

as at 31 December 2016

Ampersand Momentum Flexible Property Income Fund

Assets managed by: Ampersand Asset Management

Managers corner



Meet your managers



Tom Barlow
BCom (Economics), CFA

Chief Investment Officer

Tom is the founder and CEO of Ampersand. He is responsible for the portfolio management and key in the decision-making on all portfolios under the management of Ampersand. Tom has more than 20 years' experience in Financial Services, having worked for numerous Investment Management businesses over this time, including Fergusson Bros, BoE Private Bank, Investec Asset Management and GlenrandMIB. Tom has managed and advised on investments on behalf of Retirement Funds, Private Equity Funds, Corporates, Family Offices and Private Individuals.

Managed portfolio since 01 Nov 2013



Managers view

Economic overview

2016 turned out to be the year of surprises and the final quarter of the year provided the greatest fireworks with the surprise election of Donald Trump during the US Elections in November 2016.

Most polls and pundits predicted a comfortable victory for Hillary Clinton on the back of the unconventional campaign run by Mr Trump and the view that his inexperience would make it very unlikely that he could win. These polls and professionals could not have got it more wrong as Mr Trump managed to win the Electoral College and will now be the 45th US President.

The initial reaction from markets was in line with expectations – it fell tremendously as the uncertainty surrounding Mr Trump is significant. Surprisingly, the markets recovered within a couple of hours and have powered ahead since the election date.

Mr Trump has made many outlandish statements and promises which he will unlikely be able to implement. The fact, however, that the US Presidency, House of Representatives and Senate is now controlled by the same party, could be the major driver and it could continue to provide an underpin to global equity markets.

Mr Trump has made a commitment to increase fiscal spending starting with infrastructure while cutting taxes on both corporates and individuals which would provide support to economic growth in the short run. This could, however, result in short term inflationary pressures and compound longer term debt imbalances as a result of the mismatch between government revenue (i.e. taxes) and spending.

The next 12 months are going to be extremely interesting as many other countries in Europe will face similar political pressure points and the outcome of these elections will undoubtedly impact all asset prices and investors.

Market overview

Global equity markets experienced significant volatility over the quarter but ended marginally higher driven by a recovery in developed market assets, specifically in the US. The moves within the different sectors were extreme and very divergent.

Global currency and fixed income markets experienced violent swings as markets tried to price in the impact of a Trump Presidency and some of his more implementable policies (relating to tax and spending). This resulted in a massive uptick in global bond yields which impacted all yield-sensitive assets. This also negatively impacted many of the negative or lower yielding developed market and most emerging market currencies, with the South African Rand being a notable and surprising exception.

Global markets continue to interpret available information but are struggling to come to rational and consistent conclusions. This will add to uncertainty and drive volatility over the next 6 to 12 months.

Fortunately, the expectation of stronger economic growth out of the US and prominent emerging markets coupled with a more stable, albeit stagnant, European Union, has revived spirits as well as investor and consumer confidence.

This has provided short term support to risk and growth assets and this trend should continue into the first half of 2017 but the situation is precariously positioned and the knife's edge can cut both ways.

Portfolio overview

The Ampersand Momentum Flexible Property Income Fund gained 1.94% for the quarter against the benchmark (33% cash, 67% SA Listed Property) performance of 1.52%. Local listed property experienced volatility but ended the quarter marginally stronger on the back of a stronger local currency generating 0.3% and 1.3% respectively over this period.



Portfolio positioning

Over the past 18 to 24 months we continued to increase the effective diversification while reducing the overall risk within all our portfolios as we were not completely comfortable with the dominant narrative in the broader market.

During certain market cycles these strategies added significant value and resulted in significant outperformance and protection. Unfortunately, over the past 12 months this has not been the case as our strategy to diversify the portfolios away from local Rand based assets detracted significantly from performance due to the continued Rand strength. The Rand has continued to strengthen in spite of the prolonged deterioration of local fundamentals relating to our government fiscal spending patterns and our country's trade dynamics.

We remain concerned with market valuations and risk, however structurally we need to retain growth assets in the portfolio to ensure we achieve our longer term objectives. Asset allocation and diversification therefore remains key to ensuring downside risk management while continuing to achieve our inflation-based returns. We continue to focus our attention on consistently applying our philosophy and process to ensure we meet our investment objectives over the long term (a time horizon of at least 3 years, and longer for the more risk-orientated portfolios). We need to urge investors to remain patient and committed to their chosen investment strategy as negative surprises are possible.

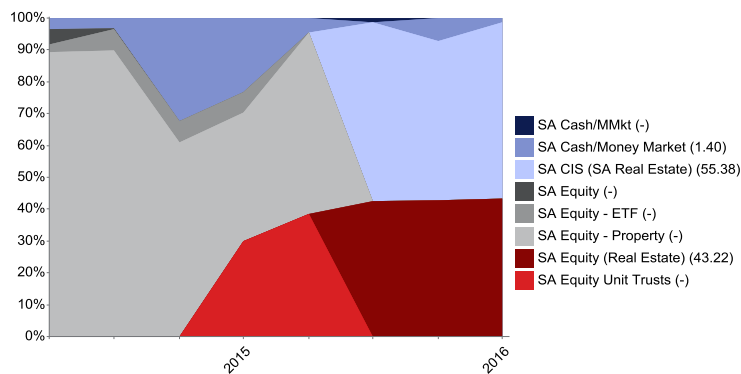
Unfortunately, we will and have experienced periods in time when our investment philosophy is tested and in these times not only does it test our resolve as the investment managers, it also tests the resolve of our investors. These times are never easy, but history has shown that the reward for doing this is material.

Facts and figures



Holdings

Asset allocation (%)



Q4 2016 - Top holdings (%)

Nedgroup Inv Property A1	19.35
Sesfikile BCI Property B	18.35
ABSA Property Equity D	17.68
New Europe Property Inv plc	4.32
Growthpoint Properties Ltd	3.21
Arrowhead Properties Ltd A	2.88
Accelerate Property Fund Ltd	2.87
Redefine Properties Ltd	2.72
Equites Property Fund Ltd	2.69
Fairvest Property Hldgs Ltd	2.69

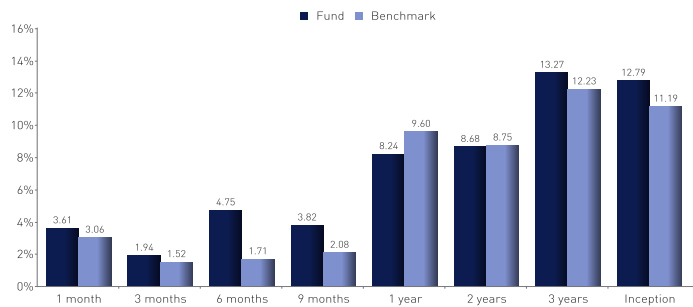
Q3 2016 - Top holdings (%)

Sesfikile BCI Property B	19.22
Nedgroup Inv Property A1	19.21
STANLIB Property Income B6	11.55
New Europe Property Inv plc	4.14
Growthpoint Properties Ltd	3.20
Arrowhead Properties Ltd A	2.98
Redefine Properties Ltd	2.96
Fairvest Property Hldgs Ltd	2.85
Accelerate Property Fund Ltd	2.53
Delta Property Fund Ltd	2.52



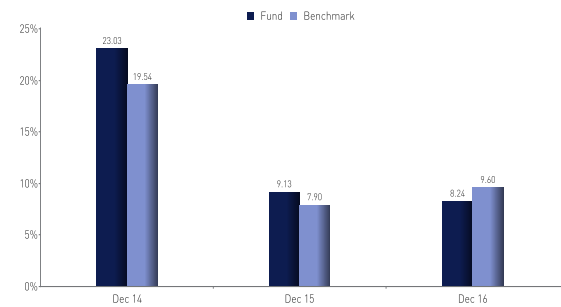
Performance

Returns (%)



Cumulative for all periods less than 1 year, annualised for all longer periods.

One year returns (%)



Cumulative returns ending 31 December each year.

Fund: Ampersand Momentum Flexible Property Income Fund Class A (Inception 1 November 2013)

Benchmark: Composite (67% FTSE/JSE J253T, 33% STeFI Composite)

Performance: All portfolio performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. All portfolio performance figures quoted (tables and charts where present) are as at 31/12/2016, based on a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns. All figures quoted in ZAR. Source: Morningstar and/or Momentum.



Information

Ampersand Momentum Flexible Property Income Fund

R 573.17 million

Class	Status	Direct Retail	Cost Ratios				Price, Participatory Interests and AUM			MDD
			TER (%)	TC (%)	TIC (%)	From	NAV Price (cpu)	Units in issue	Size (Rands)	
A	Open	Yes	2.00	0.05	2.04	1 Jan 2015	129.00	630,506	813,692	
B	Open	No	1.09	0.04	1.13	1 Jan 2015	129.30	442,475,592	572,351,329	

Class, Status, Direct Retail - A portfolio may have multiple classes, each of which may be open or closed to new investment, not all classes of a portfolio are available for direct retail investment as the different classes may be designed for/accessible to different investor types.

Cost Ratios – The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TERs are shown as an annual percentage based on data for the period from the date shown to 30 September 2016. The Transaction Costs Ratio (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction costs are a necessary cost in administering the Financial Product and impact Financial Product returns. The TC should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from the date shown to 30 September 2016. The Total Investment Charges (TIC) is the sum of the TER of the relevant class and the TC of the Financial Product and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

Price, Participatory Interests and AUM - Data as at 31 December 2016

MDD – CIS regulations require a minimum disclosure document (MDD) to be compiled for all CIS portfolios, which must be viewed by an investor at point of sale. A link to the MDD that corresponds to the date of this QIR has been provided in the table above (for the relevant class of the portfolio) and we recommend that you review the MDD for further details on this portfolio.

Important information



Disclosures

Portfolio

Momentum Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.

Ampersand Momentum Flexible Property Income Fund is a portfolio of the Momentum Collective Investments Scheme and Ampersand Asset Management (Pty) Ltd, registration number: 2007/006571/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 33676, is the investment manager of this portfolio.

Ampersand Momentum Flexible Property Income Fund is a co-named portfolio, operating under an agreement entered into between the Manager and Ampersand Asset Management (Pty) Ltd, registration number: 2007/006571/07, an authorised FSP under FAIS, FSP number: 33676. A co-named portfolio is a third party named portfolio bearing the name of both the Manager and the FSP, where the FSP undertakes financial services of a discretionary nature, as contemplated in FAIS, in relation to the assets of the portfolio. The Manager retains full legal responsibility for all third party named portfolios under the Momentum Collective Investments Scheme. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No. 37 of 2002). Please note that there may be representatives of the FSP acting under supervision. Your financial adviser may be a related party to the FSP and/or the Manager of this portfolio. It is your financial adviser's responsibility to disclose details of any conflicts of interests that may apply, as well as all fees that they receive, in relation to an investment in this portfolio.

The fund is a pure equity fund with a growth objective, suitable for long term investors with a high risk tolerance seeking correlation with local listed property. It is permitted to invest in foreign securities which, within portfolios, may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

Collective Investment Schemes (CIS)

CIS are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 15h00, latest prices can be viewed at www.momentuminv.co.za and in some national newspapers. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at www.momentuminv.co.za or on request from the Manager.

Although all reasonable steps have been taken to ensure the validity and accuracy of the information in this document at time of publication, the Manager does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.



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Custodian/Trustee

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Registration no.: 1962/000738/06

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