momentum

Securities

High Dividend Portfolio - Quarterly

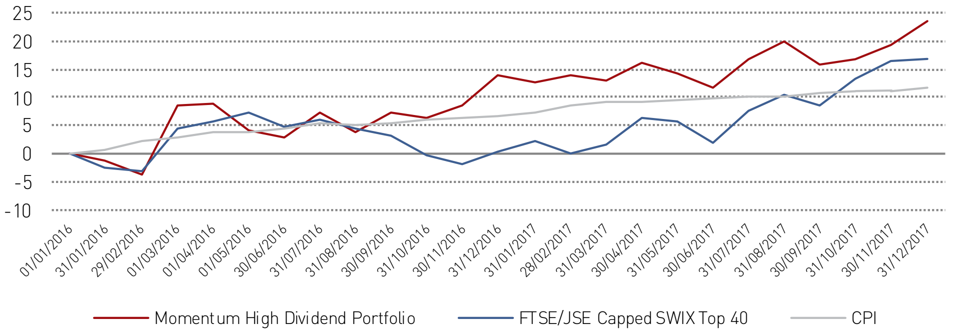
Investment Objective

This is an income focused portfolio, investing in local, high value shares, paying higher and sustainable dividends. This portfolio is generally less volatile, and can provide some downside protection if markets start falling. It aims to provide the investor with an attractive tax-free dividend yield over the long-term, whilst striking a balance between capital growth and return on investment. Performance is measured against the FTSE/JSE Africa Dividend Plus Index.

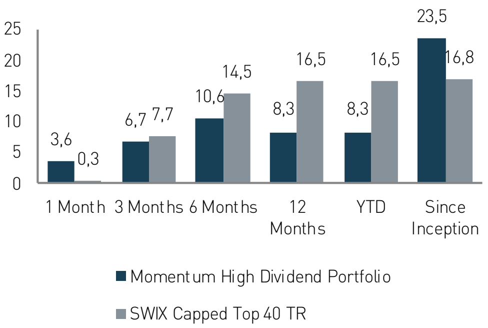
Investment Profile

- Retired individuals or individuals close to retirement.
- Individuals requiring a certain level of investment return from their discretionary investment.
- Value-based investors who have a moderate to high risk tolerance, and understand that investment cycles cause asset prices to fluctuate.
- Main objective: To strike a balance between capital growth and return on investments.

Cumulative Performance



Annualised Performance



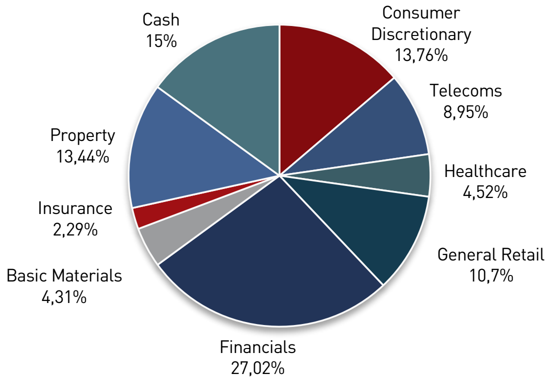
Annualised Performance

	Portfolio	Benchmark
1 Month	3,6%	0,3%
3 Months	6,7%	7,7%
6 Months	10,6%	14,5%
12 Months	8,3%	16,5%
YTD	8,3%	16,5%
Since Inception	23,5%	16,8%

Top 5 Holdings

British American Tobacco (BTI)	9,47%
Vodacom (VOD)	8,95%
Standard Bank (SBK)	6,92%
Growthpoint (GRT)	6,39%
Foschini (TFG)	6,33%
TOTAL	**38,06%**

Sector Allocation



December 2017

Risk profile

HIGH

Investment information

Inception date
1 January 2016

Investment manager
Momentum Securities

Stockbroker/custodian
Momentum Securities

Management fee
Max 1.25% (annual)

Minimum lump sum
R 250 000

Redemption periods
3 business days

Benchmark
Capped SWIX Top 40 TR Index
Target CPI Plus 4%

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Economic overview

Over the next year the global economy is forecast to continue to expand, with global economic growth being underpinned by earlier quantitative easing, the recent US tax stimulus and steady growth in the Eurozone area. In the short-term these factors have supported investor sentiment and global equity markets.

A tighter US labour market will see inflation rise in the US and will result in the US Fed raising interest rates more aggressively this year. Economic growth in China is slowing and is likely to have an impact on the demand for commodities and commodity prices. In the second half of the year, rising US interest rates and weaker commodity prices are likely to put a cap on Emerging Market (EM) economic growth.

In South Africa (SA), the extent of the anticipated growth recovery in 2018 and the outlook for sovereign ratings will depend on whether the newly elected leadership will adopt and enact policies to enhance the country's creditworthiness or if an economic stalemate will be reached between the two political camps vying for power within the divided ruling party. Should the former prevail, there could be a significantly positive effect on the locally driven part of the SA equity market. Such a positive political outcome would also be beneficial to the SA bond market, particularly if the global hunt for more attractive returns continues to support EM debt.

Market Overview

The combination of a synchronised global recovery, the approval of a tax stimulus package for the United States (US) economy and the continuation of the gradual normalisation of US monetary policy supported strong outperformance of global equities over global bonds in the quarter. Within global equities, emerging market (EM) equity returns outpaced those of developed markets (DM), due to their higher beta to synchronised global growth, a slightly weaker US dollar and somewhat higher commodity prices.

Over the 12 months, ended 31 December 2017, we saw the following performance in the SA financial markets: the rand was 9.80% stronger than the US dollar, the All Share index's total return was 20.95%, the All Bond index returned 10.22% and cash returned 7.52%.

Over the last year, the best performing major equity sector was the Industrial sector up 25.57% (driven largely by Naspers); the Resource sector was up 16.79% and the Financial sector was up 24.41% (mainly driven by a strong rebound over the 4th quarter related to a positive outcome at the ANC elective conference). The SA listed property sector was up 17.17% for the year.

Portfolio Activity

During the fourth quarter we introduced Investec. We reduced our Foschini, Barclays and FirstRand exposure while removing Afrox from our portfolio.

The portfolio increased 6.7% for the quarter and was up 3.6% for the month due to the strengthening Rand which enhanced the Rand sensitive stock returns (banks and retailers). For the year the portfolio was up 8.3% which saw the since inception performance increase to 23.5% well ahead of our benchmark at 16.8%.