

22 September 2021

Dear investor

Proposed amalgamation of Momentum Top 40 Index Fund with the Momentum Capped SWIX Index Fund

This letter is important and requires your immediate attention.

The purpose of this letter is to obtain your approval on the amalgamation of the Momentum Top 40 Index Fund with the Momentum Capped SWIX Index Fund, with both funds being established under the Momentum Collective Investments (MCI) Scheme.

Source portfolio (under the MCI Scheme)	Target portfolio (under the MCI Scheme)
Momentum Top 40 Index Fund	Momentum Capped SWIX Index Fund

This amalgamation ballot is conducted at the request of Momentum Asset Management (Pty) Ltd, ('MAM'), an authorised financial services provider, FSP No: 623, who are the licenced investment manager of the funds above.

MAM has undertaken an extensive review of portfolios that they manage in the context of the expected medium-term return environment, and we will be implementing several practical and incremental enhancements to them.

The assets of the Momentum Top 40 Index fund have not grown over the last decade. Please refer to the chart below.

Momentum Collective Investments (RF) (Pty) Ltd

268 West Avenue Centurion 0157 PO Box 7400 Centurion 0046

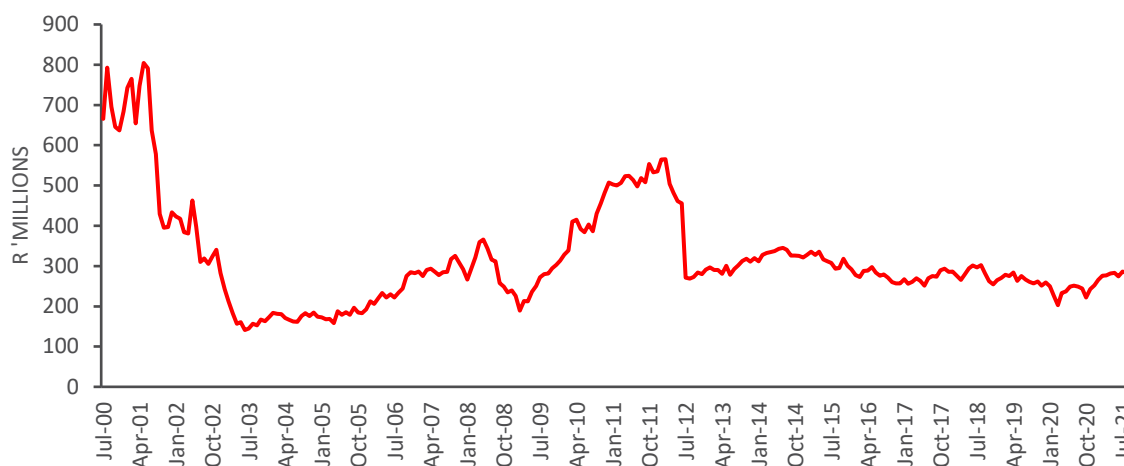
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Please refer to our website for directors and company secretary details Registration number 1987/004287/07

Momentum Collective Investments (RF) (Pty) Ltd is part of Momentum Metropolitan Life Limited, an authorised financial services and credit provider (FSP6406)

Momentum Metropolitan Holdings Limited is a full member of the Association for Savings and Investment SA

Market value of the Momentum Top 40 Index Fund



This is unsurprising as it is challenging to differentiate this portfolio from other Top 40 Tracker funds. There are seven Top 40 tracker portfolios competing in the ASISA SA Equity Large cap space, making differentiation even more of a challenge.

The Momentum Capped SWIX Index fund is fundamentally a better product from a client perspective. The Capped Swix Index has become the de facto SA equity benchmark, mainly due to:

- Fairer reflection of the holdings of local (as opposed to foreign) shareholders.
- Being capped at 10% weighting per share so that a single stock, such as Naspers, cannot cause extreme concentration risk.
- The inclusion of mid and small cap stocks which results in better diversification.
- There are only four Capped SWIX tracking peers in the ASISA General Equity space, making differentiation less of a challenge.

For the reasons above, we consider the proposed amalgamation in the best interests of your investment with us.

We want our clients to rest assured that as our investment team evolves our response to the market changes, but we continue to do what we have always done, and that is to remain anchored in our outcome-based investing philosophy and process, which has stood the test of time.

We believe our evolved thinking helps the portfolios to continue their strong legacy with tweaks that have been calibrated to changing market conditions.



This ballot letter affords you, as an investor, an opportunity to vote in favour of or against, the proposed amalgamation. If you are in any doubt about what action to take, please consult your financial adviser or, or call MCI on +27 860 111 899.

Action required

- Please complete the enclosed Ballot Form and return it to our auditors, EY South Africa (EY), in the accompanying pre-paid self-addressed envelope, or email the Ballot Form to kabelo.l.bokaba@za.ey.com, **no later than midnight on 25 November 2021**.
- If you have already disposed of your investment, no action is required.

In terms of section 99 of the Collective Investment Schemes Control Act 45 of 2002, the ballot will be valid if the majority of investors vote in favour of the amalgamation. **The absence of a response will be regarded as a vote in favour of the amalgamation.**

How the proposed amalgamation affects your investment

Section 99 (3) (a) of the Collective Investment Schemes Control Act stipulates that on the effective date, every investor “shall... hold in the new scheme or portfolio, such participatory interests with an aggregate money value that is not less than the lower of the net asset value or market value, as may be fair and reasonable in the circumstances of the participatory interests which such investor, immediately before the date on which the proposed transaction becomes effective, held in an original scheme or portfolio.”

In other words, when the portfolios are amalgamated, investors will be issued with replacement participatory interests in the new portfolios. The replacement participatory interests will be equal in market/monetary value to the participatory interests held before the amalgamation. However, the number of participatory interests held may change.

Please take note of the bold underlined sections of the portfolios, reflected in Appendix A, which indicates the differences between the source portfolios and target portfolios.

Your rights as an investor

The rights of investors are firmly entrenched in the Collective Investment Schemes Control Act and the Deed. In terms of section 99 of the Act, the Financial Sector Conduct Authority (FSCA) requires that:

- All investors invested in the affected portfolios will be advised, in writing, of the details of the proposed amalgamation of the collective investment scheme portfolio.



- All investors are given an opportunity to vote in favour of, or against the proposed amalgamation.
- An independent auditor will verify the outcome of the ballot.
- Enclosed is a ballot form. Please complete, sign and return the ballot form to our auditors in the enclosed pre-paid, self-addressed envelope to reach us by no later than midnight on 25 November 2021.
- If investors do not participate in the amalgamation ballot timeously, they will be deemed to have voted in favour of the amalgamation.
- The FSCA will not consent to the amalgamation of portfolios unless it is satisfied that the amalgamation will not be detrimental to investors.
- The amalgamation will be a capital gains tax (CGT) roll-over event, so no CGT is payable upon amalgamation.
- Should you not be comfortable with the amalgamation proposal, as far as it relates to the portfolio in which you hold participatory interests, you may switch your investments to any of Momentum Collective Investments Scheme portfolios, at no switching cost, provided that we receive your switching instructions before 25 November 2021. Should you not be comfortable with the proposal and do not wish to switch your investments to any of MCI portfolios, you may elect to redeem your participatory interests at any time and withdraw your money at the net asset value price, as defined in the Deed, subject to that it is a discretionary investment. By electing to redeem or switch your participatory interests, it will constitute a CGT event, for which you will be liable to pay CGT at your next income tax assessment.
- If you choose not to switch or withdraw your investments before 25 November 2021, the amalgamation proposal, as set out in this letter (to the extent that they are approved by investors) will automatically apply to your investment.

Effective date of amalgamation

The effective date of the proposed amalgamation will be **10 December 2021**, close of business, provided that the necessary consent is obtained from investors and the FSCA.

COVID-19 contingency

Due to the impact of the current COVID-19 crisis we have implemented a contingency plan whereby in the event that you are unable to provide us with a copy of your signed ballot letter, you may then contact us via email or call us at the number below, and we will arrange for alternative arrangements to assist you in getting your vote to the auditors before the due date.

**For more information**

Should you require further information about what action to take, please consult your financial adviser, or call Momentum Collective Investments on +27 860 111 899.

Attachments

Appendix A: Comparison between the source and target portfolios

Appendix B: Ballot Form

Yours sincerely

Kapil Joshi

Head: Momentum Collective Investments

Appendix A: Comparison between portfolios - Momentum Top 40 Index Fund and the Momentum Capped SWIX Index Fund (Differences highlighted in Bold)

Momentum Top 40 Index Fund	Momentum Capped SWIX Index Fund
<p>Investment policy</p> <p>The Momentum Top 40 Index Fund is a specialist capital growth portfolio and the investment policy followed by the Manager will be to focus on achieving a total compound annual return which will substantially equate to the total compound annual return of the FTSE/JSE Top 40 Index as adjusted to take into account transaction and other costs, and to comply with the statutory requirements to invest in assets in liquid form. In order to achieve this investment objective, the securities to be acquired for the Momentum Top 40 Index Fund portfolio will substantially consist of a selection of financially sound ordinary shares, to be acquired at fair market prices, as included in the FTSE/JSE Top 40 Index at proportions so determined as to best replicate the performance of the FTSE/JSE Top 40 Index and will include a minimum of assets in liquid form investments as required by the Act from time to time. The manager may from time to time invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes as the Act may allow from time to time, and which are consistent with the portfolio's investment policy. Where the aforementioned schemes are operated in territories other than South Africa participation in portfolios of these schemes will be included in the portfolio only where the regulatory environment is of sufficient standard to provide investor protection at least equal to that in South Africa.</p>	<p>Investment policy</p> <p>The Momentum Capped SWIX Index Fund is a specialist equity portfolio that will aim to achieve returns as close as possible to that of the FTSE/JSE Capped SWIX All Share Index (J433T), by tracking the index. The portfolio will include securities comprising the FTSE/JSE Capped SWIX All Share Index (J433T), in proportions to best replicate the performance of the index, and assets in liquid form. The portfolio may also invest in participatory interest or any other forms of participation in portfolios of collective investments or other similar schemes as the Act may allow from time to time and are consistent with the portfolio's investment objective. The portfolio will have no foreign exposure. The portfolio may from time to time invest in listed and unlisted financial instruments, in accordance with the provisions of the Act and applicable legislation as amended from time to time, in order to achieve the portfolio's investment objective. Nothing shall preclude the Manager from varying the ratios of securities or assets in liquid form in changing economic environment or market conditions, or to meet the requirements in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and Supplemental Deed. The Trustee shall ensure that the investment policy is carried out. For the purposes of this portfolio, the manager shall reserve the right to close the portfolio to new investors. This will be done in order to manage the portfolio in accordance with its mandate.</p>
<p>Portfolio Benchmark FTSE/JSE Top 40 Index (J200T)</p>	<p>Portfolio Benchmark FTSE/JSE Capped SWIX All Share Index (J433T)</p>
<p>Service charges Class A 0.50% Class B1 1.85% Class B2 1.25%</p>	<p>Service charges Class A 0.40% Class C 0.25% Class A1 0.10%</p>



Class B3 0.25%	Class C 0.25%
Class B5 0.00%	Class A2 0.00%
Class E 0.10%	Class A1 0.10%
Distribution declaration dates Unchanged	Distribution declaration dates Unchanged
ASISA Category South African - Equity - Large Cap	ASISA Category South African - Equity - General
Key differences explained: The target portfolio, being the Momentum Capped SWIX Index Fund is a portfolio that is managed with the objective of replicating the FTSE/JSE Capped SWIX All Share Index (J433T) whilst the source portfolio, being the Momentum Top 40 Index Fund is managed with the objective of replicating the FTSE/JSE Top 40 Index (J200T). All investors will experience a fee decrease other than investors that are currently invested in classes B3, B5 and E of the source portfolio, which fees will remain the same. All fees are exclusive of VAT.	



Appendix B: Ballot Form

I, the undersigned,

(please print full names)

Account number

and date of birth/registration number

Administrative financial services provider (LISP) name:

- do hereby vote to accept/reject the proposed amalgamation of the Momentum Top 40 Index Fund with the Momentum Capped SWIX Index Fund, with both portfolios currently established under the Momentum Collective Investments Scheme, in terms of section 99 of the Collective Investment Schemes Control Act 45 of 2002, as set out in the Ballot Letter from Momentum Collective Investments.

Please tick the appropriate box (only for portfolios which you hold participatory interests in):

Momentum Top 40 Index Fund with the Momentum Capped SWIX Index Fund	ACCEPT <input type="checkbox"/>	REJECT <input type="checkbox"/>
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IMPORTANT: In terms of section 99 of the Collective Investment Schemes Control Act 45 of 2002, if investors do not participate in the ballot timeously, they will be deemed to have voted in favour of the amalgamation.

SIGNED AT _____ on this _____ day of _____ 2021.

(please sign in full)

If you are signing in a representative capacity, please insert your own name and the name of the person/trust/deceased estate/company/close corporation on whose behalf you are signing.

Please complete the enclosed Ballot Form and return it to our auditors, EY South Africa (EY), in the accompanying pre-paid self-addressed envelope, or email the Ballot Form to kabelo.l.bokaba@za.ey.com, on or before midnight on 25 November 2021.