

Pooled portfolio range

Momentum AM Optimiser Fund

31 October 2014

Product profile

The Momentum AM Optimiser is managed under a fully discretionary mandate. It is an actively managed, balanced portfolio that provides exposure to all asset classes. The portfolio adopts a higher risk strategy that aims to maximise long-term capital growth and outperformance. This can potentially lead to higher month-on-month volatility in the short term.

Investment strategy

The investment strategy of this portfolio is based on the Momentum Asset Management "Best Investment View" strategy, which is the collective view of our entire investment team. However, the portfolio manager has the flexibility to deviate from this view within set parameters in order to increase the risk profile and expected return of the fund.

The strategies employed by the portfolio managers may include the following:

- Increased or decreased exposure to select shares as compared to the "Best Investment View"; and
- Varying overall exposure to the allowed asset classes above or below that of the "Best Investment View".

Market value

As at 31 Oct 2014 in Rmil 295.8

Fund details

Fund managers	Patrick Mathidi BCompt (Hons), MSc (Fin)
Minimum investment size	No minimum investment
Termination	30 days written notice

Performance as at 31 October 2014

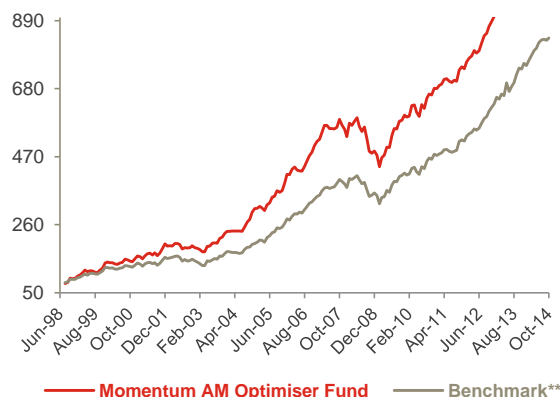
Momentum AM Optimiser*		Benchmark*
Quarter	0.35%	0.79%
1 year	13.38%	12.59%
3 years p.a	18.27%	17.43%
5 years p.a	16.06%	15.50%

*Source: Momentum Asset Management. October 2014.

**56% Equity, 18% Capital Market, 11% Money Market, 15% Foreign Assets to 31/12/2010; thereafter Peer Weights for Domestic Assets, 15% Foreign Assets to 30/06/2011; thereafter 25% Foreign Assets.

Performance shown is gross and includes all income reinvested

Cumulative performance* since inception

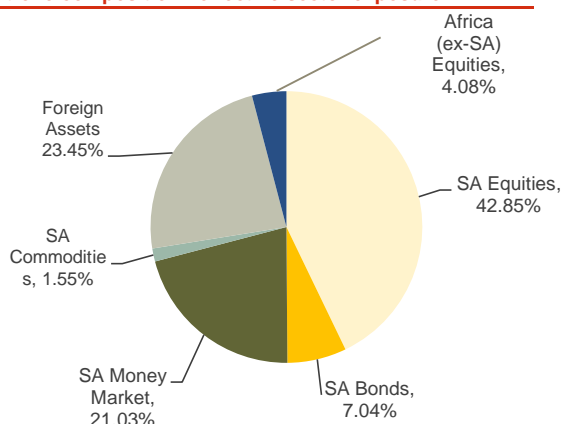


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Disclaimer of fund is located on the next page

Portfolio composition - effective sector exposure



Top ten shares

1) Standard Bank Group	6) Sasol
2) Steinhoff International	7) BHP Billiton Plc
3) British American Tob PLC	8) Bidvest Group
4) Aspen Pharmacare	9) Naspers Ltd
5) MTN Group	10) SABMiller Plc

Quarterly commentary as at 30 September 2014

MARKETS

Fears around Chinese and European growth prospects caused risk aversion to return to global financial markets over the third quarter of 2014. This was particularly evident in the 41% increase in the CBOE Volatility Index and declining commodity prices across the spectrum. In dollar terms, gold, platinum and oil prices were down by 7.5%, 12.2% and 15.8% respectively. The 2.8% decline in the dollar-based Citigroup World Government Bond Index was more than compensated for the 6.1% weakening of the rand against the US dollar. The result was that the fund's offshore component had a net positive impact on performance.

After being up 1.4% in July and 0.6% in August, local equities retreated 2.4% in September, causing the Shareholder Weighted All Share Index to drop by 0.5% over the quarter. However, due to a combination of distributions and some rerating, the SA Listed Property Index was up by 7.2%. Due to attractive yields, traditional bonds managed to deliver a return of 2.2%, but inflation-linked bonds delivered only 1%. Cash, as measured by the STeFI Composite Index, returned 1.5%.

FUND POSITIONING

As the local equity market is not cheap, the portfolio's equity exposure remains below average. We also have option-based protection in place for a significant portion of the asset class given the prudent nature of the fund.

As real interest rates are still low, we believe another 100 basis points in rate hikes is on the cards until the end of 2015. This, in conjunction with higher expected US bond rates as the global economy continues to improve, is likely to put modest upward pressure on local bond yields. Hence we positioned the fund to have a lower-than-normal weighting to both SA bonds and SA listed property as the performance of these two asset classes is often correlated. However, given the fund's inflation-linked performance objective, the fund maintains its neutral exposure to inflation-linked bonds.

We believe global economic conditions are likely to continue to improve and that global monetary policy is likely to be less accommodating going forward. As this may put upward pressure on global bond yields, we are underweight the asset class. With global money market rates also being exceptionally low, we are underweight offshore assets.

Contact details

Kevin Milne | Fund Specialist | +27 21 658 7078 | +27 82 900 3407 | kevin.milne@momentum.co.za

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Momentum Asset Management (Pty) Ltd

The company is an authorised financial services provider, FSP licence number 623 and an approved Retirement Fund Administrator (No. 24/34).

13th Floor Tower 2 102 Rivonia Road Sandton 2196 Private Bag 9959 Sandton 2146

Telephone +27 11 505 1000 AM.Info@momentum.co.za www.momentum.co.za/assetmanagement

Directors: LJ Grobbelaar SC Mabuza A Nortjé Q Richards Company secretary: N Bouwman

Momentum Asset Management, registration number 1987/004655/07, VAT No. 4200149096