

momentum
investments

Momentum Direct Property Fund
Get the best of both worlds



Give your investments momentum

We help you invest with confidence, and stay invested on your journey to success.

A safe journey with us starts with you and your financial adviser mapping out your destination and planning the best way to get there. You can choose from a wealth of investment options to suit each of your investment needs and goals.

With us, your investments have momentum.

Why invest in direct property?

Property is an asset class suitable for investors looking for growth based on rental income, plus stable capital growth over the long term. It's also a powerful tool to spread your investment eggs over more baskets or asset classes. You will spread your risk if you invest in property alongside shares, bonds and cash.

One of the ways you can make property part of your investment strategy, without buying buildings or land, is to invest through a property fund.

Some property funds are structured as collective investment schemes or unit trusts that invest in real estate companies listed on the stock exchange. Others invest in properties that are managed by property development and management companies, so-called direct or unlisted property. The main difference between listed property and direct property is that a fund that holds listed property holds shares in a property company and a fund that holds direct property owns and manages the actual property or portfolio of properties.

General market volatility or investor sentiment doesn't affect the performance of direct property. Direct property has a moderate risk profile, and in the past it has earned attractive returns. The returns are also generally more stable than those of listed property and shares, as the graph below shows.

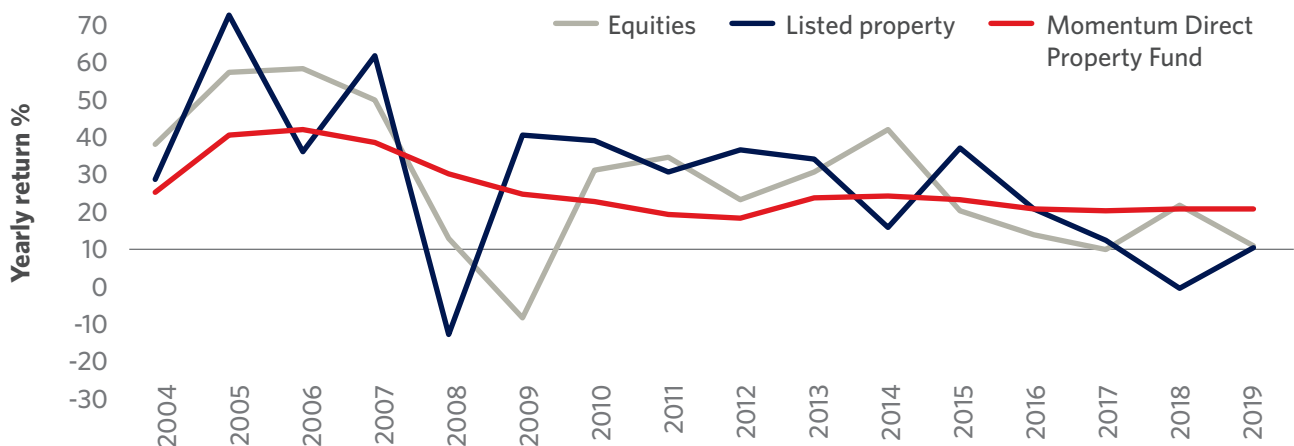
Although investments in listed property can be converted to cash more readily than investments in direct property, an investment in direct property offers more consistent returns. And it is still a rather liquid investment – you have to give three months' notice and thus get the best of both worlds.

Momentum Direct Property Fund

The Momentum Direct Property Fund gives you the opportunity to invest directly in and benefit from Momentum Metropolitan Life Limited's own portfolio of properties. It is managed by Eris Property Group (Eris), a well-recognised property company that manages properties to the value of R23,4 billion. It is a fully integrated property development and services group with a reputable track record, and Momentum Metropolitan Holdings Limited holds the majority share.

Fund objective

The objective of the fund is to provide a secure income yield and consistent, stable capital growth. Its returns have a high probability of outperforming inflation over the medium to long term.



Source: MSCI / Momentum Metropolitan



The Marc, Sandton, Johannesburg



Return target

The fund aims to deliver a return of 5% above the inflation rate (or consumer price index) before fees and tax over a five-year rolling period. A rolling period is a certain number of consecutive periods starting with the beginning of the earliest period and finishing with the end of the most recent. For instance, the five-year rolling return for June 2019 would begin on 1 July 2014 and end 30 June 2019 (a full five years).

Ideal investor

Investors who want to generate long-term inflation-beating returns from property income and capital growth, without the volatility usually associated with some other asset classes, can consider the Momentum Direct Property Fund as part of their investment strategy. Property income is made up from rental income minus the running costs of a building.

Consider this fund if you:

- want to invest in more than just shares, bonds and cash and diversify into property;
- are looking for secure income yields and the potential of stable capital growth;
- have a longer-term investment horizon;
- want an expert property management company to look after your property investment; and
- want to buy into property or sell your property investment with relative short notice.

Consider other investment options if you:

- need a capital guarantee;
- want to invest in listed property;
- have a shorter-term investment horizon;
- are not comfortable with a lock-in period; or
- want to manage your own properties.

Fund position and fund manager mandate

The fund is made up of a well-diversified portfolio of properties owned by Momentum Metropolitan Life Limited. The fund's return is expected to be reasonably certain and usually above inflation. This is because it has contractual lease agreements in place, and rental income escalates by between 6% and 8% per year.

The fund manager has the discretion to hold cash to be able to buy and redevelop properties, limited to a maximum of 10% of the value of the fund. The fund manager may also from time to time use debt, to a maximum of 30% of the value of the fund.

Portfolio of properties

There are several types of properties that are likely to be included in the Momentum Direct Property Fund:

- Office buildings
- Shopping centres
- Industrial properties
- Leisure properties such as hotels

The flagship properties include:

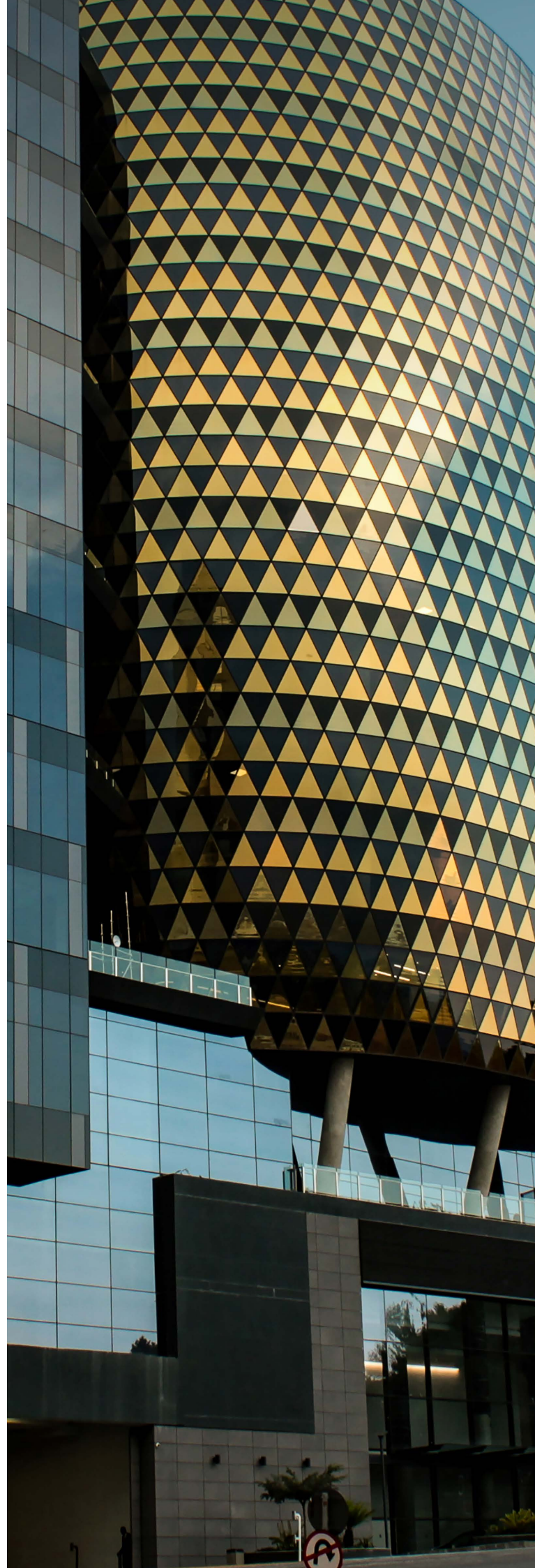
- Tyger Valley Shopping Centre in Bellville, Cape Town.
- The Marc, a mixed-use development in Sandton, Johannesburg.
- The head office of Ernest and Young in Sandton, Johannesburg.

Momentum Metropolitan Life Limited's portfolio of properties is spread across a number of provinces and business sectors in Southern Africa.

Why invest in this fund?

Investing in the Momentum Direct Property Fund has the following benefits:

- You can invest in property for a relatively small investment amount and without the difficulties of buying and owning individual properties.
- You get exposure to a portfolio of high-quality, well-maintained unlisted properties with high occupancy levels.
- Your risk is spread as the portfolio comprises of properties across retail, office and industrial sectors and across South Africa.
- You can look forward to the potential for strong and stable inflation-beating returns over the longer term.
- You have the peace of mind that the properties are managed by a reputable and experienced property and services company.



Track record

Momentum Metropolitan Life has owned the majority of the properties for a number of years. The Momentum Direct Property Fund became available to investors through the Momentum Wealth platform from 1 December 2014. The fund has achieved a return of more or less 10% per year (after fees) from this date.

[Read](#) the latest fund fact sheet for more information about the historical performance and top property holdings.

What are the risks?

Property has a moderate risk profile and tends to move in its own cycle, which is different from that of other asset classes such as shares and bonds.

The fund manager will take all the relevant risks into account in managing this fund.

How you can invest

You can invest in the Momentum Direct Property Fund through a number of Momentum Wealth local platform products.

Minimum investment amount: A lump sum of R50 000 (R15 000 for the Flexible Tax-free Option) and/or a regular debit order of R1 000 per month.

Maximum investment amount: No maximum, except for the Flexible Tax-free Option where the maximum is R33 000 a year and R500 000 in total over your lifetime.

What are the fees?

- Investment management – 0,85% per year (including VAT)
- Advice – negotiated and agreed between you and your financial adviser up to maximum according to the Momentum Wealth product you use
- Administration – Momentum Wealth platform administration fee based on how you structure your investment

Fund facts



Return target

CPI + 5% before fees and tax over a five-year rolling period



Investment horizon

Five years and longer



Sector/Asset class

Direct (unlisted) property



Fund size

R8,2 billion



Fund risk profile

Moderate to moderately aggressive



Fund manager

Sudesh Moodley, BCom (Honours), CA (SA)



Property manager

Eris Property Group



Liquidity

A three-month lock-in period applies before an investor can sell out of the fund



More advice and how to invest

Speak to your financial adviser, who will help you to invest. If you don't have one, visit [momentum.co.za](https://www.momentum.co.za).

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Momentum Investments is part of Momentum Metropolitan Life Limited, an authorised financial services and registered credit provider.

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