momentum

investments



What great thing would you attempt
if you knew you could not fail?

Robert Schuller

alternative investments

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who we are

FirstRand Alternative Investment (Pty) Ltd (FRAIM) was established in February 2007 as a dedicated specialist alternative fund-of-fund business. Following the merger of Momentum and Metropolitan to form MMI Holdings in December 2010, and FirstRand's unbundling of its shareholding in Momentum, FRAIM became Momentum Alternative Investments (MAI). The business is a wholly-owned subsidiary of Momentum Investments, which in turn is a wholly-owned subsidiary of MMI Holdings which includes all the investment-related businesses of MMI.

Momentum Alternative Investments is a leading specialist alternative asset manager that focuses on South African, as well as global, alternative assets. We use our competitive proprietary technology and investment process to deliver enhanced returns and capital preservation over the long term. We apply our international resources as part of our formula to build value. Our clients' interests are core to our investment philosophy, and we are able to tailor our investment strategies to a client's specific needs.

In July 2011 MAI introduced a more diversified alternative offering to our client base consisting of three separate and independent product houses:

- Fund of Hedge Funds (FoHFs)
- Liability-driven Investing (LDI)
- Unlisted investments (includes Fund of Private Equity and Socially Responsible Investing)

business structure



business concept

Through the solutions offered by our business we aim to provide unconventional, or non-mainstream, methods of delivering on a pre-specified set of return expectations, to select distribution and institutional partners.

We invest in strategies that are benchmark agnostic, allowing for unconstrained application of investment skill (no benchmark bias or focus on tracking error).

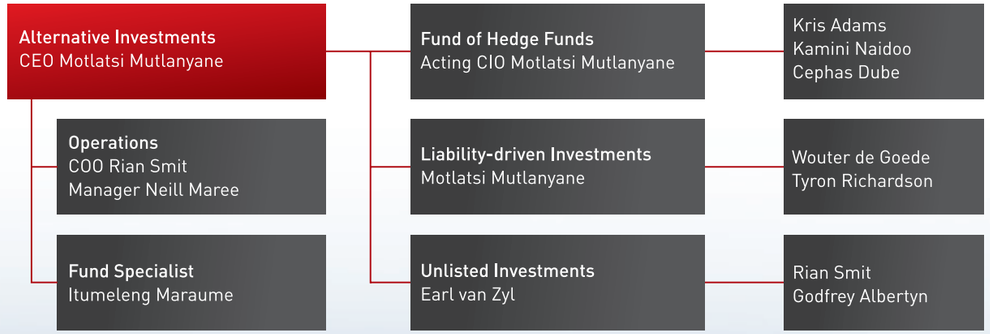
In so doing, we are able to prospectively offer superior risk-adjusted returns over the medium to longer term, as a building block into multi-asset class portfolios.

We employ a team of professionals across the various business units within Momentum Alternative Investments and all non-core activities are outsourced.

product suite



team



- We employ a team of professionals across the various business units within MAI, including actuaries, CFAs, CAIAs, and chartered accountants.
- We avoid reliance on key individuals.
- Our investment process is driven by a team approach.
- We operate in a collegiate manner, with a flat management structure, leading to collective responsibility for decision-making and firm commitment to the company's direction.

investment philosophy

Our investment philosophy is that of capital preservation first and capital appreciation second. We believe that by effectively managing the downside our investors will benefit greatly over time.

Empirical research, along with quantitative and qualitative analysis underpins the investment process:

- We are team-based investors in that we leverage the diverse insights and experience of our team utilising our implied values: diversity, openness, communication, teamwork, respect and trust.
- We are process-driven investors. We believe that disciplined process yields excellent results over time.
- We are long-term investors.
- Robust risk management is pivotal to our investment philosophy. We see ourselves as risk managers first and portfolio managers second.

why invest with momentum alternative investments?

Our business offers a global perspective on the local alternative market:

- We offer thorough and time-tested investment process.
- We deliver consistent, superior risk-adjusted returns.
- We have a superior long track record through various economic cycles.
- We operate within a robust risk-management framework.
- We have more than R14.6 billion in assets under management (December 2012).
- We are a pioneer in the alternative investments space:
  - We offered the first fully transparent fund-of-hedge-funds in South Africa.
  - 2004 – first fund-of-private-equity fund in South Africa.
  - 2007 – first global fund-of-private-equity fund in South Africa.
- Our award-winning funds include:
  - The Momentum ZAR Diversified Fund - Winner of the 2008 Africa Hedge Best Fund-of-Funds award.



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Hedge funds differ from traditional funds in that they may be relatively riskier. Depending on the strategy employed, certain hedge funds may have high potential returns. Such funds would be more suitable for investors with an appetite for risk as opposed to risk averse investors.

Typically, some of the risks associated with investing in hedge funds are:

1. Investment strategies may be inherently risky;
2. Higher volatility due to leverage;
3. Short-selling which may translate into significant losses;
4. The prime broker may default;
5. Unlisted instruments may be highly illiquid and extremely difficult to value;

This document does not cover all the risks that may arise. Investors must understand the risks involved and are encouraged to seek appropriate independent advice before investing.

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