momentum
investments

wealth investment series
traded endowment option

A wise investment is one that creates a wealth of experience

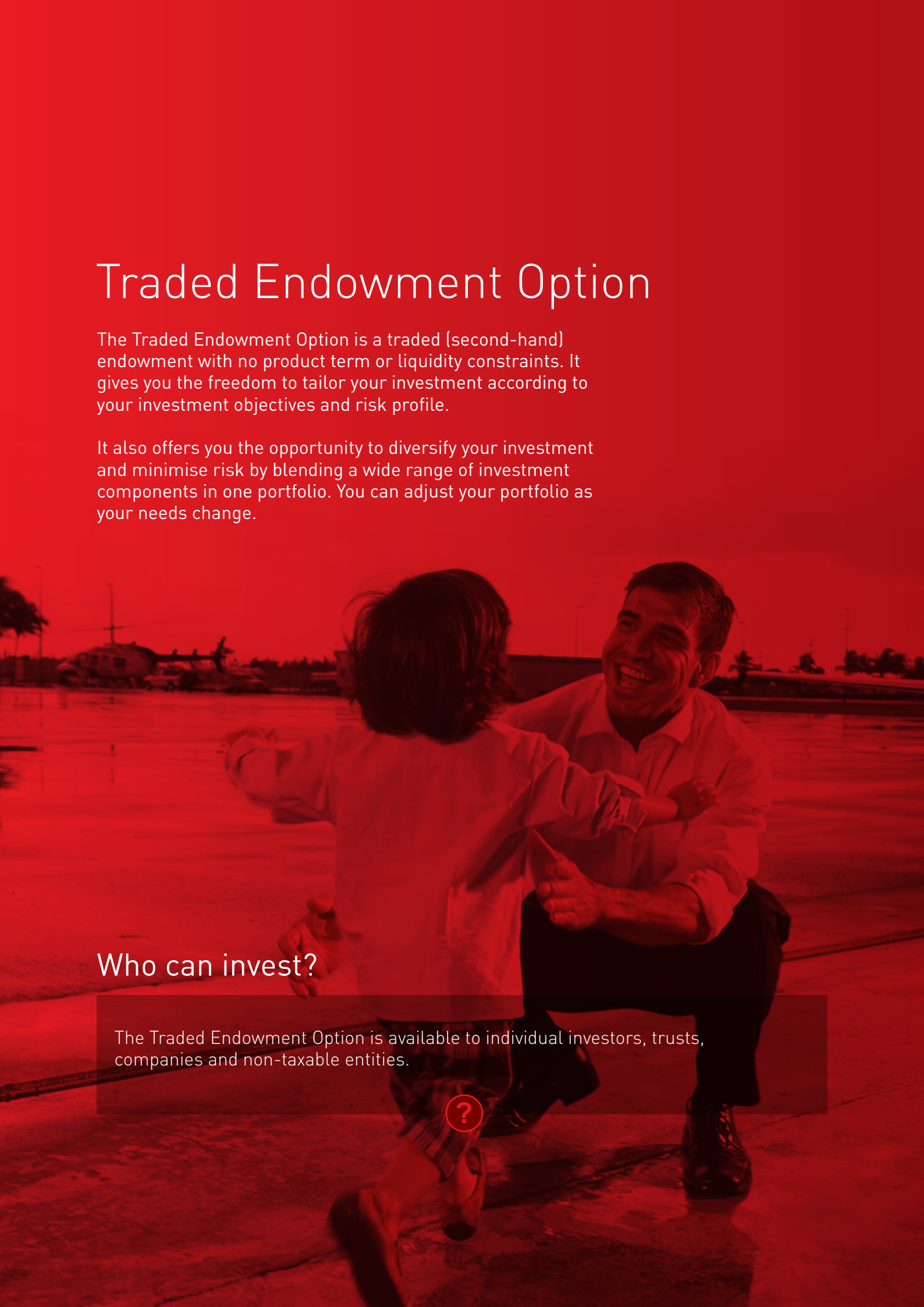


wealth

Traded Endowment Option

The Traded Endowment Option is a traded (second-hand) endowment with no product term or liquidity constraints. It gives you the freedom to tailor your investment according to your investment objectives and risk profile.

It also offers you the opportunity to diversify your investment and minimise risk by blending a wide range of investment components in one portfolio. You can adjust your portfolio as your needs change.



Who can invest?

The Traded Endowment Option is available to individual investors, trusts, companies and non-taxable entities.

What are the key benefits and features?

You benefit from our holistic offering

We realise that each investor's investment needs are unique and change as they move through different life stages. We have built our value proposition on being able to meet investors' needs in a unique, comprehensive and innovative way. Our wide range of complementary investment products and services gives you and your financial adviser the opportunity to respond to your changing investment needs, with specifically tailored investment solutions. We also offer portfolio management and fiduciary services that allow you to maximise your investment return potential and protect your wealth.

You can choose from our wide range of investment components

We provide investors with a complete range of investment components that are designed to cater for varying market conditions and investor needs. This allows you to structure your investment portfolio around your appetite for risk, investment timeline and specific investment needs. With the help of your financial adviser, you have the flexibility to invest in various investment components such as local and international collective investment schemes, exchange traded funds, alternative dealing funds, direct Top 40 shares, personal share portfolios and protected investments, all in one investment.

You have unlimited access to your investment

The Traded Endowment Option is an accessible investment solution. You can access your capital by requesting regular interest-free loans (drawdowns), or by withdrawing cash amounts from your investment.

You can request regular drawdowns to supplement your income

With the Traded Endowment Option, you can access your capital by instructing us to pay a regular interest-free loan from your investment to supplement your income. If your total yearly drawdown (withdrawal) amount is more than the investment's return after fees for the year, your remaining investment value will be less than your original investment amount. It is important to review your drawdown regularly to make sure that it still meets your investment objectives.

You can choose to take interest-free loans from all the underlying investment components in your portfolio, or you can specify the components (drawdown account) that the loan amounts should be paid from proportionately.

You can benefit from the drawdown top-up service if you have chosen a drawdown account

A drawdown account is an investment component from where we pay your drawdown (income). You can choose any local collective investment scheme or a combination thereof as your investment's drawdown account.

You can benefit from the drawdown top-up service if you have chosen a drawdown account. This means we will monitor the balance in the drawdown account on your behalf. If the balance drops below the required minimum, we will inform your financial adviser who can send us an instruction to have it topped-up. If we do not receive an instruction to top-up the drawdown account, we will sell units from your investment components and allocate it to the drawdown account, which will cover your drawdown amounts for approximately one year.

Important: If you are invested in direct shares, exchange traded funds (ETFs), alternative dealing funds (ADFs), personal share portfolios (PSPs) or international investment components, you **must** have a drawdown account for drawdowns.

You can benefit from a fee account with automatic top-up service

A fee account is an investment component from where we deduct all ongoing fees. You can choose any rand money market collective investment scheme as your investment's fee account. The benefit of adding a fee account is that you minimise the tax implications of selling units from other investment components to pay for fees. Please discuss this with your financial adviser.

You can benefit from the fee top-up service if you have selected a fee account. This means we will monitor the balance in the fee account on your behalf. If the balance drops below the required minimum, we will inform your financial adviser who can send us an instruction to have it topped-up. If we do not receive an instruction to top-up the fee account, we will sell units from your investment components and allocate it to the fee account, which will cover your fees for approximately one year.

Important: If you are invested in direct shares, exchange traded funds (ETFs), alternative dealing funds (ADFs), personal share portfolios (PSPs) or international investment components, you **must** have a fee account for fees.

You can phase-in your lump-sum investment amount

If you are concerned about fluctuating market conditions, you can phase-in your lump-sum investment over a period of up to 24 months from a money market fund. We will then invest into your chosen investment components by making regular withdrawals from the money market fund until you are fully invested.

You can enjoy estate planning benefits

You can use a Traded Endowment Option in your estate planning to reduce the fees you pay to an executor. You can nominate a beneficiary of ownership, which means we will transfer the investment to the nominated beneficiary of ownership when you die. This direct transfer means that your estate does not have to pay executor's fees, unless the beneficiary is the estate itself.

If you are investing as a corporate investor, you must add at least two insured lives to make sure that the investment does not stop (and will not be forced to liquidate) when the last insured life dies. It is important for you to seek appropriate financial advice to make sure that the structure of this product meets your needs.

You can protect your investment value when you die

This benefit is only available to natural persons and trusts with natural persons as beneficiaries.

The Death Benefit Guarantee acts as a top-up guarantee when you die. 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 less any withdrawals), this benefit is the difference between the values on the two dates. Your investment must meet the asset allocation guidelines set out in Regulation 28 of the Pension Funds Act for you to qualify for this benefit.

We calculate the investment value at death after we have deducted all the fees. The benefit is then invested in the Momentum Money Market Fund until we finalise the claim.

What is the minimum investment amount?



Other minimums

Collective investment schemes

- R100 for each local collective investment scheme
- R20 000 for each international investment component

Direct shares and ETFs

R5 000 for each share or ETF (after stockbroking fees).

Please refer to the specific details of your investment components to find out if your chosen investment component has a larger trading minimum.

Can I **add money** to my investment? 01

You cannot add new investments to the Traded Endowment Option.

How can I **monitor my investment?** 02

We believe that you need to be completely informed and up-to-date on how your investment is performing. This is why we provide our clients with the necessary tools to view their investments and request information such as investment statements and tax certificates, at their convenience. Our website allows you to view your personal information that we have on record, as well as pertinent details about your investment. You can also change your communication preferences and request a variety of investment statements and your tax certificate. In addition, our real-time SMS and e-mail service allows you to request a variety of information about your investment.

Can I **make changes** to my investment? 03

Yes, you can adjust your portfolio in line with your changing needs. These changes can include requesting regular interest-free loans from your investment to supplement your income, and switching between underlying investment components. We do not charge transaction fees for online transactions.

What **tax** will I pay? 04

You do not need to pay any tax on your investment until you make a withdrawal from your Traded Endowment Option. This is because we calculate and pay the tax that applies to your investment on your behalf. This tax is deducted from your investment and paid to SARS before we make any payments to you. However, when you withdraw any part, or the whole investment, the amount you receive (after we have deducted tax) can be subject to an additional layer of tax, in the form of Capital Gains Tax (CGT) and will need to be included in your tax return. For more information, please refer to our "Legal and tax considerations for investments" guide available on **www.momentum.co.za.** Alternatively, you can speak to your financial adviser.



Can I **cancel** my investment? 05

You can cancel the Traded Endowment Option within the first 30 days after you have received confirmation of your investment. This is called the "cool-off" period. We will refund all the fees you have paid together with the realised proceeds of your investment portfolio. Please note that you can receive less than your original investment amount due to market fluctuations.

Can I **transfer ownership** of my investment? 06

You can transfer ownership of your investment by way of an outright cession. When we note an outright cession on your investment, the new owner will be the authorised signatory for the investment. This is because all the rights of the investment are transferred when you cede the investment. An outright cession can have a tax consequence.

Can I **cede my investment** as collateral security? 07

You can cede your investment as collateral security to another party. Once ceded, the cession holder must approve all future transactions, as the whole investment is ceded under the cession agreement.



Momentum Wealth and other contact details

If you have any questions or require more information, please contact us by using the following details:

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