

Granate Unconstrained Fixed Interest Fund

Portfolio profile

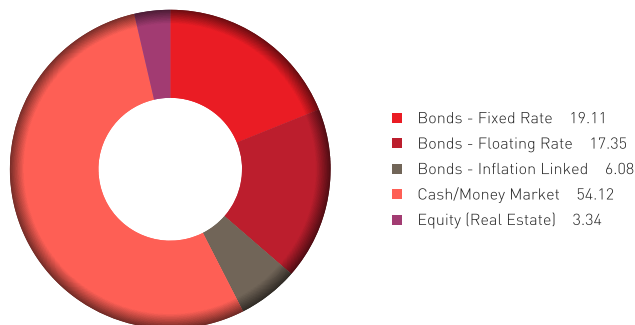
The fund aims to maximise income and capital return from all interest generating assets.

Investment strategy

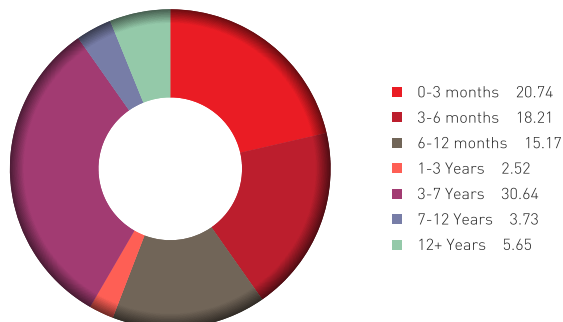
The objective of the portfolio is to maximise income and capital return over a long-term investment horizon. Given that the portfolio is aimed at maximising total return (which includes capital), it is expected to be more volatile than a traditional income portfolio but less volatile than bond portfolios while offering a higher return than both in the longer term. To achieve its objective the portfolio is invested in a broad range of interest-bearing instruments including listed property and may utilise exposure to foreign currency to maximise returns.

Holdings

Portfolio allocation (%)



Maturity spread (%)



Portfolio performance

Cumulative performance

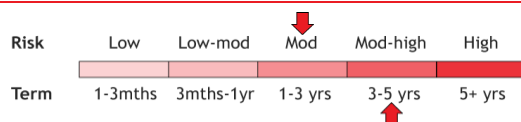
| | 1 month | 3 months | 6 months | 1 year | Launch |
|---------------------|---------|----------|----------|--------|--------|
| Fund | 0.67% | 2.50% | 4.67% | 9.37% | 15.11% |
| Benchmark | 0.74% | 2.31% | 4.66% | 9.52% | 14.47% |
| Sector | 0.84% | 2.33% | 4.22% | 8.05% | 12.54% |
| Rank | 72/84 | 29/81 | 19/80 | 15/75 | 9/71 |
| High ^[1] | | | | 10.25% | 10.25% |
| Low ^[1] | | | | 9.34% | 9.34% |
| Cash | 0.59% | 1.84% | 3.73% | 7.62% | 11.57% |
| Inflation | 0.10% | 0.58% | 1.57% | 4.77% | 7.94% |

^[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 source of risk in this portfolio is interest rate risk, to a lesser extent credit risk; liquidity risk and exchange rate risk also apply. Capital losses 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 308.95 million |
| Launch date | 1 April 2016 |
| Launch price | 100.00 (cpu) |
| Latest price (29/09/2017) | 104.71 (cpu) |
| Regulation 28 | Compliant |

Benchmark

The portfolio is benchmarked against the Alexander Forbes Short term Fixed Interest (STeFI) Composite Index x1.25. The benchmark naturally adjusts for the interest rate cycle and presents a challenging prospect to the portfolio manager when interest rates are rising. This characteristic accounts for the main competitive advantage of this portfolio; the flexibility to adjust its duration profile in such as a way to limit capital losses, whereas bond portfolios would typically be unable to do so.

ASISA sector

SA - Multi Asset - Income

Codes

ISIN ZAE000215836 JSE RSVIA

Minimum investment

Lump sum R 5,000 Monthly R 500

Portfolio managers

Jonathan Myerson
 M.Soc.Sci. (Economics)

Prior to starting as Head of Fixed Interest at RMI Specialist Managers (now Granate Asset Management) in December 2015, Jonathan served as the Head of the Fixed Interest Team at Cadiz Asset Management (2006-2015) where he managed the Unconstrained, House View and Inflation-Linked Bond funds. Jonathan's experience includes 11 years of being on the sell-side where he worked as a Fixed Interest Strategist at HSBC (1995-2003) and then at RMB (2003-2006). Jonathan holds a M.Soc.Sci. (Economics) from University of Cape Town.

Portfolio charges and ratios

| | |
|------------------------|-------------------------|
| Initial management fee | 0% (incl. VAT) |
| Initial advisory fee | 0% - 3.42% (incl. VAT) |
| Annual management fee | 0.969% p.a. (incl. VAT) |
| Annual advisory fee | 0% - 1.14% (incl. VAT) |

Financial year end TER (incl. VAT): 1.02%

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) | 1.02% (incl. VAT) |
| Transaction costs (TC) | 0.03% (incl. VAT) |
| Total investment charges | 1.05% (TER+TC) |

Please see Disclosures section for further information on cost ratios

Income distribution (cpu)

| | Dividend | Interest | Total |
|-----------------|----------|----------|-------|
| Dec'16 | 0.000 | 1.967 | 1.967 |
| Mar'17 | 0.043 | 1.929 | 1.971 |
| Jun'17 | 0.010 | 1.840 | 1.850 |
| Sep'17 | 0.079 | 1.830 | 1.909 |
| Oct'16 - Sep'17 | 0.131 | 7.567 | 7.698 |

| | |
|-------------|------------------------------------|
| Declaration | 31 Mar/30 Jun/30 Sep/31 Dec |
| Payment | 1st working day of Apr/Jul/Oct/Jan |
| Yield | 7.32% (29/09/2017) |

Portfolio objective/investment policy

The Granate Unconstrained Fixed Interest Fund is a domestic fixed interest portfolio which seeks to provide investors with exposure to the fixed interest market and aims to offer maximum return by actively extracting value from various sources within the fixed interest universe. The objective of the fund is to maximise both income and capital return over a long-term investment horizon. The fund uses strategic asset allocation, aggressive duration (ranging between the duration typical of a money market fund and the longest maturity South African government bond), yield curve positioning, switches, stock selection as well as derivative and other yield enhancement strategies, including exposure to foreign currency to maximise returns. Given that the fund aims to maximise total return (which includes capital) it is expected to be more volatile than a traditional income fund with more frequent negative monthly returns. The fund will invest in Investment grade credit only with variable interest rate risk. The manager shall seek to achieve the objective over time through active management of a portfolio of assets which will consist of a combination of interest-bearing securities including bonds, loan stock, debentures, fixed deposits, money market instruments and cash, listed and unlisted derivatives, 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 Unconstrained Fixed Interest 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 Unconstrained Fixed Interest 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 Unconstrained Fixed Interest 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 Unconstrained Fixed Interest 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 30/09/2017, 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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