

momentum

investments

momentum **fiduciary services**
flexible **trust** option

*Wealth may not change the world,
but it will change the way you live in it*



wealth



Is this the right product for you?

The Momentum Wealth Flexible Trust Option is a professionally managed discretionary trust for investment into either one or both of the following products:

- Trust Flexible Investment Option,
- Trust Endowment Portfolio.

Assets of the Flexible Trust Option may be invested in any of the investment components available on the Momentum Wealth platform.

The Flexible Trust Option is ideally suited to investors:

- who require the asset protection benefits of a trust, and
- who are willing to commit the investment of the entire trust fund to the Momentum Wealth platform in exchange for competitive trustee and administration fees.

Helping you understand our product and services better

We are committed to providing you with superior investment products and remarkable service.

In this brochure you will find:

- the most important features of the Flexible Trust Option,
- a basic description of how the product works, and
- the different options you have when investing.

We hope that the information in this brochure helps you, together with your financial adviser, to make an informed choice. The fiduciary and investment industries are dynamic and there will be changes and updates to the information in this brochure. For the latest updates and information you can contact us (details on page 7) or you can go to www.momentum.co.za.

What you need to know about the Flexible Trust Option

Momentum Fiduciary Services will attend to the drafting and registration of new trusts for clients wishing to make an investment in the Flexible Trust Option. The trust deed will require that the trustees invest the entire trust fund on the Momentum Wealth platform. No other types of investments will be permitted. The standard trust instrument used will specify Momentum Trust Limited's appointment as a trustee and trust administrator. The trustees will be required to use the accounting and tax



services provided by Momentum Trust Limited for the trust. The trust instrument will authorise the trustees to appoint a financial adviser to assist with the allocation of trust assets.

Existing trusts may be converted in order to invest in the Flexible Trust Option. However, the trust deed must be amended to provide for the appointment of Momentum Trust Limited as trustee and trust administrator. It must also provide for the restriction placed on the trust to only invest into assets on the Momentum Wealth Platform.

What are your options when investing in this product?

At Momentum Wealth you will find a complete range of cost-effective investment opportunities which have been designed to cater for all market conditions. These investments make it possible for you to achieve your investment goals.

You can choose from local investment components within the Trust Flexible Investment Option and both local and international investment components within the Trust Endowment Portfolio. This means that you can spread your investment across various asset classes, investment managers, risk profiles and currencies.

Who can invest into this product?

Anyone requiring the benefits of a trust may invest in the Flexible Trust Option. The product is for new trusts (which we will set up), or existing trusts (which we will amend to comply with the rules of the Flexible Trust Option). This product also caters for all types of trusts with all types of beneficiaries such as:

- discretionary trusts,
- vesting trusts,
- special trusts,
- charitable trusts, and
- many more.



Benefits of investing into this product

In South Africa, trusts are and remain one of the most flexible estate planning vehicles for wealthy and high net worth individuals. They are often vital to the implementation of succession planning, asset protection, philanthropic and estate planning strategies. Trusts also offer tax planning opportunities.

By investing into the Flexible Trust Option, we ensure that the trust is actively managed and administered so that it will remain valid and continue to provide you with the benefits you intended.



Services performed as independent trustee and trust administrator

Our services as independent trustee and trust administrator include:

Secretarial:

- drafting the agenda and minutes for the yearly trustees meeting,
- arranging for signature of the minutes, and
- implementation of decisions made at the meeting.

Yearly trustees meeting:

- arrange, attend and chair the meeting at our offices.

Trust income and expenditure:

- monitor and attend to trust income to be collected and trust payments to be made.

Resolutions for the administration of the trust:

- drafting and arranging signature and submission to the Master (where necessary).

Distributions to beneficiaries:

- verification, FICA, and accounting to each beneficiary for tax compliance purposes.

Legal:

- identifying agreements required for the proper administration of the trust.

Investments:

- appointment of a financial adviser for the trust and the updating of asset values on a quarterly basis.

Tax compliance:

- appointment of a tax compliance officer for the trust to make sure that the trust's tax returns are submitted to the South African Revenue Service (SARS) on time.

Accounting:

- appointment of an accountant that will ensure that accounting records are kept for the trust and that annual financial statements are drawn up.

Maintenance of the trust's:

- loan account from the founder/donor.
- minute book and the safe custody of the book.
- compliance file and the safe custody of the file

Accounting and tax services

We provide all accounting and tax services for the trust. Clients invested into the Flexible Trust Option product may not use their own accountants and tax service providers. We will make sure that accounting records are maintained for the trust and that financial statements are drawn up yearly. We will also ensure that the trust is registered for income tax and that the trust's tax returns are filed with SARS.

Minimum contribution

The minimum investment amount for the Flexible Trust Option is R500 000.

Minimum contract balance

A minimum contract balance of R400 000 must be maintained in the Flexible Trust Option.

Exiting the Flexible Trust Option

Momentum Trust Limited may resign as independent trustee or may continue as independent trustee in accordance with a revised mandate, service offering and fee structure if:

- the trustees resolve to exit the product, or
- the contract balance in the Flexible Trust Option falls below the minimum of R400 000.

If this happens the trust assets may remain invested on the Momentum Wealth platform. The trust deed will also need to be amended to allow the trust to invest in any assets.

If a decision is made to exit the Flexible Trust Option and to terminate Momentum Trust Limited's appointment as independent trustee, we will attend to the administration requirements.



An exit fee will be payable if any of these events occur within 36 months of inception of the investment, to cover the administration involved. The termination of a trustee relationship includes:

- drafting necessary resolutions,
- liaison with the Master to amend the Letters of Authority (where necessary),
- liaison with beneficiaries, financial adviser, accountant and new independent trustee,
- transfer of compliance documents to the new independent trustee,
- and further legal and administrative tasks.

Fees

Platform fees

Platform, asset management and advice fees will be charged on the Trust Flexible Investment Option and Trust Endowment Portfolio, with the exception that there will be no initial administration fees charged on the investment into these products.

Once-off set-up fee

A once-off fixed set-up fee will be charged for a new trust which will include the drafting and registration of the trust deed. In the case of an existing trust, a once-off set-up fee will be charged and this includes a substitute trust deed and a risk and governance audit of the trust.

Trustee fees

A yearly asset-based fee for the provision of independent trustee and administration services will be charged and collected after the end of each month from the trust's investment in the product. The trustee fee will depend on the investment value of the Flexible Trust Option.

Accounting and tax fees

We will provide these services to the trust. Fixed yearly fees are charged for these services.

Exit fee

If the trustees decide to exit the Flexible Trust Option within 36 months from the start of the investment, with Momentum Trust Limited resigning as independent trustee, an exit fee will be charged. This fee will cover the amendment of the trust deed, Momentum Trust Limited's resignation as independent trustee as well as other termination functions that we need to perform.

Fee schedule

Refer to the Momentum Fiduciary Services and Momentum Wealth fee schedules for more information on our fees.

Financial advisers

The trust deed provides for the appointment of a financial adviser to assist with the investment of trust assets and in liaising with beneficiaries regarding their needs from the trust. The trustees are authorised to pay the financial adviser a fee for providing these services. The financial adviser is nominated by the founder and the fee level for these services is determined by agreement between the financial adviser and the founder.

Tax

The taxation of the Flexible Trust Option will depend on the type of investment on the Momentum Wealth platform into which the trust is invested i.e. either the Trust Flexible Investment Option or the Trust Endowment Portfolio.



More about us

Momentum Fiduciary Services launched its exciting new range of fiduciary services early in 2012, after a strategic decision was made by Momentum to reacquire Momentum Trust Limited from the FirstRand Group after the unbundling of Momentum from FirstRand in 2010. We use the very latest technology to ensure that the best service levels are achieved. We are committed to offering clients service levels that are speedy and efficient, without compromising on quality. Our team of highly skilled fiduciary and tax specialists enable us to provide a full range of professional and innovative services to our clients. With our access to Momentum's strong financial adviser network, Momentum Fiduciary Services offers solutions that are integrated into the financial planning process and aligned to the needs of our clients. As such, we work together with your financial adviser who is included in every step of the process and usually acts as the primary link between us. Ask your financial adviser to arrange a consultation with one of our fiduciary specialists at one of our national offices.

Contact details

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Disclaimer:

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