diversified target return fund
participate in the upside, protect on the downside
Momentum Diversified Target Return Fund ‘DTR’

The Diversified Target Return Fund is a core diversified growth proposition to meet the needs of institutional investors. The fund targets returns similar to equities but with a focus on risk management, capital preservation and bond-like volatility.

### Fund characteristics

<table>
<thead>
<tr>
<th>Investment manager:</th>
<th>Momentum Global Investment Management Limited</th>
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</thead>
<tbody>
<tr>
<td><strong>Fund name:</strong></td>
<td>Momentum MF Diversified Target Return Sub-Fund</td>
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<td><strong>Target:</strong></td>
<td>Sterling LIBOR plus 3 - 4% (net) p.a. over a full market cycle</td>
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<td><strong>Objective:</strong></td>
<td>Returns comparable to equities with less risk</td>
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<td><strong>Volatility:</strong></td>
<td>6 - 10% annualised volatility</td>
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<td><strong>Approach:</strong></td>
<td>Valuation driven investment philosophy</td>
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<td></td>
<td>Risk management and downside protection imbedded into the process</td>
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<td><strong>Sources of return:</strong></td>
<td>Dynamic asset allocation</td>
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<td></td>
<td>Implementation via ‘best of breed’ funds and strategies</td>
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<tr>
<td><strong>Differentiators:</strong></td>
<td>Depth of resources, experience and expertise</td>
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<td></td>
<td>Dynamic asset allocation across multiple asset classes</td>
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<td></td>
<td>Use of best of breed / third party specialists</td>
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<td>Use of active and passive management</td>
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<td>Strong alignment with the clients through team investment</td>
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<td><strong>Minimum investment:</strong></td>
<td>EUR125,000</td>
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<td><strong>Dealing frequency:</strong></td>
<td>Daily</td>
</tr>
<tr>
<td><strong>ISIN:</strong></td>
<td>LU0390382850</td>
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<tr>
<td><strong>Bloomberg ticker:</strong></td>
<td>RMBDTRA LX EQUITY</td>
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</table>
Does our solution work?

Performance

Risk - since launch (annualised)

Asset allocation since inception
Investment philosophy

We believe that markets are inefficient, and that these inefficiencies can create valuation extremes that offer investment opportunities. We believe that dynamic asset allocation can add value over time.

We run a disciplined valuation based framework that forms the bedrock of our asset allocation process. We believe that a valuation based approach provides the best sustainable basis for long term investment success and that an overwhelming focus on short term forecasting is unlikely to yield rewards in a consistent manner. Our investment approach is straightforward, conservative, robust and repeatable, drawing systematically on a wide range of inputs. Our view is that true risk is not best expressed in terms of volatility or value-at-risk measures, but in terms of the chances of permanent erosion of capital. The best way to avoid such an outcome is to invest in a diverse range of undervalued asset classes that will produce good returns across a range of economic scenarios.

The DTR fund is a truly unconstrained fund with no neutral strategic asset allocation or benchmark. We operate a dynamic asset allocation model using third party investment specialists (including passive vehicles where appropriate) to enable us to swiftly implement our asset allocation decisions. We focus on researching and employing underlying managers as opposed to managing individual stocks or bonds directly.

Asset allocation is the key driver of returns for the DTR fund and will account for approximately 80 - 90% of the overall return. The additional sources of return over time are expected to come through identifying and investing in specialist active managers who can outperform their respective asset class benchmarks.

Investment process

<table>
<thead>
<tr>
<th>Asset allocation</th>
<th>Strategic allocation based on long term prospective returns, combined with tactical allocation in the short term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio construction</td>
<td>Construct optimal portfolio including risk management overlay</td>
</tr>
<tr>
<td>Implementation</td>
<td>Appoint external specialists or implement passively for each asset class</td>
</tr>
<tr>
<td>Ongoing monitoring</td>
<td>Risk management / due diligence on all positions &amp; review</td>
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</table>
Asset allocation and portfolio construction

Our focus begins at the asset class selection level. We aim to determine the relative attractiveness of asset classes based on our assessment of the macroeconomic environment, valuations and investor sentiment. Our starting point is an assessment of valuation. We look at asset classes in an absolute sense relative to their own history and also relative to other asset classes.

Our beliefs are reflected in our modelling of likely returns for each asset class. We begin with today’s valuation and overlay different economic scenarios to stress test the prospective returns. Our ideal is to find asset classes that are likely to meet our long term return criteria irrespective of the path of the wider economy.

Within each asset class we go through a similar process to identify the best style or strategy within each sector. Within equities for example, we look at value versus growth, small cap versus large cap and many related measures to ensure the equity portion of the portfolio is positioned in those styles with the best prospective returns.

Similarly in credit, we will analyse the relative pricing and benefits of floating vs. fixed rate securities, regional distribution and credit rating, asset backed vs. corporate related securities vs. governments and will move our portfolio appropriately.

Finally we consider implementation and in particular the benefits of achieving the desired exposure through active or passive managers. We use active specialist managers in those strategies where our research indicates they have the ability to consistently add value or to gain exposure to very specific or hard to access opportunities to which there are no equivalent passive vehicles. Passive funds are typically used in efficient markets where we are primarily interested in gaining cost effective exposure to the market.

Implementation

We believe that no investment house is good at everything or outperform at all times. On this basis, we believe that the best way to implement asset class decision-making is to use the best funds and managers from around the world. They might cost a little more than in-house managers but restricting portfolios to in-house managers or purely passive strategies, for example, comes with a huge opportunity cost.

We have a team of research analysts who focus exclusively on manager research and identifying great managers. As with asset allocation, we have a highly disciplined framework in which we operate.
About Momentum Global Investment Management

Established in 1998  
49 employees  
£3.6bn AuM

Asset Allocation Specialists  
Manager Research Expertise  
Robust Risk Management

Outcomes Based Solutions Design  
Customer Centricity  
Ongoing Support

Source: Momentum GIM. Data as at 30 June 2015.

About the MMI Group
Momentum Global Investment Management is a wholly owned subsidiary of the MMI Group. As at 30 June 2015 MMI Holdings Ltd:

- is a leading life insurance and investment group in South Africa and Africa, employing more than 17,000 people
- manages assets of USD 45.3 billion, with more than 670 employees engaged in its investment businesses
- is well known for its product innovation, outstanding service delivery, and commitment to independent financial advice
- is listed on the Johannesburg Stock Exchange as MMI Holdings, with a market capitalisation of circa USD 3.6 billion.
Contact details
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Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

Momentum Global Investment Management (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, London EC4R 1EB.

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