Momentum Focus 7 Fund of Funds

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 Momentum Focus 7 Fund of Funds is a specialist portfolio with the objective to secure a consistent real total return after deduction of fees above inflation plus 6% a year over periods longer than 7 rolling years. The portfolio’s equity exposure ranges between 0% and 75% of the net asset value. The composition of the portfolio reflects the investment structure of a retirement fund with an aggressive risk profile and is managed in accordance with the prudential guidelines set out in Regulation 28 of the Pension Funds Act. Momentum Outcome-based Solutions follows a goals-based investment philosophy, aimed at constructing portfolios that have high levels of diversification, with a multi-asset, multi-strategy and multi-mandate approach to achieving the company’s portfolio’s various outcomes. The company’s portfolio construction process is specifically aimed at including multiple strategies, which in combination deliver a more consistent result relative to the benchmark over the applicable time frame. The Momentum Focus Fund of Funds portfolios are constructed with a ‘through-the-cycle’ focus that allows clients to stay invested, through various market environments, with the comfort that no irrational decisions are taken given short-term market developments.

Portfolio performance

5 year cumulative performance graph

Annualised performance

<table>
<thead>
<tr>
<th>Fund</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>7 years</th>
<th>Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Momentum Focus 7 Fund of Funds (%)</td>
<td>-3.43%</td>
<td>-0.31%</td>
<td>2.57%</td>
<td>4.73%</td>
<td>7.81%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>9.11%</td>
<td>10.18%</td>
<td>11.04%</td>
<td>11.46%</td>
<td>11.73%</td>
</tr>
<tr>
<td>Sector</td>
<td>1.85%</td>
<td>2.26%</td>
<td>4.00%</td>
<td>5.36%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Rank</td>
<td>172/195</td>
<td>154/173</td>
<td>110/127</td>
<td>62/84</td>
<td>27/72</td>
</tr>
<tr>
<td>High[1]</td>
<td>9.42%</td>
<td>15.64%</td>
<td>15.64%</td>
<td>25.24%</td>
<td>28.84%</td>
</tr>
<tr>
<td>Low[2]</td>
<td>-17.37%</td>
<td>-17.37%</td>
<td>-17.37%</td>
<td>-17.37%</td>
<td>-17.37%</td>
</tr>
<tr>
<td>Cash</td>
<td>6.20%</td>
<td>6.93%</td>
<td>7.11%</td>
<td>6.80%</td>
<td>6.53%</td>
</tr>
<tr>
<td>Inflation</td>
<td>3.09%</td>
<td>4.12%</td>
<td>4.60%</td>
<td>4.87%</td>
<td>5.06%</td>
</tr>
</tbody>
</table>

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

Portfolio information

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>CPI + 6% p.a. over periods longer than rolling 7 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASISA sector</td>
<td>SA - Multi Asset - High Equity</td>
</tr>
<tr>
<td>Portfolio size</td>
<td>R 1.72 billion</td>
</tr>
<tr>
<td>Portfolio inception</td>
<td>1 July 2004</td>
</tr>
<tr>
<td>The Portfolio inception (above) is the launch date of this portfolio on the MCI Scheme. Further to its inception in 2004 this portfolio underwent a name and investment policy 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 class specific launch/performance start date.</td>
<td></td>
</tr>
<tr>
<td>Launch date</td>
<td>1 March 2012</td>
</tr>
<tr>
<td>Launch price</td>
<td>2403.80 (cpu)</td>
</tr>
<tr>
<td>Latest price (30/09/2020)</td>
<td>4065.05 (cpu)</td>
</tr>
<tr>
<td>JSE Alpha Code</td>
<td>SMGF</td>
</tr>
<tr>
<td>ISIN Number</td>
<td>ZAE000055778</td>
</tr>
<tr>
<td>Minimum investment</td>
<td>R 2,000 Monthly</td>
</tr>
<tr>
<td>Portfolio managers</td>
<td>Jako de Jager, BCom (Hons) Investment Management</td>
</tr>
<tr>
<td>Eugene Botha</td>
<td>BSc Actuarial Science (Hons), MSc Quantitative Risk Management</td>
</tr>
</tbody>
</table>

Portfolio charges and ratios

<table>
<thead>
<tr>
<th>Initial management fee</th>
<th>0% (incl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial advisory fee</td>
<td>0% - 3.45% (incl. VAT)</td>
</tr>
<tr>
<td>Annual management fee</td>
<td>1.323% p.a. (incl. VAT)</td>
</tr>
<tr>
<td>Annual advisory fee</td>
<td>0% - 1.15% (incl. VAT)</td>
</tr>
</tbody>
</table>

Financial year end TER (incl. VAT): 1.82%

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 2020.

Cost ratios (incl. VAT) as at 30 June 2020:

- TER (%) 1.72%
- TC (%) 0.17%
- TIC (%) 1.89%

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)

<table>
<thead>
<tr>
<th>Dividend</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec’18</td>
<td>23.424</td>
<td>3.978</td>
</tr>
<tr>
<td>Jun’19</td>
<td>28.178</td>
<td>8.045</td>
</tr>
<tr>
<td>Dec’19</td>
<td>31.631</td>
<td>9.448</td>
</tr>
<tr>
<td>Jun’20</td>
<td>43.379</td>
<td>14.605</td>
</tr>
<tr>
<td>Oct’19 - Sep’20</td>
<td>75.010</td>
<td>24.054</td>
</tr>
</tbody>
</table>

Distribution takes place Semi-annually : June, December
Momentum collective investments

Portfolio objective/investment policy

The Momentum Focus 7 Fund of Funds is a specialist portfolio with the objective to secure a consistent real total return net of fees above inflation plus 6% p.a. over periods longer than 7 years. In selecting underlying investments for this portfolio and in determining the portfolio asset allocation, the portfolio manager aims to achieve this objective, where possible, regardless of stock market trends. Investments to be included in the portfolio, apart from assets in liquid form, consist solely of participatory interests and other forms of participation of local and global collective investment schemes, or other similar schemes operated in territories with a regulatory environment which 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 of investing in equity securities, property securities, non-equity securities, bonds, money market instruments, preference shares, financial instruments and debentures. The portfolio’s equity exposure will range between 0% and 75% of the net asset value. The composition of the portfolio shall reflect the investment structure of a retirement fund (Regulation 28 compliant) in determining the portfolio asset allocation, the portfolio manager aims to achieve this objective.

Specific risks

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.

Holding

Portfolio holdings (%)

Manager | Holding | %
--- | --- | ---
Momentum GIM | Momentum Global Growth IC B | 28.36
Momentum OBS | Momentum SA Flex Fixed Interest B | 9.67
Momentum OBS | Momentum Macro Growth F1 | 8.47
Fairtree | Fairtree Equity Prescient B2 | 7.80
Momentum AM | Momentum Bond B10 | 7.23
Truffle AM | Momentum Opportunistic Equity C | 6.79
Momentum AM | Momentum Enhanced Yield B2 | 6.12
Prudential IM | Momentum Ultra Long-Term Value F1 | 5.56
Momentum OBS | Momentum Trending Equity C | 5.10
BlueAlpha | Momentum High Growth F1 | 4.07
Momentum OBS | Momentum Capped SWIX Index A1 | 3.39
ALUWANI | Momentum Inflation Linked Bond B3 | 3.10
Momentum OBS | Momentum SA Real Gth Property B | 2.17
BlackRock FM | iShares Glbl Prop Sec Eqty Index (UK) D Dist GBP | 1.31
SA Cash/Money Market | | 0.88

Manager allocation (look through) (%)

Manager | %
--- | ---
Manager OBS | 28.79
Momentum GIM | 28.36
Momentum AM | 13.35
Fairtree | 7.80
Truffle AM | 6.79
Prudential IM | 5.56
ALUWANI | 3.10
BlackRock FM | 1.31
Foreign Cash/Money Market | 0.00
SA Cash/Money Market | 0.68

Asset type allocation (look through) (%)

Asset type | %
--- | ---
Foreign Cash | 0.01
Foreign Property | 1.31
Property | 3.11
Inflation Linked Bonds | 4.35
Cash | 4.40
Bonds | 18.91
Foreign Equity | 27.94
Equity | 40.19

Risk/return profile and 3 year statistics

<table>
<thead>
<tr>
<th>Risk</th>
<th>Low</th>
<th>Low to Mod</th>
<th>Mod</th>
<th>Mod to High</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>1m - 12m</td>
<td>1 - 3 yrs</td>
<td>3 yrs</td>
<td>4 yrs</td>
<td>5 yrs</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>14.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sharpe ratio</td>
<td>-0.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information ratio</td>
<td>-0.61</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Standard deviation – measures the volatility of fund returns
2) Sharpe ratio – fund return minus cash return (S&F composite), divided by the Standard deviation (of fund returns)
3) Information ratio – return per unit of risk against the benchmark
Momentum collective investments

Contact and other information

Scheme

Momentum Collective Investments Scheme

Custodian/Trustee

Standard Bank of South Africa Limited

Telephone: +27 (0)12 441 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

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 MM 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 Focus 7 Fund of Funds 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.

Momentum Focus 7 Fund of Funds is a fund of Funds CIS portfolio. A Fund of Funds, apart from assets in liquid form, consists solely of participatory interests in portfolios of CIS, which may levy their own charges, which could result in a higher fee structure for Fund of Funds than some other forms of CIS portfolios.

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 2017 to 30 June 2020. 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 2017 to 30 June 2020. 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 30/09/2020, 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 fee exclusions 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 30/09/2020, 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.

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