

# Momentum 5% Income Fund

## Wealth

28 February 2018

**momentum**

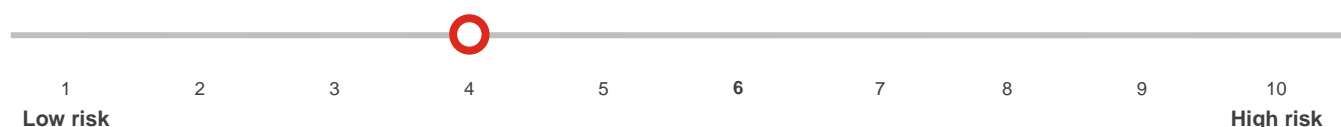
investments

<b>Launch date:</b> 20 November 2009. The Momentum Real Income Fund amalgamated with the Momentum 3.5% Income Fund on this date	<b>Investment horizon:</b> Ongoing term (should preferably be considered for medium to long-term investments from which a regular income is required)	<b>Fund amalgamation:</b> The Momentum Prudent Income Fund amalgamated with the Momentum 5% Income Fund on 20 November 2009	<b>Product availability:</b> All Momentum Wealth products, except for the Wealth Flexible Investment Option (FIO). The fund aims to provide an income solution for post-retirement investors	<b>Unit prices:</b> The fund is daily priced. The relevant fund management fee and tax (where applicable) is applied to the daily unit price	<b>Ongoing investment management fee:</b> 1.25% pa (including VAT, where applicable)
<b>Fund size:</b> R17m	<b>Administration platform:</b> Momentum Wealth	<b>Regulation 28:</b> The fund is Regulation 28 compliant	<b>Investment manager:</b> Momentum Asset Management	<b>Risk profile:</b> Conservative to moderate	

### Investment objective

An actively managed, low to moderate risk income fund that employs an active asset allocation with the primary objective of providing income for investors in the short-term, with nominal to real capital preservation over the medium-term (after investment management fees) as an important secondary objective. The fund may invest in local equities, bonds, cash and international assets. Equities (hedged and unhedged) are included in the fund in order to provide a long-term inflation hedge. The fund forms part of Momentum's post-retirement income fund range, but may also be selected as a stand-alone investment fund.

### Risk classification



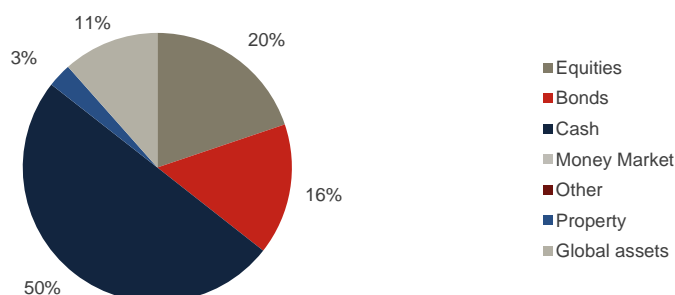
### Strategic asset allocation

The asset allocation parameters of the fund allow for investment in local equities, bonds and cash, as well as international assets.

### Asset allocation bands – investable parameters

Equity	10% - 40%	Cash	0% - 90%
Bonds	0% - 90%	International	0% - 15%

### Asset allocation

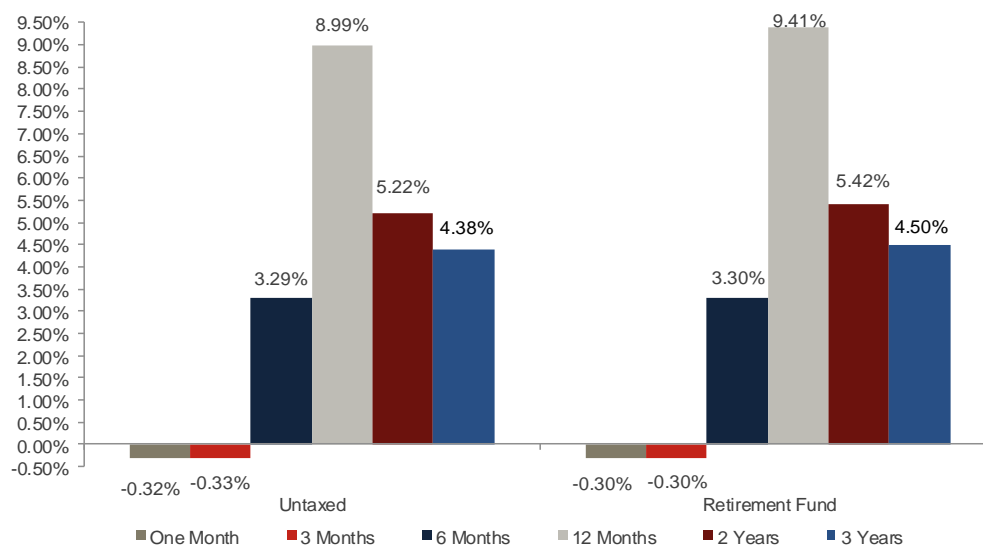


### Top 10 holdings (% of equity exposure)

Naspers Ltd –N-	2.10	Nedbank Group Limited	0.73
Standard Bank Group Limited	1.75	Barclays Africa Group Ltd	0.67
Growthpoint Properties Ltd	1.01	Redefine Properties Ltd	0.61
Firststrand Ltd	0.94	BHP Billiton Plc	0.59
MTN Group Ltd	0.82	Old Mutual Plc	0.58

## Fund performance

Returns are shown net of investment management fees and tax:



Returns annualised for terms longer than one year

## Positioning the post-retirement income fund solutions

The fund forms part of Momentum's long-term, post-retirement income solution fund range. These post-retirement income solution funds have been developed with LISPA's Code on Linked Annuities (CLA) as the cornerstone of design.

The funds are structured as long-term income solutions, but short-term volatility and capital fluctuations may occur due to the underlying asset composition of the fund. The probability of experiencing a capital loss or underperforming the respective fund benchmark decreases as the investment term increases.

The introduction of the post-retirement income solution funds is an enhancement of the already successful LifeCycle Philosophy and is designed to complete the solution-based offering for investors by incorporating the wealth accumulation phase and income phase holistically and managing an investor's assets over his/her lifetime. The move between income solution funds is based on the investor's age.

The fund aims to strike a balance between the need for income in the short-term and real capital preservation over the medium-term.

Although the SA Reserve Bank cited the potential for a sovereign ratings downgrade and higher international oil prices as risks, falling inflation potentially leaves room for further modest monetary policy easing in the first half of 2018.

Even after factoring in a mildly depreciating currency trajectory from current levels, inflation should still remain comfortably within the target band in upcoming months. Nonetheless, wage settlements, in the run up to the public sector wage negotiations, and elevated oil prices pose upside risks to the inflation forecast.

Returns illustrated above apply to lump sum investments. Past performance of any investment is not necessarily a guide to the future. Fluctuations in the value of the underlying assets, and the income derived from these assets and changes in interest rates, mean that the value of an investment may fall as well as rise. All performances are illustrated net of investment management fees, except where otherwise stated. An investment in the fund may not be suitable for all investors. Investors should obtain advice from their financial adviser before proceeding with an investment.