

# Momentum Income Plus Fund

## Portfolio profile

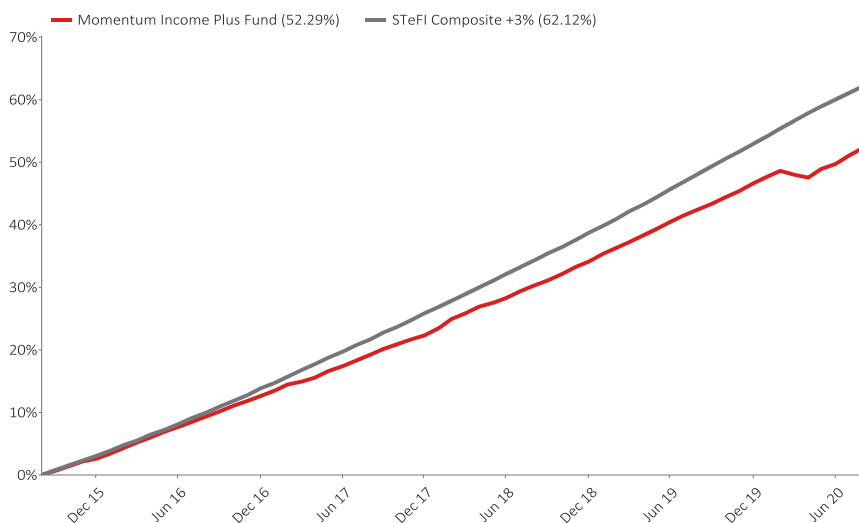
The Fund is a largely domestic, high yield, fixed income portfolio which aims to return STeFI plus 3% before fees through the interest rate cycle. The portfolio is suited to investors seeking the highest possible income yield with the tolerance for some capital volatility in the case of credit defaults. The fund's low correlation to other fixed interest funds and asset classes make the fund a valuable building block for portfolios.

## Investment strategy

The portfolio aims to maximise yield with the flexibility to invest in a diverse range of securities but the dominant strategy is exposure to credit including structured credit assets. In order to generate the excess return the fund has the mandate to invest in lower credit rated instruments. Modified duration (interest rate risk) is low and low volatility of returns can be expected barring credit defaults or substantial widening in credit spreads. The fund can hold up to 25% in instruments offshore and an additional 5% in Africa, but currency hedges are used to substantially offset the impact of movements of the Rand relative to offshore currencies.

## Portfolio performance

### 5 year cumulative performance graph



### Annualised performance

	1 year	3 years	5 years	7 years	10 years
Fund	6.96%	8.52%	8.78%	8.55%	8.44%
Benchmark	9.44%	10.02%	10.15%	9.81%	9.45%
Sector	5.45%	7.05%	7.35%	7.19%	6.95%
Rank	16/95	11/75	6/60	3/42	1/29
High <sup>[1]</sup>	9.40%	9.83%	10.72%	10.72%	10.72%
Low <sup>[1]</sup>	6.61%	6.61%	6.61%	5.98%	5.98%
Cash	6.46%	7.02%	7.14%	6.81%	6.45%
Inflation	3.19%	4.09%	4.57%	4.88%	5.05%

### Monthly performance (%)

	Aug'20	Jul'20	Jun'20	May'20	Apr'20	Mar'20	Feb'20	Jan'20	Dec'19	Nov'19	Oct'19	Sep'19
Fund	0.78	0.91	0.58	0.93	-0.32	-0.43	0.62	0.76	0.80	0.68	0.69	0.75
BM	0.62	0.65	0.67	0.73	0.76	0.80	0.77	0.81	0.81	0.80	0.82	0.81

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

## Portfolio information

Benchmark	STeFI + 3%		
ASISA sector	SA - Multi Asset - Income		
Portfolio size	R 10.23 billion		
Portfolio inception	1 July 2005		
The Portfolio inception (above) is the launch date of this portfolio on the Momentum Collective Investments (MCI) Scheme. The Launch date (below) depicts the launch/performance start date of the relevant class of this portfolio.			
Launch date	1 July 2005		
Launch price	100.00 (cpu)		
Latest price (31/08/2020)	110.12 (cpu)		
JSE Alpha Code	RICA		
ISIN Number	ZAE000068789		
Minimum investment			
Lump sum	R 2,000	Monthly	R 250
Portfolio managers			
Conrad Wood BCom (Economics), CFA			

## 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):	1.16%		
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 2019.			
Cost ratios (incl. VAT) as at 30 June 2020:			
TER (%)	TC (%)	TIC (%)	
1.17%	0.00%	1.17%	
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)

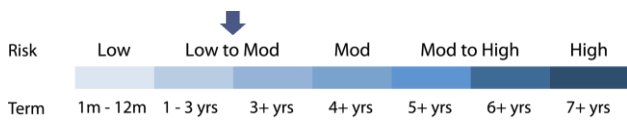
	Dividend	Interest	Total
Sep'19	0.044	2.241	2.285
Dec'19	0.007	2.302	2.310
Mar'20	0.020	2.178	2.199
Jun'20	0.018	1.944	1.962
Sep'19 - Aug'20	0.090	8.666	8.756

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

## Portfolio statistics

Modified Duration	0.27
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## Risk/reward profile and 3 year statistics



Standard deviation <sup>1)</sup>	1.01
Sharpe ratio <sup>2)</sup>	1.38
Information ratio <sup>3)</sup>	1.37
Largest negative monthly return	-0.43
Number of positive months	34 / 36

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

<sup>3)</sup>Information ratio – return per unit of risk against the benchmark

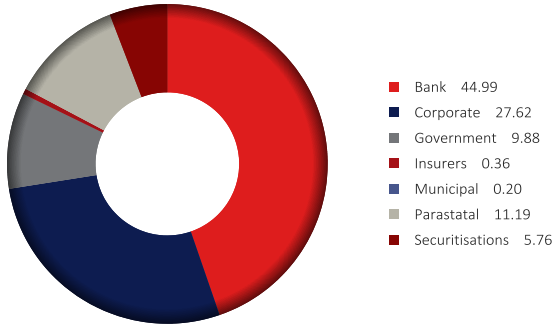
### Specific risks

Permanent capital loss for investors is possible if an issuer of one of the instruments held in the fund defaults. As this is the principal return driver of the fund it is also the principal risk of the portfolio. Significant widening in credit spreads on instruments held in the fund can result in short term capital volatility but not permanent capital loss.

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

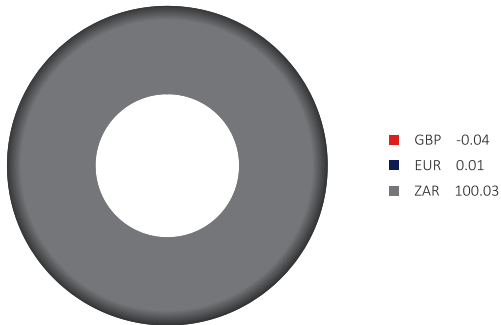
### Asset class (%)



### Portfolio structure (%)



### Effective currency allocation (%)



## Portfolio objective/investment policy

The portfolio will aim to deliver an enhanced level of sustainable income and stability on capital invested. The investable universe of the portfolio will include fixed-interest instruments (including, but not limited to, bonds, cash deposits and money market instruments), preference shares, debentures, equity linked notes, derivative instruments including futures and options linked to underlying indices, in order to achieve the portfolio's investment objective, and equity securities, as well as assets in liquid form. The portfolio has the flexibility to hold a maximum of 10% effective equity exposure. The portfolio is positioned as an income plus portfolio to correctly reflect the portfolio's flexible mandate in terms of accessing a broad spectrum of high yielding assets including fixed interest and equities (from time to time) with due consideration being given to the lower risk mandate of the portfolio. The manager may use appropriate risk hedging strategies where necessary. The manager may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes. Where the aforementioned schemes are operated in territories other than South Africa, participation in portfolios of these schemes will be included only where the regulatory environment is of sufficient standard to provide investor protection at least equal to that in South Africa. 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 for efficient portfolio management purposes. The trustee shall ensure that the investment policy is adhered to provided that nothing shall preclude the manager from varying the proportion of the aforementioned securities relative to each other (except as required by the Act), or the assets themselves to maximise investment potential in an ever changing economic environment, should this be deemed necessary to achieve the stated investment objective. Provided also that nothing contained in the investment policy shall preclude the manager from retaining cash in the portfolio and/or placing cash on deposit in terms of the Deed. For the purpose of this portfolio, the manager shall reserve the right to close the portfolio to new investors. This will be done in order to be able to manage the portfolio in accordance with its mandate. The manager shall determine the critical size from time to time.

## Portfolio limits and constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum 25% offshore exposure plus max 5% exposure in Africa.
- Minimum domestic assets equals to 70%.
- The portfolio has the flexibility to hold a maximum of 10% effective equity exposure.
- Maximum property exposure (incl international) 25%.



0860 111 899



ci.clientservice@momentum.co.za



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](mailto:ci.clientservice@momentum.co.za)

Web: [www.momentuminv.co.za](http://www.momentuminv.co.za)

Registration no.: 1987/004287/07

### Investment manager

ALUWANI Capital Partners (Pty) Ltd

EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2152

An authorised financial services provider, FSP No: 46196

Telephone: +27 (0)21 204 3800

Facsimile: 086 204 0112

Email: [aluwani@aluwanicapital.co.za](mailto:aluwani@aluwanicapital.co.za)

Web: [www.aluwanicapital.co.za](http://www.aluwanicapital.co.za)

Registration no.: 2015/112266/07

## 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 Income Plus Fund is a portfolio of the Momentum Collective Investments Scheme and ALUWANI Capital Partners (Pty) Ltd, registration number: 2015/112266/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 46196, 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 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 31/08/2020, 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 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](http://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](http://www.momentuminv.co.za) or on request from the Manager.

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0860 111 899



[ci.clientservice@momentum.co.za](mailto:ci.clientservice@momentum.co.za)



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