

momentum

investments

wealth investment series flexible endowment option

*Wealth may not change the world,
but it will change the way you live in it*



wealth



Is this the right product for you?

If you are in a high income tax bracket, need an investment that will help you pay less tax on your investment, have a growth investment strategy and do not need maximum liquidity immediately then the Flexible Endowment Option is the choice for you.

Helping you understand our product better

We are committed to providing you with superior investment products and remarkable service. In this brochure you will find:

- the most important features of the Flexible Endowment Option,
- a basic description of how the product works, for example, the possible tax implication for you on this investment and how you can withdraw from it, and
- the different options you have when investing.

We hope that the information in this brochure helps you, together with your financial adviser, to make an informed choice. The investment industry is dynamic and there will be changes and updates to the information in this brochure. For the latest updates and information you can contact us (details on page 7) or you can go to www.momentum.co.za.

What you need to know about this product?

Capital Gains Tax

You will pay less Capital Gains Tax (CGT). As a registered long-term insurer, Momentum Group Ltd pays income tax on the investment returns of the portfolio you chose. We calculate, deduct and pay tax to SARS.

Your investment's returns are taxed in terms of the four funds tax principle that applies to South African insurance companies. Because of this, individual investors are taxed at a fixed income tax rate of 30%. However, only 33,3% of net capital gains are taxed. This means that you only pay an effective tax rate of 9,99% for any capital gains.

If you are a corporate investor, your tax rate is 28% and 66,6% of capital gains are taxed. This means that as a corporate investor, a tax rate of 18,65% will apply to your capital gains.

If you are investing as a trust, the nature of the trust's beneficiaries determines the tax for the investment. If all the beneficiaries of the trust are natural persons the trust will be taxed as an individual. If not the trust is taxed as a corporate investor.

Dividend Withholding Tax (DWT)

If you are an individual investor or a trust with natural person beneficiaries we withhold DWT at 15% on all dividend distributions received from South African companies. Other endowment investors are exempt from DWT.

Important: We recommend that you get independent tax advice to ensure that this product suits you.

What happens when you die?

When you die, your investment can be transferred directly to your beneficiary.

You may nominate beneficiaries to receive the benefit of your investment at your death. Then your investment will pass directly to your nominated beneficiaries and as an executor does not need to handle the investment, you will not be subject to executor's fees within your estate.

You can choose from two different beneficiary nominations:

- **Beneficiary of proceeds** - if you are the last insured life to die the investment value will be paid to your nominated beneficiaries.
- **Beneficiary of ownership** - if another life insured outlives you and you have nominated a beneficiary of ownership, we will transfer your investment to this person. The beneficiary of ownership will then be the investor from that day on and can decide to either continue with the investment or cancel it.

Long-term investing

The law restricts your access to your investment for an initial period of five years. This will benefit you if:

- you need a more formal and structured approach to investment planning, or
- you wish to invest for a medium to longer term and do not need access to the full investment amount during the restricted investment term, or
- you only have two opportunities to access your investment during the restricted period.

Important: Certain limits apply to the amounts that you may access.

You can add to your investment

You can make further contributions to this investment, either through:

- making a regular contribution every month, four months, six months or a year, or
- simply making additional investments at a later stage.

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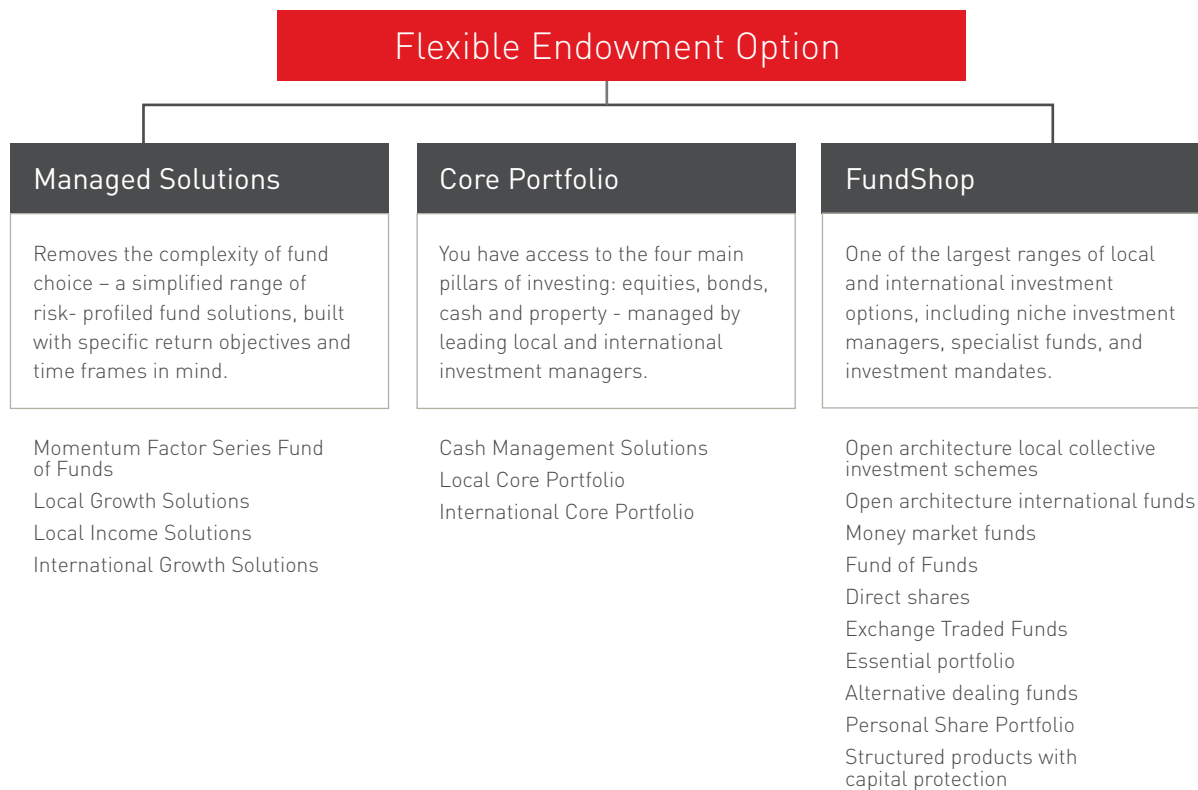




What are your options when investing in this product?

At Momentum Wealth you will find a complete range of cost-effective investment opportunities, designed to cater for all market conditions. These investments make it possible for you to achieve your investment goals.

You can choose from local and international investment options. This means that you can spread your investment across asset classes, investment managers, risk profiles and currencies.



Please read the Guide to our Rules and Practices or visit our website for more details about these fund choices.

Choosing when and how to benefit from your investment

Once your investment is no longer in a restricted investment term, you can benefit by retaining the endowment structure. Any growth within your investment will still be taxed at the tax rates explained above. You will be able to access the investment value through withdrawals or interest-free loans. An interest-free loan allows you to reinvest the loan amount in the future. You do not have to restart a new restricted period and have access to the tax benefits that are linked to the investment. You cannot reinvest other amounts that you withdraw.

Important: Certain limits apply to amounts that you add to your investment. If you add more than what you originally invested a new five year restricted period will start. Please ask your financial adviser to explain this to you.

Monitoring your investments

We suggest that you, together with your financial adviser, regularly review your investment to make sure that the overall asset composition of your portfolio is in line with your investment objectives and identified risk profile.

Different ways to access statements

We make it easy for you to monitor your investment by sending your statements to you electronically, either via SMS, e-mail or the Internet. You can also access your statements by phoning our dedicated voice activated service.

These statements will contain:

- your asset allocation and the performance of

your portfolio,

- a complete breakdown of dividends and interest declared and accrued, withdrawals or additional investments made, and
- details of fees paid from your investment and tax deductions.

Switching between investments

We make it easy and affordable for you to rebalance your portfolio and to switch between investment options. If financial advisers have discretionary mandates or a signed instruction from you, they can switch your investment online. We do not charge switching fees for online transactions.

Death Benefit Guarantee

This option allows you to protect the investment value of your portfolio each year if your investment value decreases because financial markets declined during the year of your death.

It acts as a "top-up guarantee" when you die. We use the anniversary date of your investment to set the minimum market value of the benefit each year. If your investment value at the time of your death is less than its value at the previous anniversary date, we will "top-up" your investment with the difference.

Please read the Death Benefit Guarantee brochure for more information.



A summary of the Flexible Endowment Option

How long can you invest for?	Any term longer than five years. There is an initial investment term of five years when access to your investment is restricted. After the restricted term, you have complete access to your investment balance and enjoy all the tax benefits under it, unless a new restricted term is triggered.
What is the investment minimum?	R50 000 R1 000 a month for regular investments (other frequencies have higher minimums). Important: Specific minimums may apply to the underlying investment options you have selected.
What is the minimum amount you can invest in an investment option?	R100 for each local investment option. R20 000 for each international investment option. For direct shares and Exchange Traded Funds (ETFs) the minimum is R5 000 for each share or ETF (after stock broking fees). Please look at the specific details of your investment option to find out if your selected investment may have larger trading minimums.
How often can you invest?	You can make single or regular investments to your endowment. If your investment in any year is more than 120% of the larger total investment amount made in either of the previous two years, a new restricted investment term of five years will start.
How can you withdraw money?	You may access your investment through one interest-free loan and one withdrawal during a restricted term of five years. Please refer to the investment terms for the limits. After the five-year restricted investment term, you have full access to your investment value.
Drawdown (regular payments from your investment)	At the end of the five-year restricted investment term, you can instruct us to pay a regular drawdown (after tax) from your investment.
International investing	You can invest in an international investment using Momentum's institutional offshore capacity.
Can you use your investment as collateral security (cession)?	Yes, you may cede your investment as collateral security with another party. Once ceded, the cession holder must approve all future transactions, as the whole investment is ceded under these cession agreements.
Can you transfer your ownership of your investment?	Yes, you may transfer ownership of your investment by way of an outright cession. When we note an outright session 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 ceded the investment. An outright cession may have a tax consequence.
What will happen to your investment when you die?	You may nominate beneficiaries for the Flexible Endowment Option. When you die, the investment benefit can pass directly to the nominated beneficiaries and will not incur executor fees.
Death Benefit Guarantee	<p>You may choose to add the Death Benefit Guarantee at any time on your existing investment or at the start of a new investment. When you die, the Death Benefit Guarantee will top-up your existing investment to the value of the last anniversary value.</p> <p>Although the Flexible Investment Option is not a retirement product, to qualify for the Death Benefit Guarantee, you must make sure that your overall mix of investment options complies with Regulation 28.</p> <p>We will not pay the Death Benefit Guarantee if you commit suicide.</p>



Tax	<p>For individual investors and trusts with only natural person beneficiaries tax on interest, rental income and foreign dividends in the investment portfolio is taxed at a fixed rate of 30%. However, only 33,3% of capital gains are taxed at the same income tax rate. This means you pay CGT at an effective rate of 9,99%.</p> <p>For corporate and other trust investors, we will deduct income tax at 28% and 66,6% of capital gains are taxed. The effective CGT rate for corporate investors is 18,65%.</p> <p>We withhold 15% DWT for SA company dividends if you are an individual or trust with natural person beneficiaries.</p>
Can you cancel the investment?	<p>You may cancel the Flexible 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 you all the fees you paid together with the realised proceeds of your investment portfolio. Because of changes in the investment market, you may receive less than your original investment.</p>
Can you phase your investment allocation over a term?	<p>You can choose to allocate a portion or all of the investment to a money market fund. We will then invest into your selected investment portfolio by regularly withdrawing from the money market fund until you are fully invested in the selected investment portfolio. You may choose a phase-in term of between two weeks to 24 months.</p>
Type of investors allowed	<p>Individuals Close corporations Companies Trusts Non-taxable institutions.</p>

Please contact us if you have any questions:

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More information about us

MMI Group Ltd is registered as a long-term insurer under the Long-term Insurance Act No 52 of 1998. Momentum, a division of MMI Group Limited, administers the product and it is marketed under Momentum Wealth.

Disclaimer:

The information provided in this brochure are for general information purposes only and is not intended to be advice as contemplated in the Financial Advisory and Intermediary Services Act of 2002 (FAIS). Investment decisions should be made in consultation with your financial adviser who will consider your specific risk profile and investment goals.

The information in this brochure was accurate at the date of its publication and is subject to change due to changes in legislation. Please refer to the Momentum website for updated information when applicable. Momentum will not be held responsible for any person acting on outdated information in this brochure or the incorrect application of this information.

Investment risk

The investor accepts all investment risk underlying the investment funds selected. There are specific investment risks for every type of investment fund, such as shares, collective investment schemes and insurer funds. The following risks are specifically mentioned, but not limited hereto, and it remains the investors' responsibility to educate themselves and remain informed on investment risks that applies:

1. **Collective Investment Schemes in Securities (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. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs.
2. **Money market portfolios:** The price of each unit is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the Fund.
3. **Exchange Traded Funds and shares trade within a day.** This means the price fluctuates continuously. We (and those acting for or with us) try to buy these at the closing price of the day, but we cannot guarantee it.
4. **Alternative dealing/Hedge funds:** Investments in these investment structures carry a substantial risk of loss. This loss may exceed the original investment when there is an equally small adverse movement. This may result in a total loss that is greater than the original invested amount. These investments may be, or become, illiquid for a variety of reasons and it may be difficult or impossible to close out a position under certain market conditions, for example where trading is suspended or restricted at times of rapid price movements. Also note these funds only deal on specific days and no dealing can take place on any other business days. As a result, certain prescribed prior notices will be required if you wish to make withdrawals from the fund.

Currency risk

If your reference currency differs from that in which the fund is denominated, your investment may be subject to exchange rate movements that may cause fluctuations in the value of your investments. Investments that expose your investment to a currency other than that in which the fund is denominated, may also cause values to fluctuate.

Market Value Adjusters may be applied.

For more information about this, please read the document called "Principles and Practices of Financial Management of Momentum's discretionary participation products" at www.momentum.co.za.

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