momentum

investments

my savings portfolio

technical guide

wealth

This guide contains important information that you can use to set up and manage your savings portfolio.

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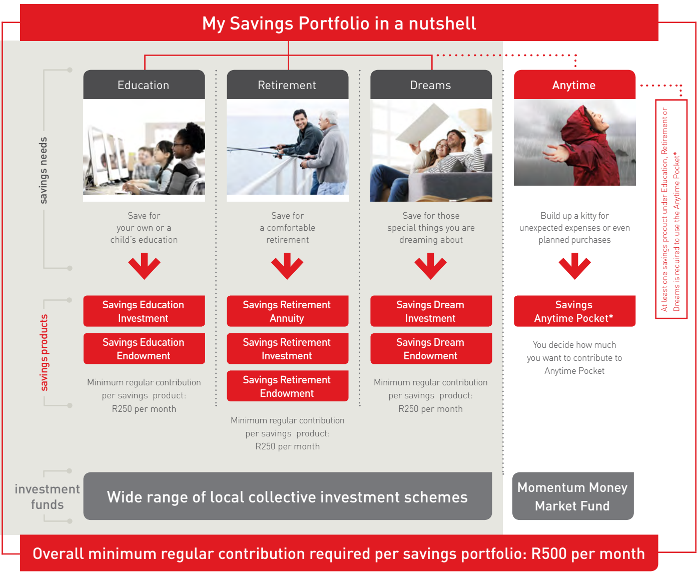
My Savings Portfolio overview

This section covers:

1. My Savings Portfolio overview

My Savings Portfolio is a simple all-in-one savings solution that helps you save for education, your retirement and dreams in a flexible way. And because rainy days happen, we include the Savings Anytime Pocket that you can use if you want access to a portion of your savings money to pay for unexpected expenses or even planned purchases.

Your savings portfolio can contain one or a combination of savings products and investment funds per savings need category.



Secure and convenient online access to your savings portfolio at www.momentum.co.za

If your circumstances change, My Savings Portfolio gives you the flexibility to make changes to your portfolio at any time. This helps you to keep your savings plan in line with your savings goals.

1.1 Some unique features for your benefit

We understand that your savings goals are unique.

You can

- use different savings products to suit each of your goals.
- choose from a list of investment funds managed by the best investment managers in South Africa to make your money grow.
- decide whether you want to allocate a portion of your savings money to the Anytime Pocket if you want to have quick and easy access to cash for when rainy days happen.

You get to

- set a goal date and goal amount for each savings goal.
- personalise each of your goals if you want by giving it a name.
- view your savings portfolio online at your convenience and track your progress towards achieving your goals.
- make changes to your savings portfolio should your circumstances change.
- pause, stop and re-start your contributions without penalty.
- withdraw money from your Anytime Pocket at any time.

With secure and convenient online functionality, you are in control of your savings.

1.2 Who can invest

My Savings Portfolio is available to **individual** investors who want to invest their savings money towards their savings goals.

02

My Savings Portfolio details

This section covers:

2.1 Savings needs

2.2 Savings products

2. My Savings Portfolio details

2.1 Savings needs

Education

You can use this savings need category to save for education. These are typically medium-term savings goals.

Savings products: You can choose between:

- A standard investment structure using the Savings Education Investment, or
- An endowment structure using the Savings Education Endowment.

*Underlying investment funds: You can choose the underlying investment funds from a list of funds managed by the best investment managers in South Africa.

Retirement

You can use this savings need category to save for your retirement.

Savings products: You can choose between:

- A standard investment structure using the Savings Retirement Investment, or
- An endowment structure using the Savings Retirement Endowment, or
- A retirement annuity structure using the Savings Retirement Annuity.

*Underlying investment funds: You can choose the underlying investment funds from a list of funds managed by the best investment managers in South Africa.

* For a list of available underlying investment funds, please refer to our Core Portfolio investment components list on www.momentum.co.za

Dreams

You can use this savings need category to save for something special you have been dreaming about like a new home or a trip overseas.

Savings products: You can choose between:

- A standard investment structure using the Savings Dream Investment, or
- An endowment structure using the Savings Dream Endowment.

*Underlying investment funds: You can choose the underlying investment funds from a list of funds managed by some of the best investment managers in South Africa.

Anytime

The Savings Anytime Pocket is available as part of My Savings Portfolio if you have chosen at least one savings product from any of the main savings need categories. You can decide to use it to build up a kitty for your short-term goals such as having money available for unexpected expenses or even for planned purchases.

Savings product: The Savings Anytime Pocket is a standard investment structure, which means you can access your money at any time.

Underlying investment fund: The underlying investment fund is the Momentum Money Market Fund.

* For a list of available underlying investment funds, please refer to our Core Portfolio investment components list on www.momentum.co.za

2.2 Savings products

There are three basic savings products available under My Savings Portfolio: investment, endowment and retirement annuity. There are certain rules governing each of the savings products that you should be aware of before you choose it.

Your financial adviser can help you choose the most suitable savings product (i.e. investment, endowment or retirement annuity) for each of your savings goals based on your specific requirements and personal circumstances.

We provide a brief description of each product below:

Investment

An **investment** is a structure you can use to invest towards your savings goals. Within the investment, you can choose from a list of underlying investment funds, typically in the form of collective investment schemes.

- You can make contributions to an investment and, over time, the value of your investment can grow based on the investment returns generated by the underlying investment funds you have chosen.
- There are no restrictions on when and how much you can withdraw from an investment.
- You pay any income tax and capital gains tax in your personal capacity, and can make use of the yearly exemptions available in terms of the Income Tax Act.
- Depending on your requirements and personal circumstances, you can choose to use an investment as a savings vehicle for your education, dreams or retirement savings.
- On death, we will pay the assets to your estate.

Endowment

An **endowment** is similar to an investment but is set up by legislation prescribing certain rules and restrictions. Within the endowment, you can choose from a list of underlying investment funds, typically in the form of collective investment schemes.

- You can make contributions to an endowment and, over time, the value of your endowment can grow based on the investment returns generated by the underlying investment funds you have chosen.
- A life insured must be specified on the application. This can be the investment owner or any other person of the investment owner's choice.
- The Long-term Insurance Act prescribes when and how much you can withdraw from an endowment based on the concept of a restricted period. The restricted period is typically the first five years after you have started your investment. This might be extended if you increase your contributions by more than 20% in any year.
- The Income Tax Act prescribes the tax treatment of an endowment from which you could potentially benefit.
- Depending on your requirements and personal circumstances, you can choose to use an endowment as a savings vehicle for your education, dreams or retirement savings.

Retirement annuity

A **retirement annuity** is often described as an individual's personal and portable pension fund. It is primarily designed to pay out an amount of money in the future that must be used to provide you with a regular income during your retirement. Within the retirement annuity, you can choose from a list of underlying investment funds, typically in the form of collective investment schemes.

- You can make contributions to a retirement annuity and, over time, the value of your retirement annuity can grow based on the returns generated by the underlying investment funds you have chosen.
- The Pension Funds Act prescribes that you can generally only withdraw money from a retirement annuity from the age of 55. In terms of current legislation, you must use at least two-thirds of the proceeds to purchase an annuity, which will provide you with a regular income during retirement. The Act also prescribes the extent to which your money can be exposed to different asset classes to make sure that your contributions are invested in a prudent manner.
- In terms of current tax legislation, contributions made to a retirement annuity can be deducted for tax purposes up to certain limits and no tax applies on the growth within a retirement annuity. When you eventually withdraw money from a retirement annuity, certain tax concessions apply, which you could potentially benefit from.
- Depending on your requirements and personal circumstances, you can choose to use a retirement annuity as a savings vehicle for your retirement savings.

For more information about these savings products, including tax and legal information, please refer to our "legal and tax considerations for investments" guide. This guide is available on our website (www.momentum.co.za).

Smart decisions today,
great rewards tomorrow

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Optional benefits

This section covers:

3. Optional benefits

3.1 Momentum Death Benefit Guarantee

- The Momentum Death Benefit Guarantee is a long-term insurance contract underwritten by MMI Group Limited, a registered long-term insurer.
- If, at your death, the investment value on that day is less than the investment value at the previous anniversary date plus all new investments made less any withdrawals, this benefit is the difference between the investment values on the two different dates.
- We calculate the investment value at death after we have deducted all fees.
- We allocate the benefit to your investment value and we will invest it in the Momentum Money Market Fund.
- The underlying investment fund selection must comply with Regulation 28 of the Pension Funds Act of 1956. If it does not comply, we will not pay the benefit.
- We will not pay the benefit in case of suicide.

We are not responsible for any loss or damages you may suffer due to you inappropriately choosing this benefit. This includes us receiving a late notification of death, or where you chose to have the benefit even though your underlying investment fund selection might not actually be exposed to market risk.

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Online access to My Savings Portfolio

This section covers:

4. Online access to My Savings Portfolio

My Savings Portfolio allows you to, with the help of your financial adviser, set up and monitor your portfolio online. This provides you with an up-to-date consolidated view of your savings goals, and allows you to track your progress at your convenience. You can also send online requests to make changes to your savings portfolio.

We have designed the online portal to include sophisticated security measures. This means that we require you to approve all changes that are made to your savings portfolio. If we receive a request to make changes, we will automatically send a summary of this request to you. We will only proceed with the request once you have confirmed it, either through an electronic confirmation process or a mandate to your financial adviser.

If you do not currently have an online profile with Momentum, please visit www.momentum.co.za and click "Register" to create one.

4.1 Setting up a savings portfolio

Your financial adviser must help you to set up your savings portfolio by using our new online capturing tool. This tool is available on our financial adviser website (www.mdsonline.co.za) to registered and licensed financial advisers.

Your financial adviser will use this tool to specify all the financial information needed to generate a proposal for your savings portfolio. This includes:

- Specifying your savings needs, goals and goal dates.
- Choosing savings products for each of your goals.
- Deciding on an amount that you should invest in each product.
- Specifying the underlying investment funds you would like to invest in.

Once you and your financial adviser have agreed on a specific proposal, that proposal will be finalised and your financial adviser will be directed to the capturing screens on www.mdsonline.co.za. Your financial adviser will then be prompted to provide all the necessary information that is usually captured on an application form. As an added benefit, the system will search for your details on the Momentum client databases and pre-populate as much of this information as possible.

Once your financial adviser has submitted the new investment application together with all the required documents, a service agent will check that the correct documents have been attached. These documents are listed below. The bank account details provided will also be verified. We will send a confirmation email to you setting out all the investment and personal information that we have received, as well as the relevant terms. You will be prompted to confirm that the details are correct via an electronic confirmation process.

If you decide to reject the application for a savings portfolio or do not respond within a certain time period, we will inform your financial adviser, who can then:

- change any information that was incorrect and re-submit the application after which we will send you a new confirmation, or
- inform us that you do not wish to proceed with the investment.

Once we have received your confirmation, we will send you a welcome pack via e-mail. This welcome pack includes:
- A welcome letter.
- A statement confirming your contributions, savings products and underlying investment funds.
- A document explaining the important features of your savings portfolio and how to interact on your portfolio online.

Your financial adviser will also have access to all the documentation we send to you.

4.2 Information required when setting up a savings portfolio

Listed below is the information we require from new investors investing in My Savings Portfolio. Only one investment owner is allowed.

Personal details of the investment owner and contribution payer (if different)

- Title
- Initials
- Full name
- Surname
- Gender
- Date of birth
- Identity number (for RSA residents)
- Country of birth

Contact details for the investment owner and contribution payer (if different)

- Cellphone number
- E-mail address
- Home address (include city or town, country and postal code)

Bank details for the investment owner and contribution payer (if different)

- Account holder name
- Account holder relationship to investment owner (if different)
- Account number
- Bank name
- Branch code

Information about the investment owner required by legislation

- SARS income tax identification number (TIN)
- Dividend Withholding Tax (DWT) exemption code
- List of other (foreign) tax residences
- List of foreign tax residences
    - Country
    - Tax identification number (TIN)
- Is the investment owner or contribution payer a politically exposed person?
- Source of funds and income (Where is the money coming from? If salary: name of employer; if remuneration as owner/entrepreneur: name and nature of main business; if inheritance: name of deceased estate; if investment income: source of capital; if winnings: source and date; or other).

Beneficiary details

Beneficiary details are optional and are only relevant if an endowment or a retirement annuity is selected.

- Title
- Initials
- Full name
- Surname
- Date of birth
- Identity number (for RSA residents)
- Passport number, passport expiry date, passport country of issue (for non-RSA residents)
- Beneficiary relationship to investment owner (family, business relation, charity/religious organisation, trust, other)
- Beneficiary contact details (contact number or e-mail address)
- Beneficiary split (if more than one beneficiary is nominated)

Insured life details

Insured life details are only required if an endowment product is chosen and the insured life is not the investment owner.

- Title
- Initials
- Full name
- Surname
- Date of birth
- Identity number (for RSA residents)
- Passport number, passport expiry date, passport country of issue (for non-RSA residents)

Documents required from investment owner and contribution payer

- Copy of identity
- Proof of residence
- Electronic Transaction Authority (see below for more information)
- ASISA replacement of insurance form (if any new savings product is replacing an old one)

Electronic Transaction Authority

As part of the new investment process, you will be required to sign an Electronic Transaction Authority (ETA). The purpose of the ETA is to make sure that you can transact on your savings portfolio via the Momentum website in a secure manner. This is an important document as it confirms the cellphone number and email address that will be used in all transactions on your savings portfolio.

The ETA is a form that asks you to confirm your identity number, cellphone number and e-mail address. It also requires your consent for us to transact with you electronically. The ETA is always needed for an investment owner. If the contribution payer is different, he or she will also need to complete an ETA.

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Contributing towards your savings goals

This section covers:

5. Contributing towards your savings goals

You can make regular and additional contributions to any of your savings products. The individual making regular and additional contributions to the investment can be different to the investment owner. However, only one contribution payer is allowed.

5.1 Regular contributions

- You can contribute to your savings product on a monthly, three monthly, six monthly or yearly basis.
- All contributions must be made using a debit order.
- The total minimum regular contribution per savings portfolio is R500 per month.
- A sub-minimum of R250 per month applies to regular contributions per savings product, except for the Savings Anytime Pocket.
- There is no minimum contribution requirement for the Savings Anytime Pocket.

5.2 Additional contributions

- You can supplement your regular contributions with additional contributions at any time.
- The minimum additional contribution is R250.
- You can instruct us to collect additional contributions from your bank account using a debit order.

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Making changes to your savings portfolio

This section covers:

6. Making changes to your savings portfolio

You may need to make changes to your savings portfolio when your circumstances change. This section gives more detail on the changes you can make. You must submit requests to make changes to your savings portfolio online via our website www.momentum.co.za. Your financial adviser will be informed of any changes you submit.

6.1 Adding or removing a goal

- You can add a new goal to save towards an additional savings goal at any point in time. We require your financial adviser to submit this request on your behalf.
- You can remove a goal at any time.

6.2 Increasing or decreasing regular contributions

- You can increase your regular contributions at any point.
- If you increase your contributions to an endowment by more than 20% in a particular year, it could trigger a new restricted period. It is important to discuss the implications of this change with your financial adviser.
- You may reduce your regular contributions, but this will be subject to the minimum regular contribution rules that apply to the savings product you are invested in. This may impact your progress towards achieving your goal.

6.3 Automatic yearly contribution increases

Selecting an automatic yearly increase of your regular contributions allows you to protect your savings against inflation, which can help you towards achieving your savings goals.

- You can choose the month in which you would like us to increase your regular contributions and at what percentage. You can also choose to change or remove automatic yearly contribution increases.

- We will automatically update your debit order every year to reflect your choice of automatic contribution increases.
- The maximum automatic yearly contribution increase percentage you can choose is 20%.

6.4 Contribution holidays

- You can use the contribution holiday facility if you are temporarily unable to make regular contributions to any of your savings products. This allows you to "pause" your regular contributions for up to six months.
- There is no fee for pausing or re-starting your debit order.
- At the end of the holiday period, we will re-start your regular contributions.
- You can also instruct us to re-start the contributions at any time during the contribution holiday period.

6.5 Stopping and re-starting regular contributions

- We won't charge you a fee if you need to stop your regular contributions. It is, however, in your best interests to re-start your contributions as soon as possible. There is no fee when you re-start your contributions. It is important to discuss the implications of these changes with your financial adviser.

6.6 Switches

- Fund switches: You can choose to switch the investment value in any of your savings products between underlying investment funds. When making an underlying investment fund switch, it is important to consider the impact it will have on your overall savings plan.

- Re-direct regular contributions: You can change the way your regular contributions are invested in different underlying investment funds.
- There is no fee for making these changes.

6.7 Withdrawals

- The Savings Anytime Pocket is designed to help you build up a kitty to pay for unexpected expenses and other short-term savings needs, which could even include planned purchases. There are no restrictions on when or how much you can withdraw from the Savings Anytime Pocket, provided there is money in your Savings Anytime Pocket.
- You should preserve your savings money invested in your other savings products as far as possible. You can withdraw from your other savings products if you need to, but this will affect whether or not you will achieve your savings goal by your goal date. It is important to speak to your financial adviser before withdrawing money from your savings products.
- Certain legislative withdrawal restrictions apply to some of the savings products you may have chosen. For endowments and retirement annuities, the law restricts when and how much you can withdraw.

6.8 When a savings product reaches its goal date

Your savings product does not have an end date. When you reach your goal date, you can speak to your financial adviser and re-assess your situation. Once you have reviewed your personal circumstances, you can ask us to pay out the accumulated investment value from your savings product, or you can continue to invest it. If you choose to continue, your contributions will continue and your money will remain invested until we receive an instruction from you.

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Fees

This section covers:

7. Fees

Certain fees apply to each of your savings products. Please refer to our detailed fee schedule for My Savings Portfolio for more information. This schedule is available on our website (www.momentum.co.za).

7.1 Administration fees

Momentum charges a fee for administering your investment. This includes buying units in your chosen underlying investment funds, providing you with information about your savings portfolio, withholding and paying tax where applicable, and making sure that your investment complies with the relevant legislation.

This fee is a combination of the following:

- A fixed monthly fee based on the number of savings products in your savings portfolio, and
- A yearly percentage of your investment value.

The level of the yearly percentage fee decreases as your investment value increases. We will consider the total value of all your investments with Momentum Wealth when we determine the level of this fee.

Certain underlying investment funds require more administration. If you choose any of these investment funds, an additional fixed monthly fee will apply. Please speak to your financial adviser for more information about those investment funds.

We deduct these fees from each savings product in your portfolio on a monthly basis.

7.2 Asset management fees

Asset managers charge a fee for managing the assets of a particular investment fund on your behalf. The management fee you pay depends on the asset managers and the investment funds you have chosen. This can be a fixed fee or a performance-based fee and is typically included in the unit price of a particular investment fund. The unit price is the price at which we buy units into an underlying investment fund on your behalf.

On those underlying investment funds where we do administration on behalf of an asset manager, the asset manager refunds a portion of the asset management fee to us. This is called a rebate. We will pass this rebate on to you by reducing the administration fee that applies to your investment, by the amount of the rebate.

7.3 Adviser fees

- Your financial adviser charges a fee for providing advice and for helping you set up and manage your savings portfolio.
- You can negotiate a fee for each savings product with your financial adviser.
- You can pay this fee for each savings product as a percentage of every contribution, as a percentage of your investment value or as a combination of these two options.
- We will deduct this fee from your contribution and/or investment value as instructed by you and will pay it directly to your financial adviser.

7.4 Reduction in yield

The best way to illustrate the total impact of all fees charged against each savings product is to show by how much the fees reduce the investment return of the underlying investment funds you have chosen. This is referred to as the Reduction in Yield or RIY.

Deducting the RIY from an assumed investment return gives you your net investment return after fees. We include all the fees explained above, excluding transaction fees and the effect of tax, in the calculation of the

RIY for each savings product if we have an indication of the term to the goal date.

Any assumed investment return is not guaranteed, but should merely be used to illustrate the impact of fees. The actual investment return on contributions will depend on the gross investment return of the underlying investment funds you have chosen and the extent to which actual fees and taxation reduce the investment return.

7.5 Transaction fees

We charge a fixed fee for each withdrawal you make from any of the savings products in your portfolio. We do not charge a fee when you make withdrawals from the Savings Anytime Pocket.

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General investment risks

8. General investment risks

The underlying investment funds you choose for each savings product in your savings portfolio determines the level of risk for each savings goal. This is because different investment funds carry different levels of risk. Your financial adviser can recommend underlying investment funds that are best suited to your investment strategy for each of your savings goals. Past performance is not necessarily an indication of future performance.

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Contact details

9. Contact details

My Savings Portfolio saves you time by allowing you to manage your portfolio online. Please visit www.momentum.co.za to access your online profile. Here you will find all the information you will need to manage your savings portfolio with us.

When making certain changes to your savings portfolio online, we will always confirm your or your financial adviser's instruction via SMS or e-mail. It is important that you or your financial adviser respond to these confirmations when requested to do so. This will enable us to process your instructions efficiently.

Disclaimer:
The information provided in this guide is for general information purposes only and is not intended to be relied on as advice as contemplated in the Financial Advisory and Interpretation Services Act 37 of 2002 (FAIS). The information does not take into account your personal financial circumstances. For this reason the decision to invest in My Savings Portfolio should be made in consultation with your financial adviser who will assess your financial situation and needs, including your specific risk profile and draw up a plan with you to achieve your investment goals.

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