

# The Multi-Fund Structure



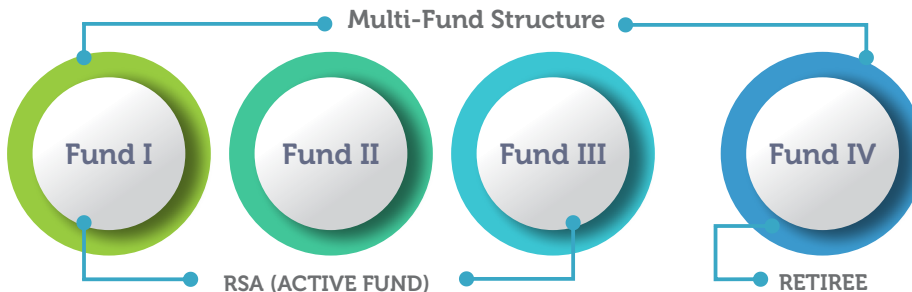
## ALL YOU NEED TO KNOW ABOUT THE MULTI-FUND STRUCTURE

Since the inception of the Contributory Pensions Scheme in 2004, the contributions of Retirement Saving Account (RSA) holders have been invested into 2 funds namely: The Active Fund and the Retiree Fund. The contributions are managed in the Active Fund when the RSA holders are in active service and in The Retiree Fund after retirement. In 2017, the National Pension Commission (PenCom) proposed a new investment framework with the introduction of a **Multi-Fund Structure** which varies the exposure of pension fund assets to variable income instruments. This replaces the two-tier RSA structure i.e Active and Retiree Funds

and increases the choices available to RSA Active contributors with the addition of two new Fund, while retaining the Retiree Fund.

With effect from July 1, 2018, the new **Multi-Fund Structure** commenced with four Funds, designated as Funds I, II, III and IV, with Funds I, II & III replacing the RSA Active and the Retiree Fund renamed as Fund IV. This means that RSA holders can invest in any of the new Funds depending on their age, risk appetite and subject to regulatory guidelines.

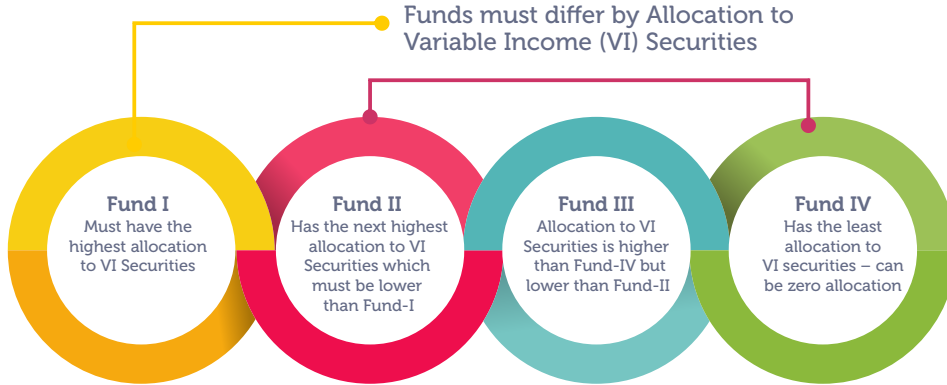
The objective of the new Multi-Fund structure is to provide more options to contributors by incorporating age and risk appetite into the investment of pension funds.



## WHY SEGREGATE BASED ON RISK APPETITE?

1. Studies have shown that there is a greater possibility of generating higher returns by increasing the risk exposure of a portfolio.
2. The more risk averse an investor, the less of his or her portfolio should be exposed to Variable Income Securities (such as Equities).
3. Investment Instruments whose income cannot be predetermined at the time of investment are called Variable Income Securities and are distinguished from Fixed Income Securities that have a predetermined income. Hence Variable Income Investments are generally classified as higher risk investments.
4. Age relates to investment horizon. The longer the time horizon of an investor, the greater the proportion of the portfolio that should be in Variable Income Securities (such as Equities).
5. The Multi Fund Structure provides more alignment between your retirement goals, risk appetite and age. Consequently, there will be a better chance for your pension assets to meet your expectations when you retire.

# DIFFERENTIATING BETWEEN FUNDS AND THEIR CHARACTERISTICS



The Multi-Fund shall comprise four Funds



Funds shall differ based on overall exposure to variable income securities



Fund membership is based on age and risk profile of contributors.



Fund 1

Max – 75%  
Min – 20%

Strictly by Choice for  
Age ≤ 49yrs



Fund 2

Max – 55%  
Min – 10%

Age ≤ 49yrs



Fund 3

Max – 20%  
Min – 5%

Age ≥ 50yrs



Fund 4

Max – 10%  
Min – 0%

Retirees

## VARIABLE INCOME INSTRUMENTS

Variable Income Securities are instruments that generate income or returns that cannot be pre-determined from the date of the investment;

Example of Variable Income Securities are:

- Ordinary Shares (Equities)
- Collective Investment Schemes ("CIS") such as Mutual Funds, Real Estate Investment Trust
- Infrastructure Funds
- Private Equity Funds

These securities have potentials to generate higher returns than Fixed Income Instruments over the long term but returns cannot be ascertained as at the time of investing

## HOW TO CHOOSE AND TRANSFER BETWEEN FUND TYPES

Contributors can choose the type of fund in which they desire to be assigned, subject to the following conditions:

- a) A new contributor can choose among Funds I, II and III depending on your age, retirement goal and risk appetite.
- b) An active contributor can switch from Fund II to Fund I, or from Fund III to Fund II
- c) Contributors are NOT allowed to switch from Fund III to Fund I, or from Fund IV to any other Fund.
- d) An active contributor can switch from one Fund type to another Fund type within a given PFA, once within a 12-month period without paying any fees. Subsequent switches within the same year shall attract a fee of N1,000 (One thousand naira.) only A contributor can switch within allowed limits by making a formal request to his PFA.
- e) A Sigma Pensions RSA holder can visit any of our branches to fill a transfer form or send an email to [info@sigmapensions.com](mailto:info@sigmapensions.com) for further enquiries.



# FREQUENTLY ASKED QUESTIONS

## How do I know which Fund I fall into?

From July 2, 2018, if you are 49 years and below at your last recorded birthday, you will by default be categorised into Fund II. If you are 50 years and above but still in active service, you will by default fall into Fund III. The Retiree Fund which is Fund IV, will remain unchanged – for retired contributors.

## Will I have access to information on the new Fund Structure when it begins?

The unit value on all Funds will be published daily on our website and the Annual Financial Reports of the RSA Funds of all PFAs are published in at least 2 national dailies.

## Will my RSA balance change when the Multi Fund Structure starts?

The balance in your RSA will not change due to the movement to the Multi-Fund Structure because your entire balance will be moved, hence at inception your balance remains the same.

## Is it possible for a contributor to split his/her contributions to 2 different Funds?

No, this is not possible because you are only identified with one PIN and cannot be allowed to have contributions in more than one Fund structure at the same time.

## Can my Additional Voluntary Contributions be Invested in a separate Fund type while my mandatory contributions go into another Fund type?

No, your Additional Voluntary Contributions will be in the same Fund as your mandatory contributions.

For further enquiries on the Multi-Fund structure, kindly send an email to [multifunds@sigmapensions.com](mailto:multifunds@sigmapensions.com). You may also contact us via our social media channels on

 @sigmapensions.

# CONTACT US

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Rivers State

We have a total of 42 branches across the federation and operate out of 30 UBA branches with a presence at major branches in all state capitals.

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## ONLINE REACH

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#### PARTNERS:

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#### REGULATORS:

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