

momentum
investments



Momentum Wealth International **International Endowment Option**

Technical guide

This brochure should be read in conjunction with the applicable Terms and Conditions.

What is the Momentum International Endowment Option (IEO)?

The IEO is an insurance product that offers South African investors with a tax efficient way to invest internationally for a minimum period of five years. In addition to the wide range of international funds and share portfolios available for investment, the IEO also allows for flexibility in estate planning.

Who should invest?

The IEO is designed for South African investors with a long-term investment horizon who require a tax-efficient investment vehicle. It is available to natural persons, companies, trusts and other corporations. The investment is available to investors who want to make use of their South African offshore investment allowance (individuals) or invest money that is already legitimately held offshore.

Why should you invest?

- The IEO provides South African investors with a tax-efficient insurance product to invest their money in.
- As a result of the Five Funds taxation, proceeds taken from the investment are not subject to Income or Capital Gains Tax in the hands of South African taxpayers. This removes the burden of the investor making direct tax payments to the South African Receiver of Revenue (SARS).

- A wide range of investment choice:
 - Over 1 400 international funds to choose from including Exchange Traded Funds,
 - International Personal Share Portfolios (IPSP).
- Access to numerous currency funds in one Contract
- Consolidated valuation reporting via our secure website or through your appointed financial adviser.

How does it work?

There are two options to choose from:

Capital Redemption Bond

The Capital Redemption Bond (or sinking fund policy) has a 99-year maximum term. There are no lives assured on this Contract. It suits all types of investors, however, it is designed specifically for corporate structures and corporate trustees. Multiple contract owners are allowed.

Life Insurance Bond

The Life Insurance Bond is written on either a single life or an unlimited number of insured lives. The Life Insurance Bond has an indefinite term and the death benefit is paid out on the death of the last insured life.

Answers to questions you may have about this investment

Minimum investment and further contributions

The minimum investment amount is USD18 000 (or currency equivalent). Investors can add to their investment at any time. The minimum additional investment contribution is USD7 500 (or currency equivalent). If according to the Company's interpretation, an additional investment breaches any South African or Guernsey regulations on permissible premium increases, the Company shall be entitled in its sole discretion to apply any part of the said premium towards a new Contract.

Can I nominate beneficiaries?

Capital Redemption Bond

No insured life or beneficiaries of income or death proceeds may be appointed under the Capital Redemption Bond.

Proceeds are only payable to Contract Owners. The Contract will remain in force until either the end of the 99 year term or the contract is fully redeemed.

Life Insurance Bond

On the Life Insurance Bond, investors may nominate an unlimited number of beneficiaries. Upon the death of the last life insured on a contract, the investment value of the Contract passes directly to the nominated beneficiaries if the Joint and Survivorship option is not selected. By doing so, it bypasses the Contract Owner's estate and does not incur Executor's fees. If beneficiaries are not nominated on the Life Insurance Bond, on the death of the last life insured the investment value of the Contract is paid to the surviving Contract Owner(s) or his/her estate.

What is 'Joint and Survivorship'?

A "Joint and Survivorship" option is available between spouses. If this option is selected, the deceased person's Contract interest will pass directly to the surviving spouse and will bypass the deceased Contract Owner's estate.

Fund and investment choice

The IEO is administered by Momentum Wealth International, which gives investors access to a wide range of international funds as well as share portfolios. Included in this range of funds is access to over 1 400 of the world's leading funds and fund managers; multi-currency funds including US Dollar, Sterling, Euro, Yen, HK Dollar, Australian Dollar and Swiss Franc-denominated funds.

Consolidated valuation reporting arrangements are available in various currencies namely US Dollar, Sterling,

Euro, Yen, HK Dollar, Australian Dollar, Swiss Franc and South African Rand. All valuation statements are available online from our website momentum.co.gg.

License and regulatory environment

The IEO is offered and underwritten by Momentum Metropolitan Life Limited ("the Company") through its Branch Office in Guernsey. In addition to complying with the Insurance Business (Bailiwick of Guernsey) Law 2002, the IEO also complies with the requirements of the South African Long-term Insurance Act of 1998.

Taxation

As an insurance product, the IEO is subject to tax in South Africa. The Company pays tax on behalf of investors according to the Five Funds Tax Approach as required by the Income Tax Act of 1962. Investment returns within an endowment are taxed at a fixed income tax rate of 30% for individual policyholders and 28% for corporate policyholders. The effective tax rate for capital gains is 12% for individual policyholders and 22.4% for corporate policyholders.

Withdrawals

The IEO is subject to an initial Retention Period of 5 years during which time the amount of withdrawals will be subject to the limitations imposed by applicable laws or regulations pertaining to Guernsey and South Africa. Withdrawals approved during the Retention Period will be subject to any applicable early encashment penalties.

Assignment

Investors may assign their investment as collateral security in South Africa. Once assigned, any future transactions on the investment will require the approval of the assignment holder.

The Importance of Financial Advice

Financial Advisers combine their expertise of tax regimes with research and up to date knowledge of the investment landscape, when devising a financial strategy that is uniquely appropriate to their client's circumstances and financial planning needs. The Company recognises the importance of using a financial adviser and therefore makes the use of one a prerequisite for investing in this product. The investment decisions made on a policy will have a direct affect on portfolio returns. For this reason, we believe that financial advisers are best placed to help investors make these critical decisions.

Please feel free to contact us:

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Past performance is not necessarily indicative of future performance. An investor whose reference currency differs from that in which the fund is denominated may be subject to exchange rate movements, which may cause fluctuations in the value of their investments. In addition, investments involving exposure to a currency other than that in which the fund is denominated may also cause values to fluctuate.

Momentum Metropolitan Life Limited, Guernsey Branch

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Momentum Metropolitan Life Limited, Guernsey Branch is licensed by the Guernsey Financial Services Commission under the Insurance Business (Bailiwick of Guernsey) Law 2002 to carry on long term insurance business

Momentum Metropolitan Life Limited Registered Number 1904/002186/06 (South Africa)

Momentum Metropolitan Life Limited, Guernsey Branch is part of Momentum Metropolitan Holdings Limited

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