

Granate Multi Income Fund

Portfolio profile

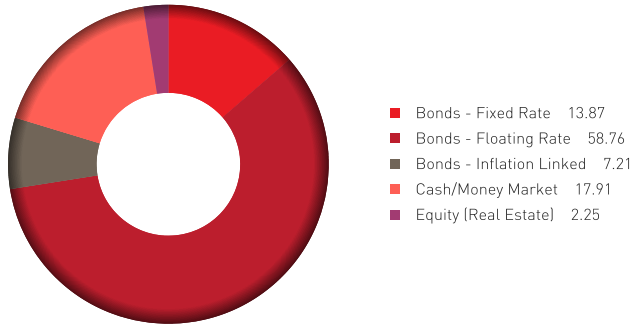
The portfolio is aimed at delivering real returns in excess of money market and traditional income portfolios over the medium to longer term.

Investment strategy

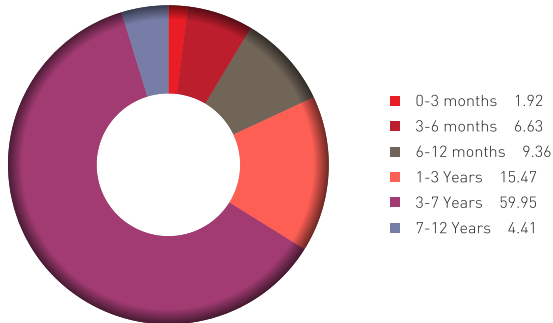
The portfolio seeks to achieve a positive real return over a medium investment horizon. The portfolio will expose investors to the fixed interest and credit markets. The portfolio is aimed at optimising risk-adjusted returns by strategically allocating within the various sources of the fixed interest and credit universe according to current valuations. The portfolio is not invested in ordinary equities and is restricted in its exposure to property and preference shares to minimise volatility. The portfolio is aimed at optimising its yield while compensating for the underlying credit risk.

Holdings

Portfolio allocation (%)



Maturity spread (%)



Portfolio performance

Cumulative performance

	1 month	3 months	6 months	1 year	Launch
Fund	0.88%	2.50%	5.08%	9.91%	14.04%
Benchmark	0.70%	2.10%	4.25%	8.63%	12.38%
Sector	0.65%	1.92%	3.95%	7.89%	11.59%
Rank	10/83	7/81	7/78	7/75	10/72
High ^[1]				9.91%	9.91%
Low ^[1]				9.29%	9.29%
Cash	0.62%	1.86%	3.77%	7.63%	10.92%
Inflation	0.29%	0.78%	2.58%	4.56%	7.84%

^[1] High/Low - highest/lowest 1 year return of the portfolio/class of portfolio during the period detailed.

Risk/reward profile



Specific risks

The main sources of risk in this portfolio are credit risk, interest rate risk and liquidity risk. Given that the fund aims to deliver consistent positive returns it is designed to be less volatile than traditional bond funds with less frequent negative monthly returns. The fund is largely exposed to high quality companies and banks with low interest rate risk. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the portfolio defaults. In this event, losses will be borne by the portfolio and its investors.

Portfolio information

Portfolio inception	1 April 2016
Portfolio size	R 47.23 million
Launch date	1 April 2016
Launch price	100.00 (cpu)
Latest price (31/08/2017)	102.43 (cpu)
Regulation 28	Compliant

Benchmark

The portfolio is benchmarked against the STeFI Composite Index + 1%, with the specific aim to provide investors with consistent positive returns focusing on yield enhancement as its main alpha generator, whilst interest rate risk is minimised. The fund will also aim to provide investors with a real return in excess of 2% over a year and no negative returns over a rolling 3 months. Granate chose STeFI + 1% in recognition of the lower risk that investors need to provide an income solution in the retirement stages of one's life.

ASISA sector

SA - Multi Asset - Income

Codes

ISIN ZAE000215851 JSE RSMIA

Minimum investment

Lump sum R 5,000 Monthly R 500

Portfolio managers

Bronwyn Blood

BCom (Hons)

Bronwyn joined RMI Specialist Managers (now Granate Asset Management) in December 2015. Prior to this, she was the Portfolio Manager of the Flexible Fixed Interest Funds and the flagship Absolute Yield Fund at Cadiz Asset Management (2006-2015), which was a recipient of many awards in the South African multi-asset income category. Bronwyn started her career as a credit analyst at Old Mutual Specialized Finance (2000-2004) thereafter joining African Harvest (2004-2006) where she developed the credit process for the Fixed Interest team. Cadiz bought African Harvest in 2006 and Bronwyn took over the management of the Flexible Fixed Interest funds. Bronwyn holds a B.Comm (Honours) degree from the University of Natal.

Portfolio charges and ratios

Initial management fee	0% (incl. VAT)
Initial advisory fee	0% - 3.42% (incl. VAT)
Annual management fee	0.855% p.a. (incl. VAT)
Annual advisory fee	0% - 1.14% (incl. VAT)

Financial year end TER (incl. VAT): 0.90%

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 2017.

Cost ratios as at 30 June 2017:

Total expense ratio (TER)	0.91% (incl. VAT)
Transaction costs (TC)	0.01% (incl. VAT)
Total investment charges	0.92% (TER+TC)

Please see Disclosures section for further information on cost ratios

Income distribution (cpu)

	Dividend	Interest	Total
Sep'16	0.030	2.250	2.280
Dec'16	0.048	2.159	2.208
Mar'17	0.029	2.324	2.353
Jun'17	0.012	2.003	2.015
Sep'16 - Aug'17	0.120	8.736	8.856
Declaration	31 Mar/30 Jun/30 Sep/31 Dec		
Payment	1st working day of Apr/Jul/Oct/Jan		
Yield	8.80% (31/08/2017)		

Portfolio objective/investment policy

The Granate Multi Income Fund is a domestic income portfolio which seeks to provide investors with consistent positive returns and minimal volatility. The objective of the fund is to achieve a positive real return over a medium investment horizon. The fund will expose investors to the fixed income and credit markets. The fund aims to optimise risk-adjusted returns by strategically allocating within the various sources of the fixed interest and credit universe according to current valuations. The portfolio will aim to optimise the yield of the fund whilst compensating fully for the underlying credit risk. The portfolio focuses mainly on active credit and yield enhancing strategies, whilst very moderate duration strategies are employed. Given that the fund aims to deliver consistent positive returns it is designed to be less volatile than traditional bond funds with less frequent negative monthly returns. The fund will have high Investment grade credit exposure with low interest rate risk. The manager shall seek to achieve the objective by investing in a portfolio of assets which will consist of a combination of interest-bearing securities including money market, bonds, unlisted loans, inflation-linked bonds, listed property and preference shares as well as any other securities which are considered to be consistent with the portfolios objectives and any other securities the Act may allow from time to time. The portfolio will be managed in compliance with prudential investment guidelines applicable to retirement funds in South Africa to the extent allowed by the Act. The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes. Where the aforementioned schemes are operated in territories other than in South Africa, participation in these schemes will be included in the portfolio only where the regulatory environment is of a sufficient standard to provide investor protection at least equivalent to that in South Africa. The Granate Multi Income Fund may from time to time invest in listed and unlisted financial instruments in accordance with the provisions of the Act and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective. 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. Nothing shall preclude the manager from varying the ratios of securities, to maximise capital growth and investment potential in changing economic environments or to meet the requirements in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and Supplemental Deed. The Trustee shall ensure that the investment policy is carried out.

Portfolio limits and constraints

- Exposure limits as per the ASISA fund classification structure applicable to South African - Multi-Asset - Income portfolios.
- The portfolio is managed in compliance with prudential investment guidelines applicable to retirement funds in South Africa.

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
Web: www.momentuminv.co.za
Registration no.: 1987/004287/07

Third party manager

Granate Asset Management (Pty) Ltd
2 Merchant Place, Cnr Rivonia and Fredman Drive, Sandton, 2196
An authorised financial services provider, FSP No: 46189
Telephone: +27 (0)21 446 9410
Facsimile: +27 (0)11 282 4210
Email: info@granate.co.za
Web: www.granate.co.za
Registration no.: 2015/090537/07

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.

Granate Multi Income Fund is a portfolio of the Momentum Collective Investments Scheme and Granate Asset Management (Pty) Ltd, registration number: 2015/090537/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 46189, is the investment manager of this portfolio.

Granate Multi Income Fund is an incubator portfolio, operating under an agreement entered into between the Manager and Granate Asset Management (Pty) Ltd, registration number: 2015/090537/07, an authorised FSP under FAIS, FSP number: 46189. An incubator portfolio is a third party named portfolio bearing the name of the FSP who intends to apply to the Registrar to be approved as a manager within three years from approval of the portfolio, where the FSP undertakes financial services of a discretionary nature, as contemplated in FAIS, in relation to the assets of the portfolio. The Manager retains full legal responsibility for all third party named portfolios under the Momentum Collective Investments Scheme. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No. 37 of 2002). Please note that there may be representatives of the FSP acting under supervision. Your financial adviser may be a related party to the FSP and/or the Manager of this portfolio. It is your financial adviser's responsibility to disclose details of any conflicts of interests that may apply, as well as all fees that they receive, in relation to an investment in this portfolio.

Granate Multi Income Fund is a portfolio that derives its income primarily from interest-bearing instruments. The yield (where present) is current and calculated daily. 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 04 April 2016 to 30 June 2017. 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 04 April 2016 to 30 June 2017. 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 31/08/2017, 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. 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 15h00 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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