups and downs in investment returns over short periods, but they come with full or partial investment guarantees and high associated charges. These protection costs can be as high as 1.5% a year – and sometimes people wonder if the guarantee they paid for was worth it.

Our solution is unique in that it offers **no investment guarantees** on the underlying market value returns or the money you invested, and therefore no associated costs – but you still get a good book value return with reduced fluctuations in investment returns.

How does this portfolio compare to other types of investment products?

Portfolio	Market-linked	AF Retirement Navigator	Traditional smooth bonus funds
Investment returns	Linked to market performance	Reduced ups and downs in investment returns	
Guarantee and associated costs	No guarantee	No guarantee but some adjustment to investment returns	With a guarantee
	No associated costs	No associated costs but a cost is payable for adjusting investment returns	Associated costs for the guarantee
	Least expensive	Slightly more expensive	Most expensive



We offer no investment guarantee and associated charges

You benefit from reduced ups and downs from one month to the next at a lower cost relative to traditional funds

How much it costs

Before retirement

The following fee scale applies to retirement fund members:

Investment costs, based on your employer's assets	Yearly policy fee
First R500 million	0.80%
Above R500 million	0.65%

These fees include a charge payable to Momentum for providing adjustments to the underlying investment returns.

The small print enlarged

Any portfolio that adjusts underlying investment returns involves cross-subsidies. This involves using the profits of one activity to support another. To be equitable and sustainable, the level of cross-subsidisation between generations of investors in the portfolio needs to be kept at an acceptable level.

Therefore, in extreme circumstances, we may suspend the adjustment of underlying investment returns to protect clients invested in the portfolio. However, the investments will remain in Performer, but the framework won't be applied to the returns over short periods.

While the declared investment returns will be smoother than the underlying returns, there is no investment guarantee. Also, declared investment returns can be negative when the market value falls during a crisis. Momentum may declare returns and special returns in line with the principles and practices of financial management (PPFM) that apply to this investment portfolio. The PPFM sets out how an insurer should manage its discretionary participation business.

The PPFM as well as the disclosures relating to the AF Retirement Navigator solution are available on the Alexforbes website. Click [here](#) to view.



Did you know?

AF Retirement Navigator complies with guidance provided by the Financial Sector Conduct Authority (FSCA) on discretionary participation portfolios that may be included as part of a fund's Regulation 37 default strategy.



With Alexforbes, no matter your investment destination, you're in the right place

Every investment is personal, filled with purpose and expectation. We appreciate your trust and confidence in our investment approach. We are committed to delivering the best possible investment outcomes for you and are always here to discuss any questions or concerns you may have.



Connect with us

To lessen your risk over short periods while getting the same exposure over long periods, speak to us:

Nic Campbell

Tel: +27 83 393 0001

Email: campbellni@alexforbes.com

Gavin Schmidt

Tel: +27 82 312 6437

Email: schmidtg@alexforbes.com

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