

Momentum Diversified Income Fund

Momentum Outcome-based Investing background (Philosophy)

Investment success is about consistently meeting an investor's investment needs – whether that be to generate an income stream in retirement, preserve capital or simply to grow wealth within the parameters of a certain risk profile.

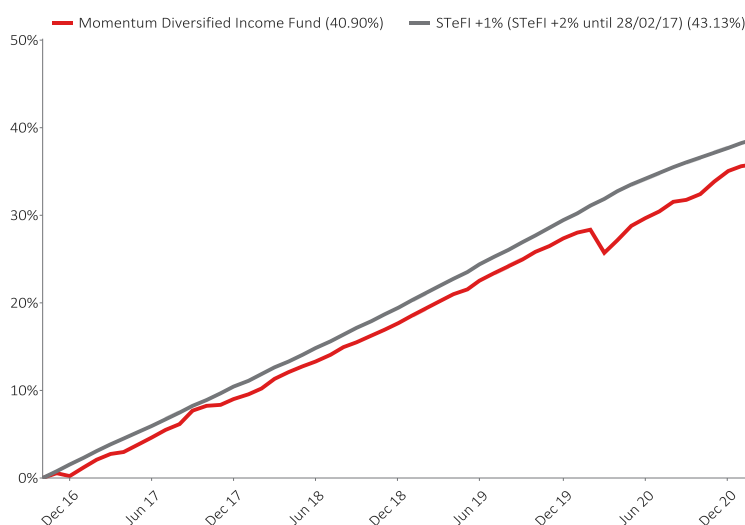
In order to maximise that probability of an investor reaching their desired objective, Momentum has built a leading range of outcome-based investment solutions that set their sights beyond mere benchmarks and instead focus on the things that matter the most to investors, ensuring they achieve their investment goals.

Investment outcome and portfolio objectives

The Fund is a low to moderate risk, largely domestic, flexible income portfolio which aims to deliver STeFI plus 1% through the interest rate cycle. The portfolio is suited to investors who require a regular, reliable source of income while being prepared to take some risk in exchange for modest capital gains. The Fund has a flexible income mandate under a multi-manager approach which allows for investment across the fixed income universe including property. Offshore allocations of up to 25% and an additional 5% in Africa provide further return opportunities and diversification. Multi-management provides diversification benefits through different investment styles and strategies.

Portfolio performance

5 year cumulative performance graph



Annualised performance

| | 1 year | 3 years | 5 years | 7 years | Launch |
|---------------------|--------|---------|---------|---------|--------|
| Fund | 6.38% | 6.60% | 7.10% | 7.45% | 7.29% |
| Benchmark | 4.78% | 6.67% | 7.44% | 7.83% | 7.74% |
| Sector | 7.00% | 6.85% | 7.18% | 7.22% | 6.99% |
| Rank | 65/105 | 55/82 | 41/66 | 24/53 | 14/36 |
| High ^[1] | 8.49% | 8.49% | 9.28% | 9.64% | 9.64% |
| Low ^[1] | 5.78% | 4.66% | 4.66% | 4.66% | 4.66% |
| Cash | 3.76% | 5.66% | 6.37% | 6.49% | 6.22% |
| Inflation | 4.97% | 4.03% | 4.41% | 4.68% | 5.03% |

^[1] High/Low – highest/lowest 1 year return of the portfolio/class of portfolio during the period detailed.

Portfolio information

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Benchmark | STeFI + 1% p.a. |
| ASISA sector | SA - Multi Asset - Income |
| Portfolio size | R 2.27 billion |
| Portfolio inception | 1 November 2007 |
| The Portfolio inception (above) is the launch date of this portfolio on the MCI Scheme. Further to its inception in 2007 this portfolio underwent a name, investment policy and performance fee calculation/benchmark change, and was reclassified by ASISA, with effect from March 2012. For comparative performance reporting purposes the track record should not be shown prior to March 2012. The Launch date (below) depicts the launch/performance start date of the relevant class of this portfolio. | |
| Launch date | 1 March 2012 |
| Launch price | |
| Latest price (29/10/2021) | 1518.21 (cpu) |
| JSE Alpha Code | MBIB1 |
| ISIN Number | ZAE000106266 |

Minimum investment

| | | | |
|----------|---------|---------|-------|
| Lump sum | R 2,000 | Monthly | R 250 |
|----------|---------|---------|-------|

Portfolio managers

| | |
|------------------------------------|----------------|
| Jako de Jager | |
| BCom (Hons) Investment Management | |
| Ronnie Bornman | |
| (acting under supervision) | |
| BSc (Mathematical Statistics), CFA | |
| Underlying Manager | Allocation (%) |
| Fairtree Capital | 29.48 |
| Prescient | 26.35 |
| Granate | 22.98 |
| Prudential | 19.93 |
| Cash/MMkt | 1.27 |

Portfolio charges and ratios

| | |
|------------------------|------------------------|
| Initial management fee | 0% (incl. VAT) |
| Initial advisory fee | 0% - 3.45% (incl. VAT) |
| Annual management fee | 1.15% p.a. (incl. VAT) |
| Annual advisory fee | 0% - 1.15% (incl. VAT) |

Financial year end TER (incl. VAT): 1.18%

The disclosed Financial year end TER (total expense ratio) is shown as an annual percentage based on data for the 1 year period to 30 June 2021.

Cost ratios (incl. VAT) as at 30 June 2021:

| TER (%) | TC (%) | TIC (%) |
|---------|--------|---------|
| 1.19% | 0.01% | 1.19% |

TER (%): Total Expense Ratio, TC (%): Transactions Costs Ratio,

TIC (%): Total Investment Charges (TER (%) + TC (%))

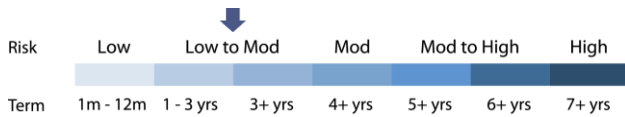
Please see Disclosures section for further information on cost ratios

Income distribution (cpu)

| | Dividend | Interest | Total |
|-----------------|----------|----------|--------|
| Dec'20 | 0.537 | 16.444 | 16.981 |
| Mar'21 | 0.244 | 15.743 | 15.987 |
| Jun'21 | 0.981 | 16.180 | 17.161 |
| Sep'21 | 0.760 | 16.769 | 17.528 |
| Nov'20 - Oct'21 | 2.522 | 65.136 | 67.658 |

Distribution takes place Quarterly : March, June, September, December

Risk/reward profile and 3 year statistics



| | |
|----------------------------------|---------|
| Standard deviation ¹⁾ | 1.78 |
| Sharpe ratio ²⁾ | 0.49 |
| Information ratio ³⁾ | 1.61 |
| Largest negative monthly return | -2.06 |
| Number of positive months | 35 / 36 |

¹⁾Standard deviation – measures the volatility of fund returns ²⁾Sharpe ratio – fund return minus cash return (STeFI composite), divided by the Standard deviation (of fund returns)

³⁾Information ratio – return per unit of risk against the benchmark

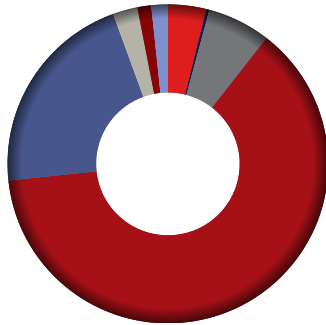
Specific risks

Modified duration (Interest rate risk) which is fully flexible can result in relatively significant short term capital volatility. Permanent capital loss for investors is possible if an issuer of one of the instruments held in the fund defaults.

This portfolio is permitted to invest in foreign securities which, within portfolios, may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

Holdings

Asset type allocation (%)



| | |
|-------------------------------------|-------|
| Foreign Bonds | 3.97 |
| Foreign Cash/Money Market | 0.33 |
| Foreign CIS (Glbl Interest Bearing) | 6.42 |
| SA Bonds | 62.67 |
| SA Cash/Money Market | 21.18 |
| SA CIS (SA Interest Bearing) | 2.55 |
| SA Equity - Pref Share | 1.47 |
| SA Equity (Real Estate) | 1.42 |

Top holdings (%)

| | |
|----------------------------------------|------|
| R186 10.50% 211226 | 7.27 |
| I2025 2% 310125 | 4.69 |
| Fairtree Global Flexible Income Plus D | 4.29 |
| R2030 8.00% 310130 | 2.17 |
| Prescient Flex Global Income (ZAR) D | 2.02 |
| Prudential High Interest B | 1.66 |
| NGL08 7.52500% 020725 | 1.50 |
| SBT207 7.42500% 250625 | 1.45 |
| IV035 8.33300% 070422 | 1.39 |
| ES26 7.85% 020426 | 1.37 |

Portfolio objective/investment policy

The Momentum Diversified Income Fund is a specialist multi managed income portfolio with an objective to achieve a high level of sustainable income and stability of capital invested. In order to achieve its objective, the investments normally to be included in the portfolio may comprise a combination of assets in liquid form, money market instruments, bonds, cash deposits, corporate debt, listed property, listed preference shares, non-equity securities and any other securities which are considered to be consistent with the portfolio's primary objective, all to be acquired at fair market value. The portfolio may from time to time invest in financial instruments, in order to achieve the portfolio's investment objective. The manager may also include unlisted forward currency, interest rate and exchange rate swap transactions. With the purpose to seek opportunities to enhance the portfolio's income return, the portfolio may also invest in non-equity securities such as equity linked notes that are exposed to price movements in the equity markets and as well as derivative instruments such as futures and options linked to the equity exposure of equity linked notes. The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes in the Republic of South Africa. Where the aforementioned schemes are operating in territories other than South Africa, participation in these schemes will be included in the portfolio only where the regulatory environment is of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective.

Portfolio limits and constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Max 25% offshore exposure plus max 5% exposure in Africa.
- Minimum domestic assets equals to 70%.



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www.momentuminv.co.za

Contact and other information

Scheme

Momentum Collective Investments Scheme

Custodian/Trustee

Standard Bank of South Africa Limited

Telephone: +27 (0)21 441 4100

Registration no.: 1962/000738/06

Management company

Momentum Collective Investments (RF) (Pty) Ltd

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

Facsimile: +27 (0)12 675 3889

Call centre: 0860 111 899

Email: ci.clientservice@momentum.co.za

Web: www.momentuminv.co.za

Registration no.: 1987/004287/07

Investment manager

Momentum Outcome-based Solutions (Pty) Ltd

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

An authorised financial services provider, FSP No: 19840

Telephone: +27 (0)12 671 8911

Facsimile: +27 (0)12 684 5869

Email: MOBS.emailus@momentum.co.za

Web: www.momentuminv.co.za/momentumoutcome-basedsolutions

Registration no.: 2004/023064/07

Disclosures

Momentum Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.

Momentum Diversified Income Fund is a portfolio of the Momentum Collective Investments Scheme and Momentum Outcome-based Solutions (Pty) Ltd, registration number: 2004/023064/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 19840, is the investment manager of this portfolio.

The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TER is shown as an annual percentage based on data for the period from 01 July 2018 to 30 June 2021. The Transaction Costs Ratio (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. The TC should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from 01 July 2018 to 30 June 2021. The Total Investment Charges (TIC) is the sum of the TER and the TC and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

All portfolio performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. All portfolio performance shown is net of the Total Investment Charges (TIC) but excludes any initial or ongoing advisory fees that may, if applicable, be charged separately. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. All portfolio performance figures quoted (tables and charts where present) are as at 31/10/2021, based on a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns. All figures quoted in ZAR. Source: Morningstar and/or Momentum.

CIS are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. This portfolio is valued daily at approx. 15h00 and monthly (last business day of a month) at approx. 17h00. Latest prices can be viewed at www.momentuminv.co.za and in some national newspapers. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at www.momentuminv.co.za or on request from the Manager.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.



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