



Momentum Smooth-Edge Fund

Fund fact sheet - November 2018

The Momentum Smooth-Edge Fund is a smooth bonus portfolio offering a low cost, 100% capital guarantee on benefit payments, along with Momentum's proven smoothing capabilities.

Benefit payments include resignation, retirement, death and disability. The guarantee also applies to retrenchments, subject to an overall limit on retrenchment payments.

The investment portfolio includes passive and smart beta strategies to reduce the costs of the portfolio while aiming to deliver excellence inflation-beating investment performance in the long term.

Date of inception

Newly launched offering.

Fund objective

The Momentum Smooth-Edge Fund targets a smoothed return of CPI + 4% per annum, net of all fees over rolling five-year periods.

How we aim to achieve the Momentum Smooth-Edge Fund objective

The investment portfolio has been designed using Momentum Investments' outcome-based investing philosophy, which aims to maximise the probability of members achieving their investment goals. This philosophy combines various asset classes, investment strategies and mandates to manage the return and risk profile to target the Momentum Smooth-Edge Fund's objective.

In extreme adverse market conditions, Momentum's capital may be used to smooth returns, with this capital being recovered over the rest of the investment cycle. Under these conditions, portfolio hedges may be implemented at the cost of the portfolio to prevent permanent loss of capital.

Risk profile

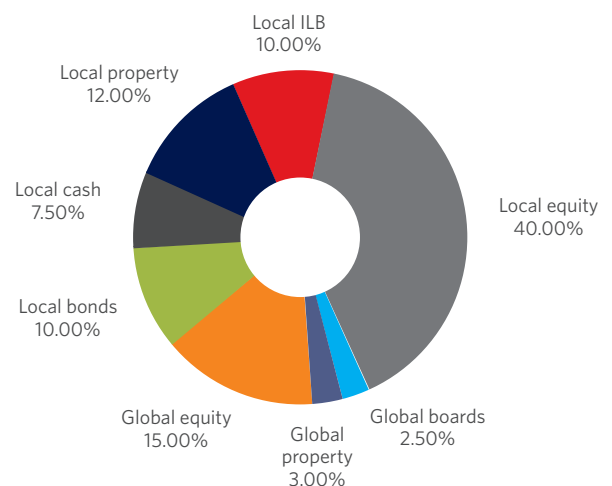
Moderate to low.

Bonus declaration method

Final vesting and non-vesting bonuses are declared monthly in advance.

Long term asset allocation

The portfolio composition is:



Particularly appropriate for:

- members investing over a long term wanting to plan with confidence for retirement; and
- members looking for downside protection for their benefits, because they are less than ten years from retirement or concerned about death, disability or retrenchment.

Fund account and bonus smoothing methodology

Underlying asset returns are smoothed over a five-year period. Bonuses are declared monthly in advance and added to the fund account, which is made up of vesting and non-vesting components.

The vesting account consists of:

- the capital invested;
- plus the vesting bonus declared each month on the Fund Account;
- plus a portion of the non-vesting account which may vest biannually;
- less a proportion of disinvestments allocated to the vesting account; and
- less the investment management fees.

The non-vesting account consists of:

- accumulated non-vesting bonuses declared on the fund account each month;
- less amounts transferred to the vesting account; and
- less a proportion of disinvestments allocated to the non-vesting account.

If a structural market readjustment happens where investment markets continuously fall, part of or the entire non-vesting

account may be removed. Non-vesting removal has not been necessary for any Momentum Corporate smooth bonus portfolio to date.

Performance

The performance history will be updated once the Momentum Smooth-Edge Fund has built up a track record.

Fees and charges per annum

Investment management fee

0.25% per annum of the value of the fund account.

Underlying asset charges

- The capital charge is 0.60% per annum;
- Additional asset management fees paid to the local and global asset managers are deducted directly from the underlying assets; and
- There are no performance fees on the Momentum Smooth-Edge Fund.

Contact details

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The Principles and Practices of Financial Management (PPFM) describe the approach we adopt in managing this product. The PPFM document is available on our website.

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