momentum

smooth growth fund

3rd Quarter 2013

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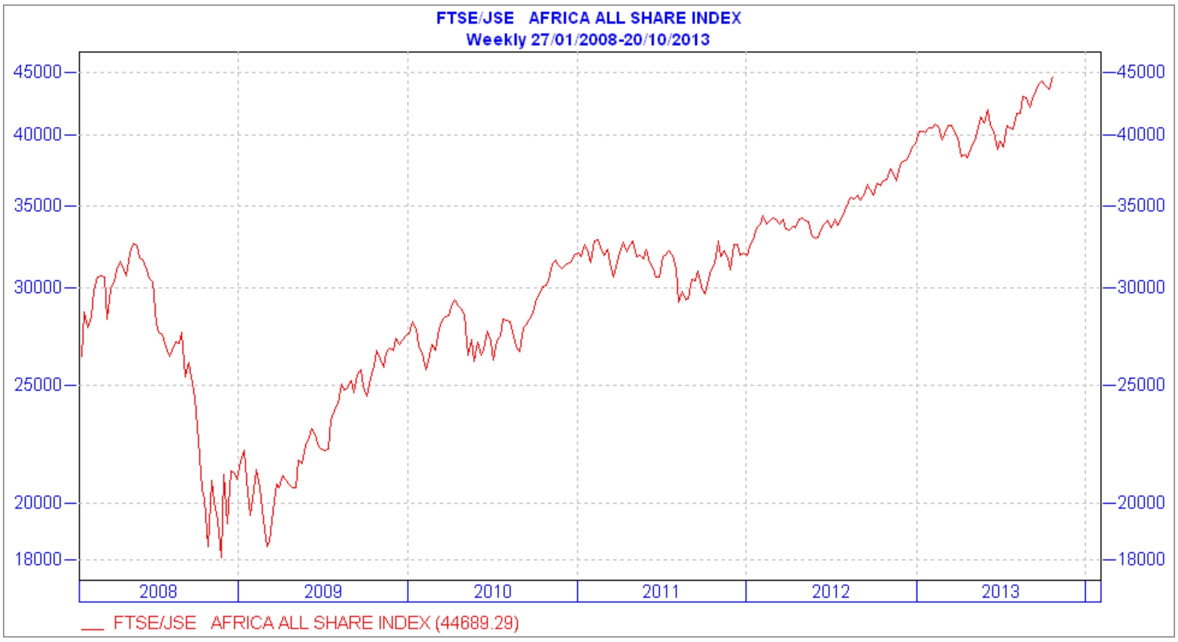
Table of contents

	Page No.
1. Introduction	**2**
2. Performance	**3**
2.1 Bonuses to 30 September 2013	
2.2 Bonus outlook	
3. Asset Allocation	**5**
4. Review of Investment Markets	**6**
5. Contact details	**7**

1. Introduction

With the exception of property, all asset classes delivered positive returns over the quarter. The All Share, All Bond, Listed Property and MSCI World indices returned 12.5%, 1.9%, -1.3% and 8.3% (in US dollars) respectively. Resources outperformed industrials and financials with a quarterly return of 19.7% versus 11.3% and 6.9% respectively. The STeFI Composite returned 1.3% over the quarter and 5.2% in the year to 30 September. For the one year ending 30 September the All Share, All Bond, Listed Property and MSCI World delivered returns of 27.0%, 3.1%, 10.3% and 20.9% (in US dollars) respectively. In Rands, the MSCI World Index returned 9.8% over the quarter and 47.5% over the year. The Rand moderated its depreciation against the US Dollar to 1.4% over the quarter compared to 22.0% over the year to 30 September. Headline inflation increased from 5.5% at the end of September to 6.4% in August before pulling back to 6.0% at the end of September.



Source: Inet

For a detailed commentary on the financial markets we have included an investment market review by Momentum Asset Management in section 4 of this document.

2. Performance

2.1 Bonuses to 30 September 2013

Short Term Performance

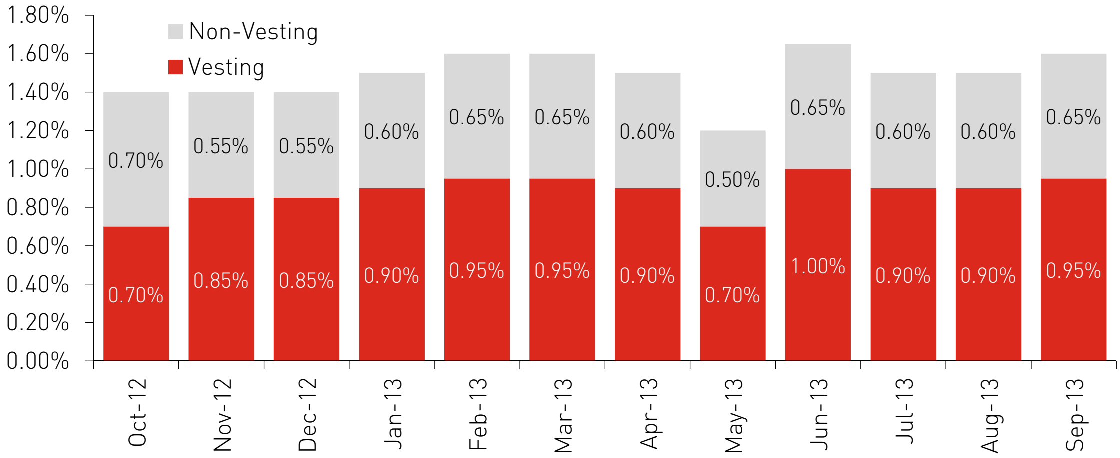
The bonuses on the Smooth Growth Fund Global varied between 1.50% and 1.60% over the quarter. The bonuses declared are comfortably ahead of the objective of inflation + 4% p.a.

The table below shows the total bonuses net of capital charges for the past year on the Smooth Growth Fund Global.

Portfolio	Vesting Bonus	Non-vesting Bonus	Total Bonus
Smooth Growth Fund Global	11.07%	8.31%	19.38%

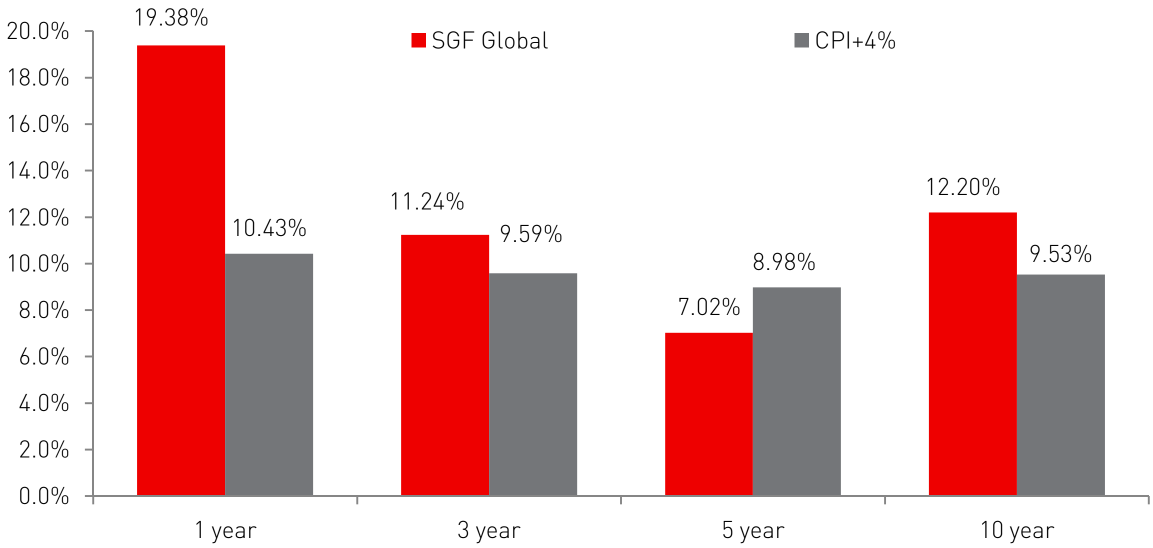
The charts below show the monthly bonuses for the past 12 months for SGF Global.

Smooth Growth Fund Global



Long Term Performance

The objective of the Smooth Growth Fund (SGF) portfolios is to deliver bonuses of inflation + 4% p.a. over the long term (defined as five years and longer). The chart below shows the total bonuses net of capital charges declared in respect of the SGF Global over the one-, three-, five- and ten-year periods to 30 Sep 2013 compared to inflation + 4% p.a. The returns of SGF Global exceeded this objective over all time periods except for the five-year comparison. The five-year returns of the SGF portfolios are still being negatively affected by the negative returns experienced by some of the underlying assets of the portfolio over 2008 and the early part of 2009, but the gap compared to inflation + 4% p.a. is beginning to close.



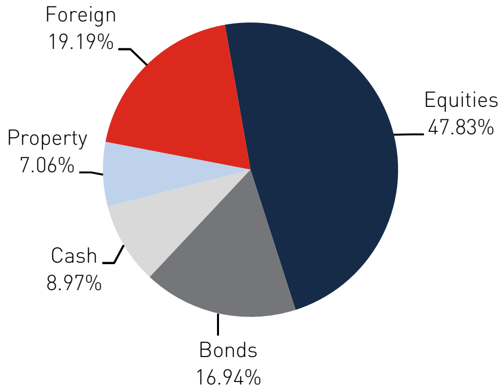
2.2 Bonus Outlook

The funding levels of both the Smooth Growth Fund Global remained high over the last quarter due to positive returns on the underlying assets over the quarter. For SGF Global the funding level is well above 100% as at 30 September. The high funding levels enabled us to maintain the bonuses at levels well above inflation + 4% p.a. over the quarter. Given the current funding level, the SGF Global portfolio is well positioned to deliver bonuses in excess of underlying asset returns over the medium term.

3. Asset allocation

The asset allocation of the Smooth Growth Fund Global as at 30 September 2013.

SGF Global



The table below contains the top 10 equity holdings as at 30 September 2013 for Smooth Growth Fund Global.

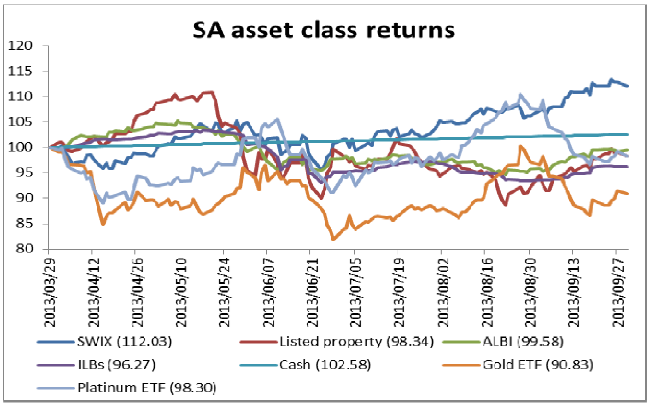
Top 10 Equity Holdings	**% of Equity Portfolio**
	SGF Global
Standard Bank Group	6.42%
Naspers N-ord. Ltd	6.26%
Billiton Plc	6.11%
Sasol Ltd	5.80%
British American Tobacco Plc	5.51%
SABMiller Plc	5.26%
MTN Group Limited	5.17%
Firstrand	4.99%
Steinhoff	3.86%
Anglo American PLC(Anglo)	3.70%
Sub-Total	**53.07%**
Balance of Equities	**46.93%**
Total	**100.00%**

4. Review of investment markets

by Momentum Asset Management

Markets have grown wary of forward guidance given the recent communication failure by the Fed in signalling its intentions to delay the tapering of asset purchases. Though the Fed's decision to delay curbing asset purchases surprised the market, they supported their decision by voicing concerns around progress on negotiations to pass a continuation budget or raise the debt ceiling, the recent tightening of financial conditions, as well as requiring further confirmation around the sustainability of the US recovery given recent mixed signals on high-frequency data releases.

This changing outlook for US monetary policy has been the dominant driving force for global asset class performance in recent months, especially for the quarter ended 30 September 2013. Developed equity markets returned a positive 8.3%, whilst emerging equity markets returned 5.9% (both in US$ terms). Precious metals, whilst also delivering positive returns for the quarter, did see a material sell-off in the last month of the quarter, largely on the back of the Fed's delayed stance regarding tapering of asset purchases. Gold returned 4.8% for quarter, but sold off 9.5% in September. Similarly, platinum was positive for the quarter: 6.8% versus a 7.14% sell-off in the last month. Brent crude also offered a 4.6% positive return for the quarter versus an 8.5% sell off-in September 2013.



The global balanced portfolio remains underweight equity, with a preference for developed equity over emerging markets (including South Africa). We still prefer cash over fixed-income bonds.

5. Contact details

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