

Momentum Optimal Yield Fund

Momentum Collective Investment Scheme (CIS) portfolio

Class A | Minimum Disclosure Document (MDD) as at 31 January 2019

Assets managed by: Momentum Asset Management

Portfolio profile

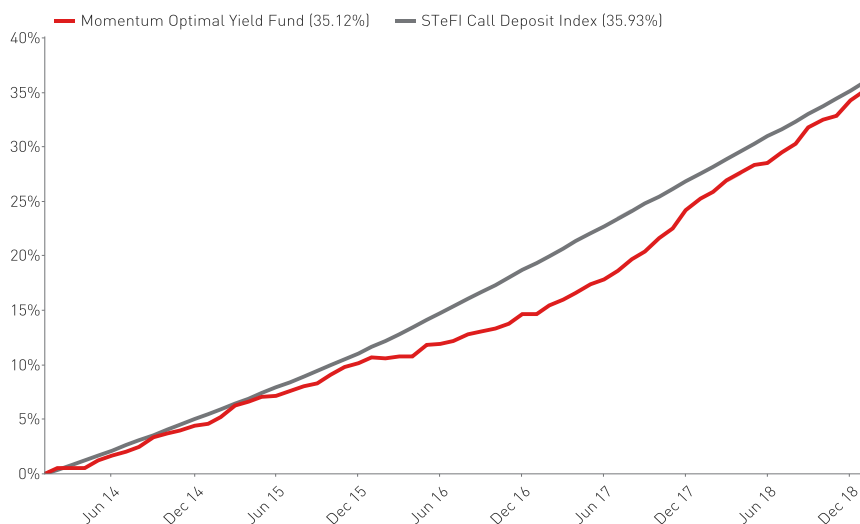
The Fund is a domestic only, market neutral, equity portfolio which aims to outperform STeFI call deposit after fees over rolling one year periods. The portfolio is suited to investors with a low risk profile seeking measured additional yield over cash with low volatility of returns.

Investment strategy

The fund invests in a basket of stocks listed on the FTSE/JSE with general equity market risk substantially hedged with equity derivatives. The return derived is linked to market interest rates plus or minus the alpha the fund manager generates through stock picks.

Portfolio performance

5 year cumulative performance graph



Annualised performance

	1 year	3 years	5 years	7 years	10 years
Fund	7.86%	6.87%	6.21%	5.73%	5.49%
Benchmark	6.57%	6.78%	6.33%	5.93%	6.09%
Sector	8.05%	8.10%	7.59%	7.19%	7.41%
Rank	50/79	54/62	42/46	31/35	22/23
High ⁽¹⁾	9.48%	9.48%	9.48%	9.48%	9.48%
Low ⁽¹⁾	7.86%	3.57%	3.57%	2.65%	2.65%
Cash	7.25%	7.41%	6.94%	6.49%	6.66%
Inflation	4.49%	5.30%	5.30%	5.36%	5.34%

Monthly performance (%)

	Jan'19	Dec'18	Nov'18	Oct'18	Sep'18	Aug'18	Jul'18	Jun'18	May'18	Apr'18	Mar'18	Feb'18
Fund	0.66	1.04	0.29	0.51	1.18	0.57	0.76	0.15	0.53	0.61	0.79	0.50
BM	0.55	0.55	0.52	0.54	0.52	0.53	0.53	0.52	0.54	0.53	0.56	0.50

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

Portfolio information

Benchmark	STeFI Call Deposit Index		
ASISA sector	SA - Multi Asset - Income		
Portfolio size	R 225.02 million		
Portfolio inception	31 December 2002		
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	31 December 2002		
Launch price	100.00 (cpu)		
Latest price (31/01/2019)	180.97 (cpu)		
Codes			
JSE	RMFA		
ISIN	ZAE000044061		
Minimum investment			
Lump sum	R 2,000	Monthly	R 250
Portfolio managers	Loftie Botha, MCom (Bus Man), BCom (Hons)(Inv), B Eng Imtiaz Mohammed Alli, BCompt (Unisa)		

Portfolio charges and ratios

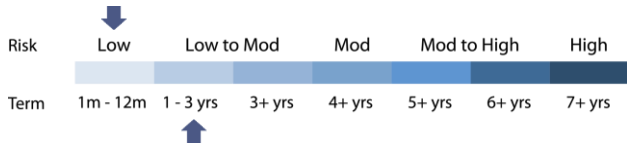
Initial management fee	0% (incl. VAT)	
Initial advisory fee	0% - 3.45% (incl. VAT)	
Annual management fee	0.92% p.a. (incl. VAT)	
Annual advisory fee	0% - 1.15% (incl. VAT)	
Financial year end TER (incl. VAT):	0.95%	
The disclosed Financial year end TER (total expense ratio) is shown as an annual percentage based on data for the 1 year period to 30 June 2018.		
Cost ratios (incl. VAT) as at 30 September 2018:		
TER (%)	TC (%)	TIC (%)
0.95%	0.23%	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
Jun'17	1.501	0.461	1.962
Dec'17	1.676	0.377	2.054
Jun'18	2.246	0.629	2.874
Dec'18	2.451	0.639	3.090
Feb'18 - Jan'19	4.697	1.268	5.965

Distribution takes place Semi-annually : June, December

Risk/reward profile and 3 year statistics



Specific risks

Declines in market interest rates will reduce absolute returns as will poor stock picks.

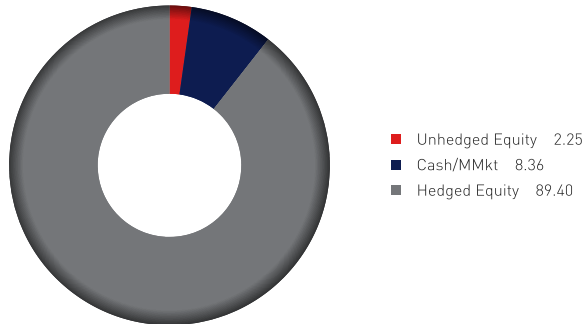
Standard deviation ¹⁾	1.20
Sharpe ratio ²⁾	-0.42
Information ratio ³⁾	0.07
Largest negative monthly return	-0.09
Number of positive months	34 / 36

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

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

Holdings

Portfolio (%)



Relative positions

Overweights

Absa Group Limited
RMB Holdings/FirstRand
Clicks Group Limited
Bidvest Group
Mondi plc

Underweights

PSG Group Limited
Tiger Brands Limited
Capitec Bank Hldgs Limited
Discovery Limited
Remgro Limited

Portfolio objective/investment policy

The Momentum Optimal Yield Fund is a conservatively managed market neutral equity portfolio and the investment policy followed by the manager will focus on outperforming the portfolio's benchmark with low volatility and little correlation to the movements of the underlying market. The portfolio will predominately invest in FTSE/JSE ALSI 40 listed equity securities and the balance of the portfolio will be invested in cash and or money market instruments. Any exposure to equities falling outside the FTSE/JSE ALSI 40 will be a marginal component of the portfolio. Derivatives will be used to neutralise a major portion of the market risk attributable to the equity securities held in the portfolio. Equity securities held in the portfolio will be over-weighted or underweighted relative to the underlying securities of the derivative instrument. The cash return resulting from the derivative position is complemented if the portfolio outperforms the FTSE/JSE ALSI 40 index or detracted from if the equity portfolio underperforms the FTSE/JSE ALSI 40 index. The overweight and underweight positions taken by the manager will be relatively conservative with an aim to deliver a performance variance of up to 1.5% from the benchmark. The Manager may make active use of derivatives to reduce market risk and will only be limited by the statutory limitations placed on the inclusion of financial instruments in portfolios. The portfolio may from time to time invest in financial instruments in order to achieve the portfolio's investment objective. Nothing in the Supplemental Deed shall preclude the manager from varying the ratios of securities or assets in liquid form in changing economic environment or market conditions, or to meet the requirements in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and the Supplemental Deed.

Portfolio limits and constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Manager restriction:
 - No foreign securities will be included in the portfolio.



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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
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 Call centre: 0860 111 899
 Email: ci.clientservice@momentum.co.za
 Web: www.momentuminv.co.za
 Registration no.: 1987/004287/07

Investment manager

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 An authorised financial services provider, FSP No: 623
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 Email: emailus@momentum.co.za
 Web: www.momentum.co.za/assetmanagement
 Registration no.: 1987/004655/07

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 Optimal Yield Fund is a portfolio of the Momentum Collective Investments Scheme and Momentum Asset Management (Pty) Ltd, registration number: 1987/004655/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 623, 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 March 2016 to 30 September 2018. 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 March 2016 to 30 September 2018. 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. 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 31/01/2019, 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. Please note that VAT, applicable to fees and charges, with effect from 1 April 2018, increased from 14% to 15%. 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. Portfolios are valued daily at approx. 15h00, 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.

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