

Frequently asked questions

What is the relationship between RMI SM and MCI?

The portfolios managed by Granate Asset Management (Pty) Ltd are approved incubator portfolios, bearing the name of Granate Asset Management, registration number 2015/090537/07, an approved financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002), FSP number 46189. Momentum Collective Investments (RF) (Pty) Ltd (the “Manager”), registration number 1987/004287/07, administers and manages the Momentum Collective Investment Scheme portfolios and Granate Asset Management undertakes financial services of a discretionary nature in relation to the investments of the incubator portfolios.

What is a unit trust?

A unit trust is a collective investment scheme, which pools money from individual investors into investments such as bonds, fixed income instruments and equities. The investment is professionally managed by a portfolio manager.

What are the benefits of investing with us?

Benefits from investing in unit trusts include:

- **Low minimum investment amount:** Depending on the portfolio you can invest a minimum initial lump sum amount of R5 000 with subsequent monthly payments of R500.
- **Professional management:** Your money is managed by experienced and trained professionals who have access to the latest information about markets and companies and are in a position to make informed investment decisions.
- **Diversification:** You can spread your investment risks across various markets, sectors and asset classes. Pooling your resources with other investors gives you the opportunity to invest in a multitude of markets and sectors. This type of diversification is usually not possible for individual investors with limited resources and entry level investments.
- **Access to specialised markets and overseas opportunities:** Investing in unit trusts gains you access to specialised and overseas markets.
- **Liquidity:** You can sell your investments at any time on any business day.

Which factors should I consider when electing to invest in unit trusts?

Your decision should be made based on your:

- Goals
- Financial circumstances
- Risk tolerance
- Investment time horizon
- Investment objective

Different unit trusts invest in different asset classes, markets and sectors, depending on the investment objective and strategy of that particular portfolio. As a result, they have different levels of risks and returns. Therefore, your personal investment needs depend on many factors, the most significant one being your investment objective. It is important to consult your financial adviser to determine what these objectives are and for assistance with your investment strategy in an attempt to meet these objectives.

Are returns guaranteed?

Like all investments, there are risks involved. Unit trusts are no exception and returns cannot be guaranteed. Prices can rise or fall depending on market conditions prevailing at any particular time.

What is the minimum investment amount?

Minimum investment amounts vary depending on the portfolio.

When and where are the prices available?

Unit trusts operate on a forward pricing basis. This means that Momentum Collective Investments unit prices are only calculated at the end of any business day after all investments, and the cost of all transaction activities, have been taken into account. To allow for correct valuations, please ensure that all instructions are sent to us before 13h00 on any business day. Confirmed prices for trades on a particular business day are available on the Momentum Collective Investments website.

RMI SM's latest prices may be requested from Momentum Collective Investments' Client Service Centre on 0860 111 899 or Granate.clientservice@momentum.co.za or you can find all Momentum Collective Investments' latest prices at www.momentum.co.za/collectiveinvestments.

Will income distributions be paid?

Yes. Depending on the type of investment, distributions can be paid quarterly or twice a year. Income distributions can be reinvested into the same portfolio or paid into your bank account.

Note: income distributions of less than R20 will always be reinvested.

What is the frequency and content of portfolio updates/reports?

Most portfolio updates are available monthly and quarterly. Information will include portfolio returns and the portfolio's asset allocation.

Who can invest with RMI SM?

You need to be at least 18 and older to invest with us. If you are below 18, we require a legal guardian/parent to sign on your behalf. Before investing in any unit trust, please ensure that you have read the minimum disclosure document for that portfolio and the relevant terms and conditions. You can request information from Momentum Collective Investments' Client Service Centre on 0860 111 899 or Granate.clientservice@momentum.co.za.

How do I invest with RMI SM?

Investing with RMI SM is an easy three-step process.

- You will need to obtain the necessary application form, which is available at <http://www.granate.co.za/documents/>. You can also request this form Momentum Collective Investments' Client Service Centre by calling 0860 111 899 or sending an email to Granate.clientservice@momentum.co.za.
- Email the completed and signed form with all the necessary documentation to Granate.clientservice@momentum.co.za. Alternatively, you can fax it to Momentum Collective Investments on +27 (0) 12 675 3889 or +27 (0) 12 675 3889.

Why must I supply supporting documents?

The Financial Intelligence Centre Act of 2002 (FICA) requires all accountable institutions, ie financial institutions, to identify, verify and keep records of all clients with whom they establish a business relationship or conclude a single transaction. This is to combat money laundering activities and fraud in South Africa and to protect the interests of legitimate investors.

Financial services and credit providers that fail to comply with the requirements of FICA face strict penalties. According to this legislation, Momentum Collective Investments may not process transactions that are subject to FICA if these are not accompanied by the required documentation.

How do I make a payment to Momentum Collective Investments?

All payments can also be made into our bank account via:

- Electronic Portfolio Transfer (EFT) – direct deposit via Internet transfer,
- Direct deposit at the bank
- Bank guaranteed cheque
- Debit order

Note: if a debit order falls over a weekend or a public holiday, your account will be debited on the first working day thereafter.

Momentum Collective Investments' banking details are:

- Bank: First National Bank
- Account number: 62138297313
- Branch code: 255005
- Account holder: Momentum Collective Investments Limited
- Account type: Current
- Reference number: RU contract number or if you are a new investor and do not have a contract number yet, then your identity number

How do I change my preferred bank account or personal details?

You can change your preferred bank account details by filling in the appropriate *change of personal details* form, which is available on <http://www.granate.co.za/documents/>. You can request this form Momentum Collective Investments' Client Service Centre by calling 0860 111 899 or sending an email to Granate.clientservice@momentum.co.za.

Completed and signed forms may be emailed to Granate.clientservice@momentum.co.za or faxed to +12 (0) 12 675 3889.

How will I know if my application to invest is successful?

Upon acceptance submission of your application, a confirmation letter will be posted to you informing you of the confirmed price and the number of units allotted to you. You will receive a confirmation letter for each instruction processed reflecting your unit allocation and relevant balance.

Can I cancel my application/instruction request?

Transactions sent to us before 13h00 may be reversed as long as the request for cancellation is sent on the same day as the instruction. You cannot cancel online facilities instructions once submitted. Please call Momentum Collective Investments' Client Service Centre on 0860 111 899 or email Granate.clientservice@momentum.co.za for assistance.

How long does it take for my portfolio to update?

You will be able to see your unit trust holdings usually within a 48-hour turnaround time after requesting an instruction. This allows for prices and the number of units to be determined and processed by Momentum Collective Investments' system.

How do I find out the current value of my investment?

To find out the current value of your investment you can contact Momentum Collective Investments' Client Service Centre on 0860 111 899 or email Granate.clientservice@momentum.co.za. Be sure to have your contract number beginning with 'RU' on hand. You can also access your portfolio online via Momentum's online facilities login on www.momentum.co.za.

When can I repurchase my units?

You may repurchase/sell all or a portion of your units on any working day. The units will be valued as at the date they were sold. As the market fluctuates, so will the value of your units, therefore, your units may be worth more or less than what you originally paid.

To complete this instruction, fill in a *repurchase* form, which is available on <http://www.granate.co.za/documents/>. You can also request for this form to be sent to you by contacting Momentum Collective Investments' Client Service Centre on 0860 111 899 or by sending an email to Granate.clientservice@momentum.co.za.

Completed and signed forms may be emailed to Granate.clientservice@momentum.co.za or faxed to +12 (0) 12 675 3889. Alternatively, if you have an online account, you can request for this instruction to be processed via Momentum's online facilities.

Provided you have met the requirements stipulated by FICA, Momentum Collective Investments adheres to a 48-hour turnaround time for all repurchases.

What different types of transactions are available?

You can:

- Repurchase
- Buy
- Switch
- Transfer

To do this:

- Contact your nearest financial adviser
- Complete the necessary form
- Register on www.momentum.co.za to access your portfolio online and to transact in a safe and secure environment.
- Call our Client Service Centre on 0860 111 899 or email Granate.clientservice@momentum.co.za.

Can I buy additional unit trusts other than by filling in forms?

Yes, via Momentum's online facilities. To register, fill in a *client application to transact online* form, which is available on www.momentum.co.za. You can also request for this form to be sent to you by contacting Momentum Collective Investments' Client Service Centre on 0860 111 899 or by sending an email to Granate.clientservice@momentum.co.za.

The completed and signed form can be emailed to Granate.clientservice@momentum.co.za. Alternatively, you can fax the form to +27 (0) 12 675 3889 or +27 (0) 12 675 3889. To buy online, just follow the steps below:

- Register to use our online facilities – to do this, fill in the client application to transact online form and send the completed, signed form to Granate.clientservice@momentum.co.za. Alternatively, you can fax the form to +27 (0) 12 675 3889 or +27 (0) 12 675 3889
- Once registered you will receive a unique password
- Log on to online facilities using your contract number and unique password
- Click “Buy Online” and select the account you wish to transact with
- Fill in your “preferred banking” details

Select the portfolios you would like to buy and click “Confirm”.

What other options are available online?

In addition to the instructions mentioned above, you can also request statements or tax certificates, link accounts, update personal details and change your password when using these facilities.

For technical assistance or queries, kindly contact our Client Service Centre on 0860 111 899 or email Granate.clientservice@momentum.co.za.

When is the Client Service Centre available?

Momentum's *online facilities* service is available 24 hours a day and Momentum Collective Investments' Client Service Centre (call centre) is available on weekdays between 08h00 until 16h30 on 0860 111 899. Instructions sent before 13h00 are processed on the same day. However, instructions sent after 13h00 will be processed on the next working day at the prices applicable on that day.

What are the minimum fees for the relevant portfolios and classes?

Momentum Collective Investments has various portfolios under its license, which in turn have a number of fee classes. Fee structures vary per fee class. Management fees are made up of a fixed annual management fee and, if applicable, a performance fee. The performance fee levied is dependent on the portfolio return relative to the benchmark return or fee hurdle.

What are the maximum fees for the relevant portfolios and classes?

The maximum possible fee is the sum of the fixed annual management fee including value-added tax (VAT) and the maximum possible performance fee including VAT if applicable.

At which return levels (also called the fee hurdles) will the manager charge more than the minimum fees?

Please refer to the manager's fee schedule at www.momentum.co.za/collectiveinvestments.

Are the fee hurdles the same as the relevant portfolio benchmarks? If not, explain any differences and the reason for this.

This depends on the portfolio fee class. In most cases, the fee hurdle is the same as the relevant portfolio's benchmark return. In other cases, the fee hurdle is above or below the relevant portfolio benchmark return. Please refer to the manager's fee schedule.

Will more than the minimum fee be charged regardless of whether the portfolio is experiencing positive or negative returns?

Yes

What portion of the portfolios' returns will the manager be entitled to share, should the portfolios perform above their fee hurdles (also called the sharing rate)?

Please refer to the manager's fee schedule at www.momentum.co.za/collectiveinvestments.

When portfolio returns are considered, are fees included or excluded (gross of fees or net of fees)?

The portfolio returns used for performance fee calculations are net of all fees, ie fees are excluded.

What fee rate will be charged under the following conditions?

- The portfolios perform 10% p.a. less than the benchmark
- The portfolios perform 5% p.a. less than the benchmark
- The portfolios perform in line with the benchmark
- The portfolios perform 5% p.a. more than the benchmark
- The portfolios perform 10% p.a. more than the benchmark

Please refer to the manager's fee schedule at www.momentum.co.za/collectiveinvestments.

Are fixed fees charged on any other classes of the portfolios instead of performance fees?

Yes, there are portfolio fee classes with no performance fees. Retail investors may, however, only be able to access portfolio fee classes with performance fees when they invest via a LISP or directly with the manager.

Are the performance fees accrued daily (also called the 'fee accrual frequency')?

Performance fees are accrued daily.

Do performance fee accruals pertain to return periods more than a month before the accrual?

For some portfolio classes, performance fee accruals pertain to return periods where return calculations are based on portfolio and benchmark returns, which are lagged by 90 days. This is for portfolios with CPI benchmarks, where the release of the CPI values by Stats SA has historically taken place sometime after month end. Where fee accruals are lagged, certain unit holders may carry a lower proportion of the performance fee relative to the return enjoyed, while other investors may carry a higher proportion of the performance fee relative to the return enjoyed.

Is a rolling measurement period used?

Yes. Rolling measurement periods of predominately two years and one year for a few portfolio fee classes are applied for performance fee calculations. Where rolling measurement periods are used, certain unit holders may

carry a lower proportion of the performance fee relative to the return enjoyed, while other investors may carry a higher proportion of the performance fee relative to the return enjoyed. Please refer to the manager's fee schedule.

How often is the performance fee paid to the manager (also called the 'fee payment frequency')?

The annual fixed management fee and the performance fee are accrued daily and paid to the manager monthly.

Should the portfolio experience underperformance to the fee hurdle, how long is that underperformance held against the manager? In particular, at what point would that underperformance be written off from a fee-calculation point of view? This "write off" may be the consequence of a reset provision in the High Water Mark, the length of the rolling period, or another implication of the mechanics of the performance fee basis and method.

Fee accruals are based on rolling periods. Any underperformance for a rolling period is not carried forward to offset against positive performance in future rolling periods.

Do any underlying portfolios charge implicit performance fees?

In some cases, portfolios may be invested in other portfolios, which charge implicit performance fees. Where underlying portfolios charge implicit performance fees (ie implicit in their unit prices), unit holders may carry these performance fees regardless of whether the top-tier portfolio or mandate has outperformed its own benchmark.

Contact details

The portfolios reflected herein are approved incubator portfolios, bearing the name of Granate Asset Management (Pty) Ltd, registration number 2015/090537/07, an approved financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002), FSP number 46189. The Manager administers and manages the Momentum Collective Investment Scheme portfolios and Granate Asset Management (Pty) Ltd undertakes financial services of a discretionary nature in relation to the investments of the incubator portfolios.

Scheme

Momentum Collective Investments Scheme

Custodian/Trustee

Standard Bank of South Africa Limited

Telephone: +27 (0)21 441 4100

Management company

Name: Momentum Collective Investments (RF) (Pty) Ltd

Physical address: 268 West Avenue, Centurion, 0157

Postal address: PO Box 7400, Centurion, 0046

Facsimile: +27 (0)12 675 3889

Call centre: 0860 111 899

Email: Granate.clientservice@momentum.co.za

Web: www.momentum.co.za/collectiveinvestments

Registration number: 1987/004287/07

Investment manager

Name: Granate Asset Management (Pty) Ltd

FSP number: 46189

Registration number: 2015/090537/07

Address: 3rd Floor, 2 Merchant Place, Cnr Fredman and Rivonia Drive, Sandton

Telephone: +27 (0)11 282 8000

Facsimile: +27 (0)11 282 4210

Email: info@granate.co.za

Web: www.granate.co.za

CIS disclosure:

Collective Investment Schemes (CIS) in securities 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. Momentum Collective Investments (RF) (Pty) Ltd (the manager) may borrow up to 10% of the market value of a portfolio to bridge insufficient liquidity. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees and charges and maximum commissions is available on request from the Manager. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Different classes of participatory interests apply to certain Portfolios, which are subject to different fees and charges. The Performance Fee Frequently Asked Questions document is available on the website (www.momentum.co.za/assetmanagement). The portfolio valuation time is 08h00 for fund of funds, and 15h00 for all other portfolios. The transaction cut-off time for non-fund of funds is 14h00 on the pricing date, and for fund of funds it is 14h00 on the business day prior to the pricing date. MMI Holdings Limited is a full member of the Association for Savings and Investment South Africa. The Standard Bank of South Africa Limited (PO Box 54, Cape Town, 8000) is the Trustee of Momentum Collective Investments Scheme. Momentum Collective Investments (RF) (Pty) Ltd (Reg No.1987/004287/07) (PO Box 7400 Centurion 0046). Foreign securities 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. The terms and conditions as well as the minimum disclosure document (MDD) for each portfolio are available on the website (www.momentum.co.za/assetmanagement). Associates of the manager may be invested within certain portfolios and the details thereof are available from the manager. MMI Holdings Limited is a full member of the Association for Savings and Investment SA. The Standard Bank of South Africa Limited is the trustee of the Momentum Collective Investments Scheme, 20th Floor Main Tower, Standard Bank Centre, Adderley Street, Cape Town, 8001. The manager and trustee are registered and approved under the Collective Investment Schemes Control Act (No. 45 of 2002). The manager retains full legal responsibility for the incubator portfolio.

The portfolios reflected herein are approved incubator portfolios, bearing the name of Granate Asset Management (Pty) Ltd, registration number 2015/090537/07 and FSP number 46189, an approved financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002). The Manager administers and manages the Momentum Collective Investment Scheme portfolios and Granate Asset Management (Pty) Ltd undertakes financial services of a discretionary nature in relation to the investments of the incubator portfolios. A money market portfolio is not a bank deposit account. The price of a participatory interest is a marked-to-market value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, and in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures, and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. The yields of the Granate Unconstrained Fixed Interest Fund and the Granate Multi Income Fund are historic and are calculated monthly. The yield of the Granate Money Market Fund is current and is calculated daily.



GRANATE
ASSET MANAGEMENT