

# Momentum Capital Plus Fund (retail fund)

**momentum**

Wealth

31 December 2018

investments

|   |  |   |  |  |  |
|---|--|---|--|--|--|
| <b>Launch date on Wealth platform:</b><br>17 March 2008   | <b>Investment manager:</b><br>Rand Merchant Bank (RMB)                                   | <b>Risk profile:</b><br>Low risk, conservative  | <b>Investment horizon:</b><br>Short to medium term | <b>Administration platform:</b><br>Momentum Wealth   | <b>Benchmark/ Target Return:</b><br>CPI plus 1% over 36-month rolling terms (with a three month lag) |
| <b>Unit prices:</b><br>The fund is daily priced. The relevant fund management fee and tax (where applicable) is applied to the daily unit price | <b>Capital guarantee:</b><br>The fund provides an inherent, fund-level capital guarantee | <b>Ongoing investment management fee:</b><br>0.90% pa plus performance fee (25% of outperformance over CPI + 2% with a three month lag) | <b>Fund size:</b><br>R256m                         | <b>Product availability:</b><br>All Momentum Wealth products, except for the Wealth Flexible Investment Option (FIO) |  |

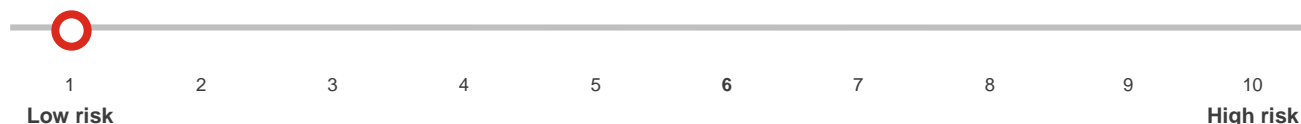
**Liquidity:**  
The fund provides a daily unit price and daily liquidity. However, should Momentum receive repurchase instructions that amount to in excess of 25% of the value of the total fund in any particular month, then Momentum reserves the right to give effect to these repurchase instructions over a period of 12 months from date of receipt of such repurchase instructions, due to the illiquid nature of some of the underlying assets of the fund. Should Momentum invoke the right under this clause, then Momentum will notify investors within a period of 30 days of such limitations.

The above liquidity clause applies to the total fund, and does not apply to an individual contract where a switch may be in excess of 25% of an investor's total portfolio.

## Investment objective

The fund aims to preserve the purchasing power of an investment over time and targets a return of CPI inflation + 1% over a rolling 36-month period. The fund is managed within strict risk control measures that include appropriate diversification, tactical asset allocation and the prudent use of derivative instruments. An inherent fund level capital guarantee is a unique feature of the fund. A bonus is declared monthly in advance based on the performance of the underlying assets, and once declared, vests fully. This monthly bonus is net of investment management fees and relevant four-fund tax.

## Risk classification

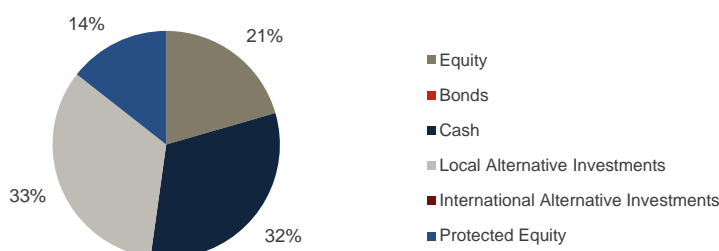


## Strategic asset allocation

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

|   | Strategic asset allocation | Tactical asset allocation |
|---|----------------------------|---------------------------|
| Equity (indices & portfolios)                 | 25%                        | 10% - 40%                 |
| Bonds and Inflation-linked bonds              | 35%                        | 0% - 40%                  |
| Cash  | 25%                        | 5% - 85%                  |
| Property                                      | 0%                         | 0% - 20%                  |
| Alternative assets (including private equity) | 15%                        | 0% - 50%                  |

## Asset allocation

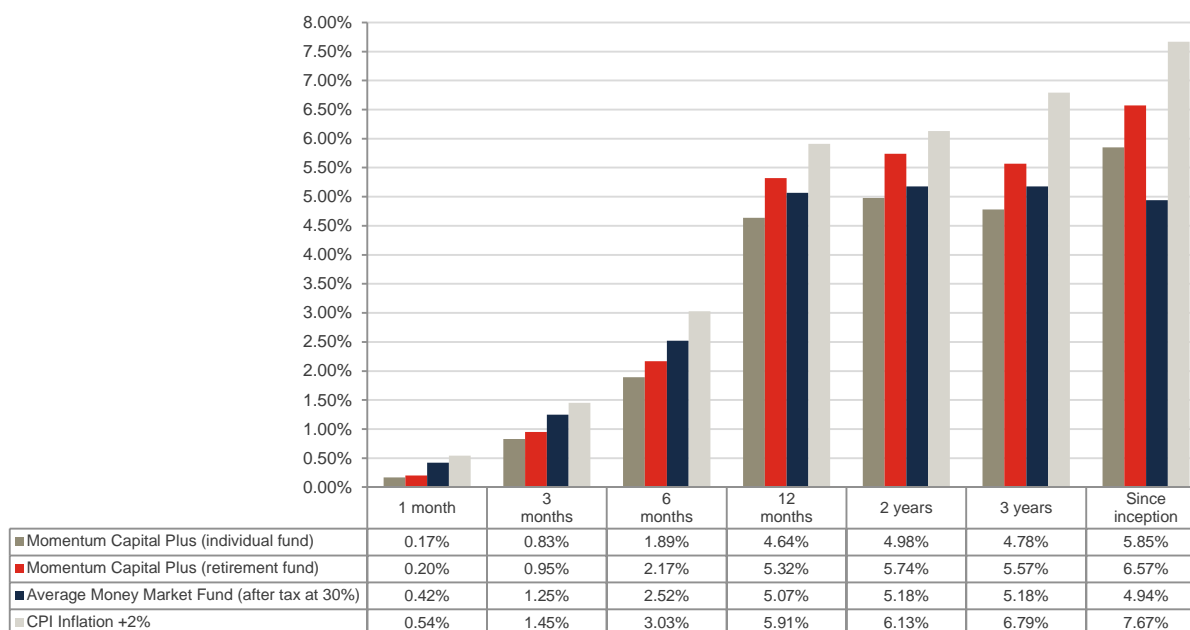


## Fund performance

Monthly bonus declaration history (previous six months):

| Individual Fund |       | Corporate Fund |       | Retirement Fund |       |
|-----------------|-------|----------------|-------|-----------------|-------|
| Dec '18         | 0.17% | Dec '18        | 0.15% | Dec '18         | 0.20% |
| Nov '18         | 0.26% | Nov '18        | 0.23% | Nov '18         | 0.30% |
| Oct '18         | 0.39% | Oct '18        | 0.35% | Oct '18         | 0.45% |
| Sep '18         | 0.35% | Sep '18        | 0.31% | Sep '18         | 0.40% |
| Aug '18         | 0.35% | Aug '18        | 0.31% | Aug '18         | 0.40% |
| Jul '18         | 0.35% | Jul '18        | 0.31% | Jul '18         | 0.40% |

Returns are shown net of investment management fees and tax:



Returns annualised for terms longer than one year

## 4<sup>th</sup> Quarter 2018 Market Comment

With an early interest rate hike already in place, this reduces the need for the SARB to engage in an aggressive interest rate hiking cycle in the absence of a faster-than-anticipated normalisation of monetary policy in developed markets (DMs) or broad-based negative sentiment towards EMs.

Although subdued services inflation, muted food price pressures and a dulled rate of currency pass-through have kept inflation outcomes surprising to the downside in recent months, the rand, international oil prices and electricity tariffs are still viewed as the major upside threats to the inflation outlook. Recent dry conditions in the country's maize-producing areas are likely to add pressure to food prices later in the year.

Returns illustrated above 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 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.