

Launch date on Wealth platform: 1 December 2014	Investment manager: Eris Property Group (Pty) Ltd	Risk profile: Medium to moderately aggressive	Investment horizon: Medium to long term	Administration platform: Momentum Wealth
Unit prices: The fund is monthly priced. The relevant fund management fee and tax (when applicable) is applied to the monthly unit price	Investment objective: CPI + 5% over a five-year period (before tax, charges and fees)	Ongoing investment management fee (including VAT): 0.85% per year	Portfolio size: R5 billion	Product availability: All Momentum Wealth products, except for the Flexible Investment Option (FIO)

Fund objective

The fund objective is to provide the investor with a secure initial income yield with consistent capital growth, resulting in returns that have a high probability of outperforming inflation over the medium to long term. Cash is held in the portfolio for liquidity purposes at the discretion of the fund manager, but shall be limited to a maximum of 10% of the fund value. Gearing may also be used from time to time with a maximum level being 30% of the fund value.

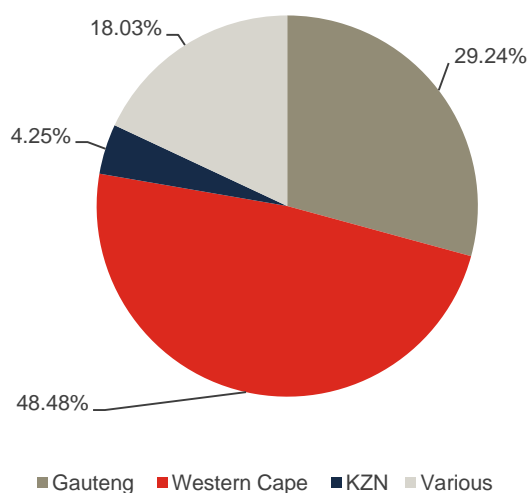
Risk classification



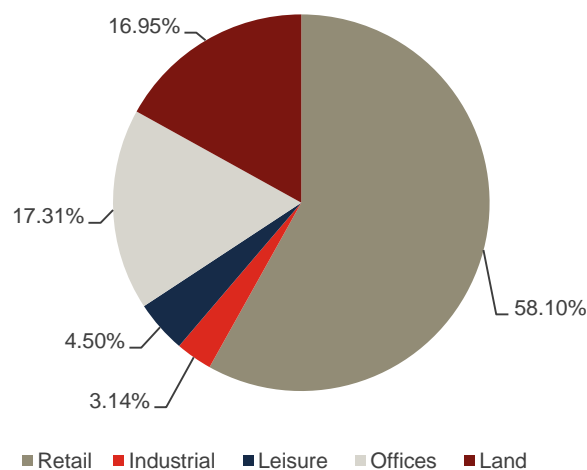
Investment strategy

This portfolio consists of high-quality direct property assets owned by The MMI Group. For a relatively small investment, the investor participates proportionally in the income and capital returns generated from the underlying direct property portfolio.

Geographical split by value



Sector split by value



Returns illustrated apply to lump-sum investments. Past performance of any investment is not necessarily a guide to the future performance. 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 can fall and rise. All performances are illustrated net of investment management fees, except when otherwise stated. Investors must obtain advice from their financial adviser before proceeding with an investment.

Historical performance

	Momentum Direct Property Fund - Individuals	Momentum Direct Property Fund – Corporate	Momentum Direct Property Fund – Retirement	Momentum Direct Property Fund – Untaxed
1 Month	0.28%	0.29%	0.43%	0.44%
3 Months	0.36%	0.46%	0.77%	0.77%
6 Months	1.50%	1.63%	2.46%	2.46%
12 Months	5.67%	5.67%	8.10%	8.10%
Annualised Inception	7.04%	6.89%	9.65%	9.65%

Top property holding (% of fund)

Bellville : Tygervally Shopping Centre	Western Cape	30.64%
Sandton : 129 Rivonia (Village Walk)	Gauteng	16.95%
Sandton : Balalaika Hotel	Gauteng	4.50%
King Williams Town Shopping Centre	Eastern Cape	4.41%
Cape Town Metlife Centre	Western Cape	4.05%
Potchefstroom: Riverwalk	North West	3.99%
Witbank: Metropolitan Centre	Free State	2.54%
Ladysmith Shopping Centre	Kwa-Zulu Natal	2.03%
Bedfordview : Pellmeadow Office Park	Gauteng	1.82%
Silverton: Silvermall	Gauteng	1.79%

Fund prospects

The first year net rental income yield on the portfolio is around 6.5%, and is reasonably certain due to the contractual lease agreements in place. Contractual rentals are, on average, escalating at around 7% to 9%, but escalations in operating costs will constrain the net income growth to anticipated levels of around 6% to 7%.

Capital growth is driven by growth in net rental income and property market conditions. The expected increase in property capitalisation rates has not materialised as yet due to the short supply of quality properties, but we do anticipate higher capitalisation rates on poorer quality properties in the short to medium term. Although capitalisation rates on directly held property have been fairly stable, ensuring consistent returns, fluctuations in returns do occur, but with less volatility for direct property assets when compared to listed property stocks.

The fund has certain property holdings where opportunities will arise to develop additional premium quality assets, which should enhance value for investors. The old Village Walk site is one example where a 75,000m² mixed use commercial scheme is underway. In addition, the fund manager has access to a development pipeline of premium-quality investments, which could be pursued for acquisition by the portfolio. These will further enhance the quality of the portfolio over time.

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