momentum
investment consulting

MIC Model Portfolio Quarterly Review Report

Period: Q1 2022

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1. Changes made to the portfolios Q4 2021

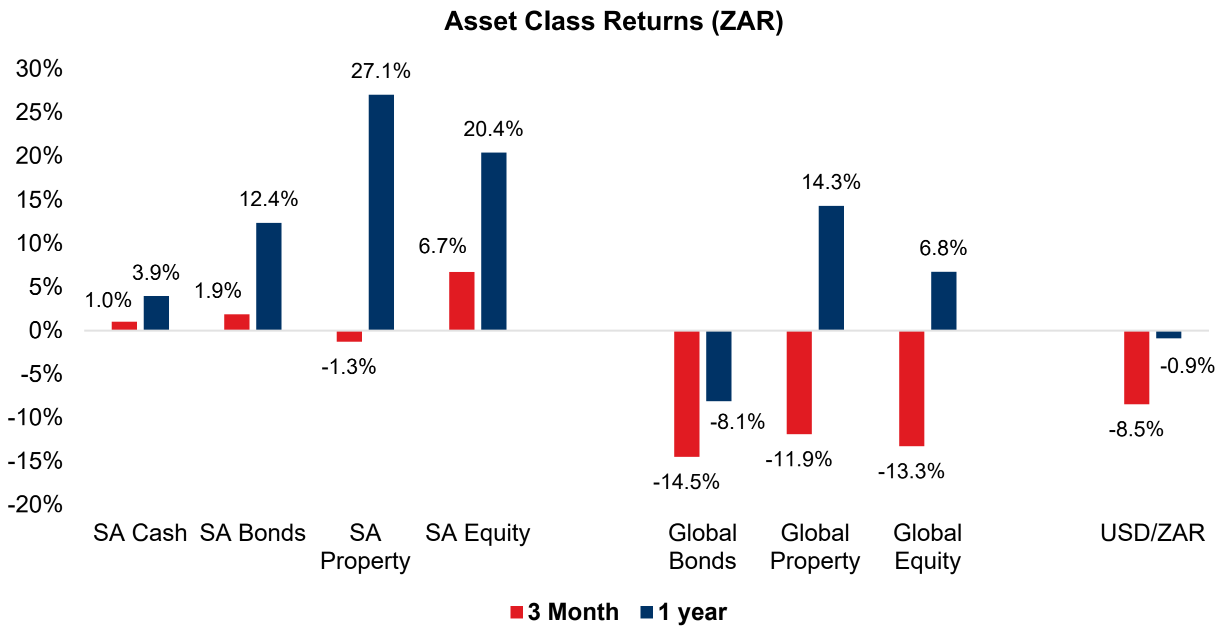
There we no changes to our tactical asset allocation views, which remained unchanged from the previous quarter: SA Bonds (neutral to overweight), SA Property (underweight to neutral), SA Equity (neutral to overweight), Global Bonds (underweight), Global Property (neutral), Global Equity (neutral).

The only change made was to the Growth portfolio due to a Reg 28 breach, shown below. The balance of the portfolios were rebalanced back to ideal allocations.

Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	4.80%	**4.80%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	7.24%	**6.99%**	-0.25%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	3.36%	**3.36%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	12.90%	**12.90%**	0.00%
Fairtree Equity Prescient Fund (A2)	8.40%	**8.40%**	0.00%
Foord Equity Fund (B2)	8.40%	**8.40%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	8.25%	**8.38%**	0.13%
Momentum Core Equity Fund (C)	19.20%	**19.20%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	8.25%	**8.38%**	0.13%
BlueAlpha BCI Equity Fund (B)	7.20%	**7.20%**	0.00%
Catalyst SCI Flexible Property Fund (C)	12.00%	**12.00%**	0.00%
	100.00%	100.00%	0.00%

2. Performance overview

2.1. Quarterly market summary



The start of the interest rate hiking cycle by the US Fed, the inversion of the US yield curve, a further acceleration in global inflation and Russia's invasion of Ukraine all had a role in downplaying the performance of risk assets during the first quarter of 2022. Global equities and fixed income assets experienced the worst quarter since the start of 2020, when risk aversion spiked on COVID-19 concerns.

Global equities declined by 5.4% in the first quarter of the year, due to a poor performance in both developed markets (DMs) and emerging market (EMs). The Eurostoxx 50 Index reported 8.9% negative returns, led by weaker retail and auto stocks, while utilities and insurance counters outperformed during the quarter. European equities remained weak into the end of the quarter as talks between Russia and Ukraine failed to show any signs of a positive breakthrough and as concerns escalated around the potential shutting off of gas deliveries from Russia to Europe. Losses in the S&P 500 Index were less severe at 4.6% for the quarter. Concerns over weaker growth, following the inversion of the US yield curve, surging inflation and a more hawkish approach to monetary policy, were the primary drivers behind the weak performance in the US equity market. As a result of the Rand strengthening against the US Dollar, global equities further detracted and closed the quarter at negative 13.8%.

Focusing on global bonds, *The Financial Times* reported the worst quarter for US treasuries on record. The yield on the US 10-year government bond rose 0.83% in the first quarter of the year on fears of lower growth resulting from further hikes in interest rates to combat rising inflation. The yield on the two-year bond climbed above that of the 10-year government bond leading to an inversion of the yield curve, which has typically and historically signalled recessionary conditions. The reported 6.7% decline in global bonds during the quarter was exacerbated by Rand strengthening, resulting in 15.1% overall negative return.

The local equity markets withstood global trends and posted a return of 3.8% for the first quarter of the year, which was its strongest first quarter in 16 years according to *News24*. Gains in the FTSE/JSE All Share Index were supported by strong gains in resource and financial shares. The FTSE/JSE Resources Index climbed 19% on the back of a 19.1% jump in the international price of palladium, a 5.9% rise in the price of gold, due to its safe-haven qualities, and a 1.8% increase in platinum prices. During this period, the price of Brent crude oil reported a 38.7% sharp increase due to sanctions against Russian oil supply as well as further attacks on Saudi Arabian oil storage facilities by Iranian-backed Houthi rebels in Yemen. The FTSE/JSE Financials Index increased by 16.7% in the first quarter of the year on a firmer currency and the outlook for a further rise in interest rates, while the FTSE/JSE Industrials Index detracted from performance, plummeting by 13.1%.

In the local fixed income markets, the 10-year government bond yield sold off 0.21%. The JSE ASSA All Bond Index rose 1.8% in the quarter. *News24* reported that SA's local currency bonds were the second-best performing in EMs for the first quarter of the year in dollar terms, boasting returns of 13% compared to an average drop of 2.4% among its peers. The JSE ASSA Government Inflation-linked Bond Index (ILBI) traded only 0.3% firmer for the same period.

Local property on the other hand was one of the worst performing asset classes with the FTSE/JSE SA Listed Property Index losing 1.1% due to weak fundamentals leading to lower rental growth expectations.

The South African rand has proven resilient in the face of the Russian-Ukrainian war, rising global inflation, renewed supply chain bottlenecks and a more hawkish Fed. The rand was the second-best performing currency from its EM peer group in the first quarter of the year and gained 8.7% against the US dollar and 12.2% against the euro.

2.2. Manager returns and comments

Trailing returns as at 31 March 2022:

	3m	6m	9 months	1y	3y (ann.)	5y (ann.)	7y (ann.)
Coronation JIBAR Plus P	1.16%	2.30%	3.49%	4.65%	5.93%	6.94%	7.13%
Momentum Enhanced Yield D	1.35%	2.73%	4.10%	4.97%	-	-	-
MI-PLAN IP Enhanced Income B1	1.54%	3.72%	5.46%	8.05%	9.02%	-	-
Prescient Income Provider A2	1.04%	3.42%	5.52%	7.33%	6.59%	7.34%	7.83%
Stefi	**1.03%**	**2.02%**	**2.99%**	**3.94%**	**5.23%**	**6.08%**	**6.36%**
(ASISA) South African MA Income	*1.04%*	*2.93%*	*4.38%*	*6.73%*	*6.52%*	*7.06%*	*7.09%*
Momentum SA Flexible Fixed Interest D	2.14%	6.03%	6.22%	14.80%	-	-	-
Visio BCI Unconstrained Fixed Intst C	1.02%	3.63%	5.53%	10.07%	8.64%	8.46%	-
ALBI	**1.86%**	**4.77%**	**5.16%**	**12.37%**	**8.43%**	**8.92%**	**7.80%**
Aylett Equity Prescient A1	6.80%	22.37%	28.02%	30.96%	16.96%	13.06%	11.49%
BlueAlpha BCI Equity B	-1.05%	11.14%	16.35%	17.65%	-	-	-
Foord Equity B2	2.08%	6.00%	12.78%	16.32%	9.01%	4.04%	3.00%
Fairtree Equity Prescient A2	7.56%	19.66%	14.52%	11.83%	20.75%	15.84%	12.81%
Momentum Core Equity C	8.05%	17.70%	21.00%	21.51%	13.87%	-	-
FTSE/JSE Capped SWIX TR	**6.72%**	**15.98%**	**19.68%**	**20.43%**	**11.92%**	**8.10%**	**6.26%**
(ASISA) South African EQ General	*4.15%*	*14.01%*	*16.99%*	*17.61%*	*11.16%*	*7.78%*	*5.74%*
Catalyst SCI Flexible Property C	-5.07%	4.25%	12.37%	24.24%	-	-	-
Flexible Property Composite	**-3.98%**	**6.17%**	**12.24%**	**23.69%**	**0.21%**	**-0.03%**	**1.25%**
Catalyst SCI Global Real Estate FF B	-12.66%	1.89%	9.03%	16.93%	8.36%	10.56%	8.50%
FTSE EPRA/NAREIT TR ZAR	**-11.92%**	**3.25%**	**8.05%**	**14.32%**	**6.79%**	**9.38%**	**8.55%**
(ASISA) Global RE General	*-11.89%*	*2.91%*	*8.78%*	*14.83%*	*6.79%*	*8.46%*	*6.83%*
Coronation Global Em Mkts Flex [ZAR] P	-29.32%	-29.36%	-34.24%	-36.19%	-3.14%	2.49%	3.42%
CoreShares Total Wld Stck Trckr Fdr W	-13.63%	-3.71%	1.11%	4.78%	13.36%	-	-
Satrix MSCI World Equity Index FF B2	-11.85%	-0.08%	5.62%	10.50%	15.52%	14.01%	12.80%
MSCI AC World TR ZAR	**-13.29%**	**-1.66%**	**2.67%**	**6.75%**	**14.72%**	**14.17%**	**13.14%**
MSCI World TR ZAR	**-13.09%**	**-0.43%**	**5.06%**	**9.59%**	**15.98%**	**14.99%**	**13.84%**
MSCI EM ZAR	**-14.81%**	**-10.64%**	**-13.31%**	**-11.89%**	**5.70%**	**8.22%**	**7.83%**
(ASISA) Global EQ General	*-14.03%*	*-5.95%*	*-3.22%*	*-0.10%*	*11.11%*	*10.56%*	*9.82%*
Coronation Glbl Strat USD Inc [ZAR]FF P	-9.54%	-4.13%	1.11%	-1.46%	2.00%	3.52%	4.41%
1nvest Global Govt Bond Index FF B1	-14.14%	-10.34%	-6.70%	-8.95%	-0.11%	-	-
Citigroup WGBI	**-14.38%**	**-10.07%**	**-6.37%**	**-8.58%**	**0.28%**	**3.05%**	**3.86%**
FTSE G7 Bond Index	**-14.37%**	**-9.92%**	**-6.02%**	**-8.18%**	**0.31%**	**2.94%**	**3.87%**

Income

Coronation JIBAR Plus outperformed the STeFI composite index by 0.1% over the quarter. The fund continues to benefit from its allocation to high-quality bank paper, which provided a stable spread over cash yields, while fixed-rate NCDs have also contributed to relative performance, given the aggressive interest rates priced in by the market. In absolute terms, the fund experienced a notable increase in returns, largely as a result of the 0.50% increase in the repo rate by the SARB over the quarter, which filtered through to JIBAR (up 0.48% in the quarter), hence the JIBAR-linked securities held by the fund.

Momentum Enhanced Yield outperformed the STeFI composite index by 0.3% over the quarter. Following the mark down in the fund's Landbank exposures last year, the fund continues to make up for the impact through its outperformance. The fund's performance relative to the STeFI composite index was again supported by the continued contraction in credit spreads, while the rise in money market rates also benefitted the fund as it has been able to lock in the higher yields. In absolute terms, the fund experienced a notable increase in returns, largely as a result of the 0.50% increase in the repo rate by the SARB over the quarter, which filtered through to JIBAR (up 0.48% in the quarter), hence the JIBAR-linked securities held by the fund.

MI-Plan IP Enhanced Income outperformed the STeFI composite index by 0.50% over the quarter. The biggest contributors to performance were some of its FRNs in a taxi-financier, Standard Bank, Absa and FirstRand, while its government-guaranteed SANRAL bond also contributed. Given the strengthening of the rand and the correction in global equity markets, Coca-Cola (which has been a long-standing holding and contributor to performance) was the fund's biggest detractor.

Prescient Income Provider marginally outperformed the STeFI composite index over the quarter. Most of the fund's holdings and asset classes contributed to its outperformance, most notably the fund's holdings in preference shares and floating-rate assets. While the fund's offshore exposures detracted marginally, the active risk management and currency hedging limited losses from these instruments.

Local Bonds
Momentum SA Flexible Fixed Interest outperformed the ALBI by 0.3% over the quarter. The fund's outperformance was primarily driven by its longer duration as well as its overweight position to the 12+ area of the yield curve. The fund's marginal property exposure was a minor detractor given the slight negative performance from property over the quarter.

Visio BCI Unconstrained Fixed Interest outperformed the ALBI by 0.8% over the quarter. The biggest detractors from performance over the quarter were the fund's offshore exposure. given the strengthening of the rand, while the allocation to ILBs also detracted from performance, given the asset class' underperformance relative to nominal bonds, although this was somewhat limited given its higher exposure to shorter-dated ILBs.

Local Equity
Aylett Equity Prescient marginally outperformed the Capped SWIX over the quarter, as the value factor continues to outperform locally to the fund's benefit. From a stock selection perspective, the fund's zero exposures to Naspers and Prosus were the biggest contributors, as were its overweight positions to Reinet and BHP. The fund's alpha from a local perspective was however dented by its relatively large cash position as well as its offshore exposure, given the strengthening in the rand.

BlueAlpha BCI Equity underperformed the Capped SWIX by 7.8% over the quarter, as the quality factor continues to struggle both locally and globally. The fund's global exposure was the biggest drag on performance, given the sell-off in global equities and the strengthening of the rand. On the local front, the fund's biggest overweight positions, namely MTN, FirstRand and Shoprite, all contributed to performance, as did the combined underweight position to Naspers/Prosus. From a sector perspective, the fund's overweight position to retailers and underweight positions to precious metals and gold were the largest detractors.

Fairtree Equity Prescient outperformed the Capped SWIX by 0.8% over the quarter, benefitting significantly from the rally in resources in February. More specifically, the fund's overweight positions to precious metal mining, diversified mining and gold subsectors all contributed to alpha. From a stock selection perspective, the fund's overweight position to Thungela Resources, Goldfields and ARM contributed the most, while its underweight and overweight positions to FirstRand and Naspers/Prosus respectively detracted the most.

Foord Equity underperformed the Capped SWIX by 4.6% over the quarter. From a sectoral perspective, the fund's underweight position to PGMs and overweight position to healthcare were the biggest detractors from relative performance over the quarter, while from a stock selection perspective, the fund's overweight position to Naspers/Prosus and underweight position to MTN were the biggest detractors. This was however offset somewhat by good stock selection in financials (Standard Bank and FirstRand) as well as mid-cap SA Inc shares (Bidvest, Omnia and Foschini).

Momentum Core Equity outperformed the Capped SWIX by 1.3% over the quarter, with all underlying components performing in line with, or ahead, of the benchmark. In particular, the value component was the largest contributor to alpha, delivering 5.4% of alpha over the quarter. From a sectoral perspective, the fund's overweight position to resources (through diversified miners, energy and precious metal miners) contributed the most to outperformance, while its underweight position to gold miners detracted the most.

Flexible Property

Catalyst SCI Flexible Property underperformed the composite benchmark by 1.1% over the quarter. From a tactical asset allocation perspective, the fund's underweight position to SA property and overweight position to global property contributed negatively to performance relative to the benchmark, while the overweight position to cash position contributed positively. The main contributors to performance from a stock selection perspective were underweight positions to Sirius, Simon, Prologis, Digital Realty and Vonovia, which underperformed relative to the benchmark. The main detractors from performance were overweight positions to LEG, Rexford, Big Yellow and Nippon Prologis, which underperformed the benchmark, and the underweight position to EPP, which outperformed the benchmark.

Global Property

Catalyst SCI Global Real Estate underperform the FTSE EPRA/NAREIT Total Return Index by 0.7% over the quarter. Most of the fund's relative underperformance in the quarter was experienced in January, driven primarily by the Healthcare and Industrial sectors.

Global Equity

CoreShares Total World Stock Tracker underperformed the MSCI ACWI by 0.3% over the quarter. Given the change in the index the fund tracks, we expect marginal differences between the performances of these indices over the short term but are comfortable that these indices should perform very similarly over the long-term.

Coronation Global Emerging Markets Flexible underperformed the MSCI ACWI by 16.0% over the quarter. While emerging markets lagged developed markets, the fund further underperformed the MSCI EM Index over the quarter, which exacerbated its underperformance. Relative to the MSCI EM, the biggest detractor from performance was the fund's overweight exposure to Russia (approximately 10% of fund prior to the invasion of Ukraine by Russia), where trading was eventually halted in the quarter, following a significant sell-off. The fund has written its Russian assets down to zero, which contributed approximately 8.7% of the total 14.5% underperformance relative to the MSCI EM index. While trading resumed on certain Russian shares, the manager opted not to write the Russian assets back up, although the manager expects the fair value to be approximately 7.0% of fund at current prices. The balance of the underperformance was primarily driven by Chinese assets, with China's zero-Covid policy continuing to hurt share prices in the region.

Satrix MSCI World Equity Index outperformed the MSCI ACWI by 1.4% over the quarter, as developed markets outperformed emerging markets. Performance was also ahead of its own benchmark, the MSCI World, which we expect to see at times over short-term periods, given the market frictions and dynamics at play when tracking global indices locally.

Global Bonds

Coronation Global Strategic USD Income outperformed the Citigroup WGBI by 4.9% over the quarter. The fund's relatively low effective duration was the biggest driver of the fund's outperformance, given the sell-off in global bonds, as a result of rising inflation risks and expectations of tighter monetary policy.

1nvest Global Government Bond Index marginally outperformed the Citigroup WGBI over the quarter, with the fund's own benchmark, the FTSE G7 Bond Index, performing in line with the WGBI. The discrepancy between the fund's return and its benchmark was driven by the market friction caused by timing differences between when the fund prices and the relevant markets price as well as the ongoing management fee.

3. Portfolio performance

3.1. MIC Income Portfolio

Investment goal: **Stefi**
Time horizon: **1-year**

3.1.1. Returns

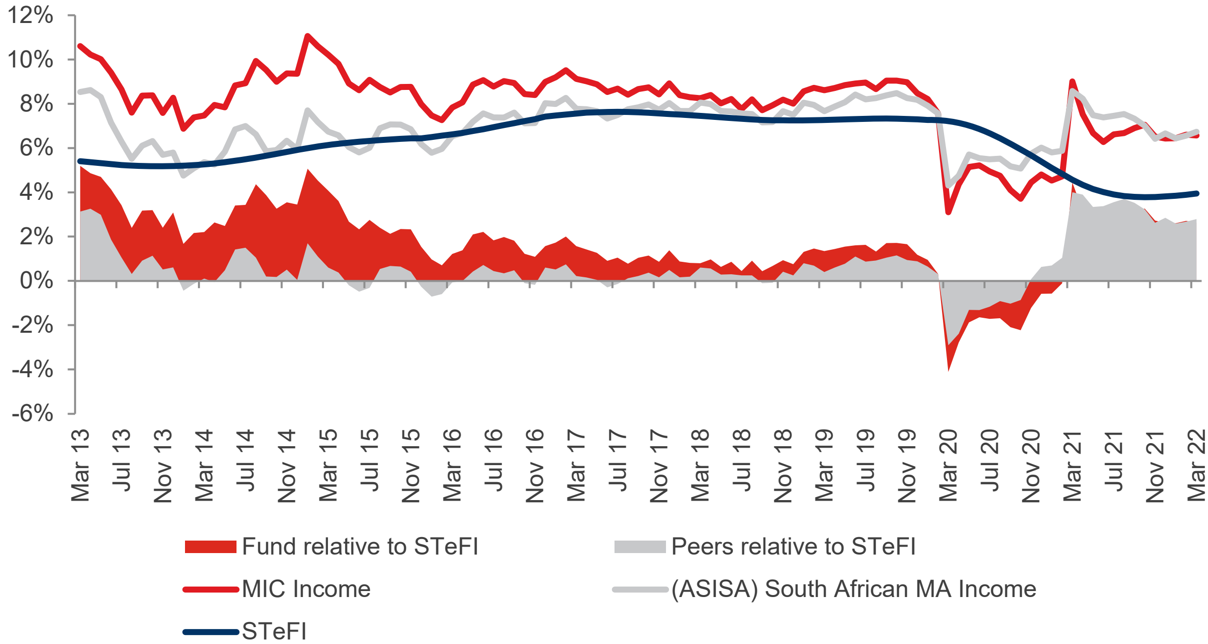
Figure 1.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	3y (ann.)	5y (ann.)	7y (ann.)	SI* (ann.)	Mths SI*
MIC Income	**1.2%**	**3.1%**	**6.6%**	**6.2%**	**7.1%**	**7.5%**	**7.0%**	**57**
Benchmark: STeFI	1.0%	2.0%	3.9%	5.2%	6.1%	6.4%	6.0%	
(ASISA) South African MA Income	*1.0%*	*2.9%*	*6.7%*	*6.5%*	*7.1%*	*7.1%*	*7.0%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio outperformed its STeFI benchmark over all periods, net of all investment related fees. The portfolio outperformed the peer group over 6 months and periods 5 years and greater.

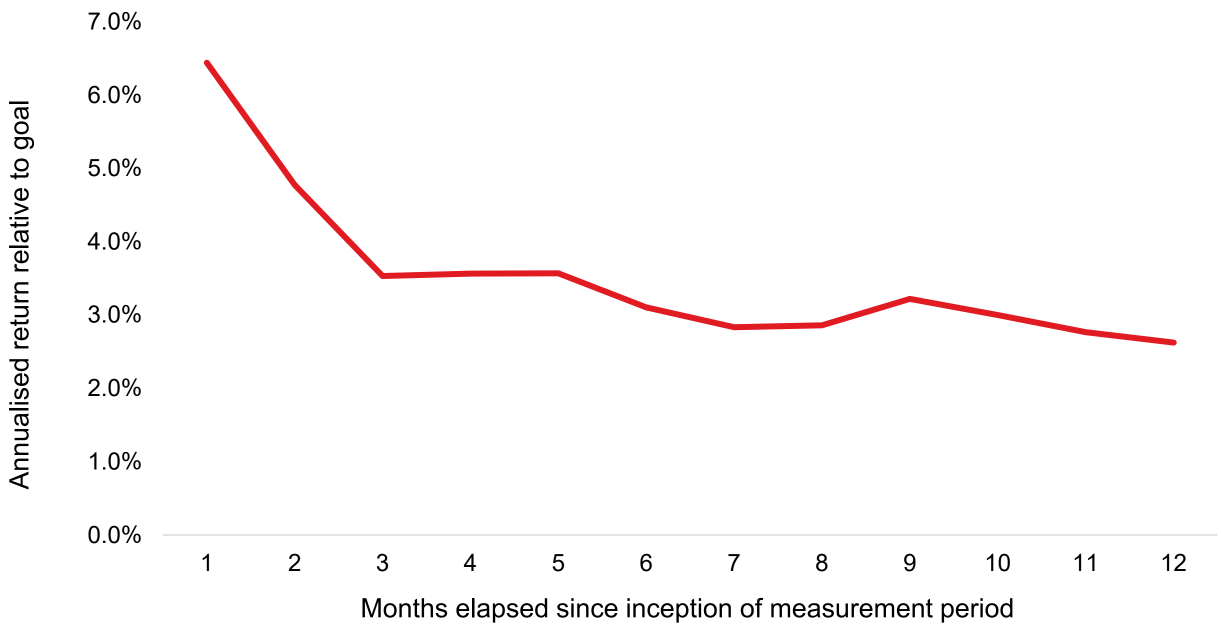
Figure 1.2: Rolling 1-year returns: 10 years to 31 March 2022 *



	MIC Income	(ASISA) South African MA Income
Number of observations	109	
Period outperforming	97	84
Realised probability of outperforming	**89%**	77%
Max outperformance p.a.	**5.2%**	4.0%
Max underperformance p.a.	**-4.1%**	-2.9%

- Over the last 10 years, the portfolio outperformed its benchmark during 89% of the rolling 1-year periods. This compares favourably with the peer group, which only outperformed during 77% of the 1-year periods.

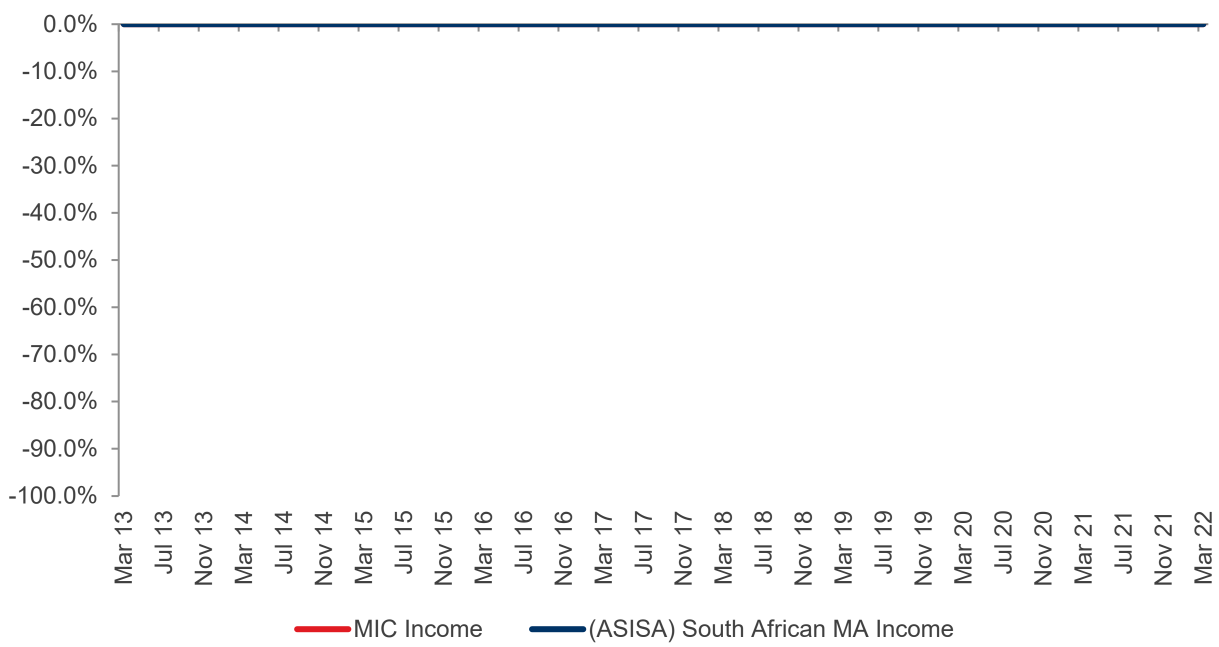
Figure 1.3: Portfolio performance relative to goal*



- The above graph shows the progression of the annualised returns relative to the Stefi benchmark over the measurement period up to 31 March 2022.The portfolio managed to significantly outperform the Stefi benchmark at the end of the measurement period.

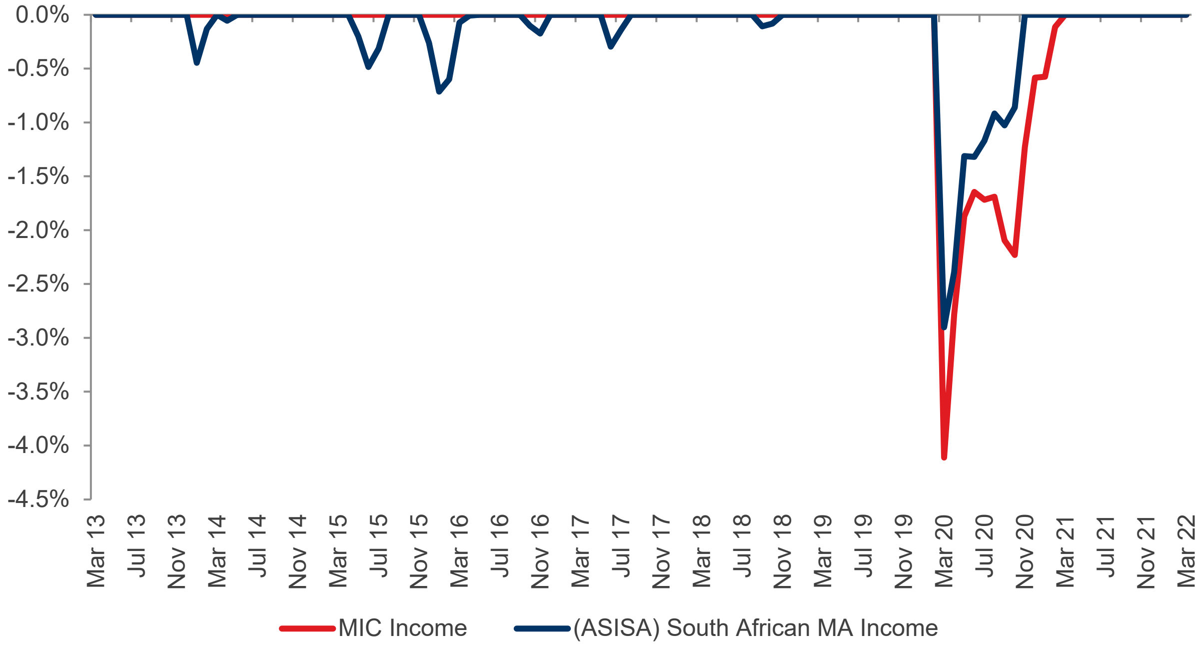
3.1.2. Risk

Figure 1.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- Over the period shown, both the portfolio and the peer group never experienced a rolling 1-year capital loss.

Figure 1.5: Rolling 1-year drawdown relative to goal: 10 years to 31 March 2022*



- Over the total period to 31 March 2022, the portfolio was significantly impacted by the marginal property exposure held by underlying managers during the COVID-19 crisis but made a strong recovery.

3.2. MIC Conservative Portfolio

Investment goal: **CPI + 2%**
Time horizon: **3-years**

3.2.1. Returns

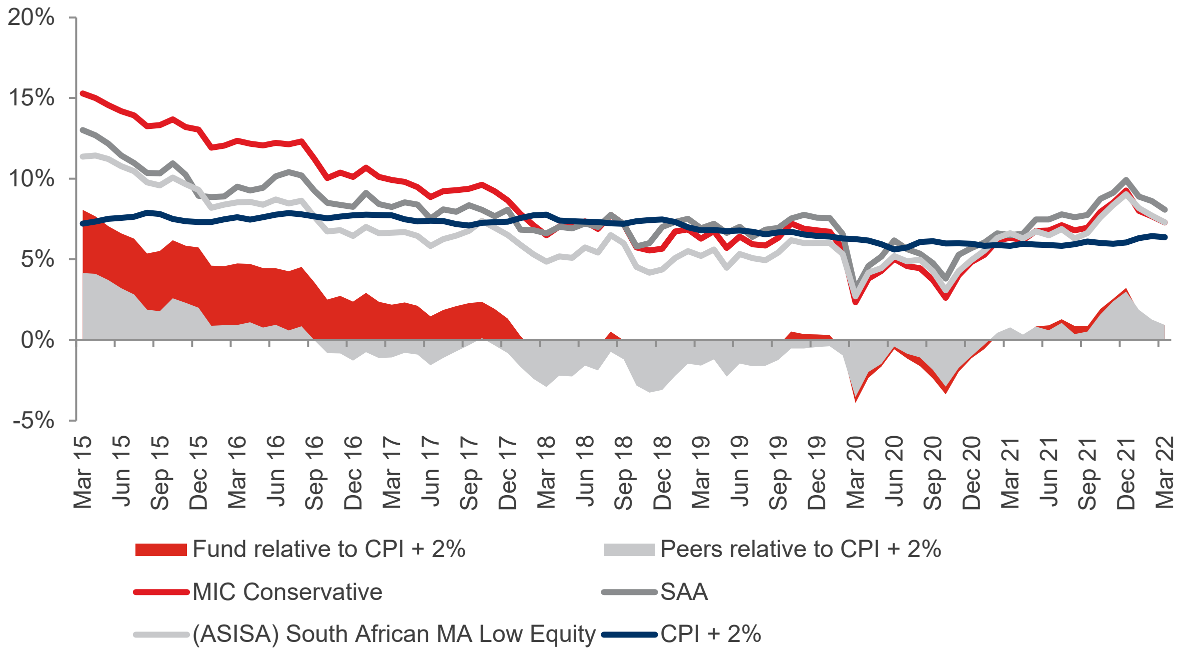
Figure 2.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	3y (ann.)	5y (ann.)	7y (ann.)	SI* (ann.)	Mths SI*
MIC Conservative	**-1.2%**	**4.2%**	**10.5%**	**7.3%**	**7.1%**	**7.0%**	**7.2%**	**57**
Benchmark: CPI + 2%	1.9%	3.3%	7.7%	6.4%	6.2%	6.9%	6.3%	
SAA	-0.9%	4.7%	11.3%	8.1%	7.9%	7.2%	8.0%	
(ASISA) South African MA Low Equity	*-0.9%*	*4.0%*	*8.7%*	*7.3%*	*6.7%*	*6.1%*	*6.8%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio outperformed its CPI + 2% benchmark by 0.9% p.a. over the 3-year period to 31 March 2022. It performed in line with the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 0.8% over the last 12 months, net of all investment related fees.

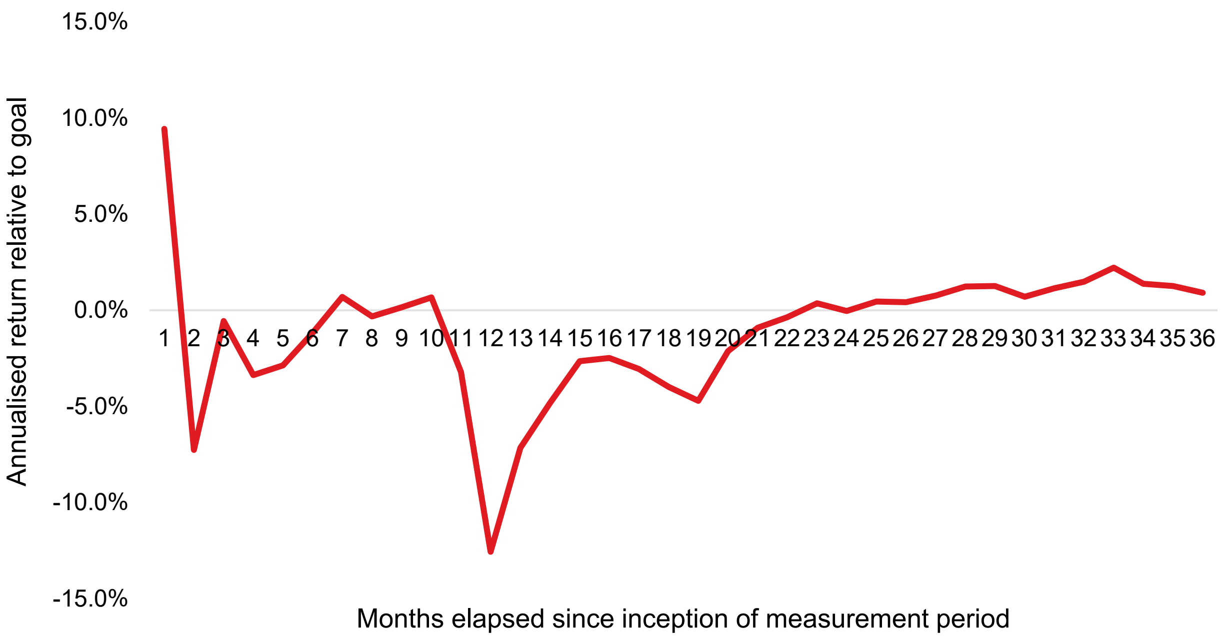
Figure 2.2: Rolling 3-year returns ann.: 10 years to 31 March 2022 *



	MIC Conservative	(ASISA) South African MA Low Equity
Number of observations	85	
Period outperforming	55	33
Realised probability of outperforming	**65%**	39%
Max outperformance p.a.	**8.1%**	4.2%
Max underperformance p.a.	**-3.9%**	-3.5%

- Over the last 10 years, the portfolio outperformed its benchmark on 65% of the total rolling 3-year periods. This compares favourably with the peer group, which only managed to outperform on 39% of the rolling 3-year periods.

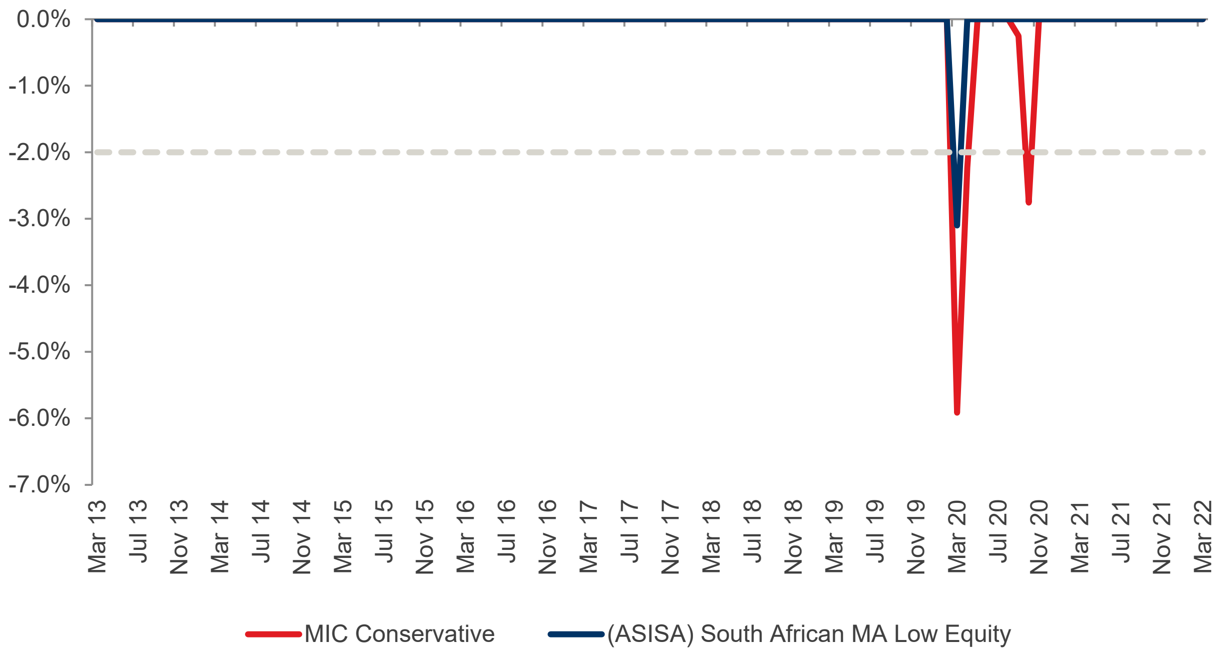
Figure 2.3: Portfolio performance relative to goal*



- Over the measurement period up to 31 March 2022 the portfolio's annualised returns relative to its goal were mostly positive supported by good returns from local bonds as well as the strong returns in growth asset classes over the last 2 years.

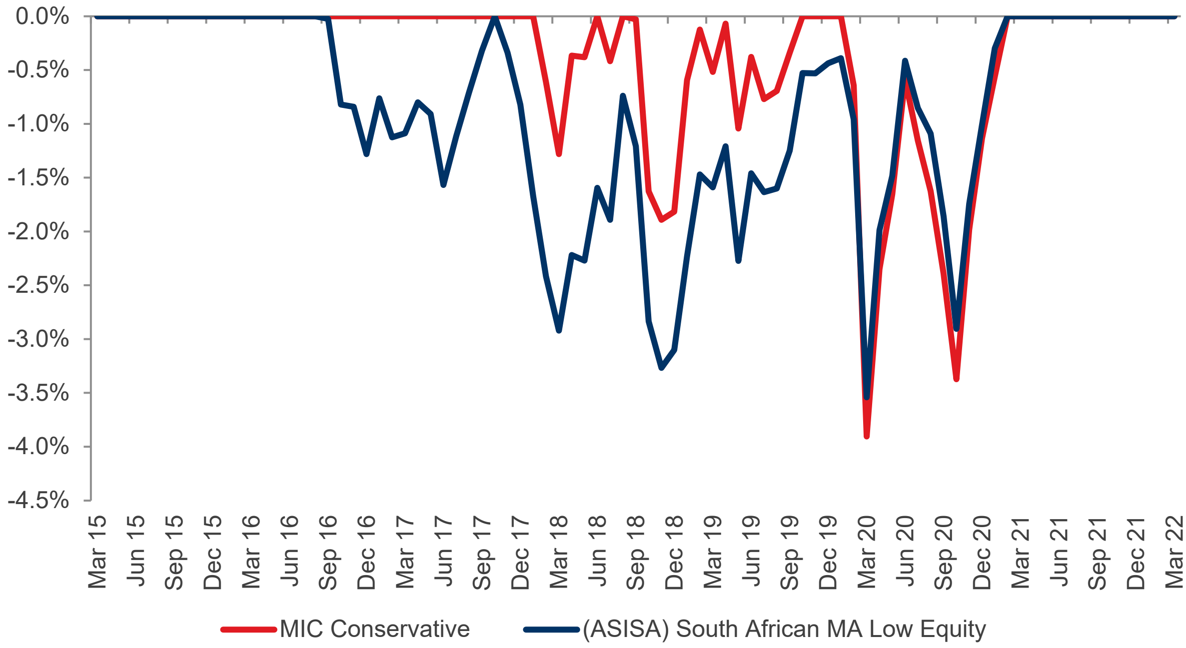
3.2.2. Risk

Figure 2.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 2% twice. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 2.5: Rolling 3-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- Even though the portfolio underperformed its benchmark over rolling 3 years, and recently greater than the peer group, it managed to outperform CPI + 2% more consistently than the peer group.

3.2.3. Performance attribution

Figure 2.6: Total return attribution: 12 months to 31 March 2022

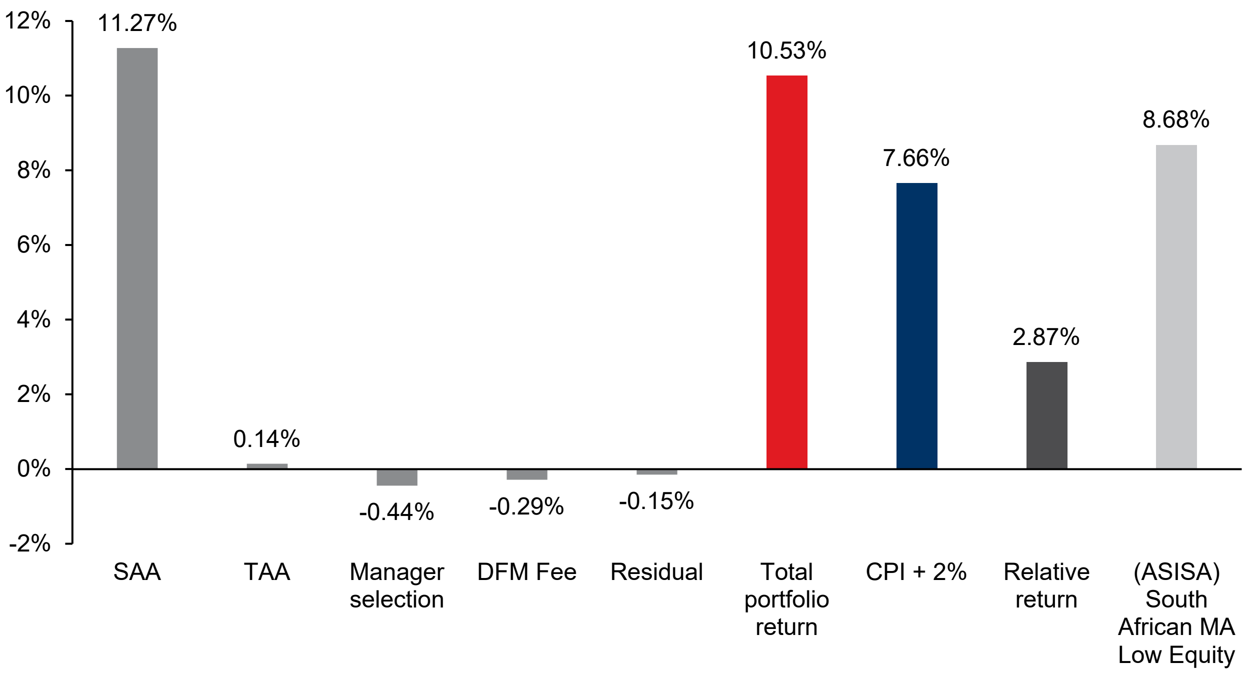


Figure 2.7: Strategic asset allocation effects: 12 months to 31 March 2022

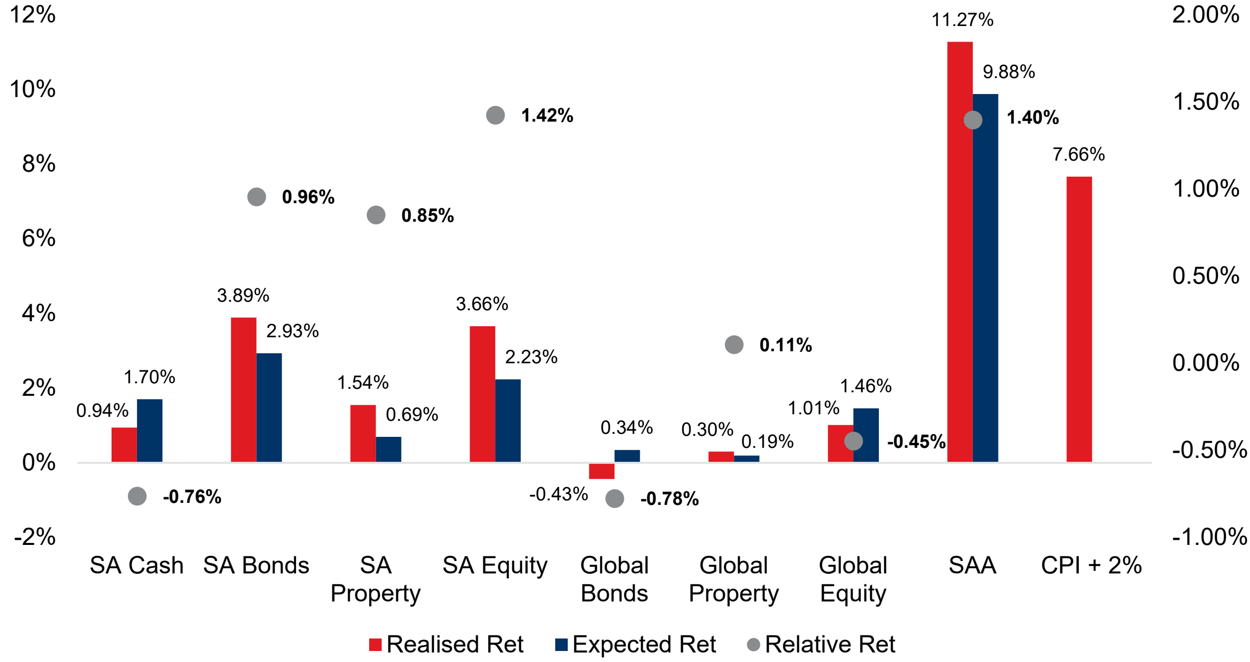


Figure 2.8: Tactical asset allocation effects: 12 months to 31 March 2022

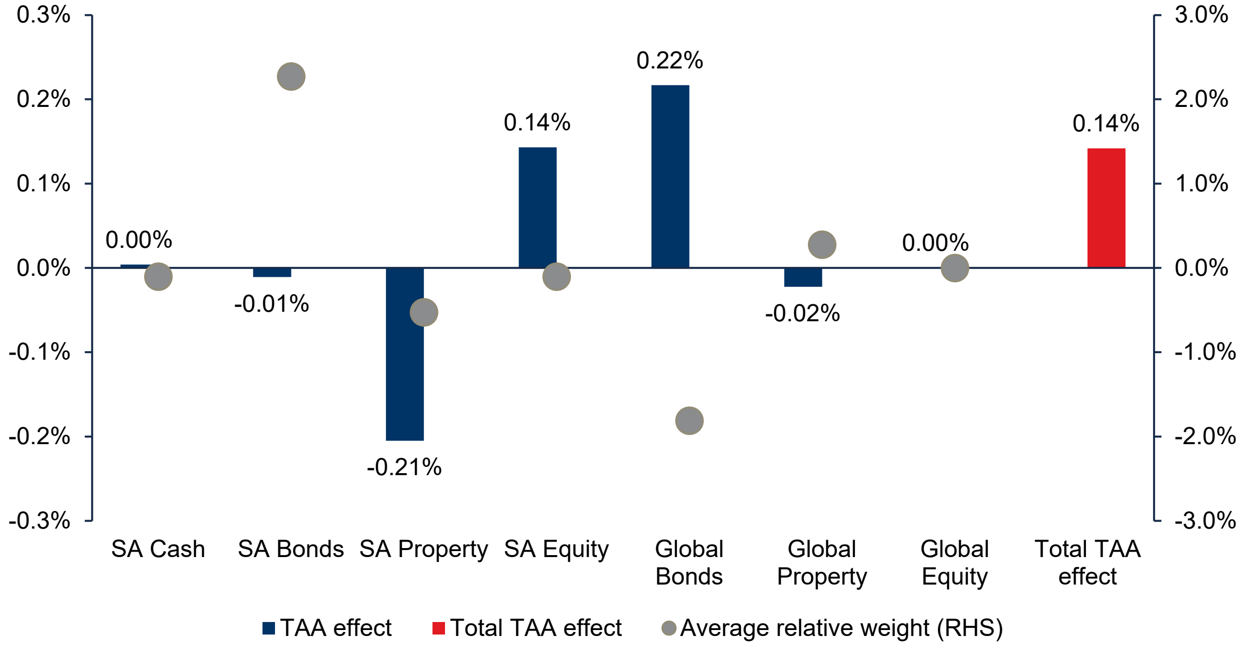


Figure 2.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

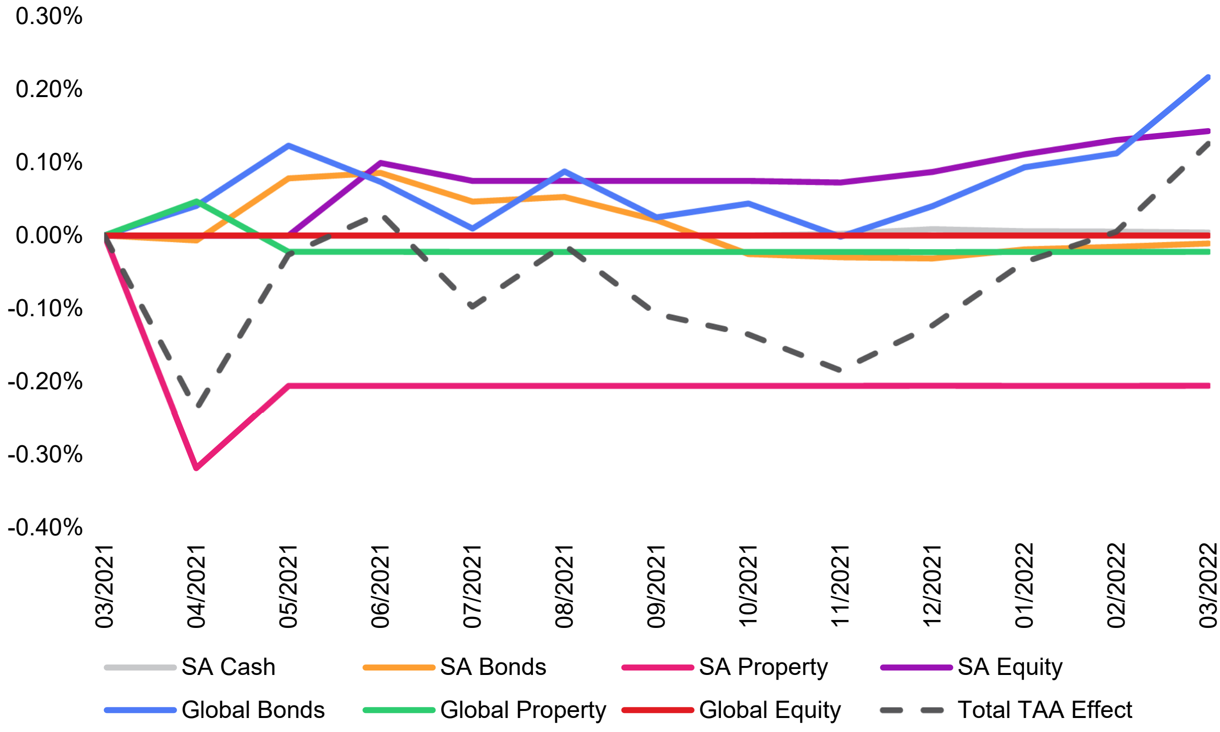


Figure 2.10: Manager selection effects: 12 months to 31 March 2022

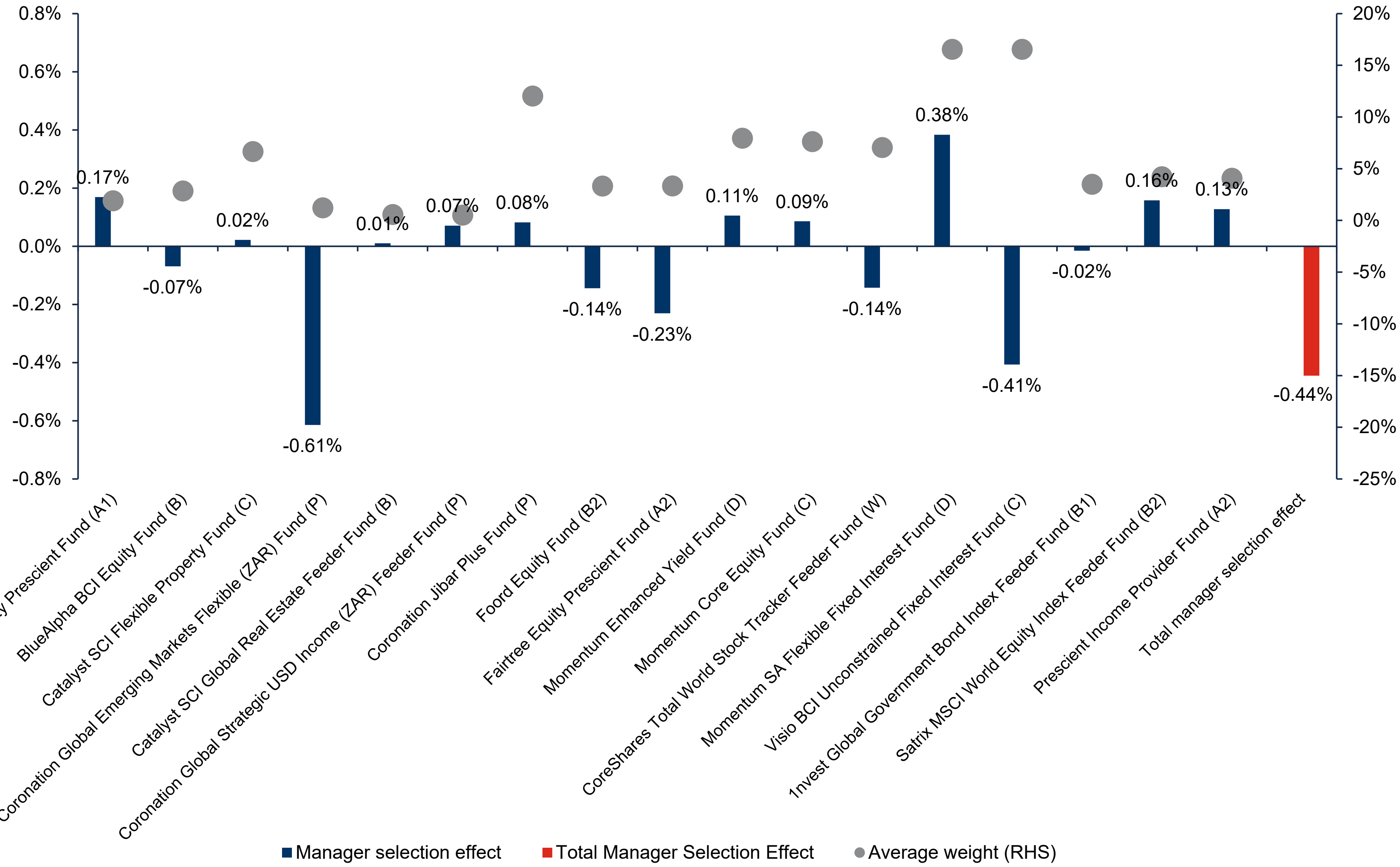
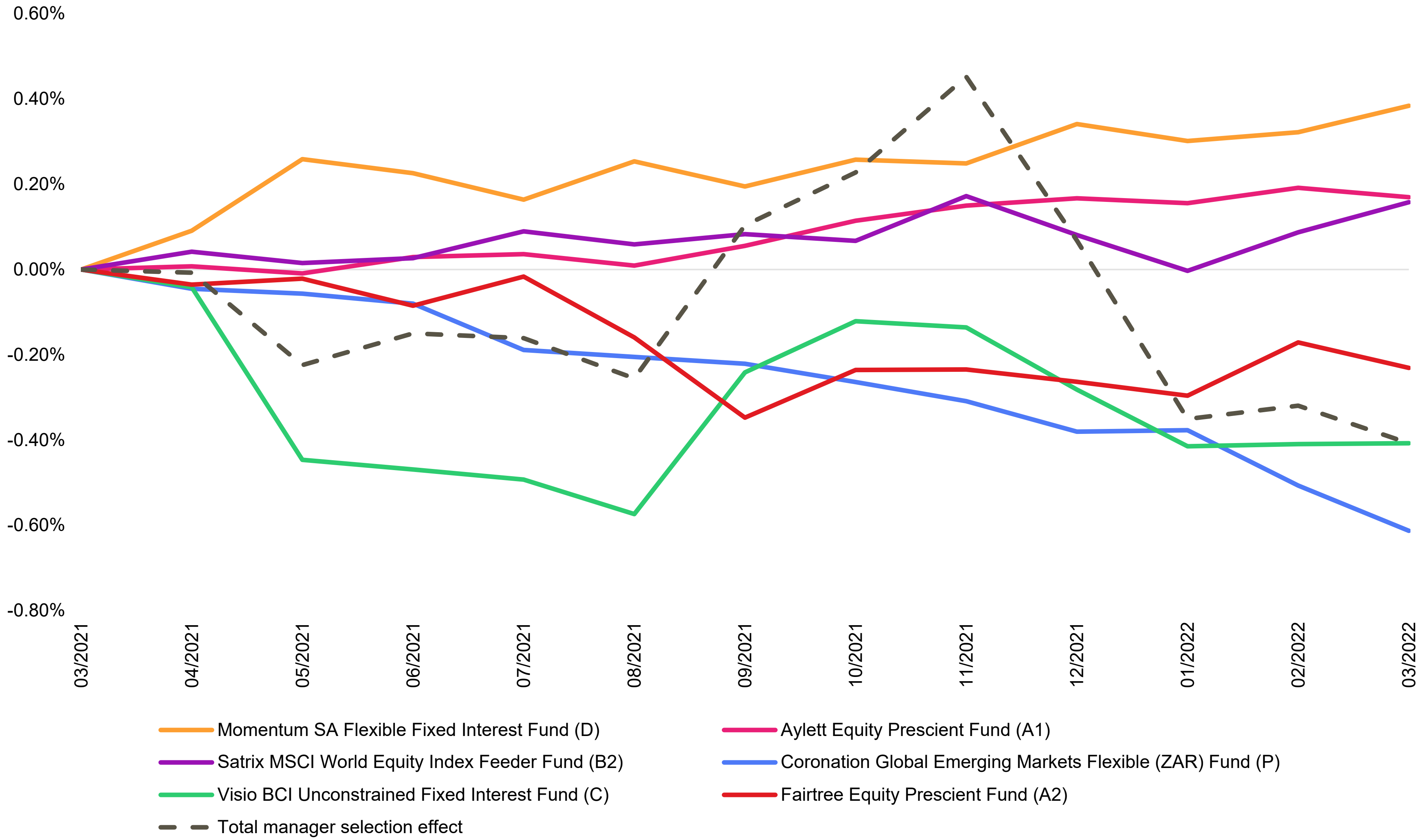


Figure 2.11: Cumulative manager selection effects: 12 months to 31 March 2022



3.3. MIC Stable Portfolio

Investment goal: **CPI + 3%**
Time horizon: **4-years**

3.3.1. Returns

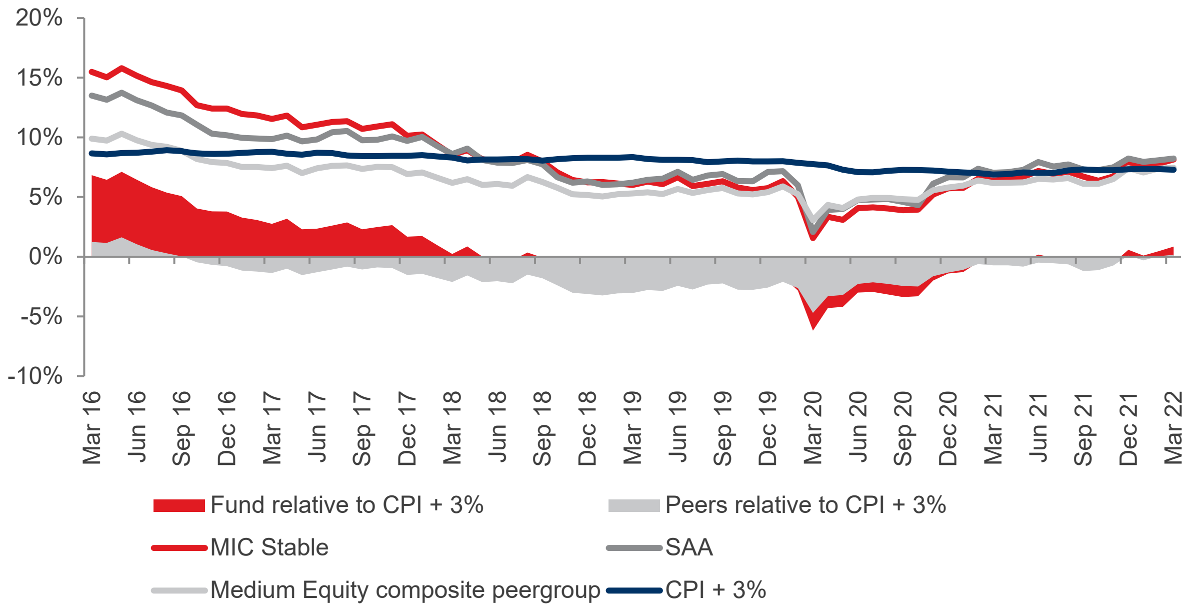
Figure 3.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	2y (ann.)	4y (ann.)	6y (ann.)	SI* (ann.)	Mths SI*
MIC Stable	**-1.9%**	**4.7%**	**11.4%**	**18.1%**	**8.1%**	**6.8%**	**7.6%**	**57**
Benchmark: CPI + 3%	2.1%	3.8%	8.7%	7.2%	7.3%	7.6%	7.3%	
SAA	-1.3%	5.6%	13.3%	19.7%	8.2%	7.6%	8.5%	
Medium Equity composite peer group	-1.2%	5.4%	10.0%	13.6%	7.5%	6.5%	7.1%	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*
***The peer group returns until 31 May 2021 are for the ASISA SA MA Low Equity peer group. From 1 June 2021, this changed to the ASISA SA MA Medium Equity peer group due to a change in the portfolio's strategic asset allocation.*

- The portfolio outperformed its CPI + 3% benchmark by 0.8% p.a. over the 4-year period to 31 March 2022. It also outperformed the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 1.9% over the last 12 months, net of all investment related fees.

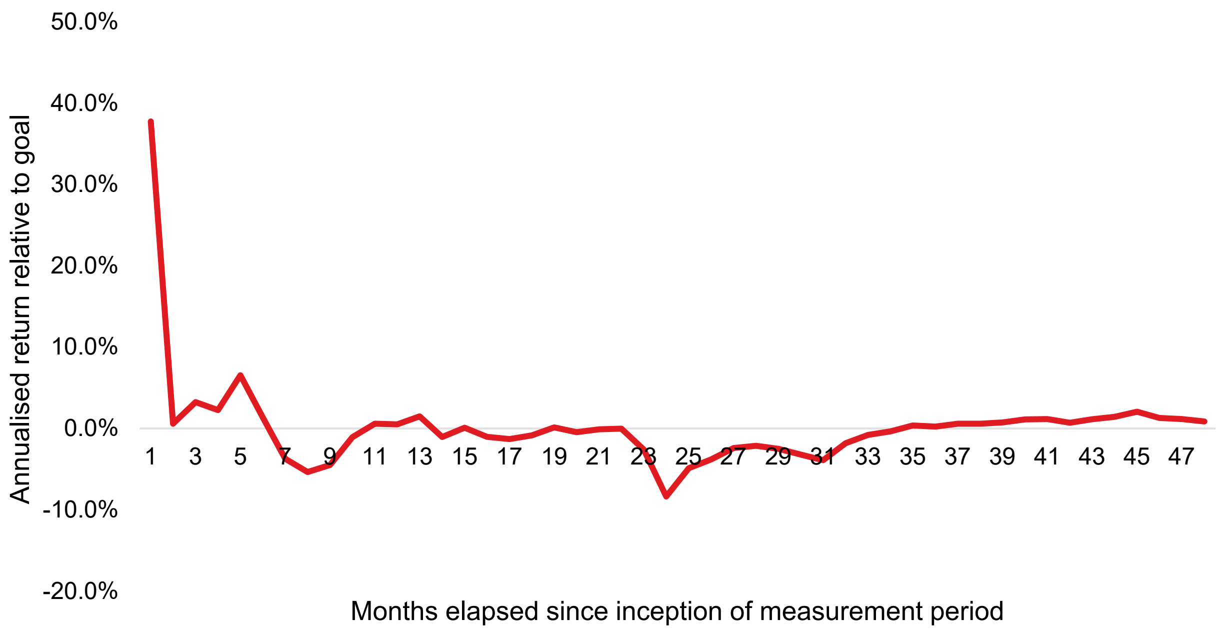
Figure 3.2: Rolling 4-year returns ann.: 10 years to 31 March 2022 *



	MIC Stable	Medium Equity composite peergroup
Number of observations	73	
Period outperforming	33	10
Realised probability of outperforming	**45%**	14%
Max outperformance p.a.	**7.1%**	1.6%
Max underperformance p.a.	**-6.2%**	-4.7%

- Over the last 10 years, the portfolio outperformed its benchmark on 45% of the total rolling 4-year periods. This compares favourably with the peer group, which only managed to outperform on 14% of the rolling 4-year periods.

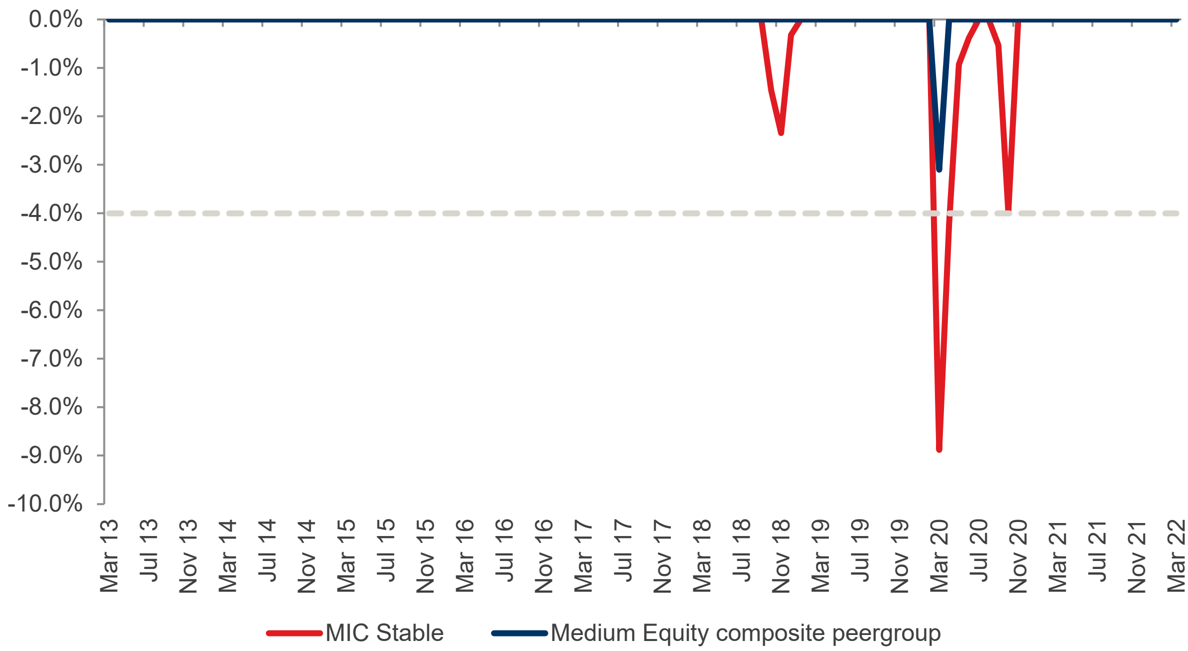
Figure 3.3: Portfolio performance relative to goal*



- The volatility in growth asset classes over the last 4 years to 31 December is clearly illustrated by the above graph. However, despite the volatility in the markets, the portfolio outperformed its benchmark over the measurement period.

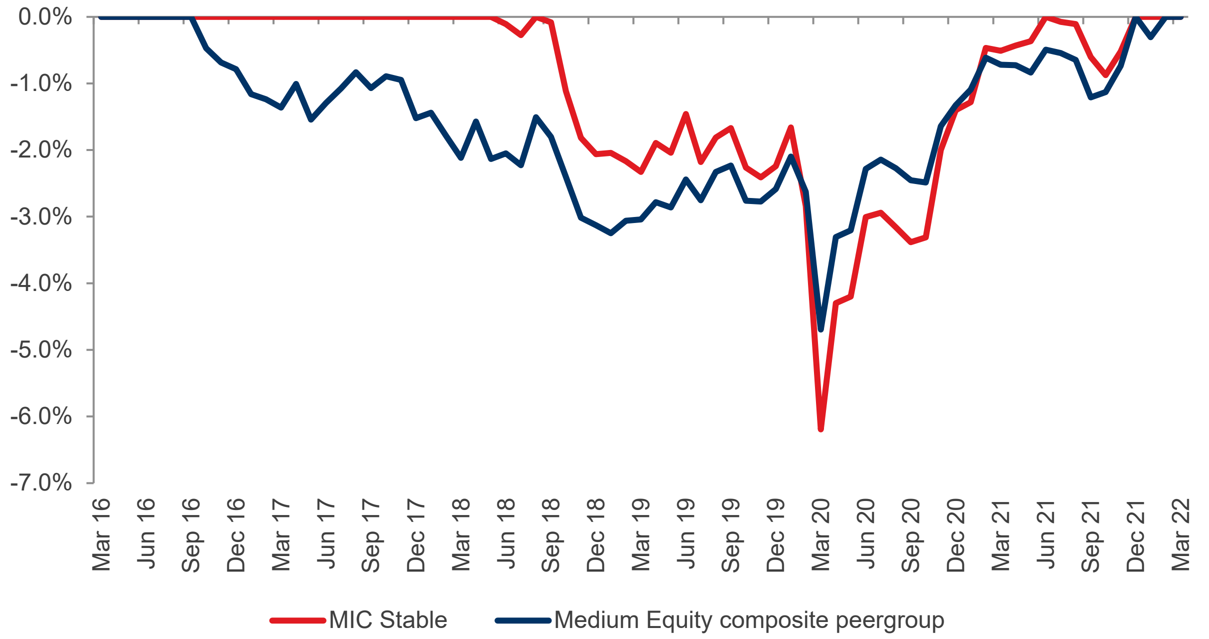
3.3.2. Risk

Figure 3.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 4% once. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 3.5: Rolling 4-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- Even though the portfolio underperformed its benchmark over rolling 4 years, and recently greater than the peer group, it managed to outperform CPI+3% more consistently than the peer group.

3.3.3. Performance attribution

Figure 3.6: Total return attribution: 12 months to 31 March 2022

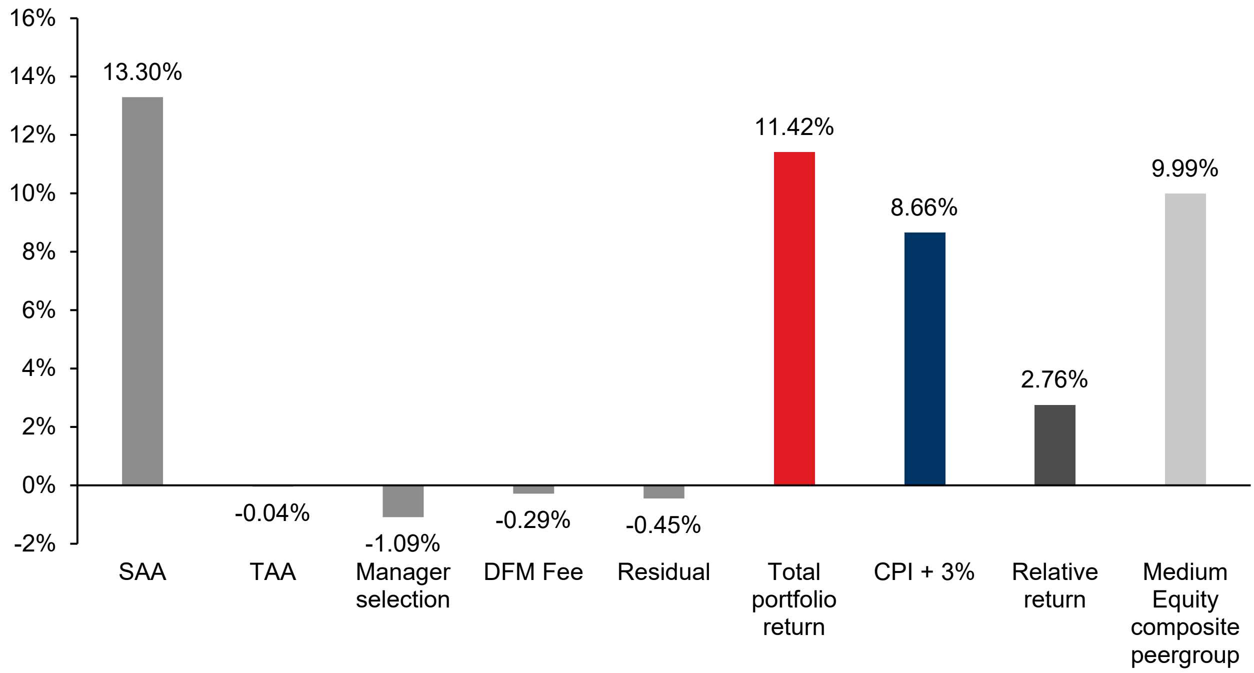


Figure 3.7: Strategic asset allocation effects: 12 months to 31 March 2022

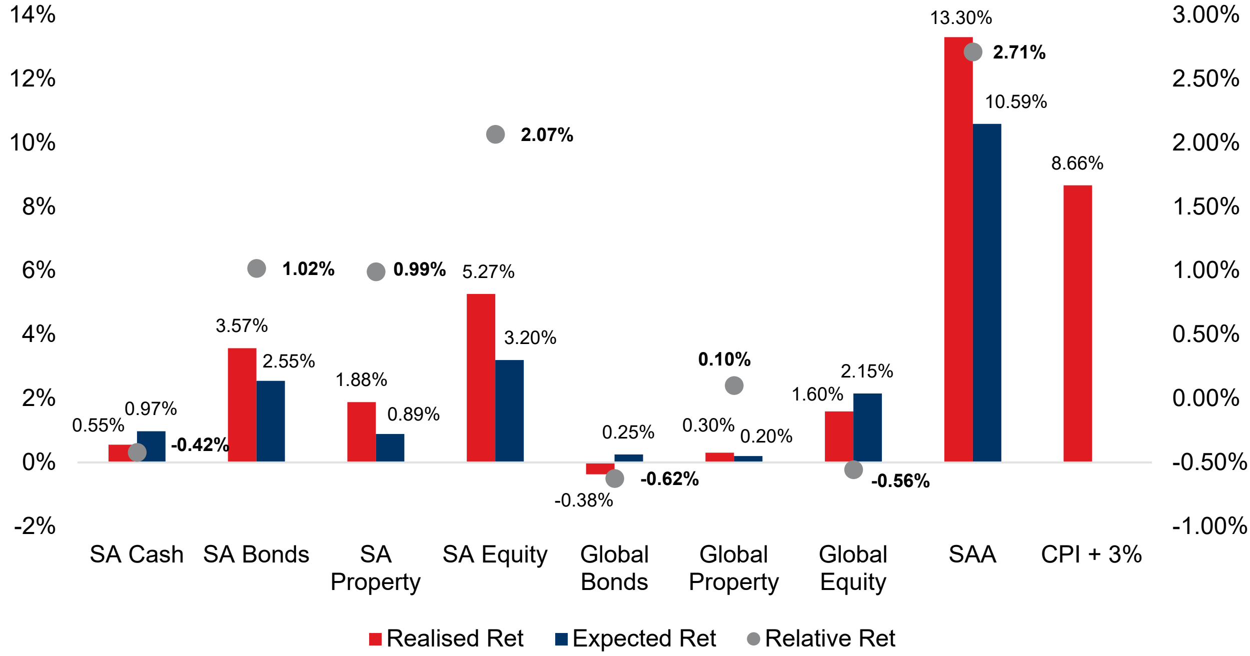


Figure 3.8: Tactical asset allocation effects: 12 months to 31 March 2022

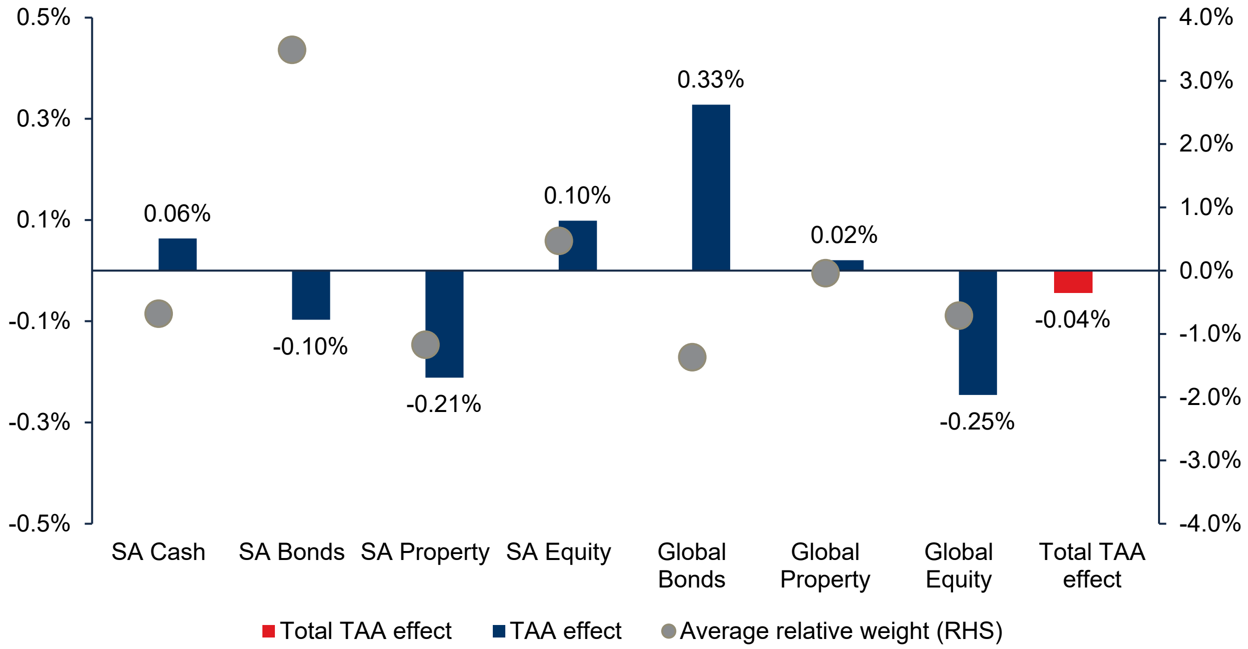


Figure 3.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

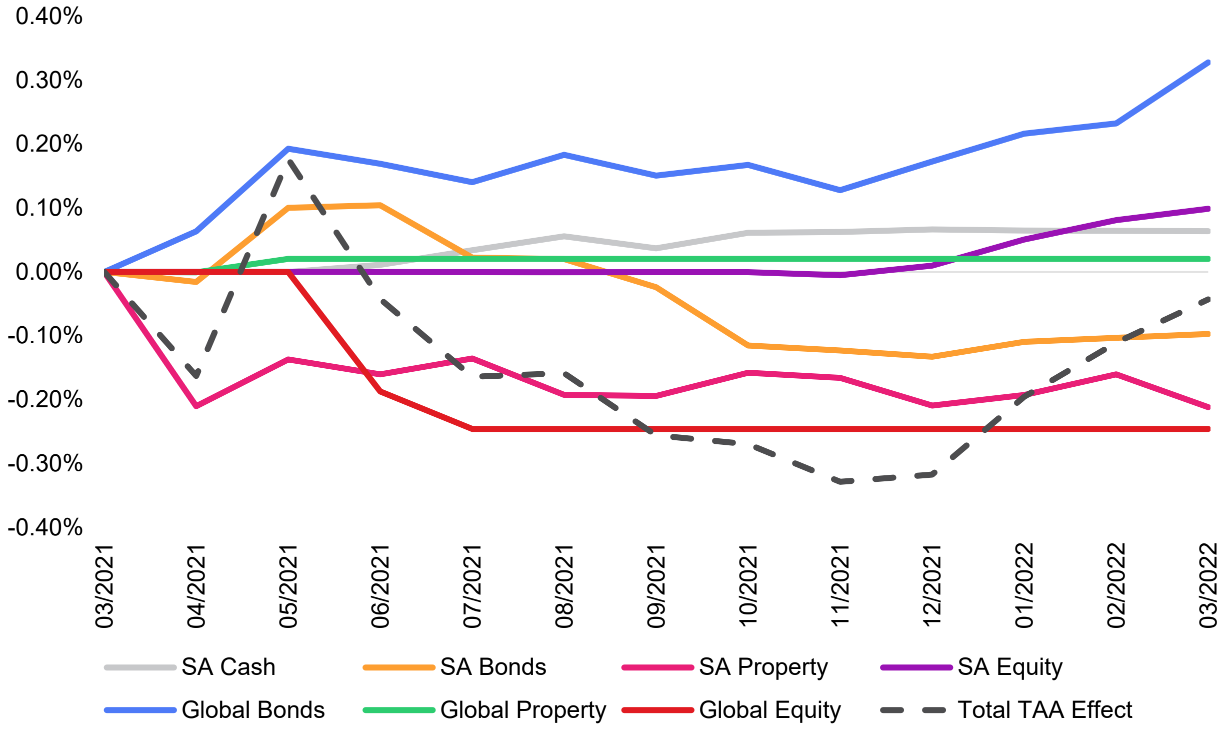


Figure 3.10: Manager selection effects: 12 months to 31 March 2022

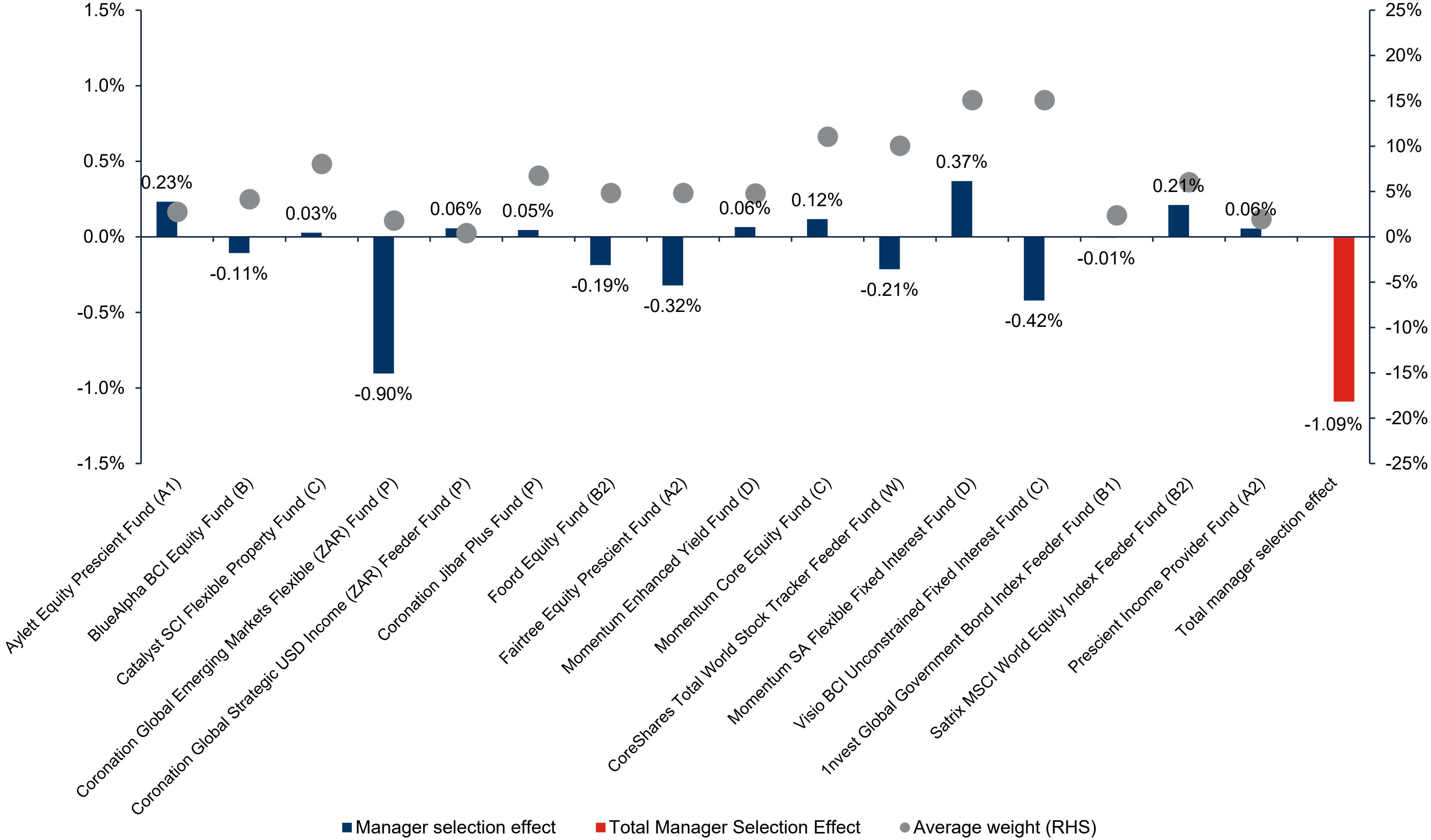
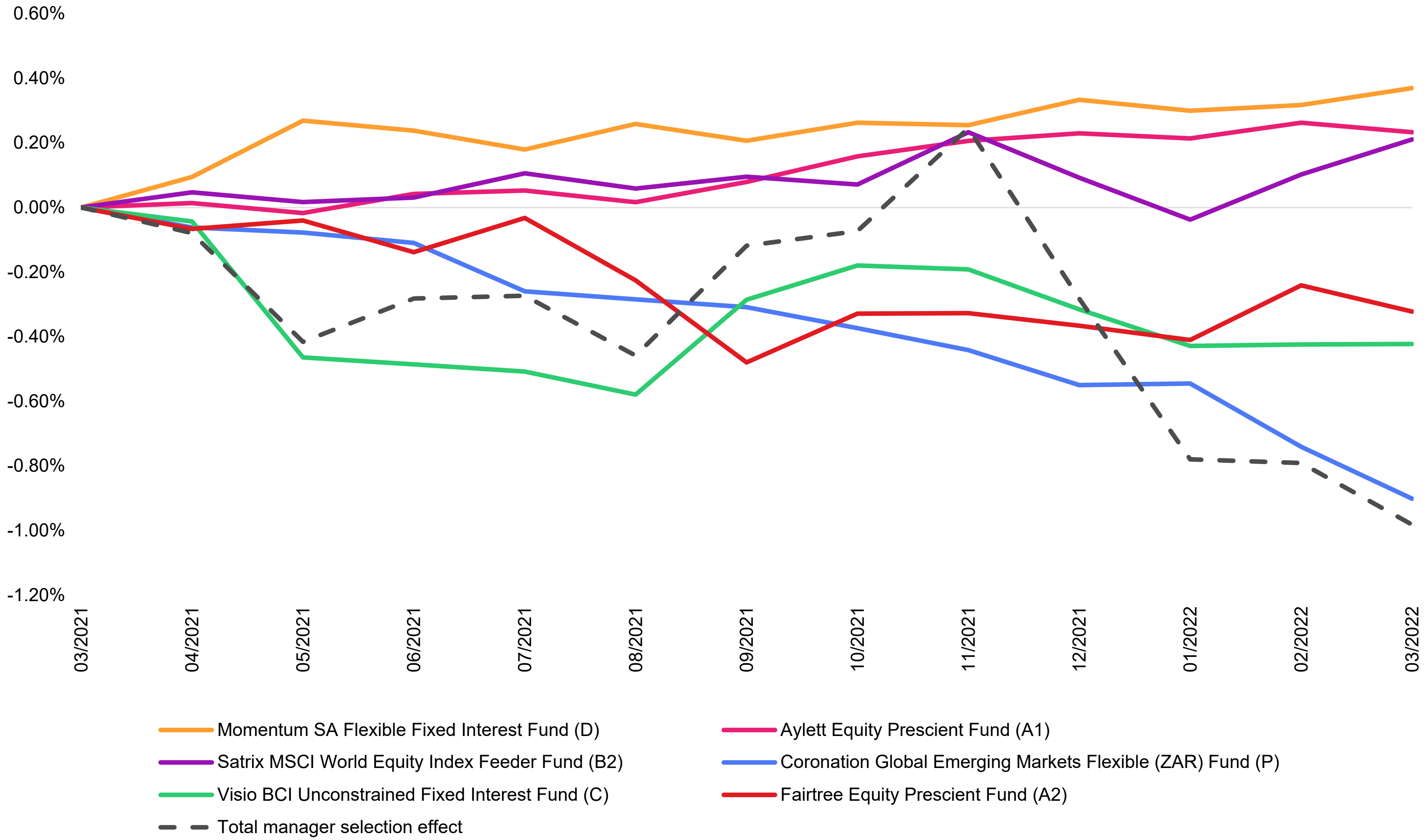


Figure 3.11: Cumulative manager selection effects: 12 months to 31 March 2022



3.4. MIC Moderate Portfolio

Investment goal: **CPI + 4%**
Time horizon: **5-years**

3.4.1. Returns

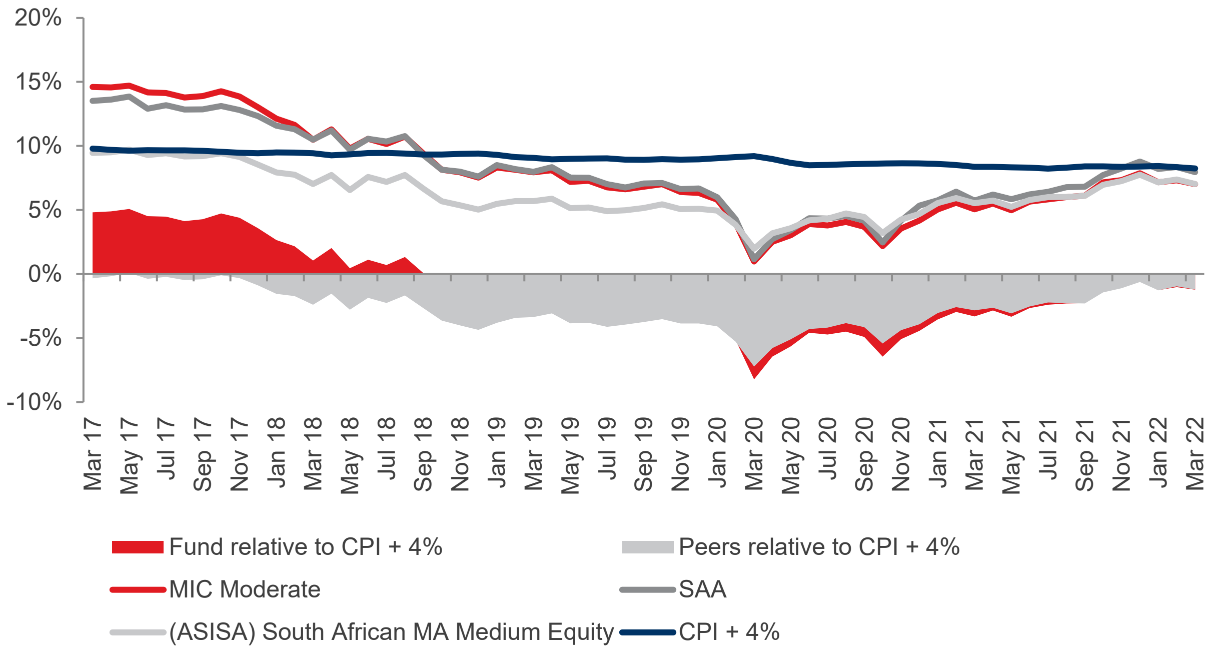
Figure 4.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	3y (ann.)	5y (ann.)	7y (ann.)	SI* (ann.)	Mths SI*
MIC Moderate	**-1.7%**	**5.7%**	**12.6%**	**8.6%**	**7.0%**	**6.5%**	**7.4%**	**57**
Benchmark: CPI + 4%	2.4%	4.3%	9.7%	8.4%	8.2%	8.9%	8.3%	
SAA	-1.0%	6.7%	14.5%	9.2%	8.0%	7.1%	8.2%	
(ASISA) South African MA Medium Equity	*-1.2%*	*5.4%*	*9.9%*	*8.3%*	*7.0%*	*6.0%*	*7.3%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio underperformed its CPI + 4% benchmark by 1.2% over the 5-year period to 31 March 2022. It performed in line with the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 1.9% over the last 12 months, net of all investment related fees.

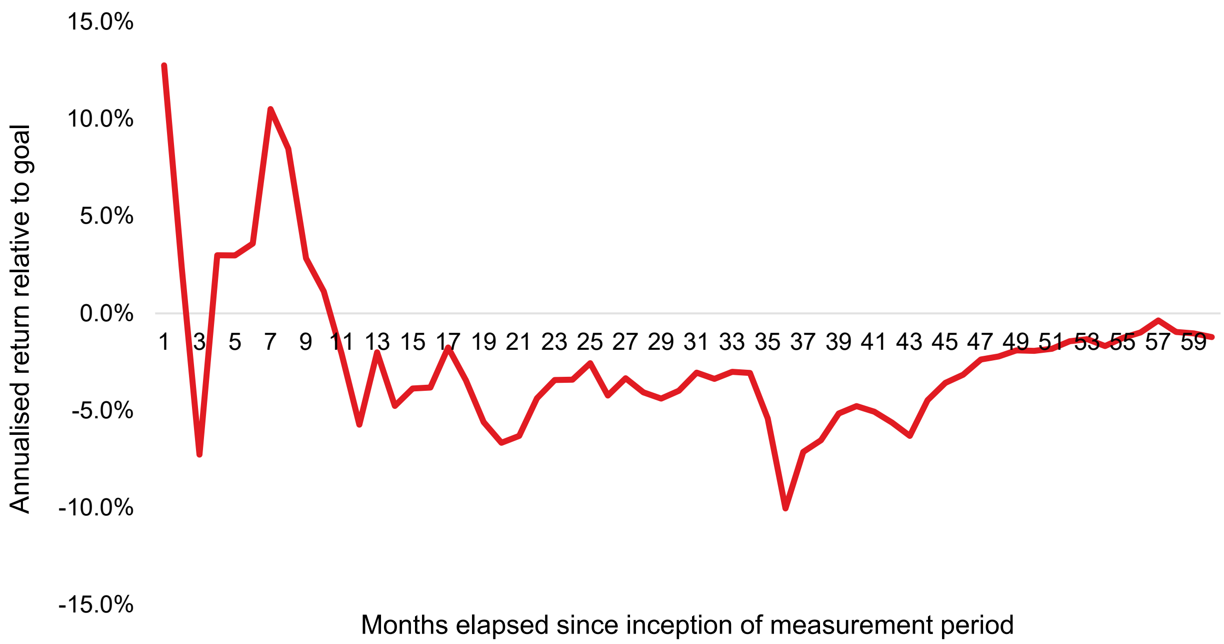
Figure 4.2: Rolling 5-year returns ann.: 10 years to 31 March 2022 *



	MIC Moderate	(ASISA) South African MA Medium Equity
Number of observations	61	
Period outperforming	19	1
Realised probability of outperforming	**31%**	2%
Max outperformance p.a.	**5.1%**	0.1%
Max underperformance p.a.	**-8.2%**	-7.2%

- Over the last 10 years, the portfolio outperformed its benchmark on 31% of the total rolling 5-year periods. This compares favourably with the peer group, which only managed to outperform on 2% of the rolling 5-year periods.

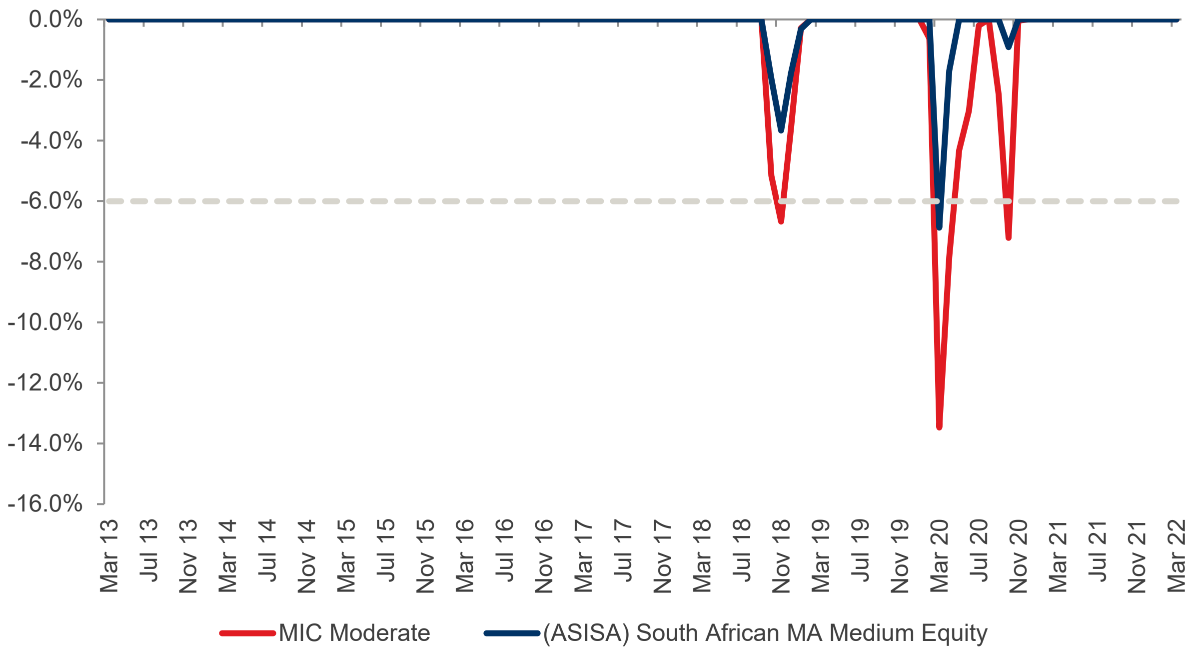
Figure 4.3: Portfolio performance relative to goal*



- The volatility in growth asset classes over the last 5 years to 31 December is clearly illustrated by the above graph. Given the volatility in the markets, the portfolio underperformed its benchmark over the measurement period.

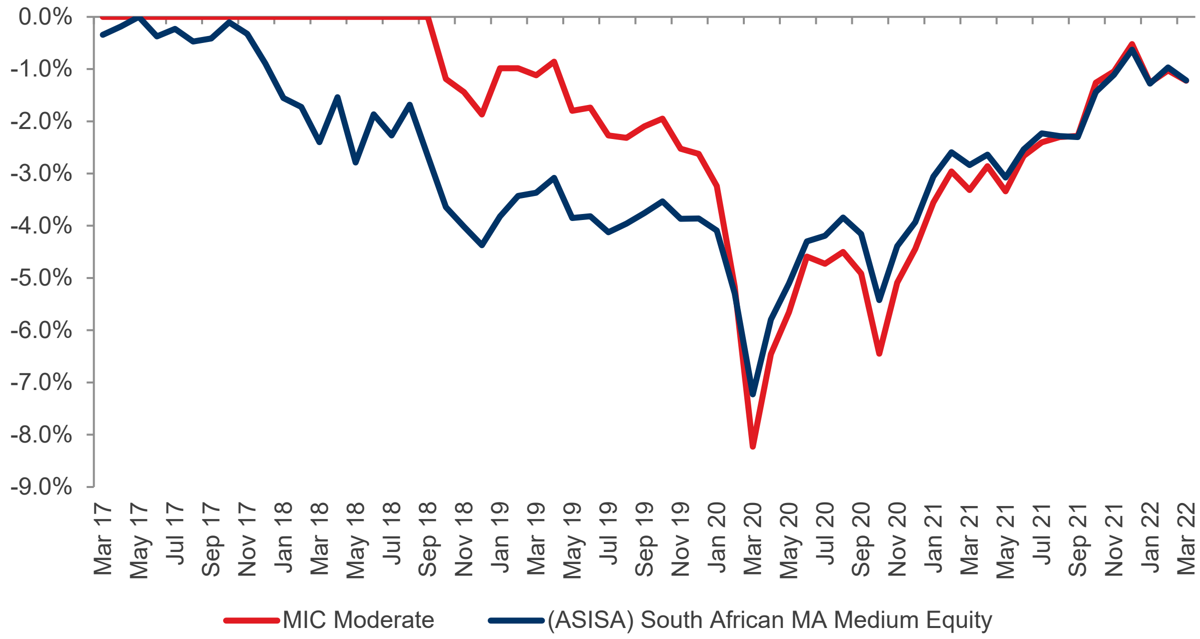
3.4.2. Risk

Figure 4.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 6% three times. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 4.5: Rolling 5-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- Even though the portfolio underperformed its benchmark over rolling 5 years, and recently greater than the peer group, it managed to outperform CPI+4% more consistently than the peer group.

3.4.3. Performance attribution

Figure 4.6: Total return attribution: 12 months to 31 March 2022

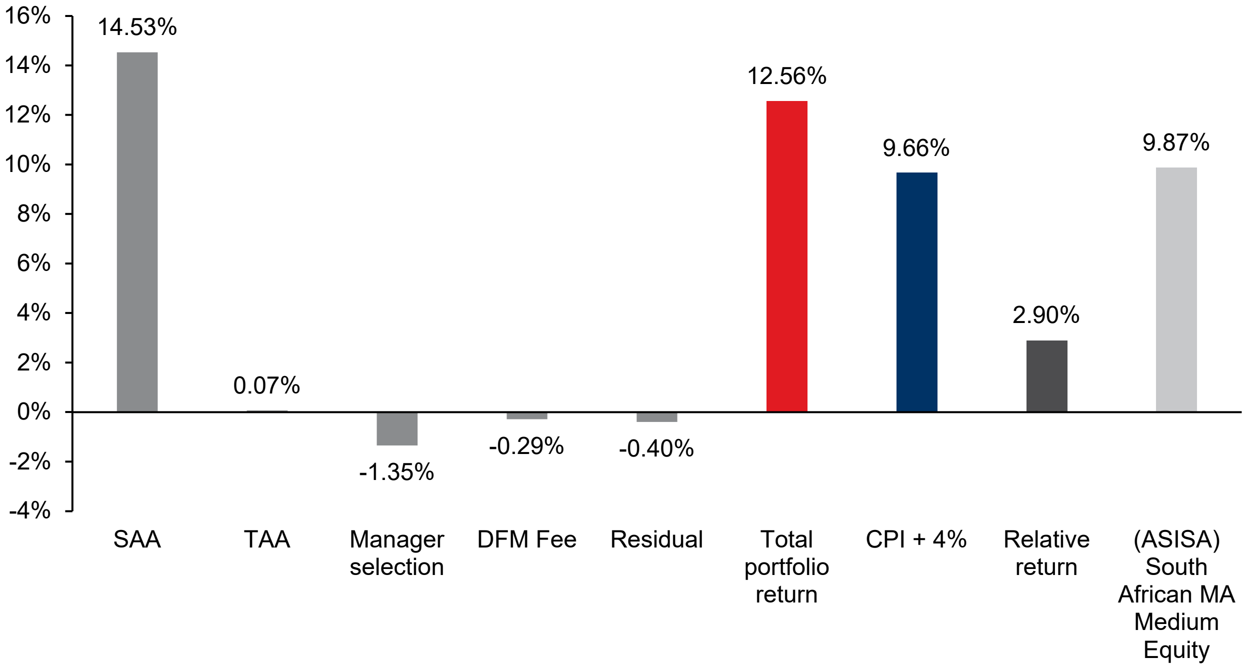


Figure 4.7: Strategic asset allocation effects: 12 months to 31 March 2022

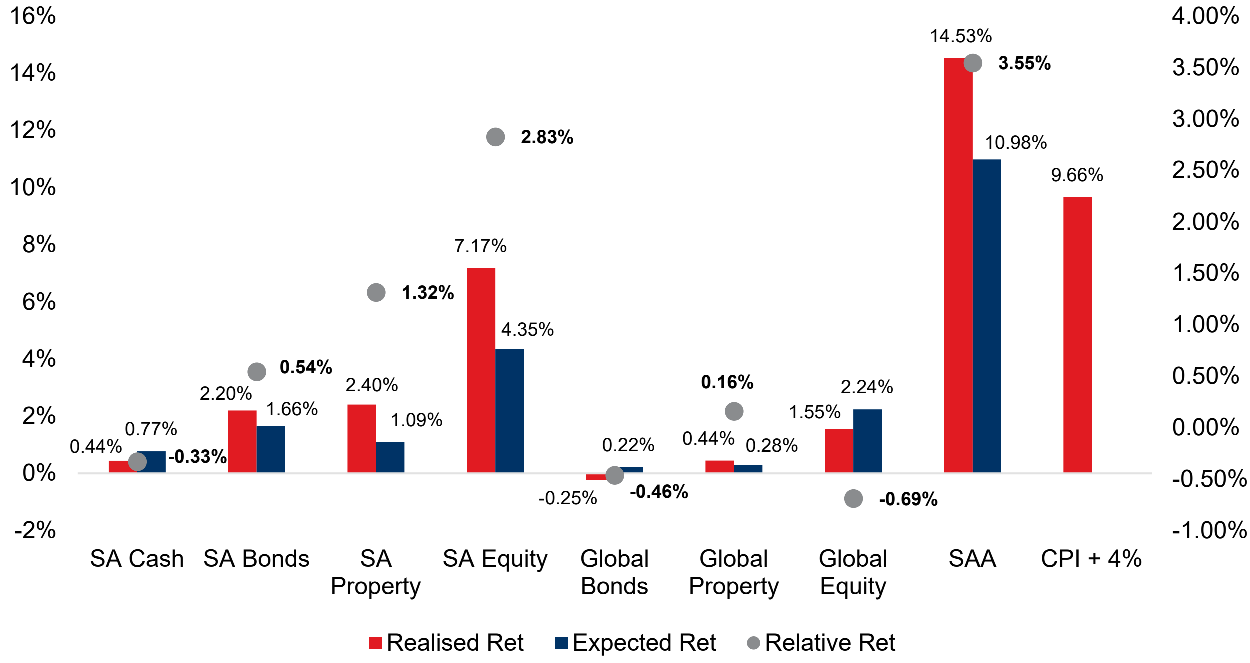


Figure 4.8: Tactical asset allocation effects: 12 months to 31 March 2022

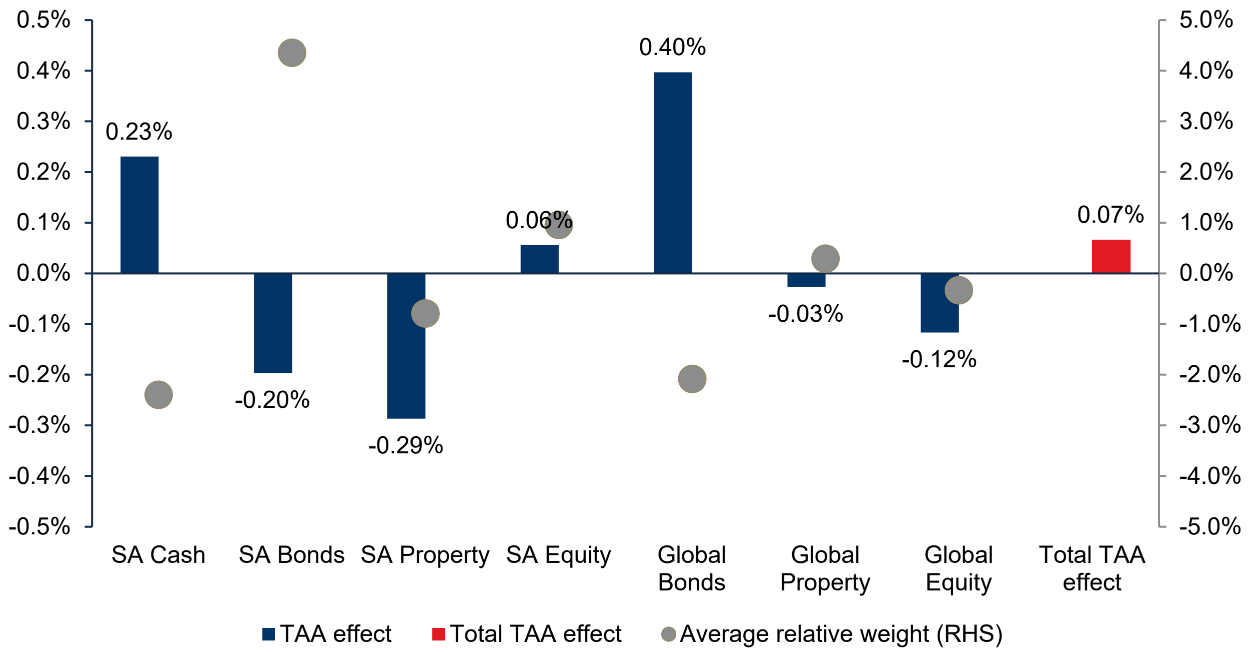


Figure 4.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

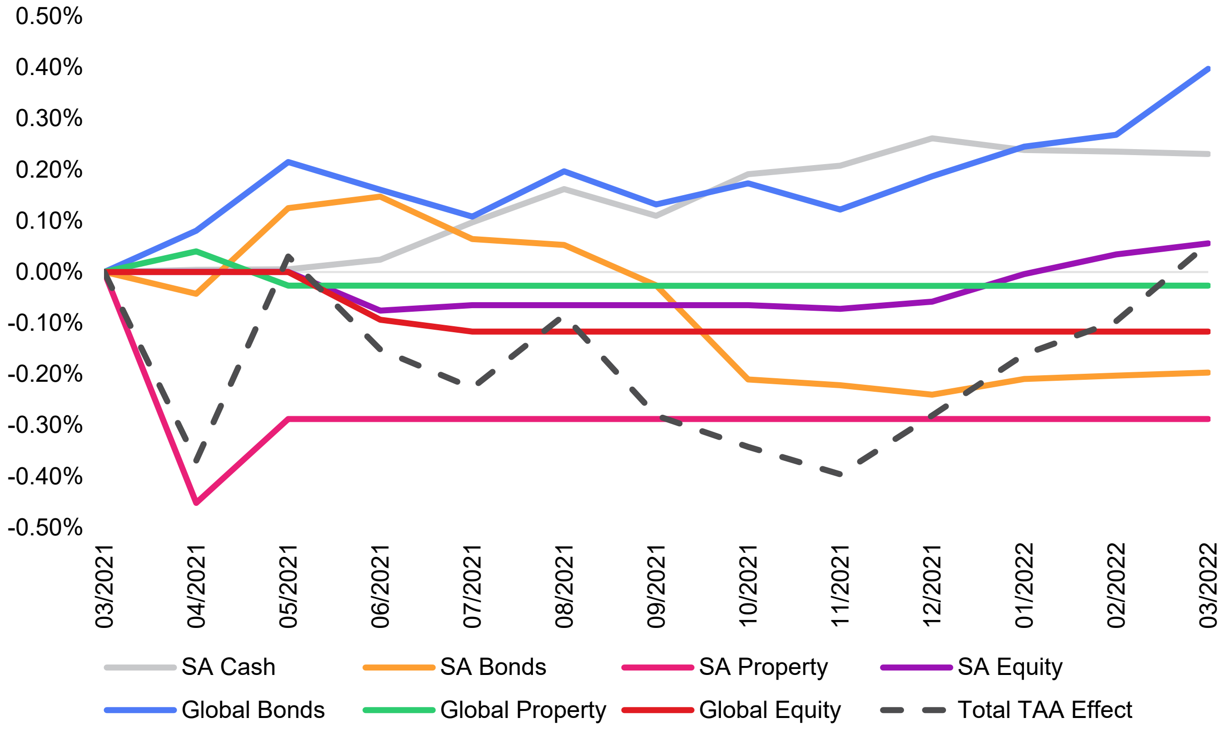


Figure 4.10: Manager selection effects: 12 months to 31 March 2022

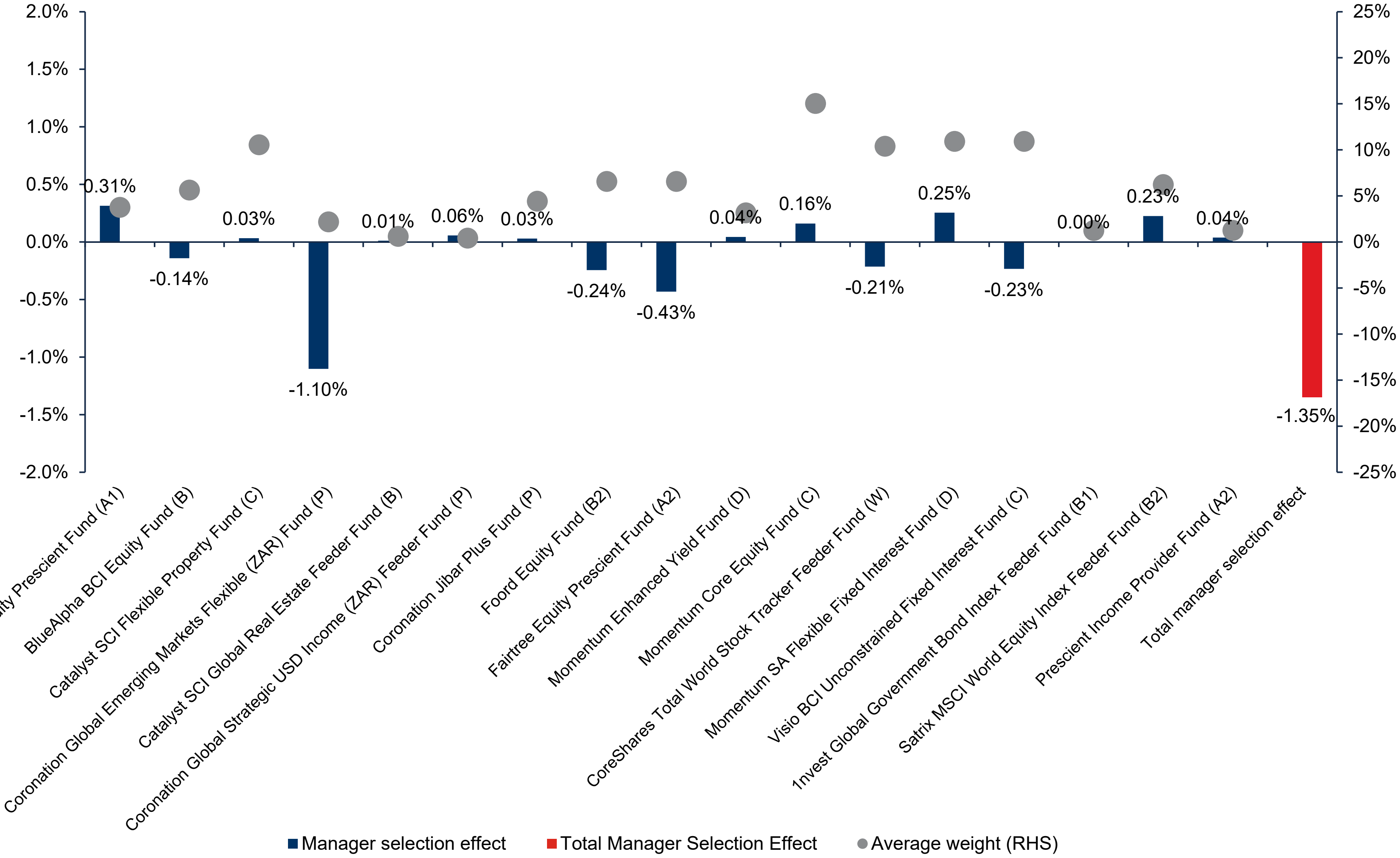
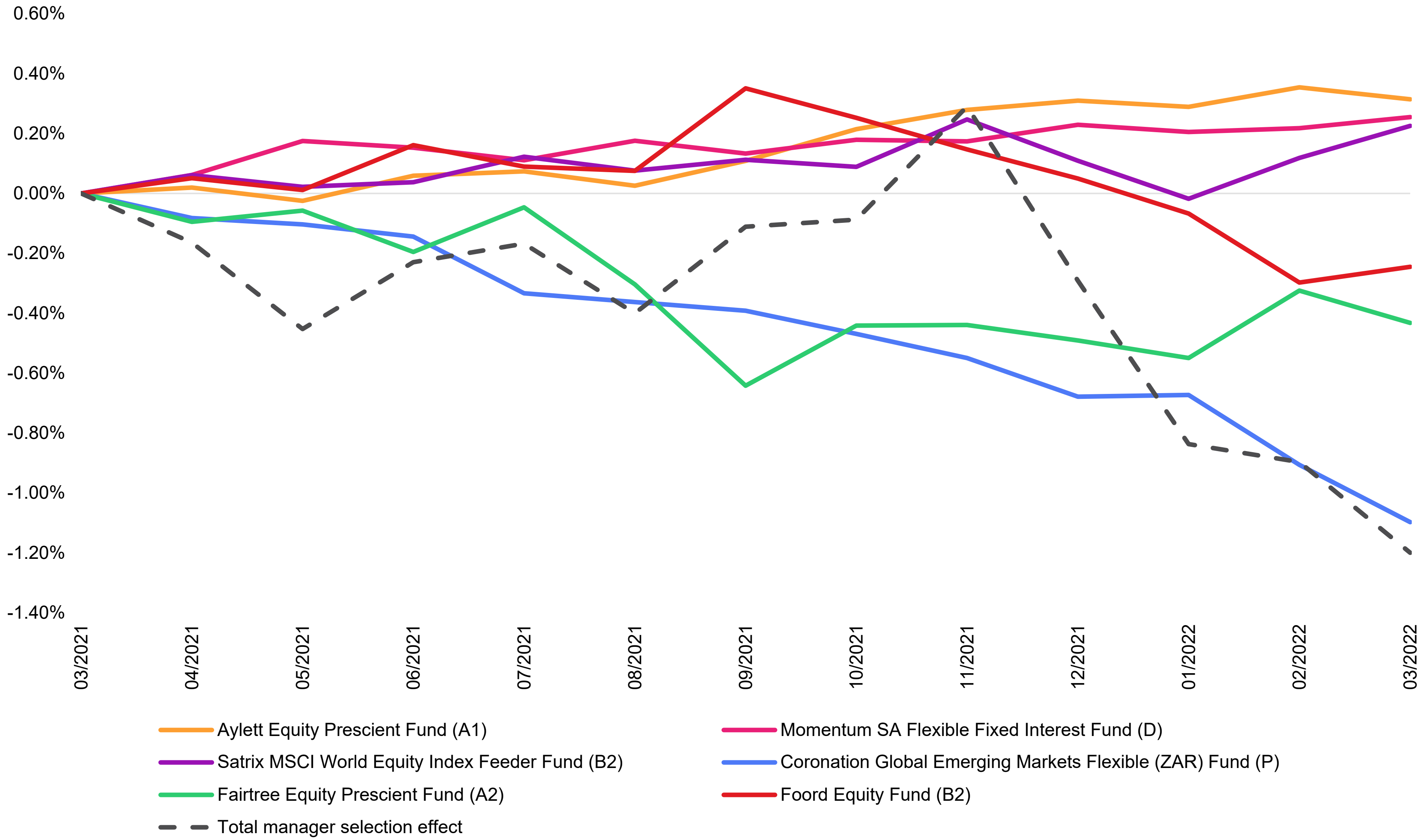


Figure 4.11: Cumulative manager selection effects: 12 months to 31 March 2022



3.5. MIC Balanced Portfolio

Investment goal: **CPI + 5%**
Time horizon: **6-years**

3.5.1. Returns

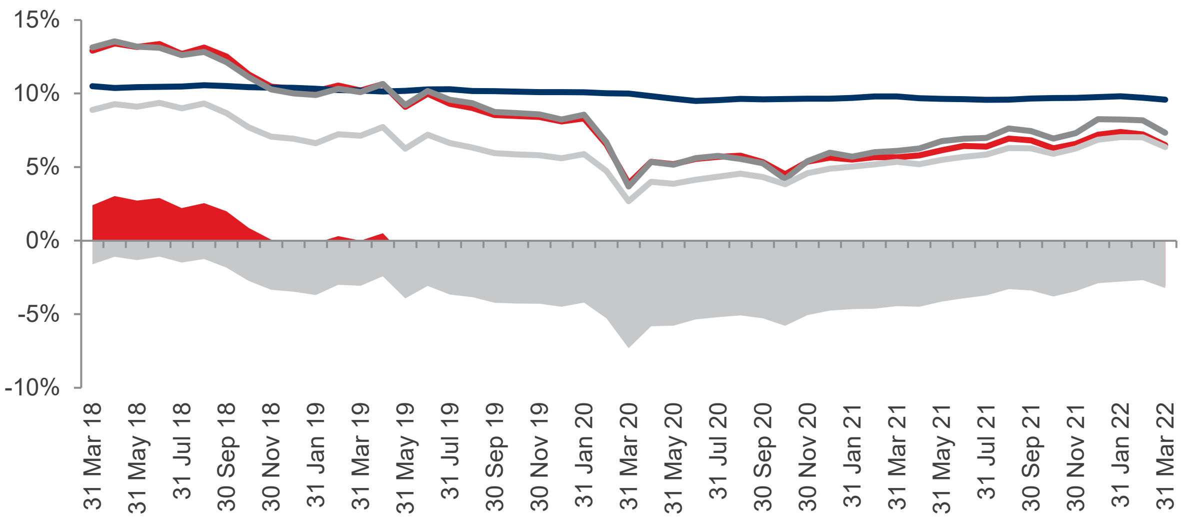
Figure 5.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	2y (ann.)	4y (ann.)	6y (ann.)	SI* (ann.)	Mths SI*
MIC Balanced	**-1.7%**	**6.2%**	**13.2%**	**23.8%**	**9.1%**	**6.5%**	**7.8%**	57
Benchmark: CPI + 5%	2.6%	4.7%	10.7%	9.2%	9.3%	9.6%	9.3%	
SAA	-1.0%	7.2%	15.0%	25.7%	8.8%	7.3%	8.6%	
(ASISA) South African MA High Equity	*-1.2%*	*6.0%*	*10.7%*	*20.3%*	*8.2%*	*6.4%*	*7.6%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio underperformed its CPI + 5% benchmark by 3.1% over the 6-year period to 31 March 2022. It marginally outperformed the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 1.8% over the last 12 months, net of all investment related fees.

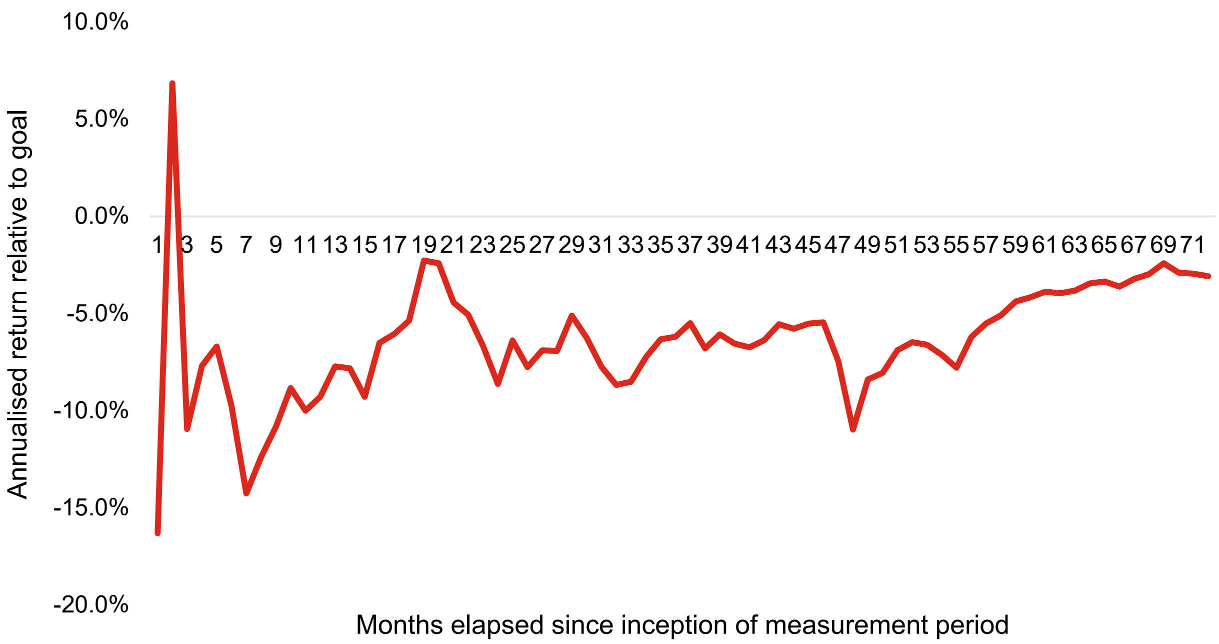
Figure 5.2: Rolling 6-year returns ann.: 10 years to 31 March 2022 *



	MIC Balanced	(ASISA) South African MA High Equity
Number of observations	49	
Period outperforming	12	0
Realised probability of outperforming	**24%**	0%
Max outperformance p.a.	**3.0%**	-1.1%
Max underperformance p.a.	**-6.1%**	-7.3%

- Over the last 10 years, the portfolio outperformed its benchmark on 24% of the total rolling 6-year periods. This compares favourably with the peer group, which never managed to outperform over the rolling 6-year periods.

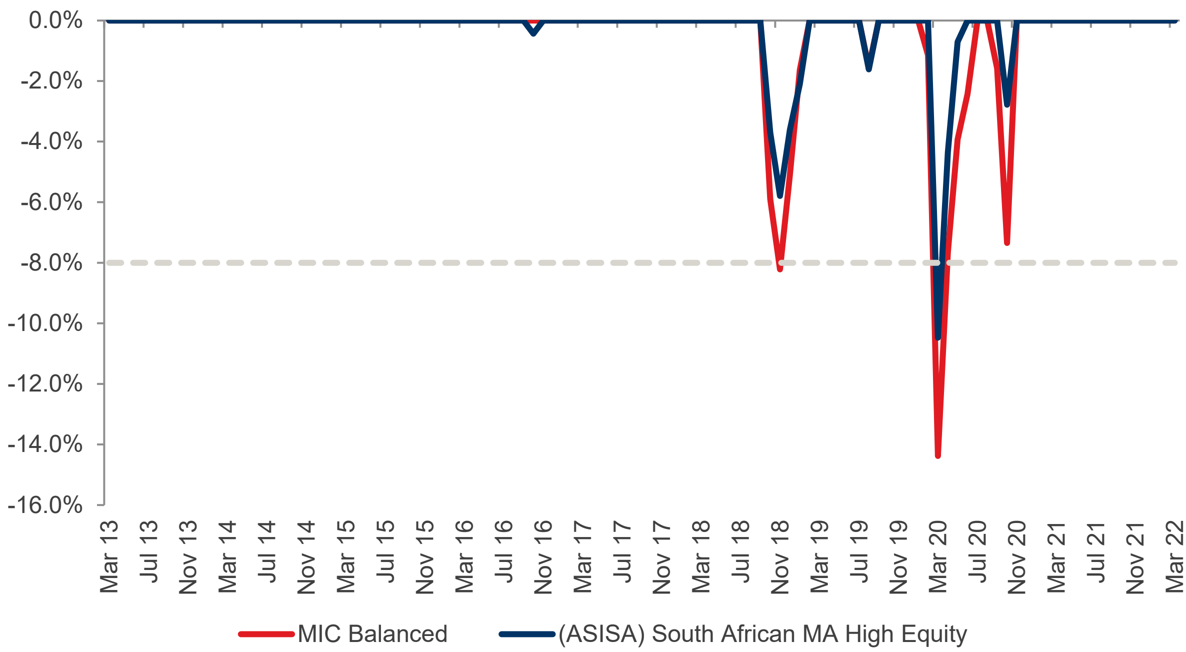
Figure 5.3: Portfolio performance relative to goal*



- Over the measurement period up to 31 March 2022 the portfolio's annualised returns relative to its goal were mostly below its target due to weak returns from the growth asset classes. Subsequent to the COVID-19 crisis, the portfolio has shown a strong recovery relative to its benchmark.

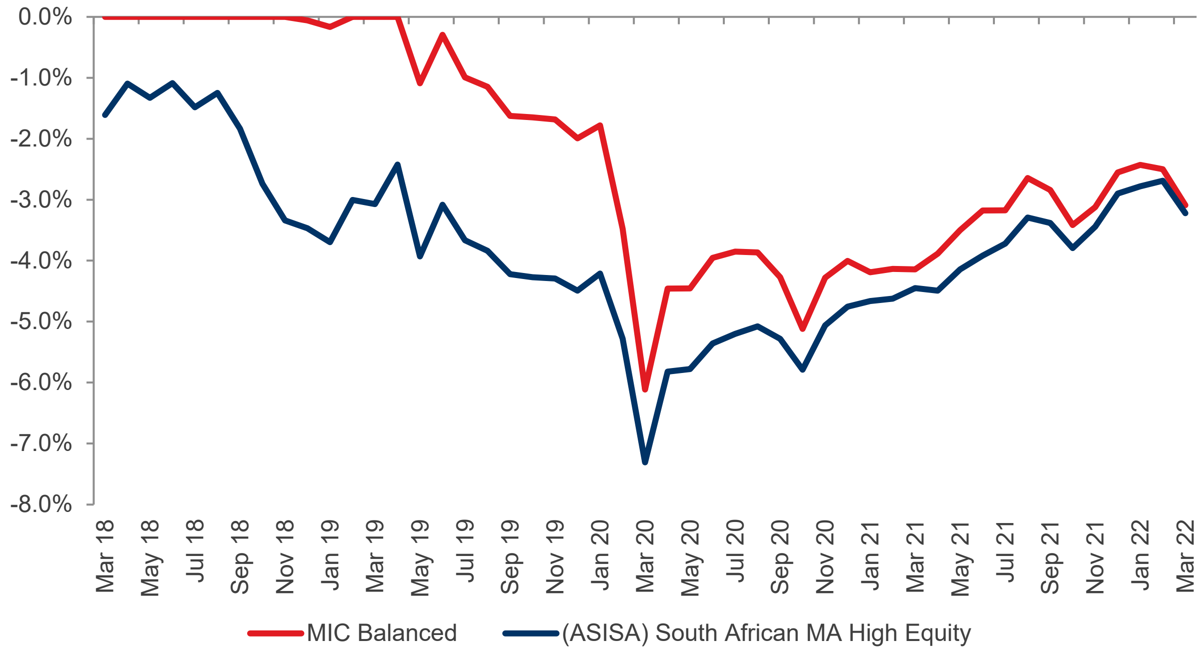
3.5.2. Risk

Figure 5.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 8% twice. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 5.5: Rolling 6-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- Even though the portfolio underperformed its benchmark over rolling 6 years, it was to a lesser extent than the peer group. The portfolio also managed to outperform CPI+5% more consistently than the peer group.

3.5.3. Performance attribution

Figure 5.6: Total return attribution: 12 months to 31 March 2022

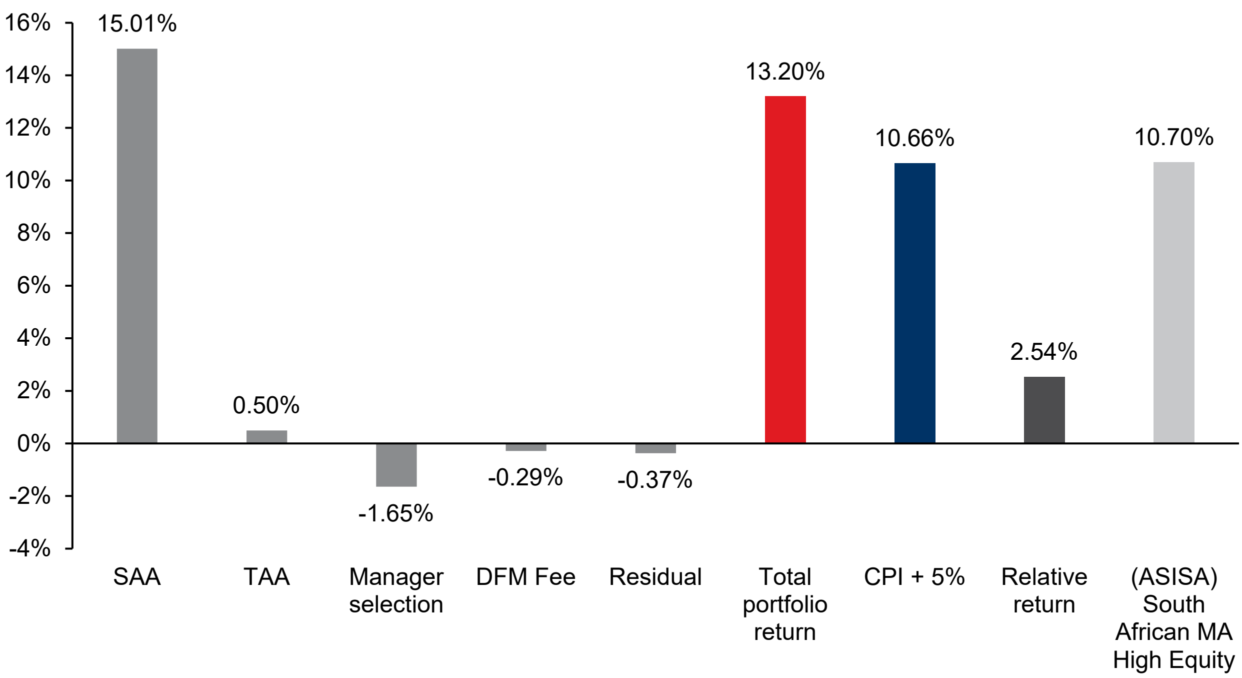


Figure 5.7: Strategic asset allocation effects: 12 months to 31 March 2022

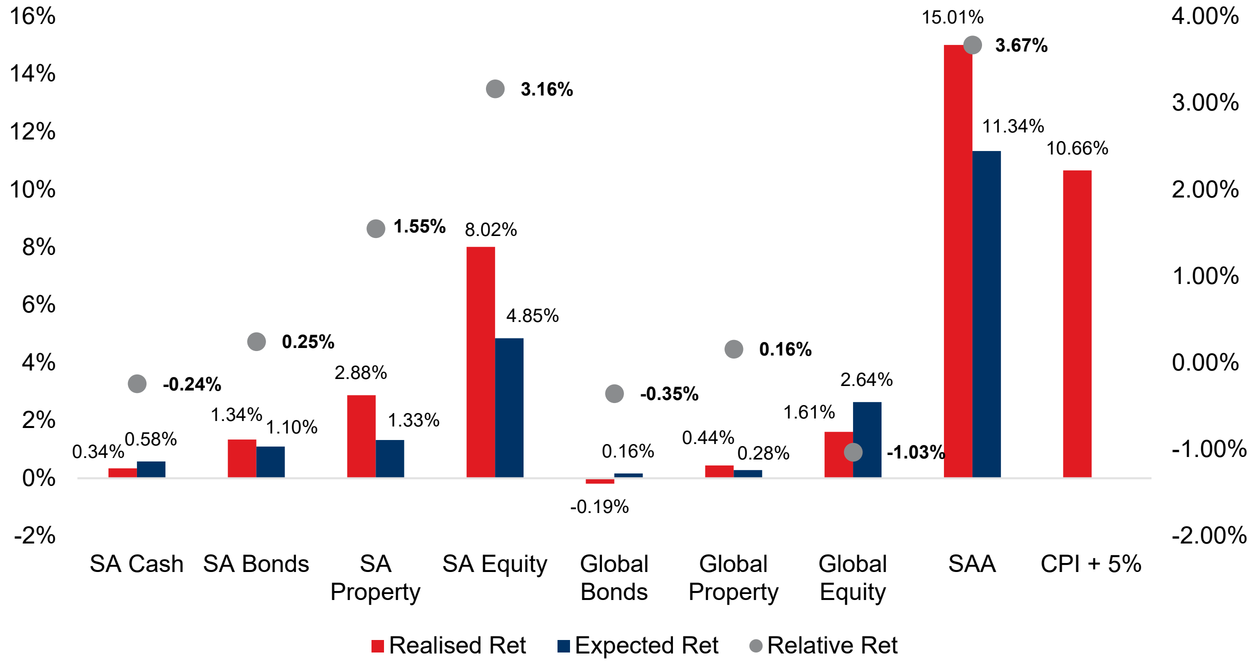


Figure 5.8: Tactical asset allocation effects: 12 months to 31 March 2022

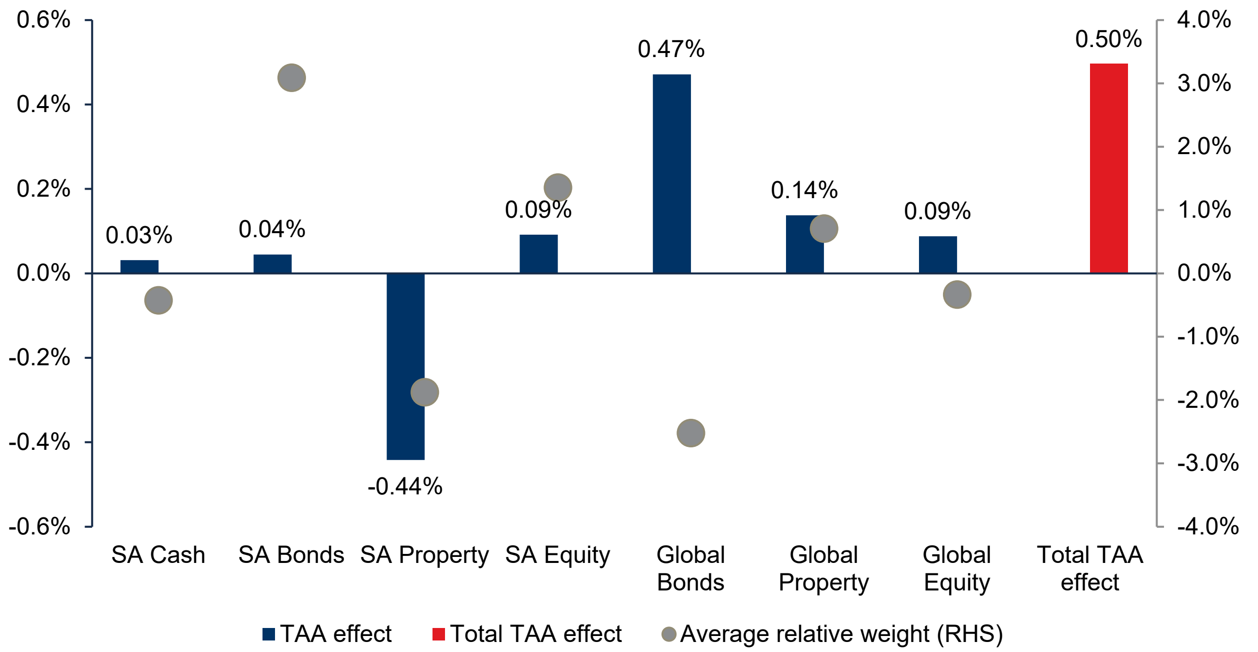


Figure 5.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

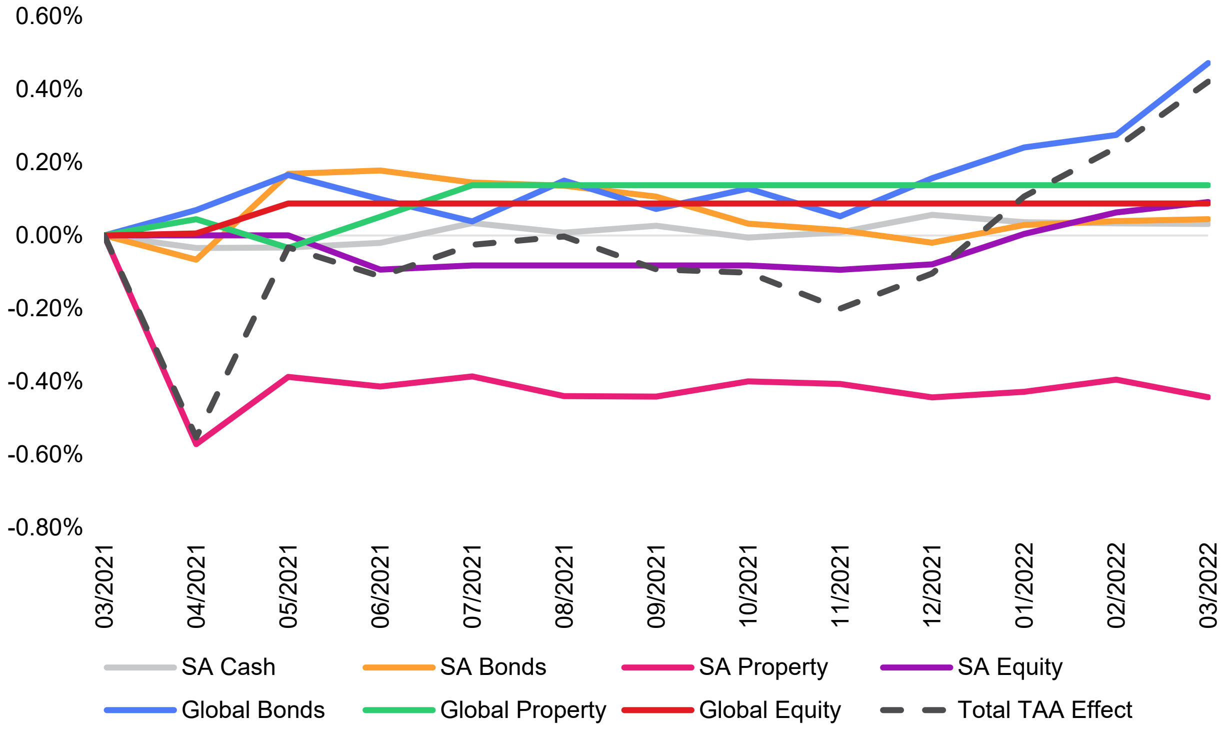


Figure 5.10: Manager selection effects: 12 months to 31 March 2022

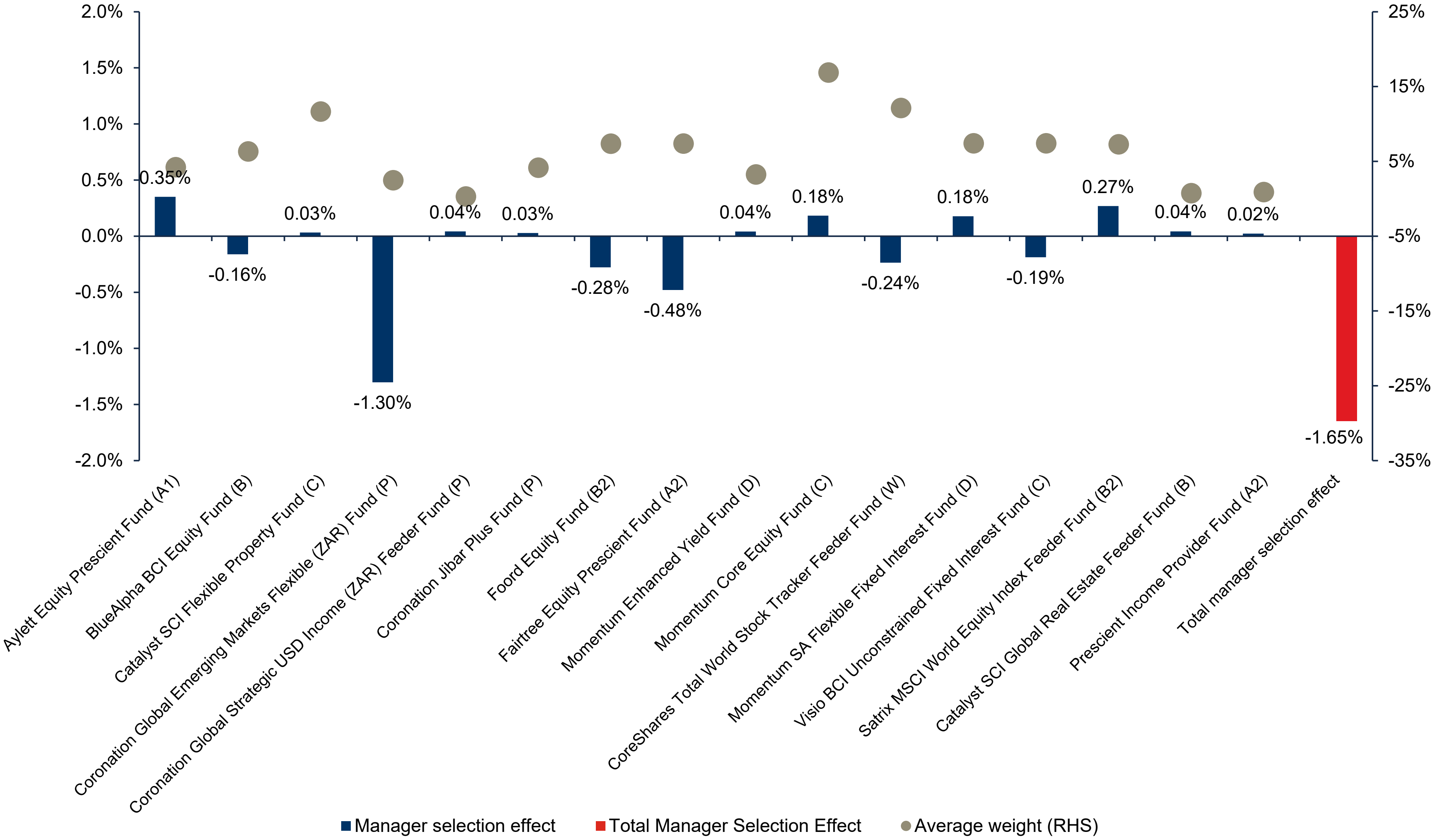
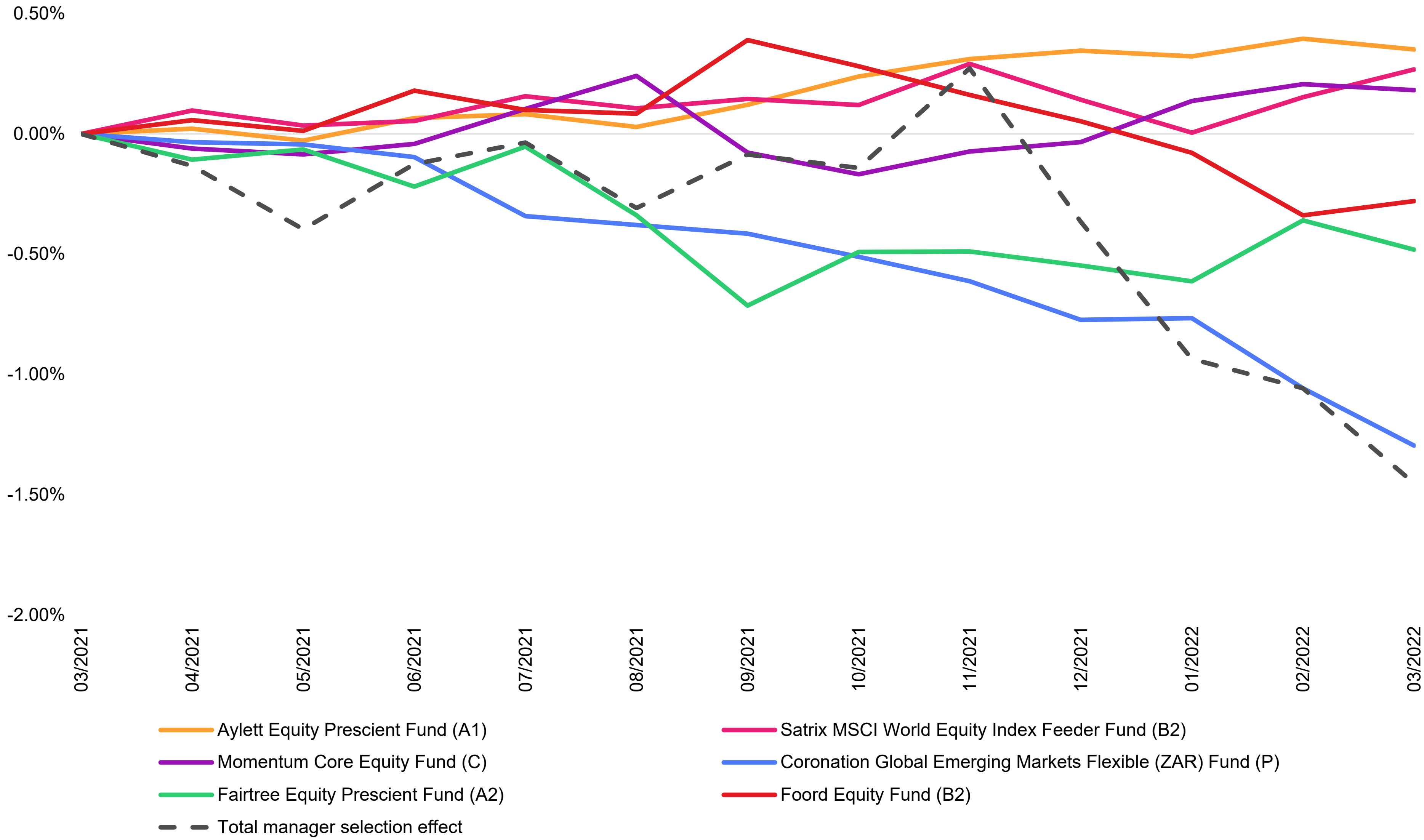


Figure 5.11: Cumulative manager selection effects: 12 months to 31 March 2022



3.6. MIC Growth Portfolio

Investment goal: **CPI + 6%**
Time horizon: **7-years**

3.6.1. Returns

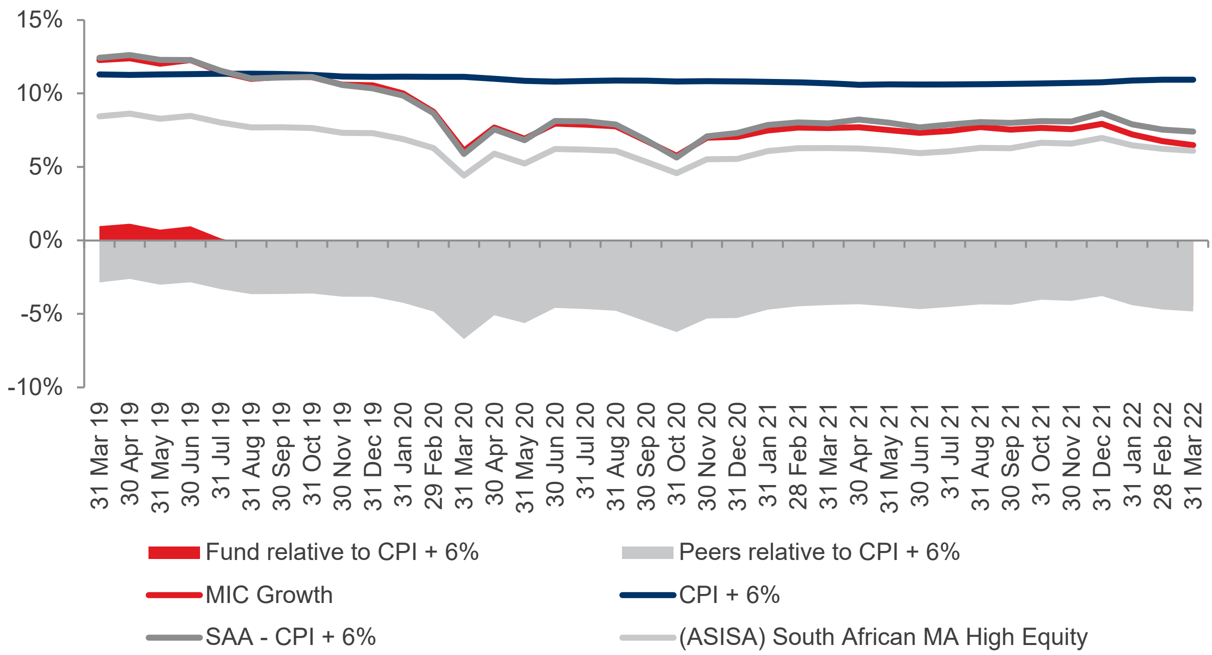
Figure 6.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	3y (ann.)	5y (ann.)	7y (ann.)	SI* (ann.)	Mths SI*
MIC Growth	-1.8%	6.6%	13.7%	9.3%	7.2%	6.5%	7.7%	57
Benchmark: CPI + 6%	2.8%	5.2%	11.7%	10.4%	10.2%	10.9%	10.3%	
SAA	-1.0%	8.2%	16.2%	10.1%	8.5%	7.4%	8.8%	
(ASISA) South African MA High Equity	*-1.2%*	*6.0%*	*10.7%*	*9.0%*	*7.2%*	*6.1%*	*7.6%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio underperformed its CPI + 6% benchmark by 4.4% p.a. over the 7-year period to 31 March 2022. It outperformed the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 2.5% over the last 12 months, net of all investment related fees.

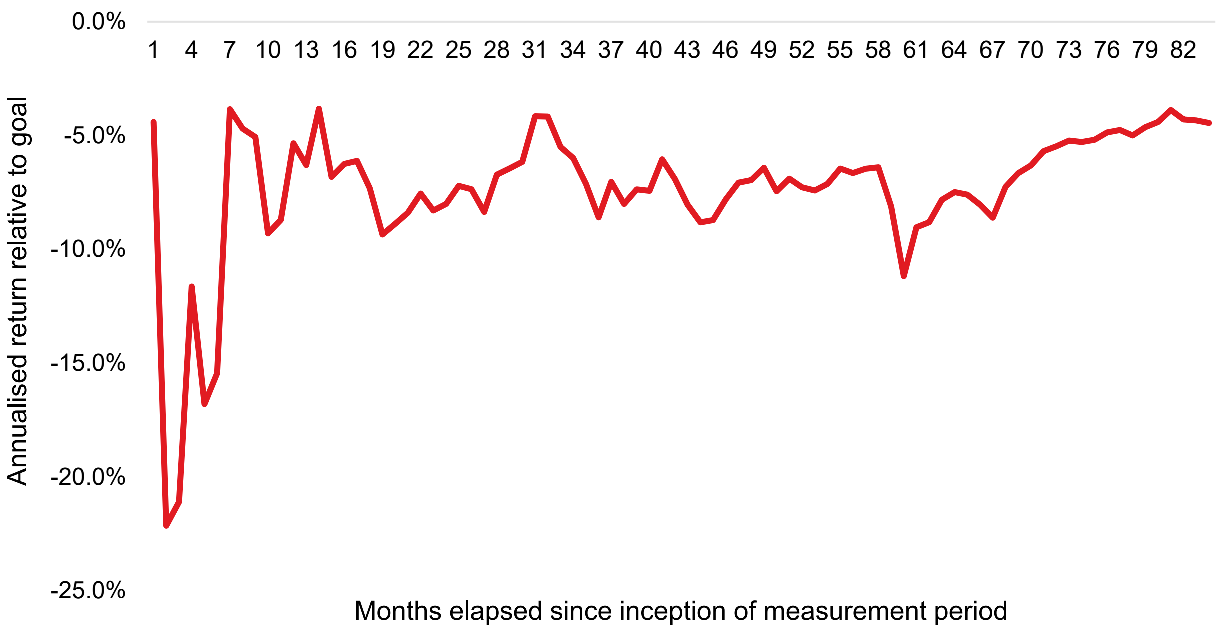
Figure 6.2: Rolling 7-year returns ann.: 10 years to 31 March 2022 *



	MIC Growth	(ASISA) South African MA High Equity
Number of observations	37	
Period outperforming	5	0
Realised probability of outperforming	14%	0%
Max outperformance p.a.	1.1%	-2.6%
Max underperformance p.a.	-5.1%	-6.7%

- Over the last 10-years, the portfolio outperformed its benchmark on 14% of the total rolling 7-year periods. This compares favourably with the peer group, which never managed to outperform over the rolling 7-year periods.

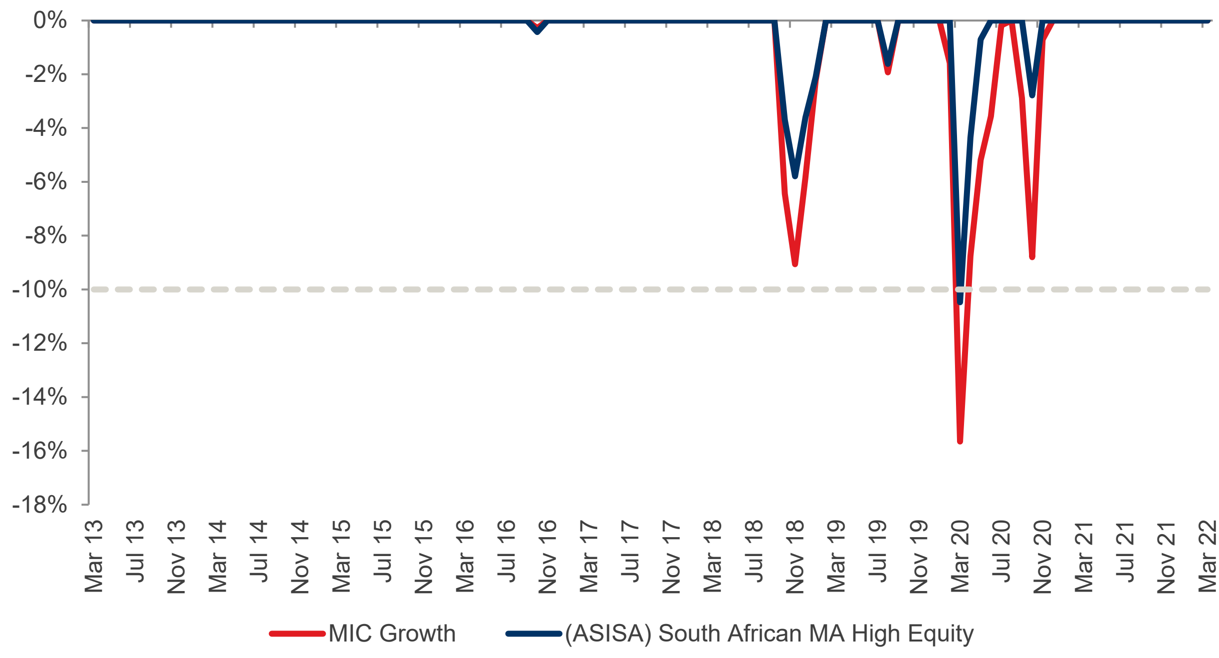
Figure 6.3: Portfolio performance relative to goal*



- Over the measurement period up to 31 March 2022 the portfolio's annualised returns relative to its goal were mostly below its target due to weak returns from the growth asset classes. After the COVID-19 crisis, the portfolio has shown a strong recovery relative to its benchmark.

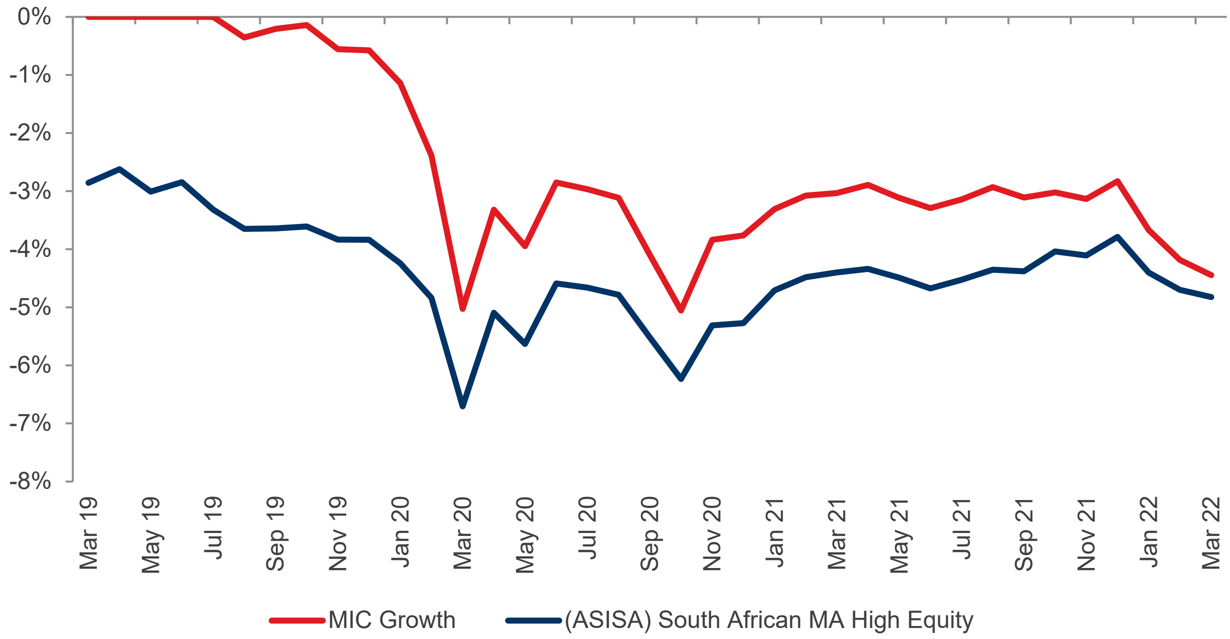
3.6.2. Risk

Figure 6.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 10% once. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 6.5: Rolling 7-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- Even though the portfolio underperformed its benchmark over rolling 7 years, it was to a lesser extent than the peer group. The portfolio also managed to outperform CPI+6% more consistently than the peer group.

3.6.3. Performance attribution

Figure 6.6: Total return attribution: 12 months to 31 March 2022

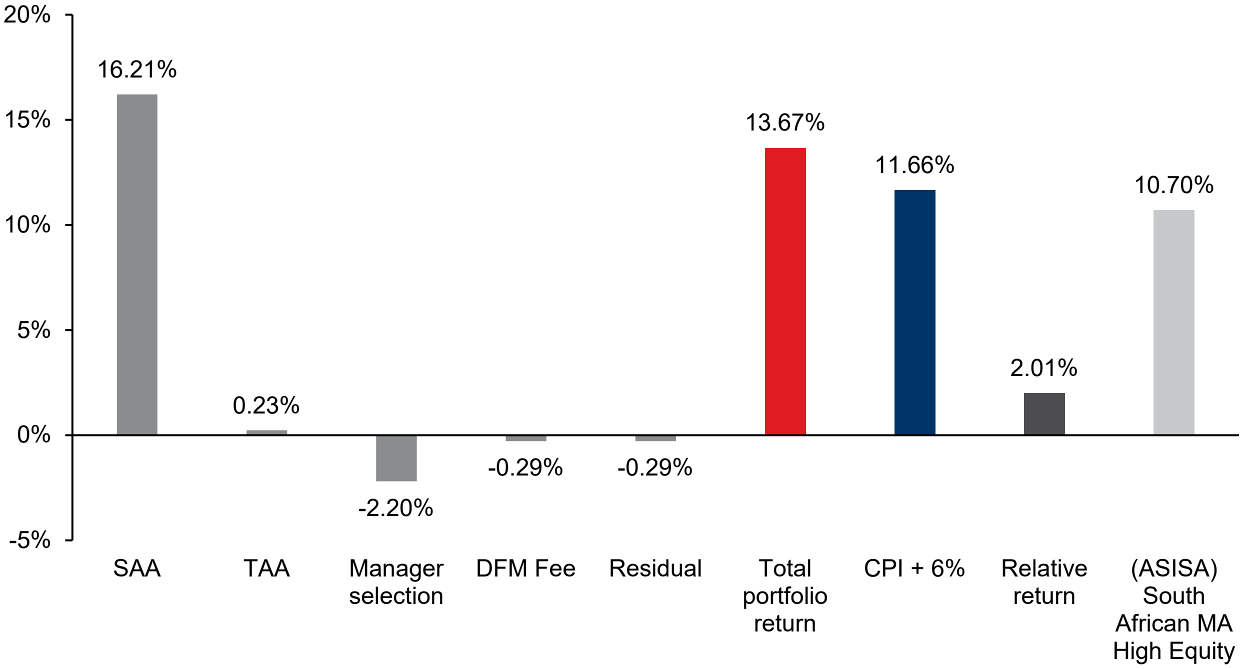


Figure 6.7: Strategic asset allocation effects: 12 months to 31 March 2022

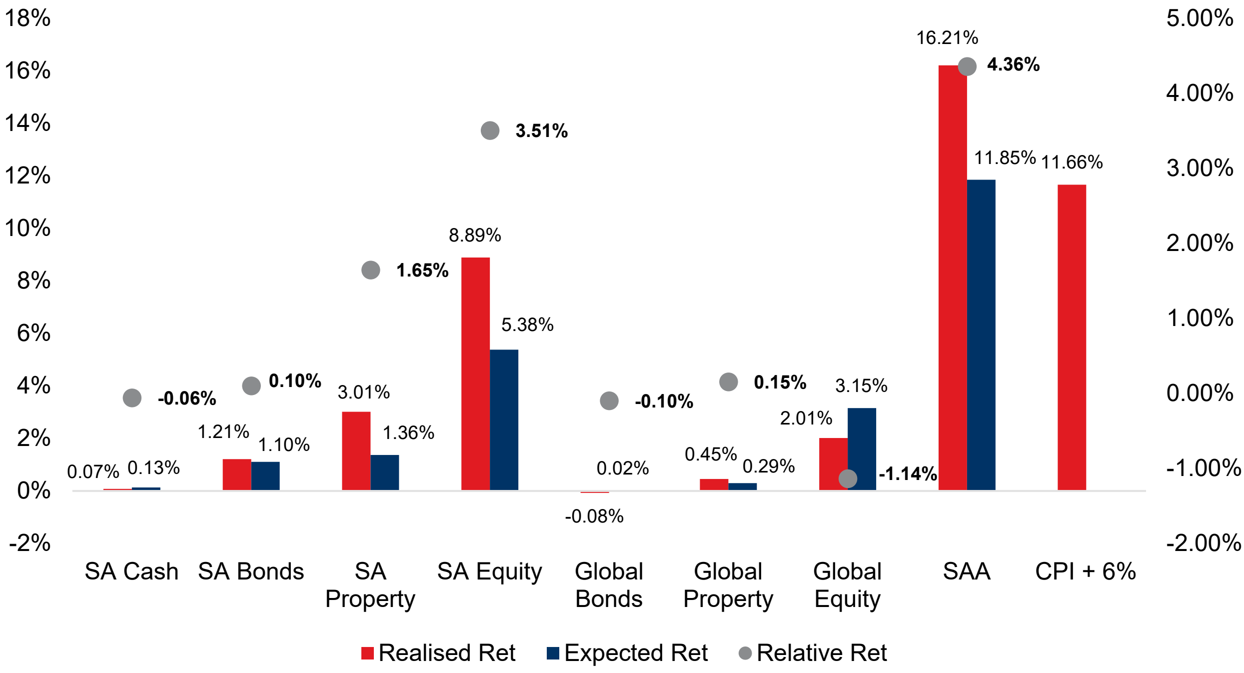


Figure 6.8: Tactical asset allocation effects: 12 months to 31 March 2022

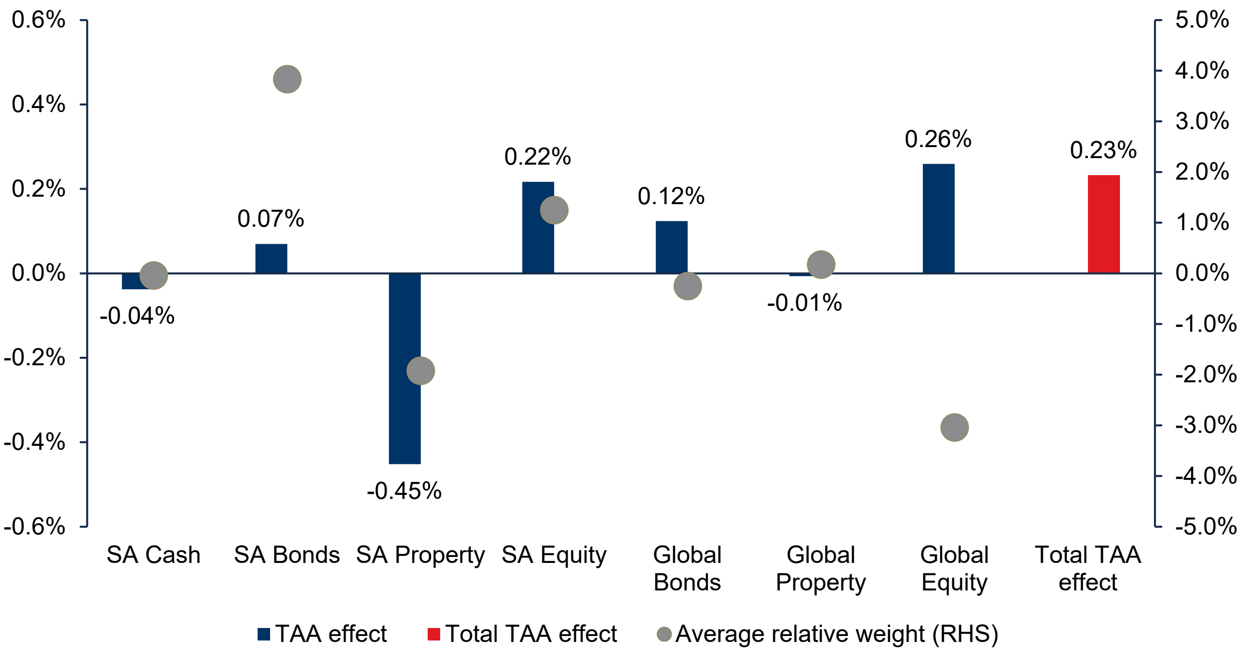


Figure 6.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

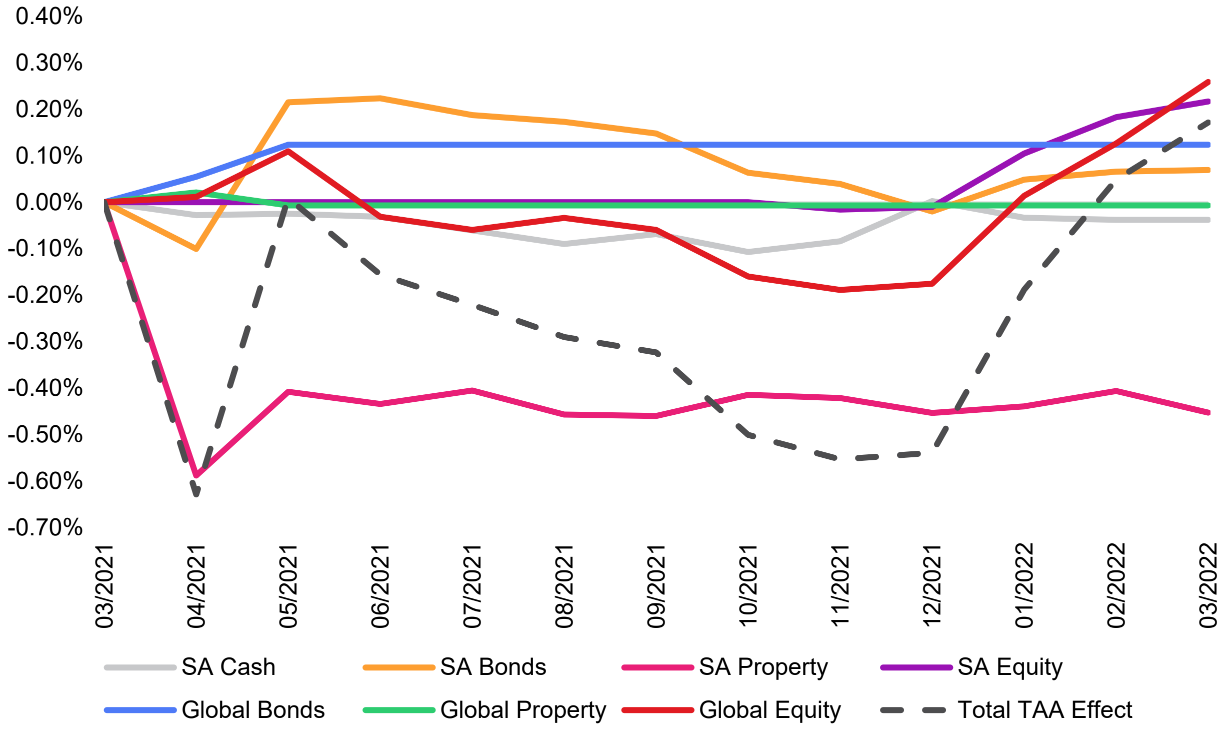


Figure 6.10: Manager selection effects: 12 months to 31 March 2022

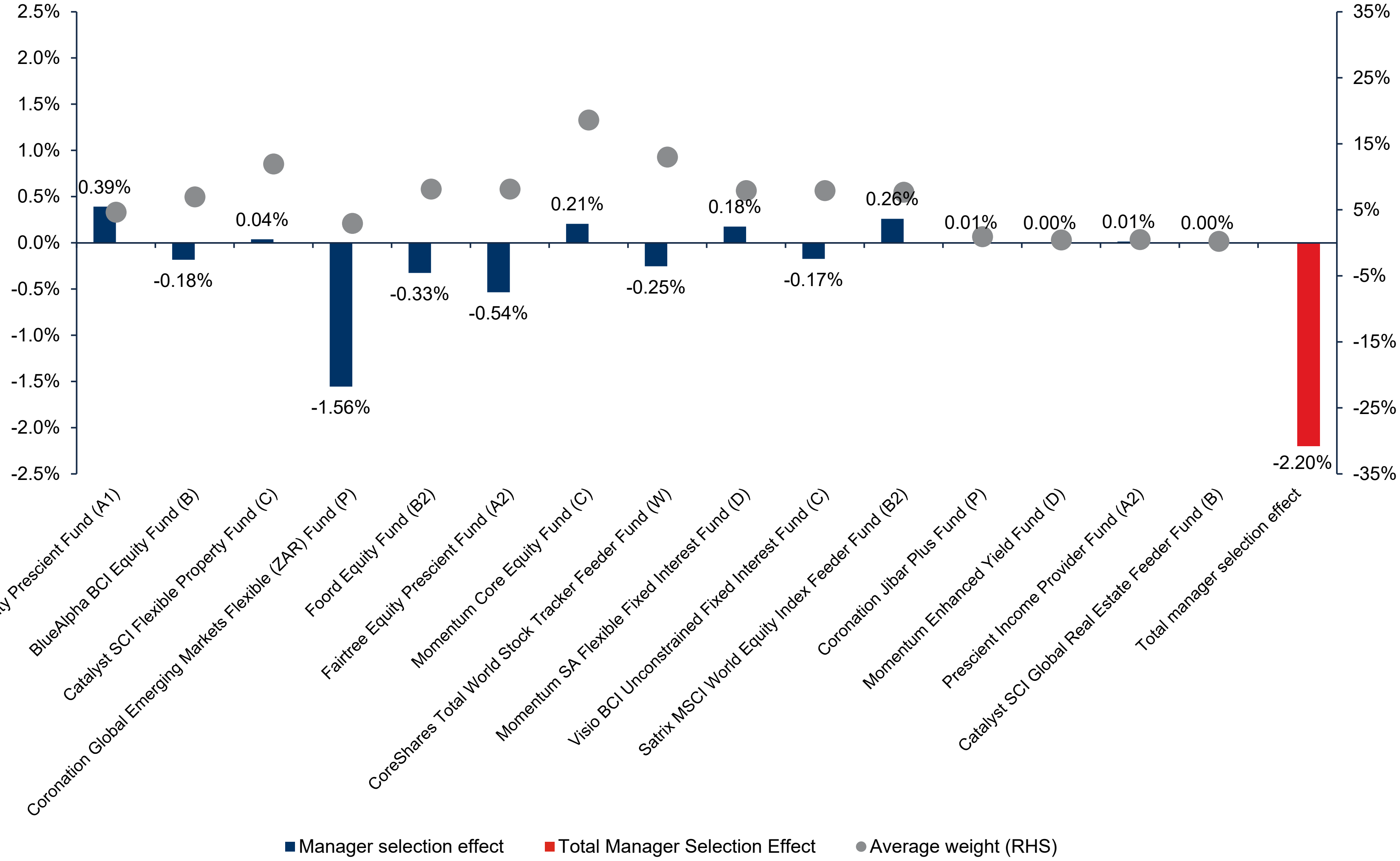
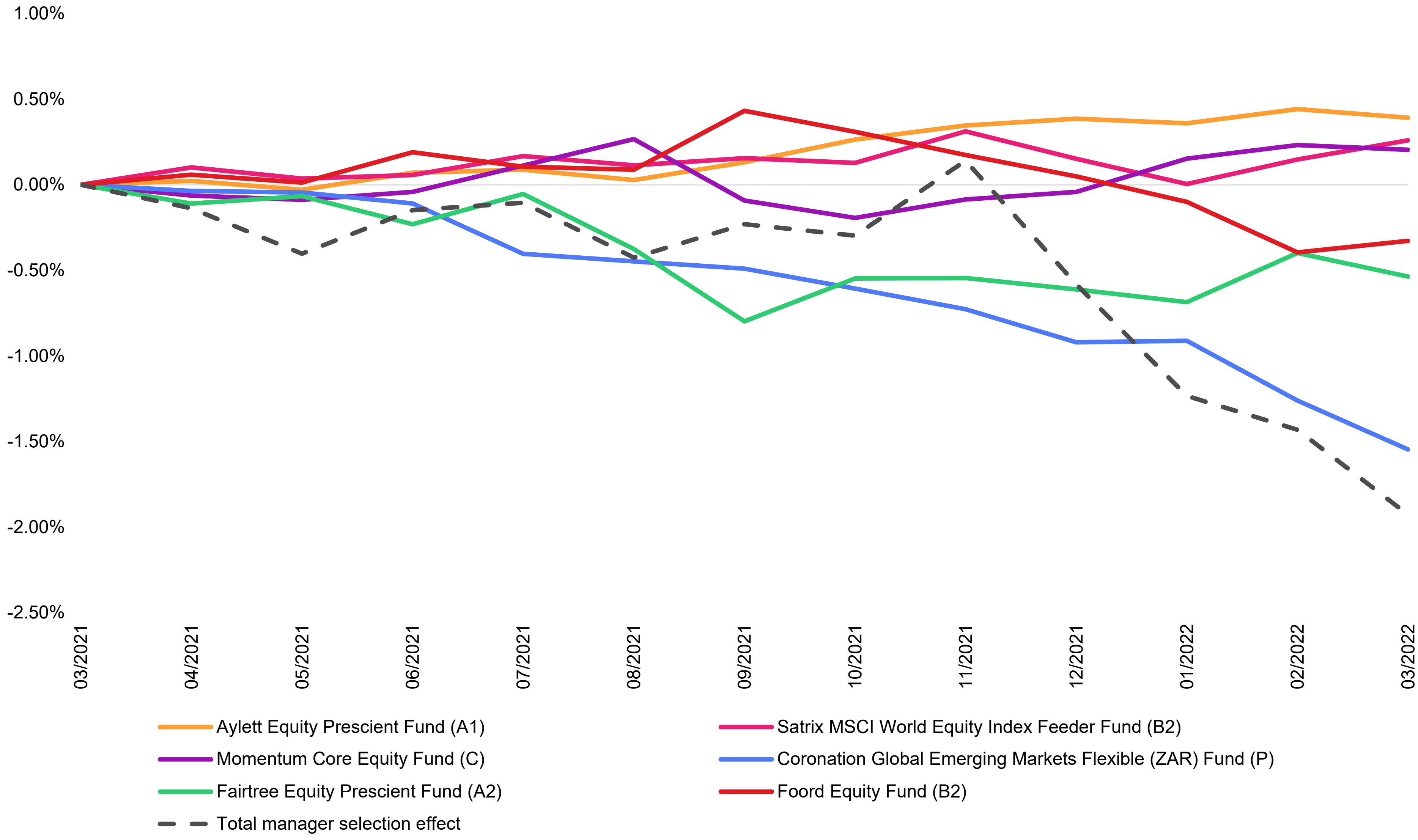


Figure 6.11: Cumulative manager selection effects: 12 months to 31 March 2022



3.7. MIC Unconstrained Portfolio

Investment goal: **CPI + 6%**
Time horizon: **7-years**

3.7.1. Returns

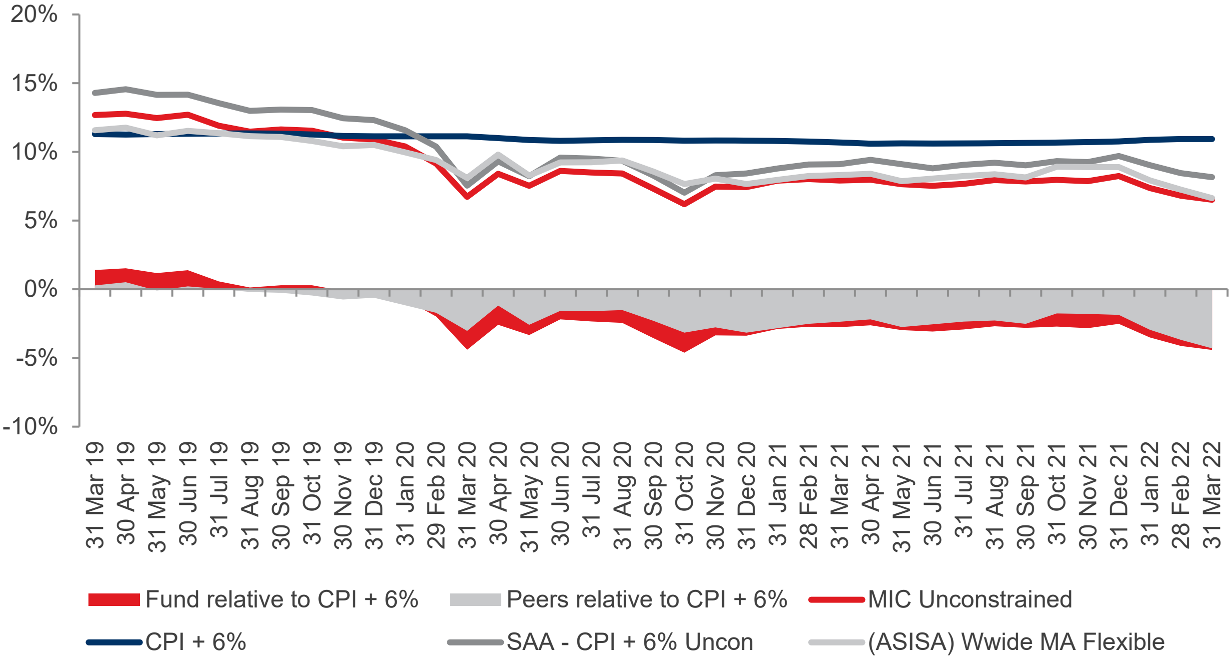
Figure 7.1: Trailing returns as at 31 March 2022*:

	3m	6m	1y	3y (ann.)	5y (ann.)	7y (ann.)	SI* (ann.)	Mths SI*
MIC Unconstrained	**-3.0%**	**5.6%**	**12.8%**	**9.7%**	**7.6%**	**6.5%**	**8.1%**	**57**
Benchmark: CPI + 6%	2.8%	5.2%	11.7%	10.4%	10.2%	10.9%	10.3%	
SAA	-2.1%	7.1%	15.1%	10.5%	8.9%	8.2%	9.2%	
(ASISA) Wwide MA Flexible	*-8.6%*	*-1.2%*	*4.0%*	*8.2%*	*7.4%*	*6.6%*	*7.6%*	

**SI. = "Since inception". This is the inception date of the tracker investment. Returns prior to inception are calculated on a back tested basis.*

- The portfolio underperformed its CPI + 6% benchmark by 4.4% p.a. over the 7-year period to 31 March 2022. It also marginally underperformed the peer group over the same period.
- The portfolio underperformed its strategic asset allocation by 2.3% over the last 12 months, net of all investment related fees.

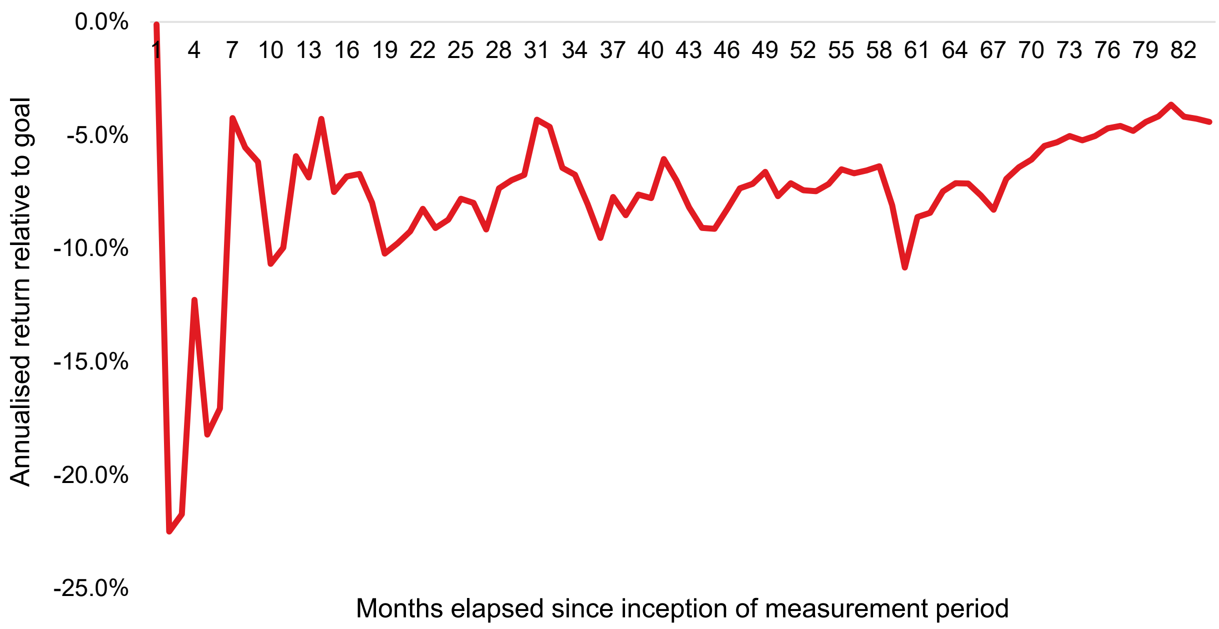
Figure 7.2: Rolling 7-year returns ann.: 10 years to 31 March 2022 *



	MIC Unconstrained	(ASISA) Wwide MA Flexible
Number of observations	37	
Period outperforming	8	4
Realised probability of outperforming	**22%**	11%
Max outperformance p.a.	**1.5%**	0.5%
Max underperformance p.a.	**-4.6%**	-4.3%

- Over the last 10 years, the portfolio outperformed its benchmark on 22% of the total rolling 7-year periods. This compares favourably with the peer group, which only managed to outperform on 11% of the rolling 7-year periods.

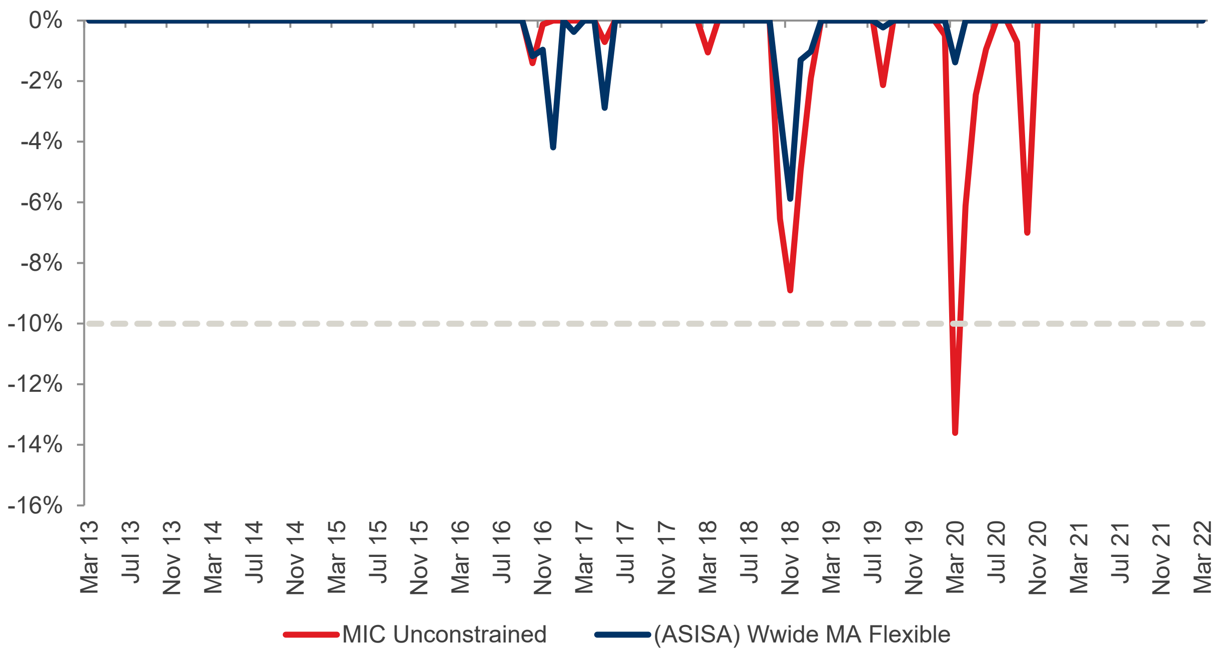
Figure 7.3: Portfolio performance relative to goal*



- Over the measurement period up to 31 March 2022 the portfolio's annualised returns relative to its goal were mostly below its target due to weak returns from the growth asset classes. After the COVID-19 crisis, the portfolio has shown a strong recovery relative to its benchmark.

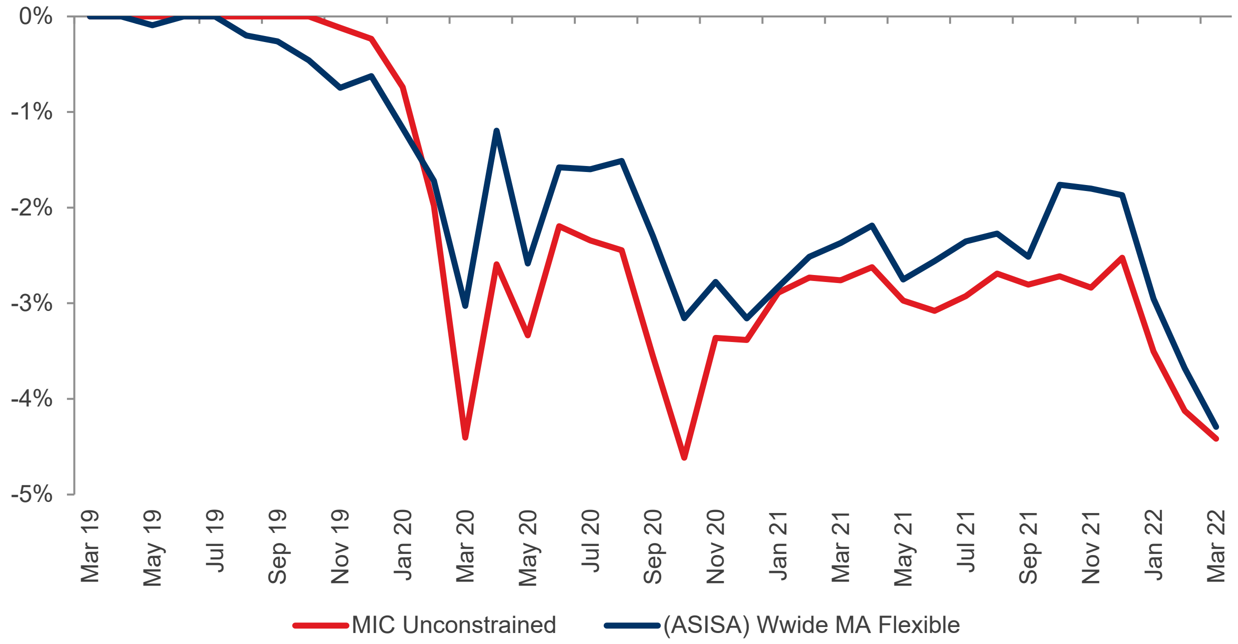
3.7.2. Risk

Figure 7.4: Rolling 1-year absolute drawdown: 10 years to 31 March 2022*



- The portfolio breached the acceptable drawdown level of 10% once. This was before the implementation of explicit drawdown limits. However, given the severity of drawdowns in markets during the COVID-19 crisis, it is likely that these limits would have, in any event, been breached.

Figure 7.5: Rolling 7-year drawdown ann. relative to goal: 10 years to 31 March 2022*



- The portfolio's underperformance relative to the benchmark has been greater than the peer group post the COVID-19 crisis. This is primarily due to the peer group's higher average global allocation. It is important to note however that, while this is the appropriate peer group based on the portfolio's asset allocation, the profile of returns is not particularly relevant.

3.7.3. Performance attribution

Figure 7.6: Total return attribution: 12 months to 31 March 2022

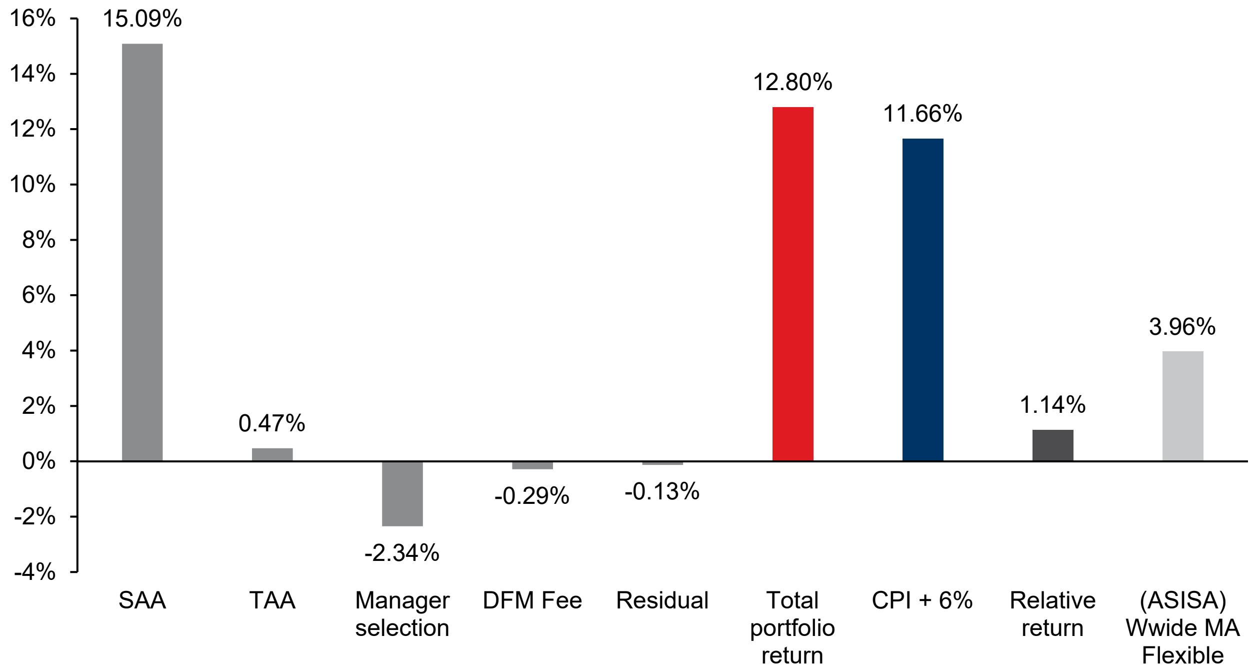


Figure 7.7: Strategic asset allocation effects: 12 months to 31 March 2022

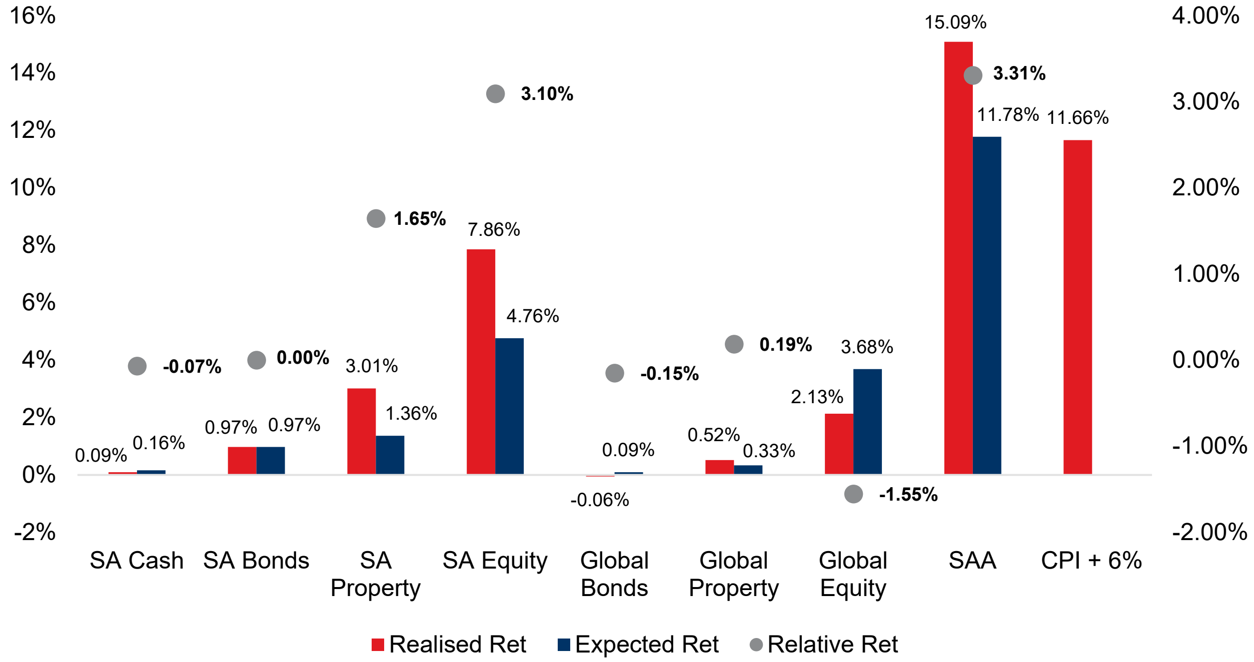


Figure 7.8: Tactical asset allocation effects: 12 months to 31 March 2022

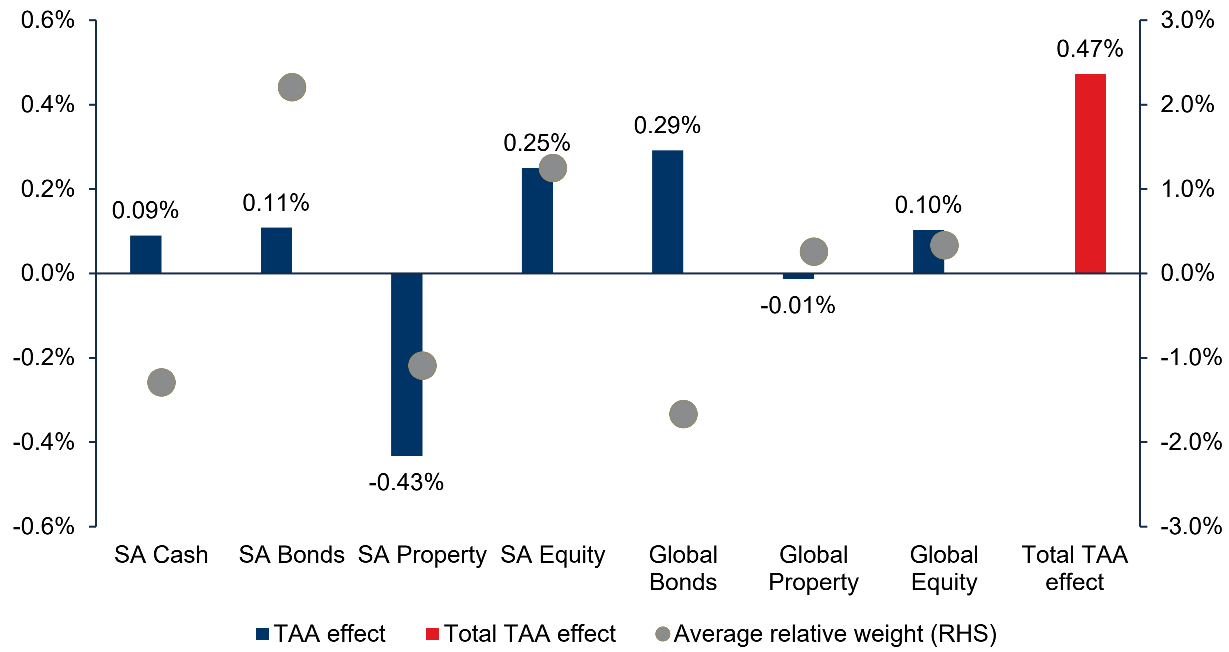


Figure 7.9: Cumulative tactical asset allocation effects: 12 months to 31 March 2022

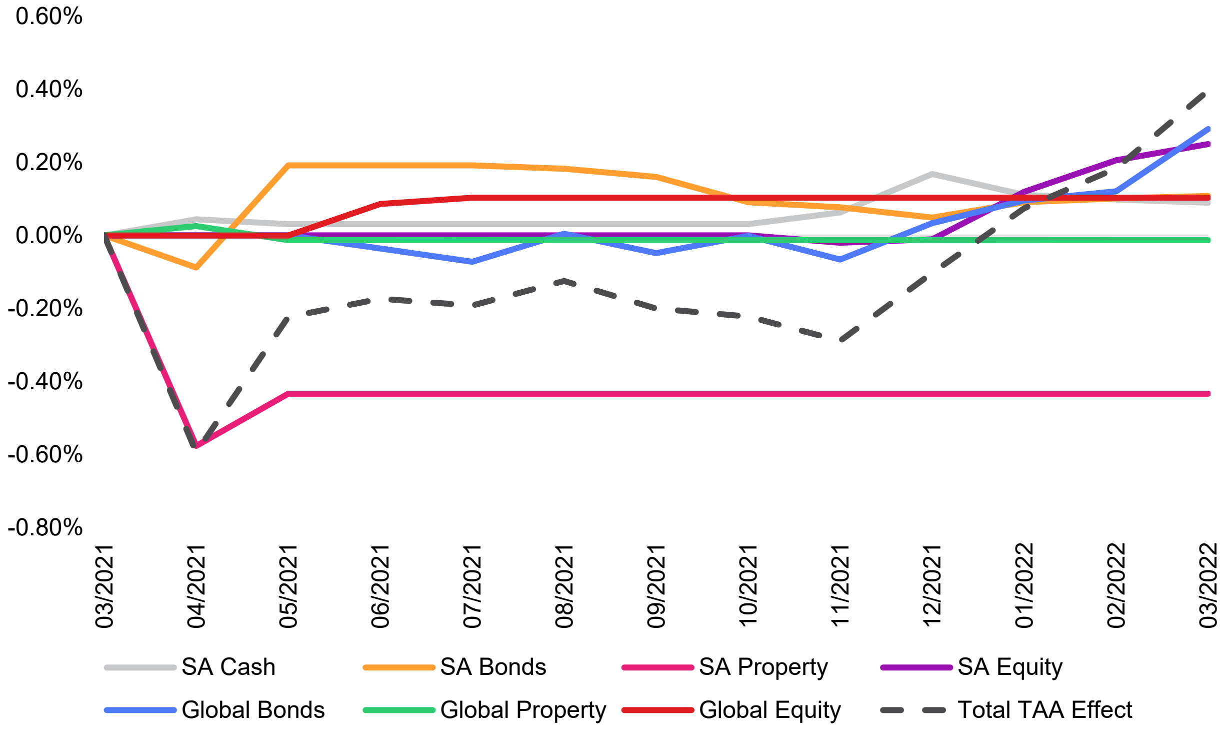


Figure 7.10: Manager selection effects: 12 months to 31 March 2022

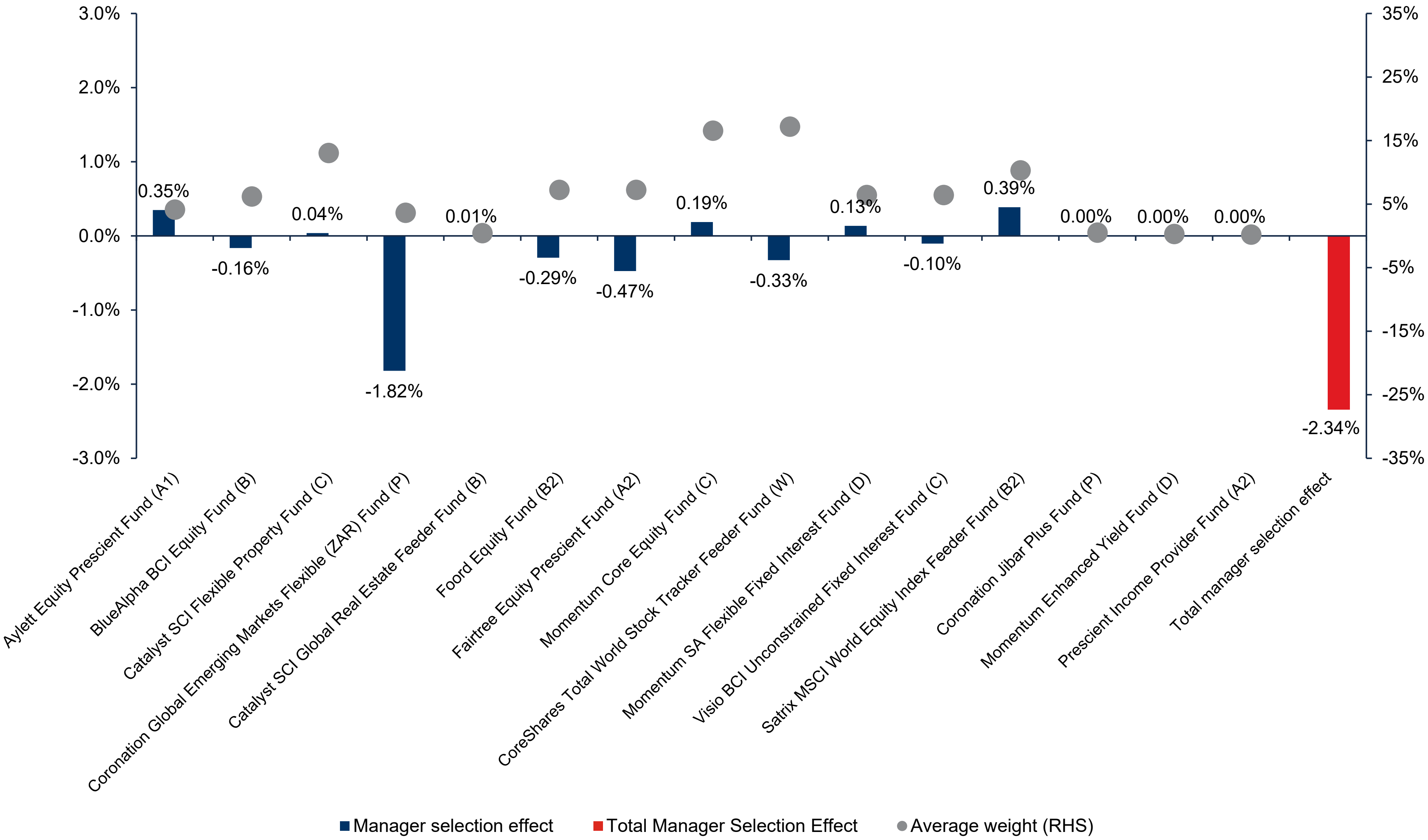
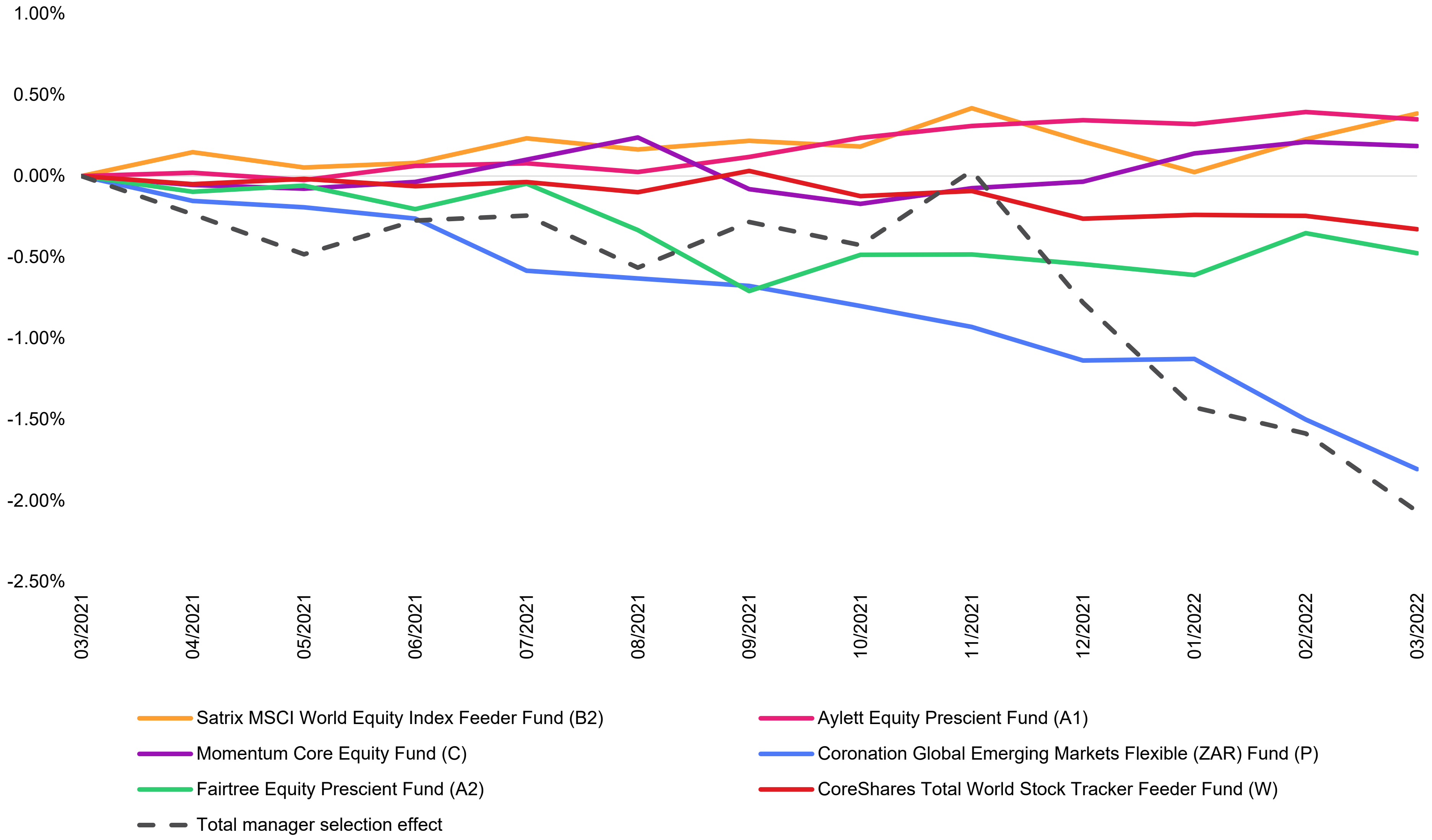


Figure 7.11: Cumulative manager selection effects: 12 months to 31 March 2022



4. Risk and return expectations

4.1. Value at Risk and realistic expected real returns

Portfolio	Value at Risk over 12m with 95% likelihood	Expected real return over investment horizon with 70% likelihood
MIC Conservative	-0.60%	1.31%
MIC Stable	-3.90%	1.74%
MIC Moderate	-6.10%	2.60%
MIC Balanced	-7.88%	3.13%
MIC Growth	-10.05%	4.15%
MIC Unconstrained Growth	-10.12%	4.09%

4.2. Forward-looking probabilities of achieving stated benchmarks

Portfolio	Current
MIC Conservative	63.48%
MIC Stable	64.05%
MIC Moderate	62.72%
MIC Growth	58.89%
MIC Balanced	52.25%
MIC Unconstrained Growth	52.08%

5. Current positioning & portfolio changes

5.1. Asset class house views

Asset Class	Q4 - 2021	Q1 - 2022
Local		
SA Bonds	Neutral to Overweight	Neutral to Overweight
SA Property	Underweight to Neutral	Underweight to Neutral
SA Equity	Neutral to Overweight	Neutral to Overweight
Offshore		
Developed Market Government Bonds	Underweight to Neutral	Underweight to Neutral
Global Equity	Neutral	Neutral
Global Property	Neutral	Neutral

5.2. Manager changes

5.2.1. Income portfolio execution

An evaluation of our income portfolios was performed and the possibility to enhance portfolio returns, without materially sacrificing downside protection, was investigated. As a starting point, the client value proposition was considered. Clients utilise income funds to meet the following objectives:

- **Low risk investment:** Limited risk of drawdowns/negative returns.
- **Capital preservation:** Low probability of capital erosion.
- **Return expectations:** Conservative clients looking to earn a return greater than a pure money market fund.
- **Liquidity requirements:** Post-retirement and other income withdrawals.

It was agreed that whichever outcome was arrived at would retain clients' objectives with regard to the use of the income portfolio. **The objective was to enhance the return potential of the income portfolio without taking undue levels of risk, i.e. achieve similar downside protection by allocating more to income fund strategies.**

In addition, the income portfolio strategy remained unchanged:

- Return objective is to outperform STeFI Composite.
- Risk objective is to minimize probability and magnitude of rolling 3-month drawdowns.
- Fee budget is competitive with other income funds (after DFM fee).
- Peer group is the (ASISA) SA Multi-Asset Income.
- Use of Momentum funds is permitted if the investment integrity is not compromised.

Based on both a qualitative and quantitative review, we investigated whether the execution across the following managers was optimal: Prescient Income Provider (30%), MI-PLAN IP Enhanced Income (30%), Momentum Enhanced Yield (20%) and Coronation JIBAR Plus (20%).

The analysis performed considered a scenario where the 20% allocation to Coronation JIBAR was reallocated into Prescient Income Provider (new allocations). The new allocations would be: Prescient Income Provider (50%), MI-PLAN IP Enhanced Income (30%), Momentum Enhanced Yield (20%) and Coronation JIBAR Plus (0%). Therefore, the new allocation would reduce exposure to enhanced-cash managers to 20% (Momentum Enhanced Yield) and increase income fund manager exposure to 80% (Prescient Income Provider and MI-PLAN IP Enhanced Income).

In the table below, we summarise the current and new execution:

	Prescient Income Provider A2	MI-PLAN IP Enhanced Income B1	Momentum Enhanced Yield D	Coronation JIBAR Plus P
Current execution	30%	30%	20%	20%
New execution	50%	30%	20%	0%

The new blend results in slightly higher fees but we determined the incremental fees as immaterial after taking into account the higher expected returns from the new blend:

Funds	Current Allocation			New Allocation		
	AMF	TIC	Allocation	AMF	TIC	Allocation
Coronation JIBAR Plus P	0.29%	0.52%	20%	0.29%	0.52%	0%
Momentum Enhanced Yield D	0.35%	0.37%	20%	0.35%	0.37%	20%
MI-Plan Enhanced Income B1	0.58%	0.62%	30%	0.58%	0.62%	30%
Prescient Income Provider A2	0.58%	0.61%	30%	0.58%	0.61%	50%
Total			100%			100%
Weighted average AMF/TIC	**0.48%**	**0.55%**		**0.53%**	**0.57%**	

**Fees include VAT.*

5.2.1.1. Qualitative Analysis

During the qualitative review, we analysed the managers on factors such as: fund objectives, investable universe and fund strategies. Below we detail the results for the respective funds.

Coronation JIBAR Plus Fund

Coronation JIBAR Plus is a conservatively managed fund that aims to deliver a higher return than bank deposits and traditional money market funds. The fund primarily invests in floating rate instruments and has a maximum duration of two years. The key investment considerations for clients are as follows:

- Protection against possible interest rate volatility.
- An alternative to bank deposits or money market funds.
- Liquidity benefits are suitable for clients who are not able to commit their cash for specific periods of time.
- Capital protection but not long-term capital growth.
- The benchmark is 3-month STeFI.

The rationale to retain the 20% allocation to Momentum Enhanced Yield, as an enhanced-cash manager, was due to the delivery of consistent outperformance by the fund. Furthermore, the return objective of the fund is aligned with our income portfolio solution. The Momentum Enhanced Yield Fund is considered a ‘best in class’ fund by the industry for its superior risk-adjusted performance, while maintaining a relatively conservative approach. This is supported by the fund winning the Raging Bull award in its category in multiple years. The aim is to have no negative returns over a 12-month rolling period.

Prescient Income Provider Fund

Prescient Income Provider aims to return CPI + 3% per annum through a full interest rate cycle, while providing stability by aiming never to lose capital over any rolling 3-month period. Fund performance can be generated from taking interest rate views or duration, yield enhancement via credit instruments, asset allocation between income producing asset classes and also via the use of derivatives. This fund is suitable to investors who:

- Seek stable real returns and aim to maximise income via exposure to primarily the South African money and bond markets.
- Have a short-to-medium term investment horizon.
- Have flexible asset allocation including fixed income, ILBs, listed property and listed preference shares.
- The fund’s benchmark is STeFI Call 110%.

Results from the Qualitative Review

In comparison to Coronation JIBAR Plus, the opportunity set is broader for Prescient Income Provider to include a strong view on duration and yield-curve positioning, listed property and preference shares.

Therefore, as an enhanced-cash fund, Coronation JIBAR Plus adopts a highly conservative approach when compared to Prescient Income Provider.

Based on the qualitative overview, clients could potentially benefit from reducing the allocation to Coronation JIBAR Plus and increasing the allocation to Prescient Income Provider.

5.2.1.2. Quantitative Review

The quantitative review investigated the potential to provide better risk adjusted returns by adjusting the cash and income blend.

During the quantitative review, we evaluated the current and new blends for existing managers with the aim of enhancing returns and retaining risk metrics at an acceptable level. In line with the qualitative review, the funds considered for reallocation were Coronation JIBAR Plus and Prescient Income Provider.

We performed an extensive analysis on the current blend relative to the new blend to determine which allocation was optimal. The analysis was done on a long-term historical basis to remove the impact of potential outliers from a risk and return perspective.

The outcomes from the quantitative review were as follows:

- Cumulative and rolling returns (3-month and 1-year) were higher for the new blend in comparison to the current blend.
- From a drawdown perspective, the new blend marginally underperformed the current blend on a 3-month rolling basis. The potential for a breach in drawdown limits was higher for the new blend. The drawdown period occurred during the March 2020 extreme COVID-19 market shock. An important point worth noting is that the time to recover from drawdown was relatively the same for both scenarios at 3 months.
- Risk/return analysis indicated that the new allocation was more optimal as it resulted in higher expected return at a relatively incremental level of risk. Efficiency ratios also indicated that the new allocation was more efficient, i.e., the investor is more than compensated for the incremental increase in the level of risk.

In concluding, a key observation was that the conservative approach (higher allocation to the enhanced-cash strategies) had resulted in a dilution of returns, while we expect the increased allocations into income funds (new blend) to enhance the return prospects of the portfolio, commensurate to the additional risks. The new blend is expected to deliver outperformance through various market cycles and environments, therefore enhancing the return characteristics of the income portfolios without exposure to undue risks.

5.2.2. Cash execution in multi-asset class portfolios

The current execution of cash investments in the multi-asset class portfolios consists of an equal 50/50 allocation to the Momentum Enhanced Yield and the Coronation JIBAR Plus funds. We utilise enhanced-cash funds to execute on our strategic cash allocations in our multi-asset class solutions.

We recently evaluated whether it was crucial to allocate across both cash managers or whether the allocation would be suitable to one fund only, i.e., either Momentum Enhanced Yield or Coronation JIBAR Plus at 100% into the fund. A qualitative and quantitative analysis was performed to compare both enhanced-cash funds before arriving to the final decision.

5.2.2.1. Qualitative Review

During the qualitative review, we analysed the managers on factors such as fund objectives, investable universe and fund strategies. Below we detail the results from both cash funds.

Coronation JIBAR Plus Fund

Coronation JIBAR Plus is a conservatively managed fund that aims to deliver a higher return than bank deposits and traditional money market funds. The fund primarily invests in floating rate instruments and has a maximum duration of two years. The key investment considerations for clients are as follows:

- Protection against possible interest rate volatility.
- An alternative to bank deposits or money market funds.
- Liquidity benefits for clients who are not able to commit their cash for specific periods of time.
- Capital protection but not long-term capital growth.
- The benchmark is 3-month STeFI.

Momentum Enhanced Yield Fund

Momentum Enhanced Yield is a low risk, domestic only, fixed income fund. The investment characteristics of a money market fund are retained but a more flexible mandate increases the universe of investable securities. Additional credit exposure and the ability to capture term premiums in longer dated instruments allows for additional returns with a commensurate increase in risk. The benchmark is STeFI + 0.5% over rolling one-year periods.

Results from the Qualitative Review

Capital preservation and liquidity are key focus areas for both funds. The opportunity set, namely: duration, yield-curve positioning, investment grade credit, high-yield credit and inflation-linked bonds is the same for both funds but differs with regards to the manager's strategy on the use of the opportunities. Coronation JIBAR Plus adopts a more conservative approach when compared to Momentum Enhanced Yield.

Based on the qualitative overview, clients were not receiving any additional benefits from including Coronation JIBAR Plus in the cash execution.

5.2.2.2. Quantitative Review

In performing the quantitative review, we evaluated the current and new blends for existing cash managers. The analysis was done on a long-term historical basis to remove the impact of potential outliers from a risk and return perspective. The results were as follows:

- There was 0% drawdown under both scenarios.
- Cumulative and rolling returns (3-months and 1-year) displayed a marginal difference.
- The risk/return analysis remained relatively in line with the current allocation with a slight improvement.

Therefore, there was no material impairment of both risks and returns from executing 100% with Momentum Enhanced Yield. The change is therefore to reallocate away from Coronation JIBAR Plus into Momentum Enhanced Yield.

The changes are summarised in the table below:

	Momentum Enhanced Yield D	Coronation JIBAR Plus P
Current Execution	50%	50%
New Execution	100%	0%

From a fee perspective, the impact was immaterial as detailed in the table below:

Fund	Current Allocation			New Allocation		
	AMF	TIC	Allocation	AMF	TIC	Allocation
Coronation JIBAR Plus P	0.29%	0.52%	50%	0.29%	0.52%	0%
Momentum Enhanced Yield D	0.35%	0.37%	50%	0.35%	0.37%	100%
Total			100%			100%
Weighted average AMF/TIC	**0.32%**	**0.44%**		**0.35%**	**0.37%**	

**Fees include VAT.*

We understand the importance being perceived as independent and having too much exposure to Momentum-branded funds, may impair this perception. It is therefore important to note that staying with the current execution does not impair the investment integrity of your solutions, however, there are also limited additional benefits of diversifying the cash execution across more than one fund.

5.3. Changes to Regulation 28 offshore limits

In the budget documents released as part of the Minister of Finance's budget speech on 23 February 2022, it was announced that the limitation on offshore investments was increased from a maximum of 30% offshore with an additional 10% Africa exposure, to a maximum of 45% offshore exposure. Initially, there was some confusion around whether the new 45% offshore limitation implied a 35% offshore exposure plus 10% Africa exposure.

In the days following the announcement clarity was given on the matter such that, in terms of Regulation 28 of the Pensions Fund Act, one may now invest up to a maximum of 45% offshore and included in this exposure no more than 10% may be allocated to Africa.

Intuitively, one would expect that only our portfolios that are strategically managed on the previous offshore limits would be impacted. However, one needs to recognise the following:

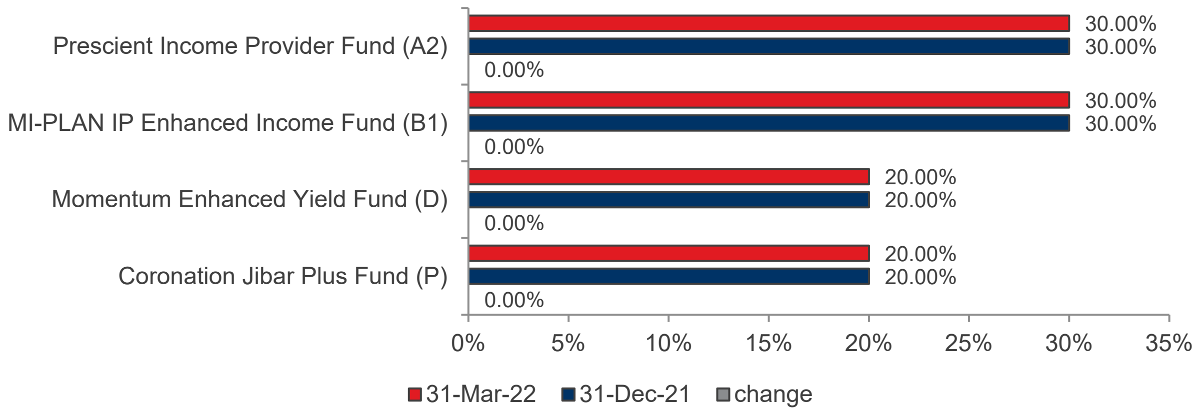
- The opportunity set for all our portfolios managed within the limitations Regulation 28 has increased;
- This implies that more simulated portfolios, even for more conservative portfolios, will no longer be excluded; and
- The South African market has become more concentrated, which would warrant looking for investment opportunities in other markets.

Given the above, we are still in the process of finalising the new strategic asset allocations across all our portfolios. We will remain true to our acceptable levels of losses across our multi-asset class portfolios. It is important to note that the widening of the opportunity set may improve the reasonable expected returns, the likelihood of achieving the portfolios' stated benchmarks and/or reduce the variability around these numbers.

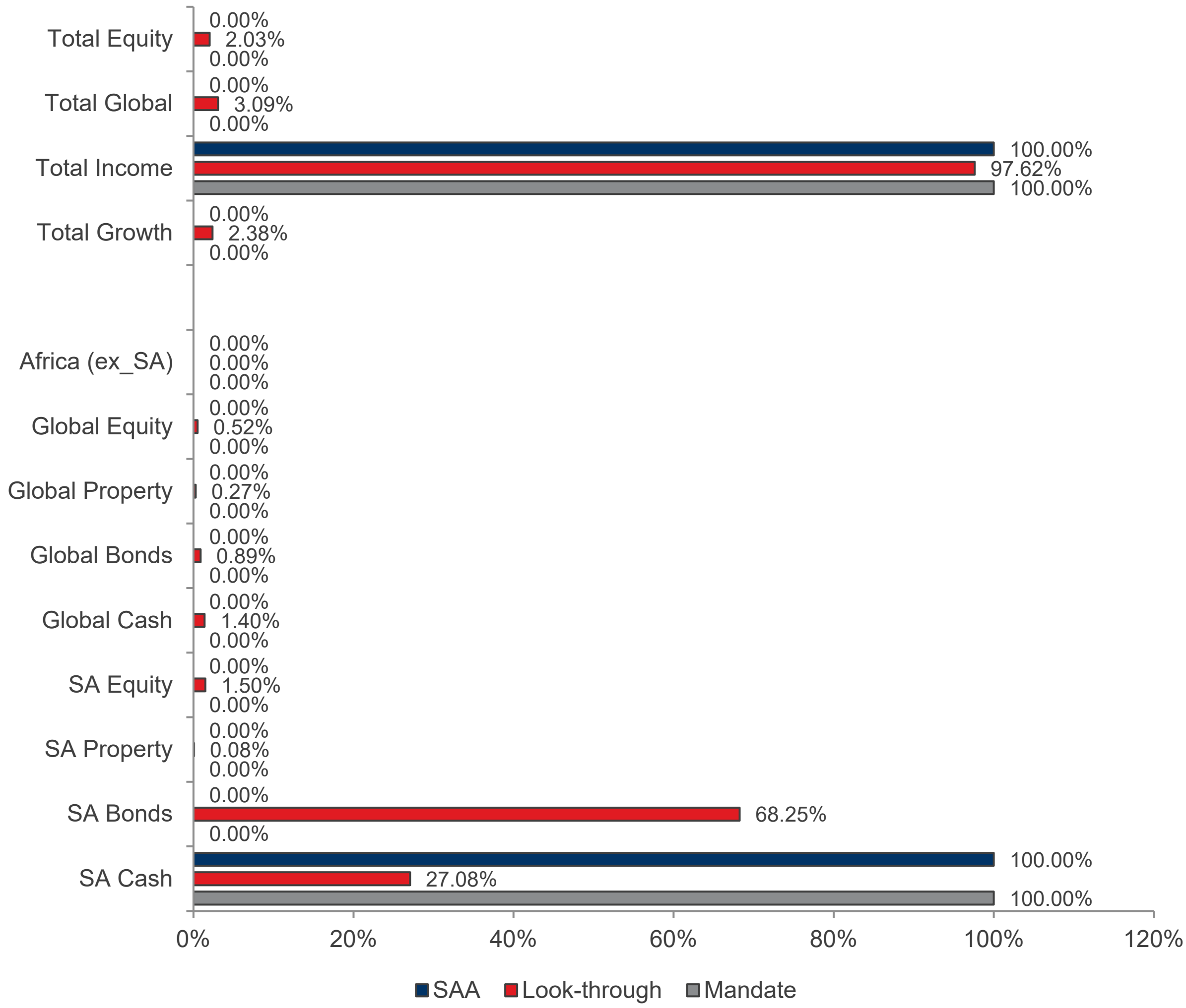
From tactical asset allocation perspective, there is no immediate need to rush to increase the portfolios' offshore exposure. We still believe that in the short term, the South African bond and equity markets currently offer better opportunities than offshore markets.

5.4. MIC Income Portfolio

5.4.1. Building block allocation



5.4.2. Look-through asset allocation (as at 31 March 2022)



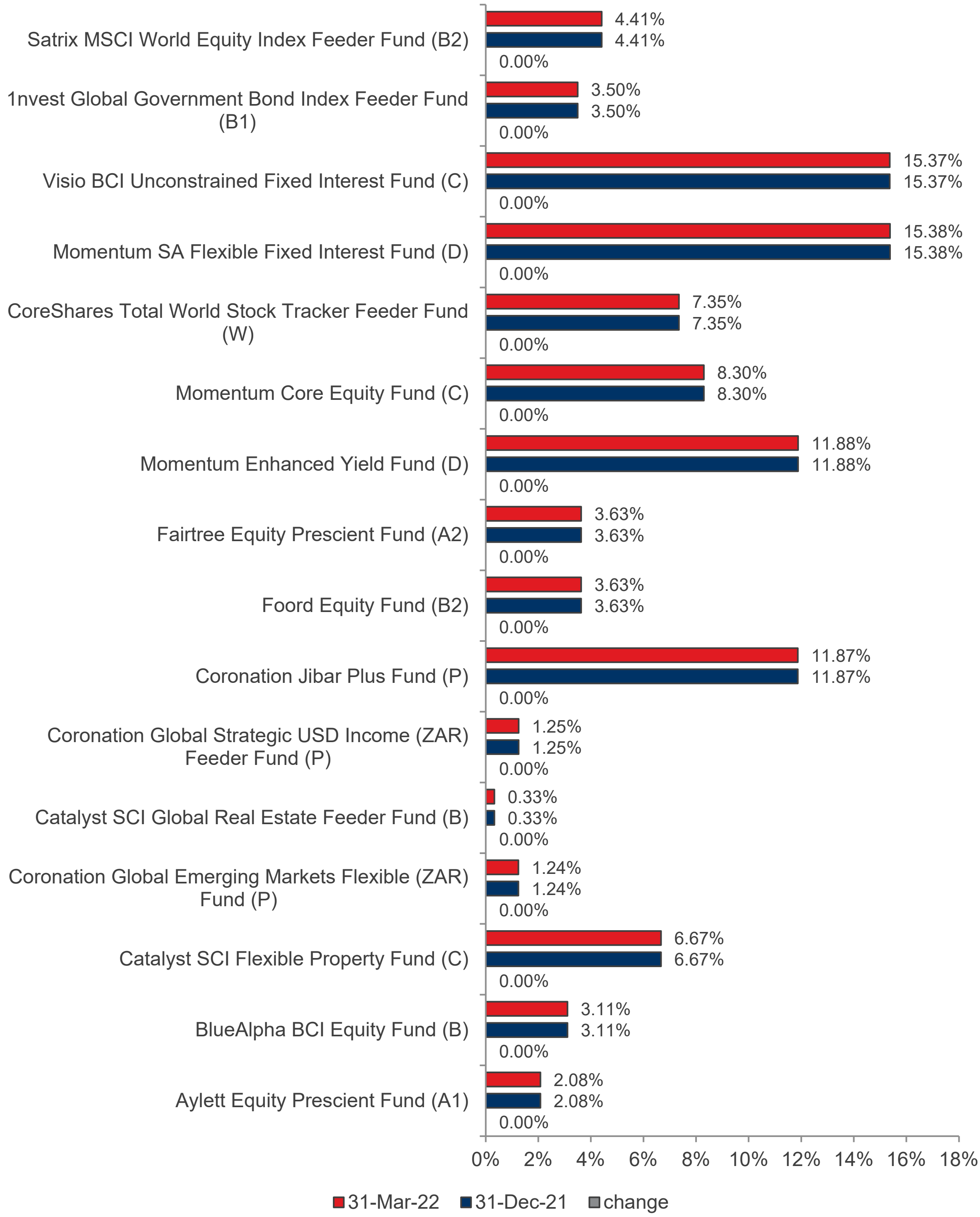
5.4.3. Portfolio changes

Based on the discussion in section 5.2 of the report, we implemented the below changes:

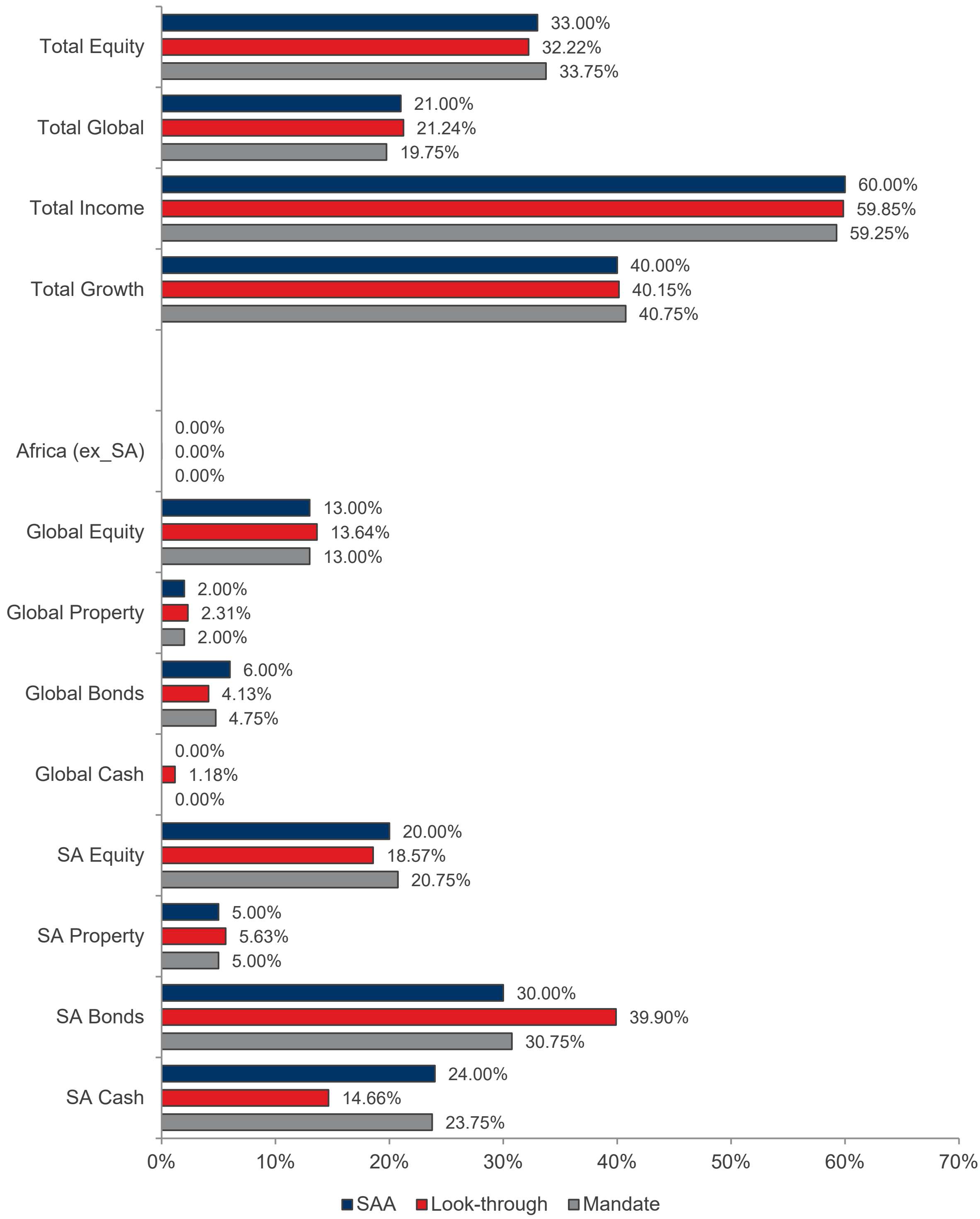
Fund	Current	New	Change
Prescient Income Provider Fund (A2)	30.00%	**50.00%**	20.00%
MI-PLAN IP Enhanced Income Fund (B1)	30.00%	**30.00%**	0.00%
Coronation Jibar Plus Fund (P)	20.00%	**0.00%**	-20.00%
Momentum Enhanced Yield Fund (D)	20.00%	**20.00%**	0.00%
	100.00%	100.00%	0.00%

5.5. MIC Conservative Portfolio

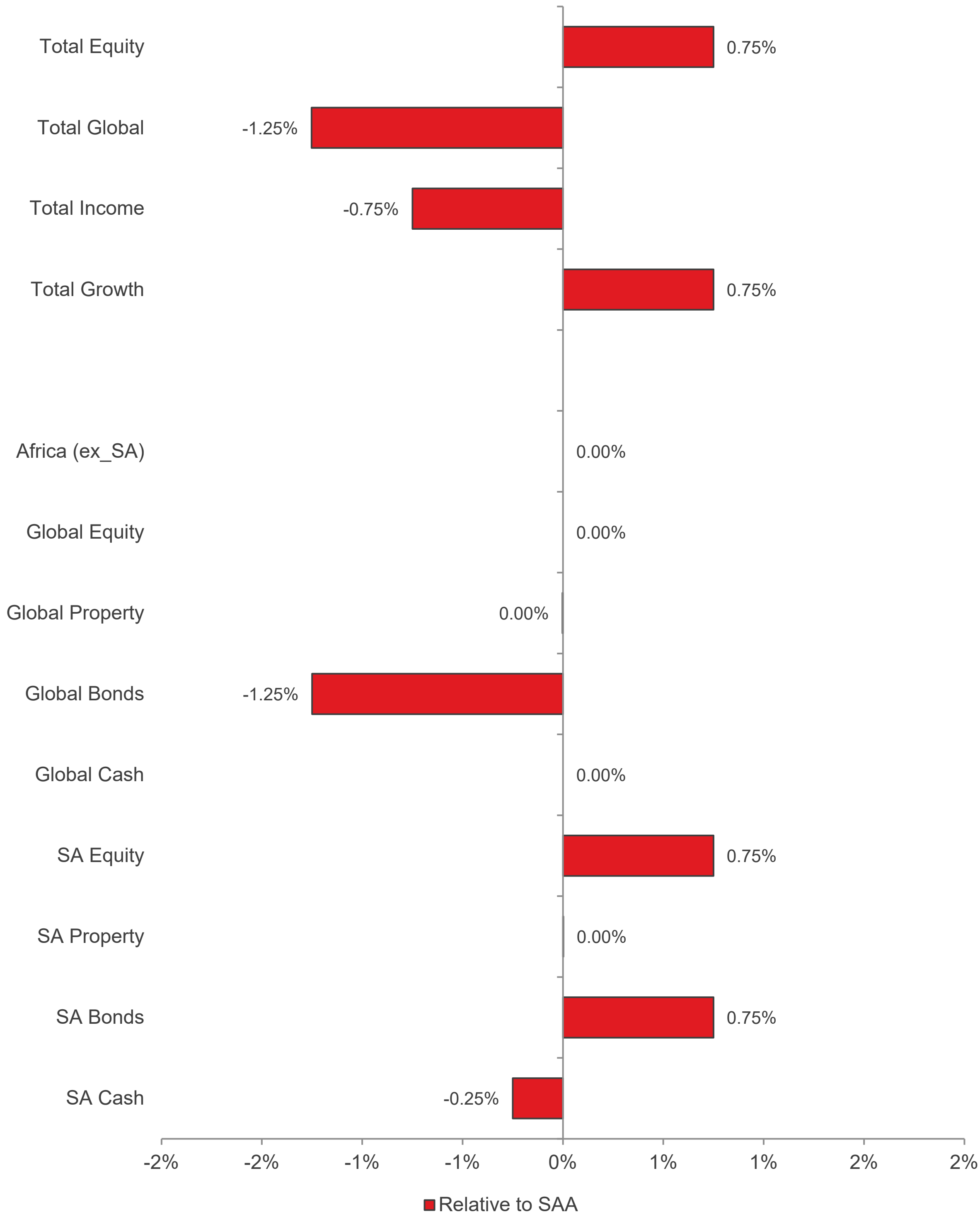
5.5.1. Building block allocation



5.5.2. Asset allocation as at 31 March 2022



5.5.3. Asset allocation: Relative to SAA



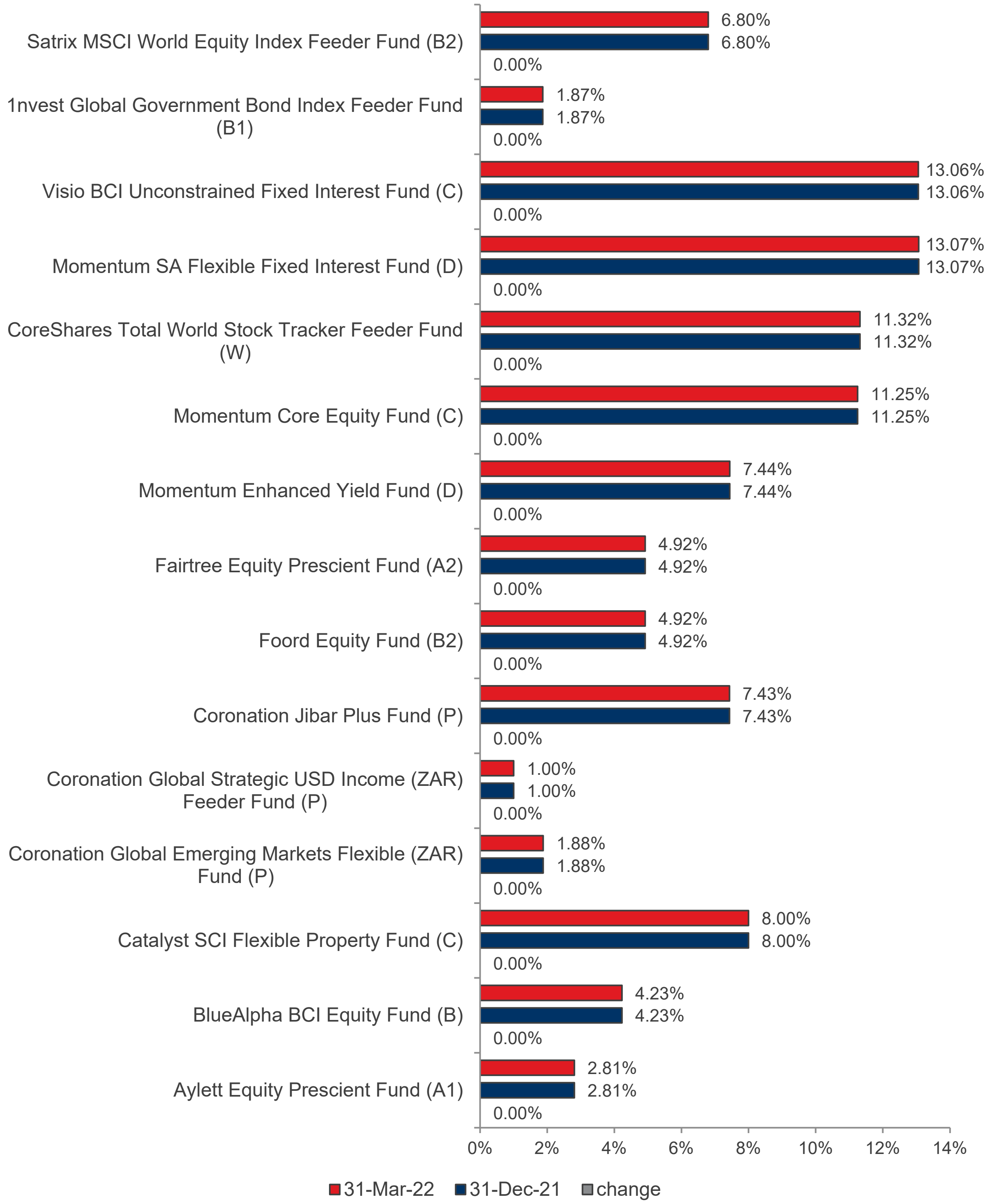
5.5.4. Portfolio changes

Based on the discussion in section 5.2 of the report, and considering our asset class views and the current positioning of the portfolio, we implemented the following changes:

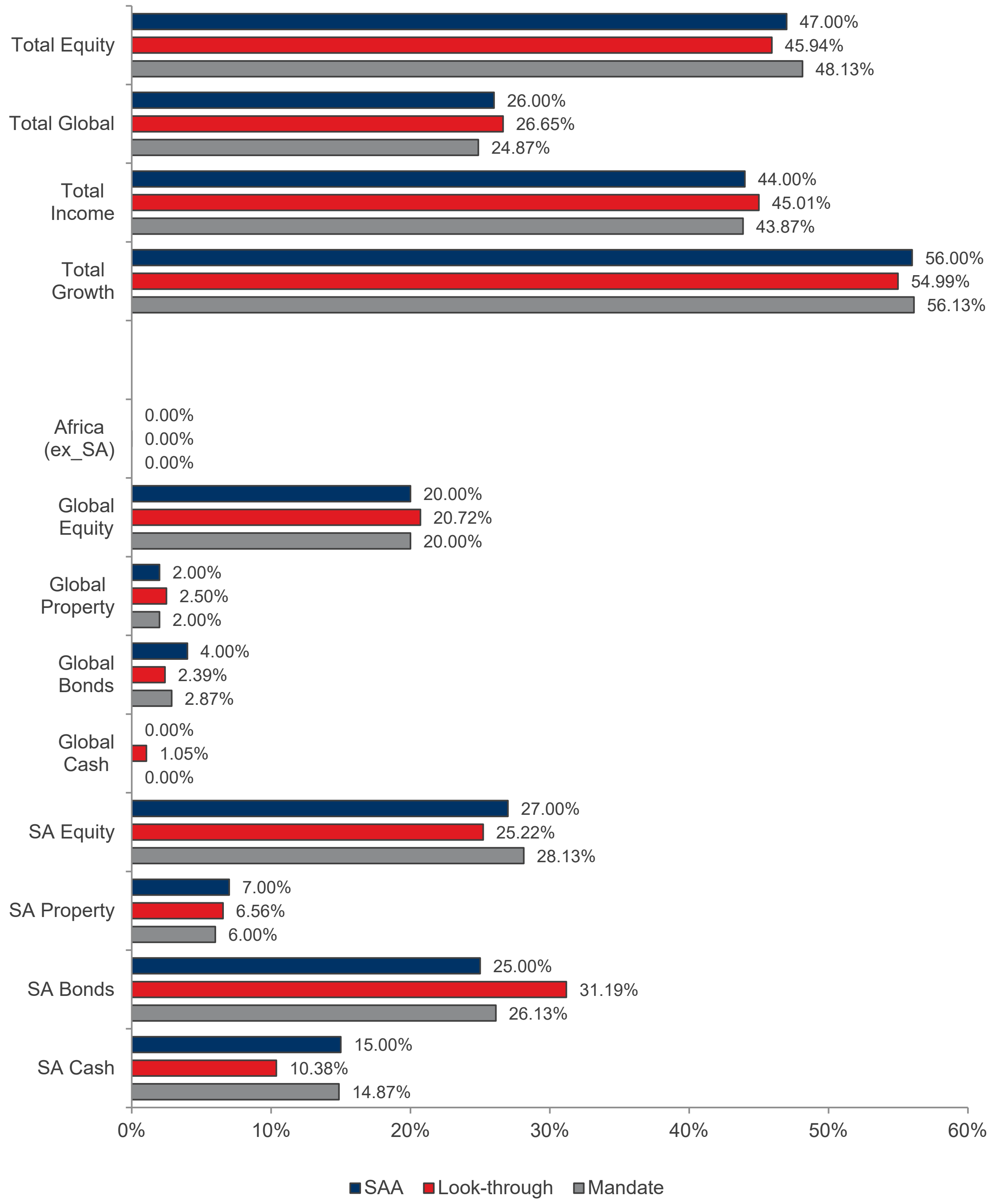
Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	2.08%	**2.08%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	7.35%	**7.35%**	0.00%
1NVEST Global Government Bond Index Feeder Fund (B1)	3.50%	**3.50%**	0.00%
Fairtree Equity Prescient Fund (A2)	3.63%	**3.63%**	0.00%
Foord Equity Fund (B2)	3.63%	**3.63%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	15.37%	**15.37%**	0.00%
Momentum Core Equity Fund (C)	8.30%	**8.30%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	15.38%	**15.38%**	0.00%
BlueAlpha BCI Equity Fund (B)	3.11%	**3.11%**	0.00%
Catalyst SCI Flexible Property Fund (C)	6.67%	**6.67%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	4.41%	**4.41%**	0.00%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	1.24%	**1.24%**	0.00%
Catalyst SCI Global Real Estate Feeder Fund (B)	0.33%	**0.33%**	0.00%
Coronation Jibar Plus Fund (P)	11.87%	**0.00%**	-11.87%
Momentum Enhanced Yield Fund (D)	11.88%	**23.75%**	11.87%
Coronation Global Strategic USD Income (ZAR) Feeder Fund (P)	1.25%	**1.25%**	0.00%
	100.00%	100.00%	0.00%

5.6. MIC Stable Portfolio

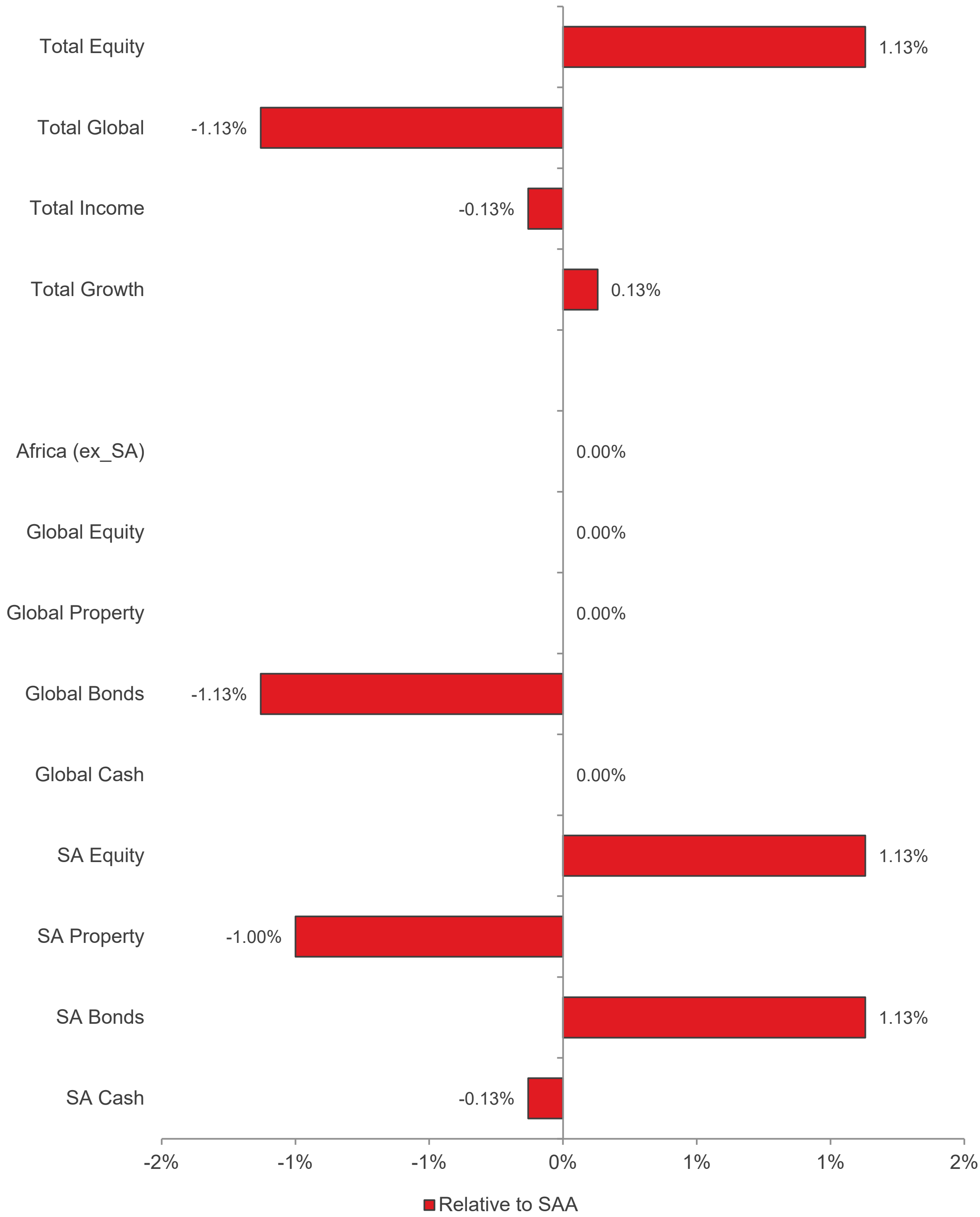
5.6.1. Building block allocation



5.6.2. Asset allocation as at 31 March 2022



5.6.3. Asset allocation: Relative to SAA



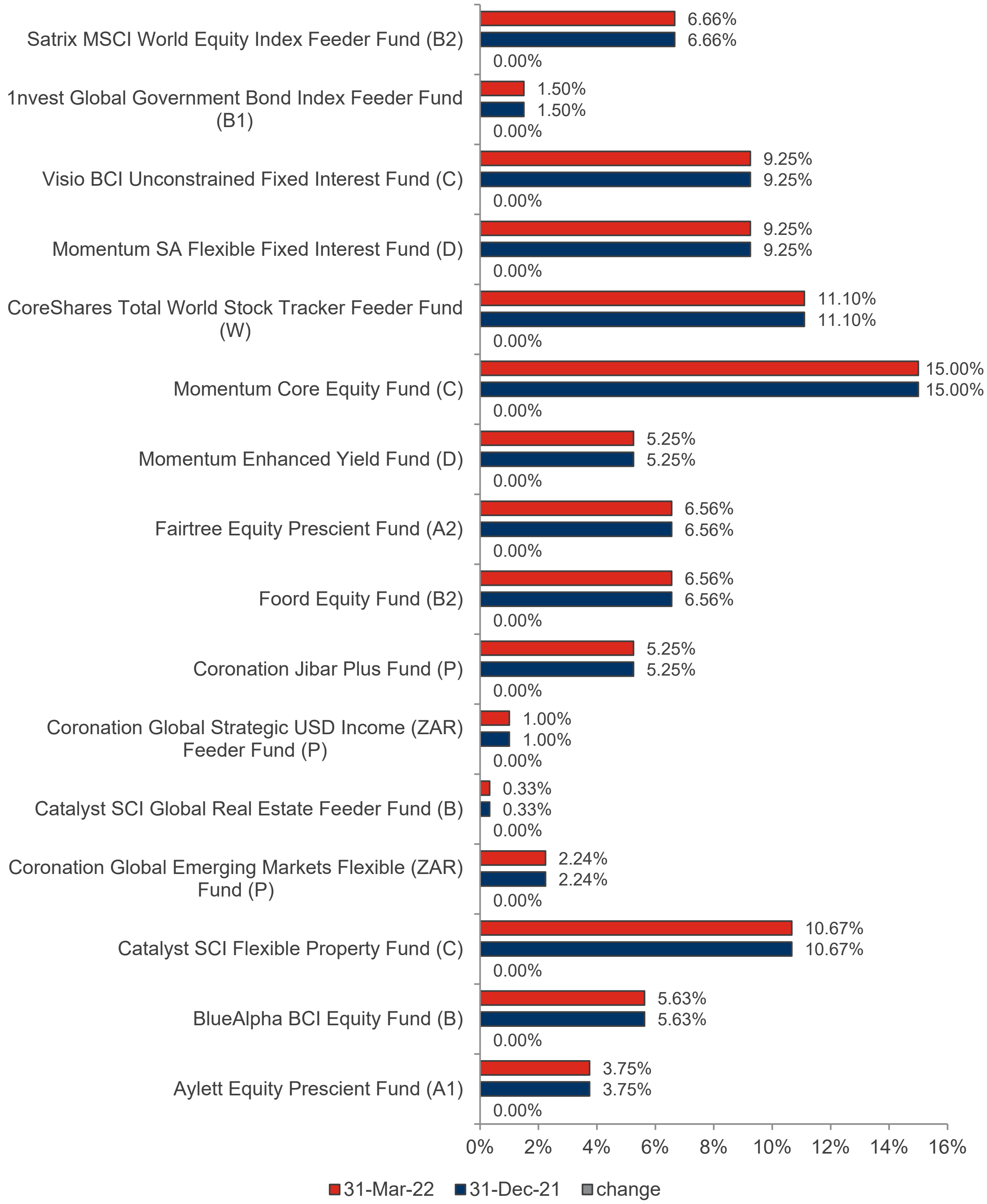
5.6.4. Portfolio changes

Based on the discussion in section 5.2 of the report, and considering our asset class views and the current positioning of the portfolio, we implemented the following changes:

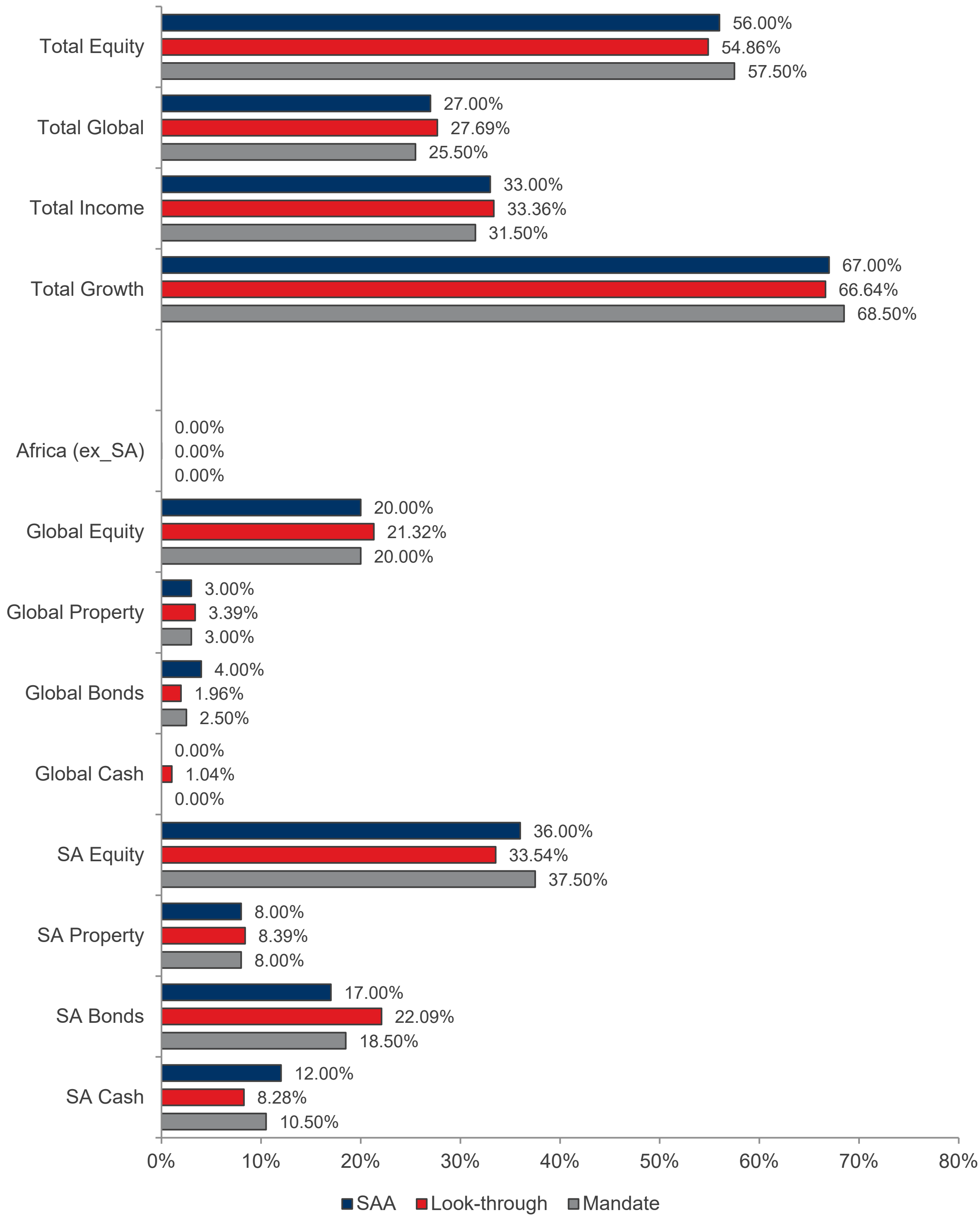
Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	2.81%	**2.81%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	6.80%	**6.80%**	0.00%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	1.88%	**1.88%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	11.32%	**11.32%**	0.00%
1NVEST Global Government Bond Index Feeder Fund (B1)	1.87%	**1.87%**	0.00%
Fairtree Equity Prescient Fund (A2)	4.92%	**4.92%**	0.00%
Foord Equity Fund (B2)	4.92%	**4.92%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	13.06%	**13.06%**	0.00%
Momentum Core Equity Fund (C)	11.25%	**11.25%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	13.07%	**13.07%**	0.00%
BlueAlpha BCI Equity Fund (B)	4.23%	**4.23%**	0.00%
Catalyst SCI Flexible Property Fund (C)	8.00%	**8.00%**	0.00%
Coronation Jibar Plus Fund (P)	7.43%	**0.00%**	-7.43%
Momentum Enhanced Yield Fund (D)	7.44%	**14.87%**	7.43%
Coronation Global Strategic USD Income (ZAR) Feeder Fund (P)	1.00%	**1.00%**	0.00%
	100.00%	100.00%	0.00%

5.7. MIC Moderate Portfolio

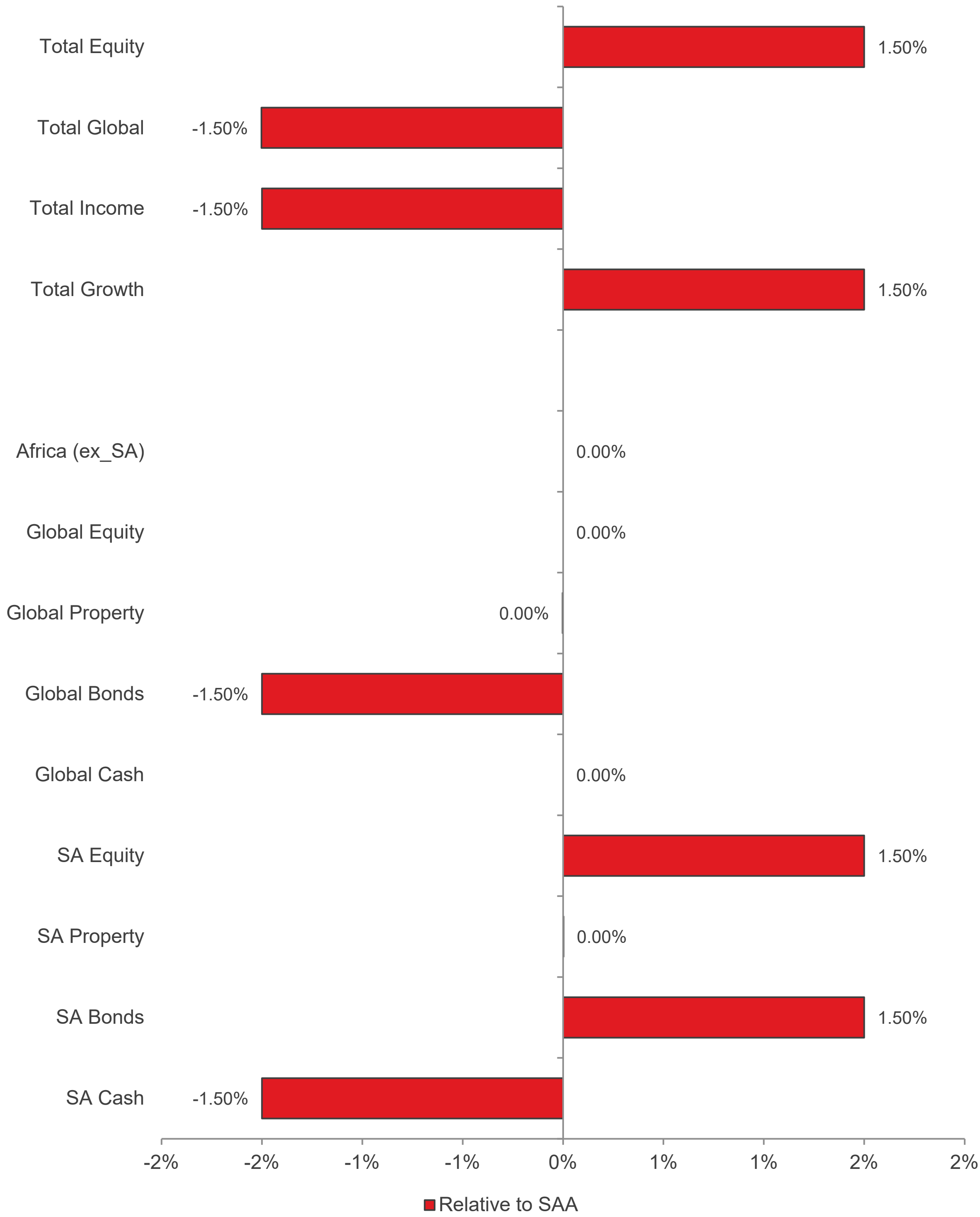
5.7.1. Building block allocation



5.7.2. Look-through asset allocation (as at 31 March 2022)



5.7.3. Look-through asset allocation: Relative to SAA



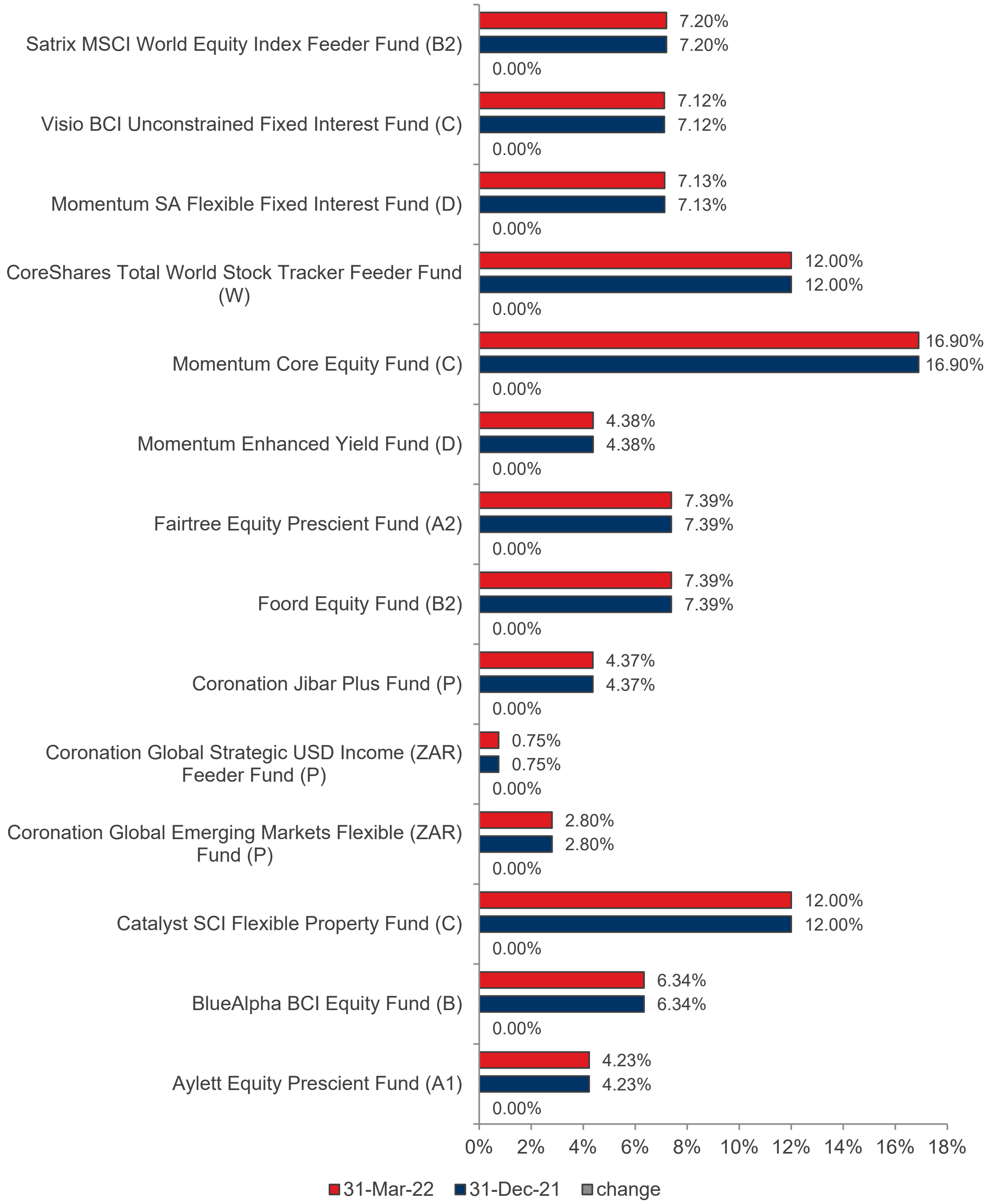
5.7.4. Portfolio changes

Based on the discussion in section 5.2 of the report, and considering our asset class views and the current positioning of the portfolio, we implemented the following changes:

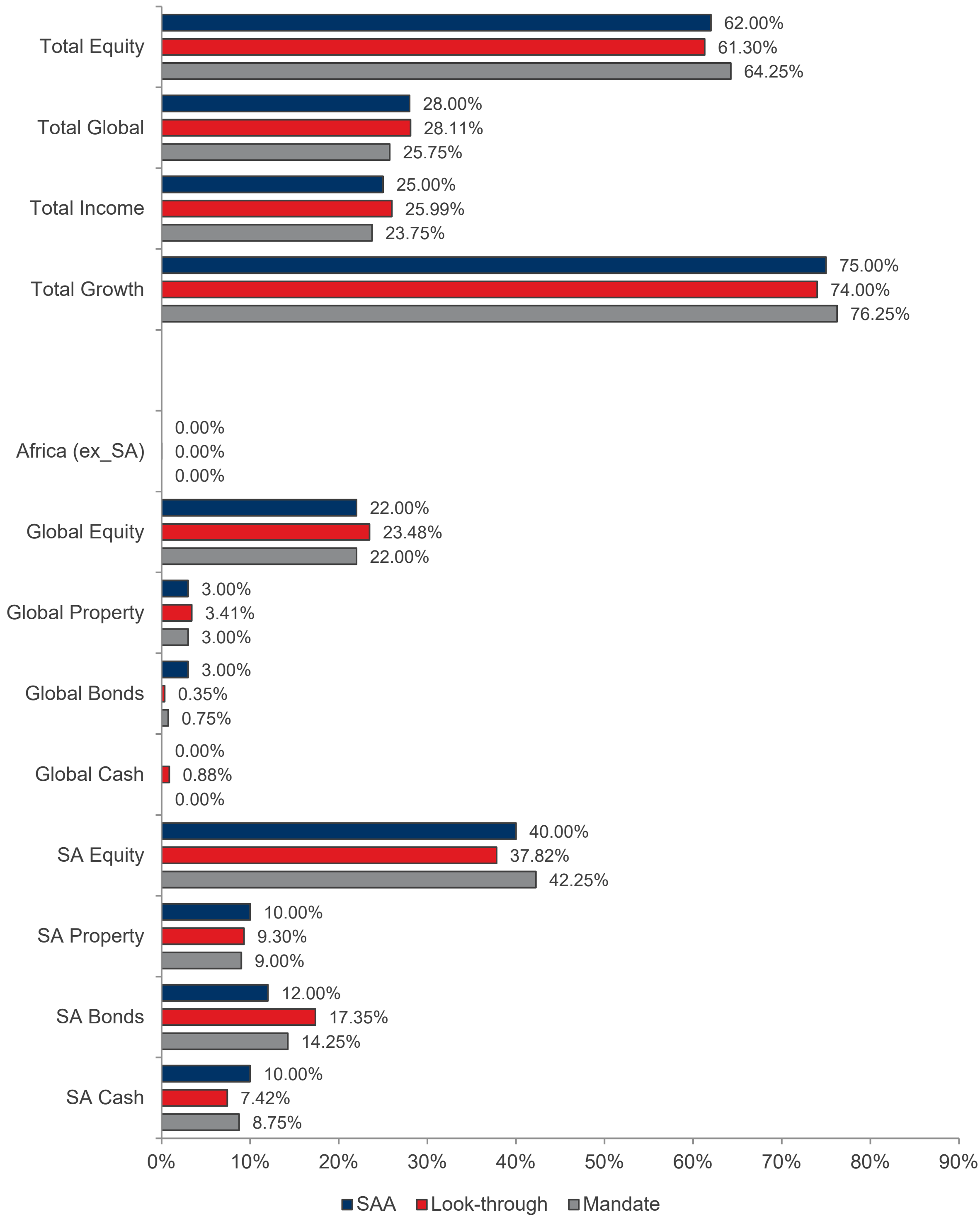
Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	3.75%	**3.75%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	6.66%	**6.66%**	0.00%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	2.24%	**2.24%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	11.10%	**11.10%**	0.00%
Fairtree Equity Prescient Fund (A2)	6.56%	**6.56%**	0.00%
Foord Equity Fund (B2)	6.56%	**6.56%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	9.25%	**9.25%**	0.00%
Momentum Core Equity Fund (C)	15.00%	**15.00%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	9.25%	**9.25%**	0.00%
BlueAlpha BCI Equity Fund (B)	5.63%	**5.63%**	0.00%
Catalyst SCI Flexible Property Fund (C)	10.67%	**10.67%**	0.00%
Catalyst SCI Global Real Estate Feeder Fund (B)	0.33%	**0.33%**	0.00%
1NVEST Global Government Bond Index Feeder Fund (B1)	1.50%	**1.50%**	0.00%
Coronation Jibar Plus Fund (P)	5.25%	**0.00%**	-5.25%
Momentum Enhanced Yield Fund (D)	5.25%	**10.50%**	5.25%
Coronation Global Strategic USD Income (ZAR) Feeder Fund (P)	1.00%	**1.00%**	0.00%
	100.00%	100.00%	0.00%

5.8. MIC Balanced Portfolio

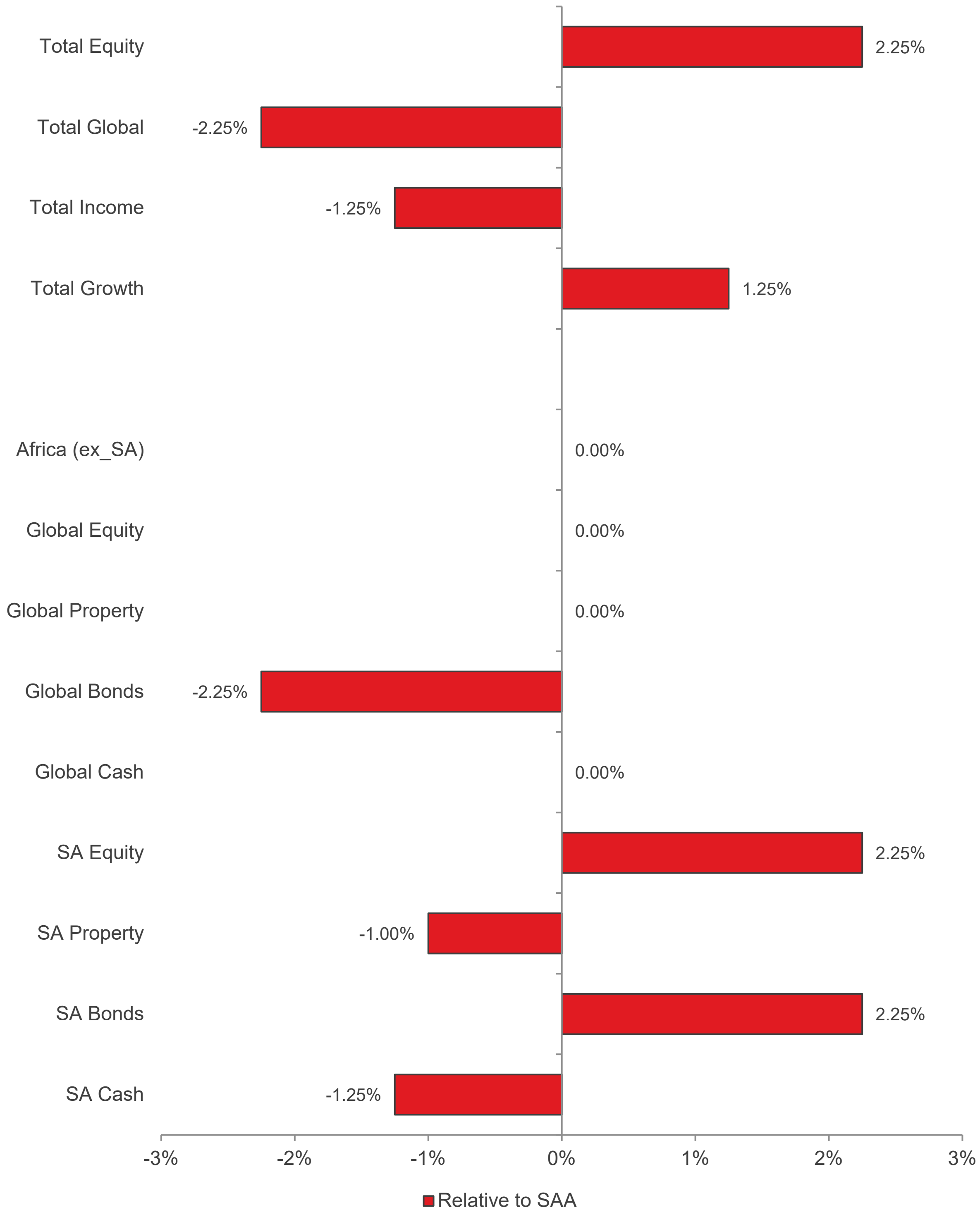
5.8.1. Building block allocation



5.8.2. Look-through asset allocation (as at 31 March 2022)



5.8.3. Look-through asset allocation: Relative to SAA



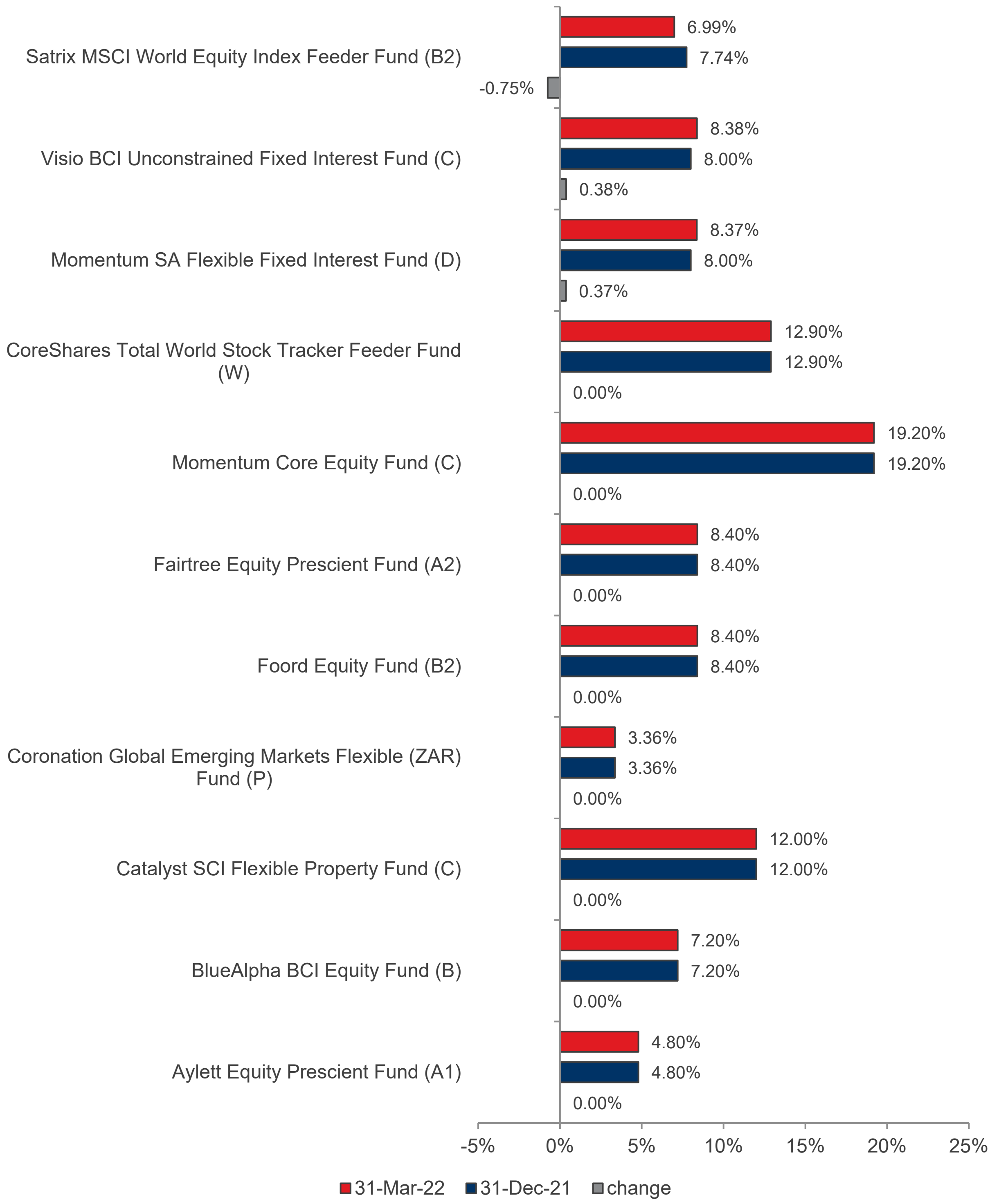
5.8.4. Portfolio changes

Based on the discussion in section 5.2 of the report, and considering our asset class views and the current positioning of the portfolio, we implemented the following changes:

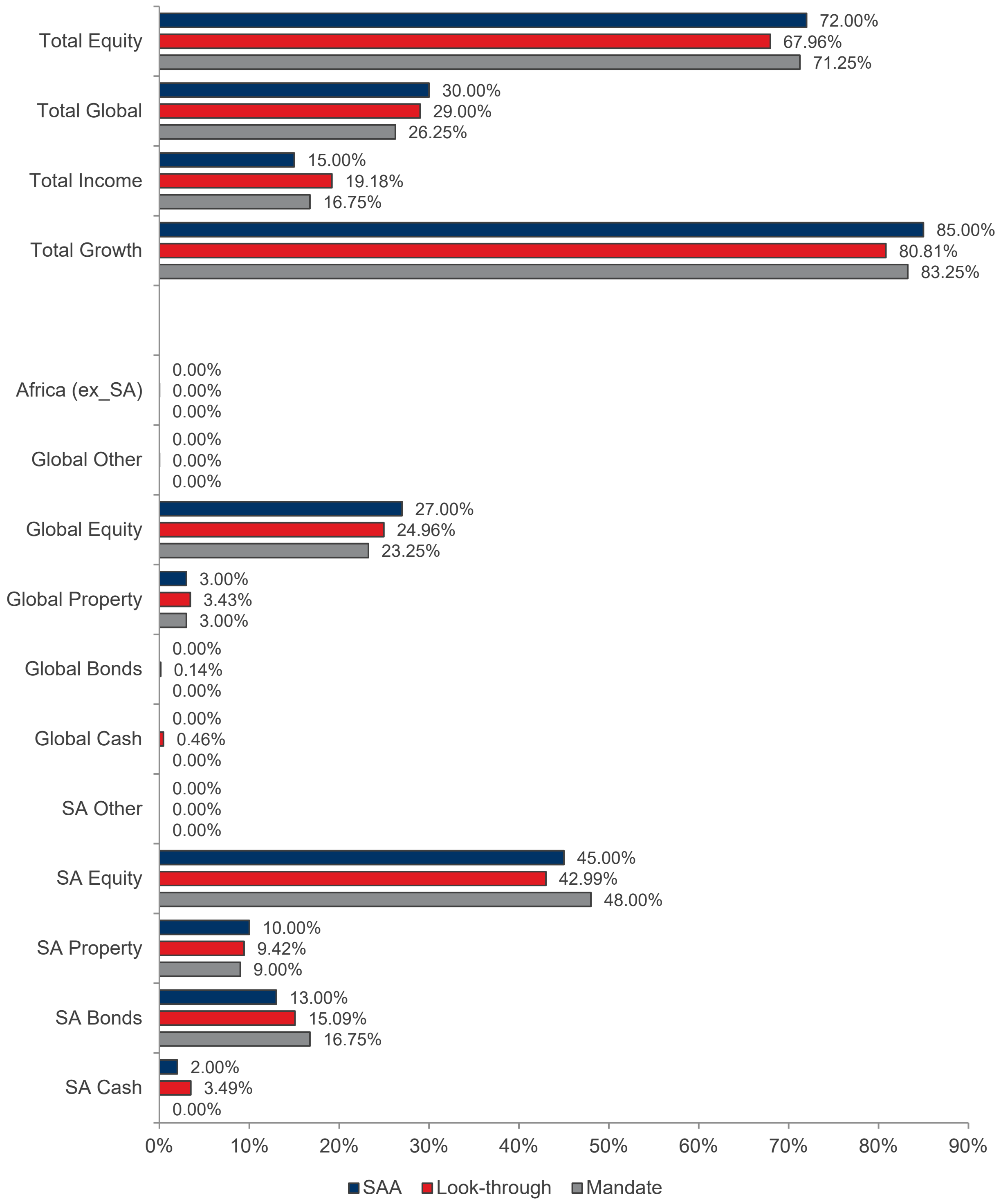
Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	4.23%	**4.23%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	7.20%	**7.20%**	0.00%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	2.80%	**2.80%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	12.00%	**12.00%**	0.00%
Fairtree Equity Prescient Fund (A2)	7.39%	**7.39%**	0.00%
Foord Equity Fund (B2)	7.39%	**7.39%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	7.12%	**7.12%**	0.00%
Momentum Core Equity Fund (C)	16.90%	**16.90%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	7.13%	**7.13%**	0.00%
BlueAlpha BCI Equity Fund (B)	6.34%	**6.34%**	0.00%
Catalyst SCI Flexible Property Fund (C)	12.00%	**12.00%**	0.00%
Coronation Jibar Plus Fund (P)	4.37%	**0.00%**	-4.37%
Momentum Enhanced Yield Fund (D)	4.38%	**8.75%**	4.37%
Coronation Global Strategic USD Income (ZAR) Feeder Fund (P)	0.75%	**0.75%**	0.00%
	100.00%	100.00%	0.00%

5.9. MIC Growth Portfolio

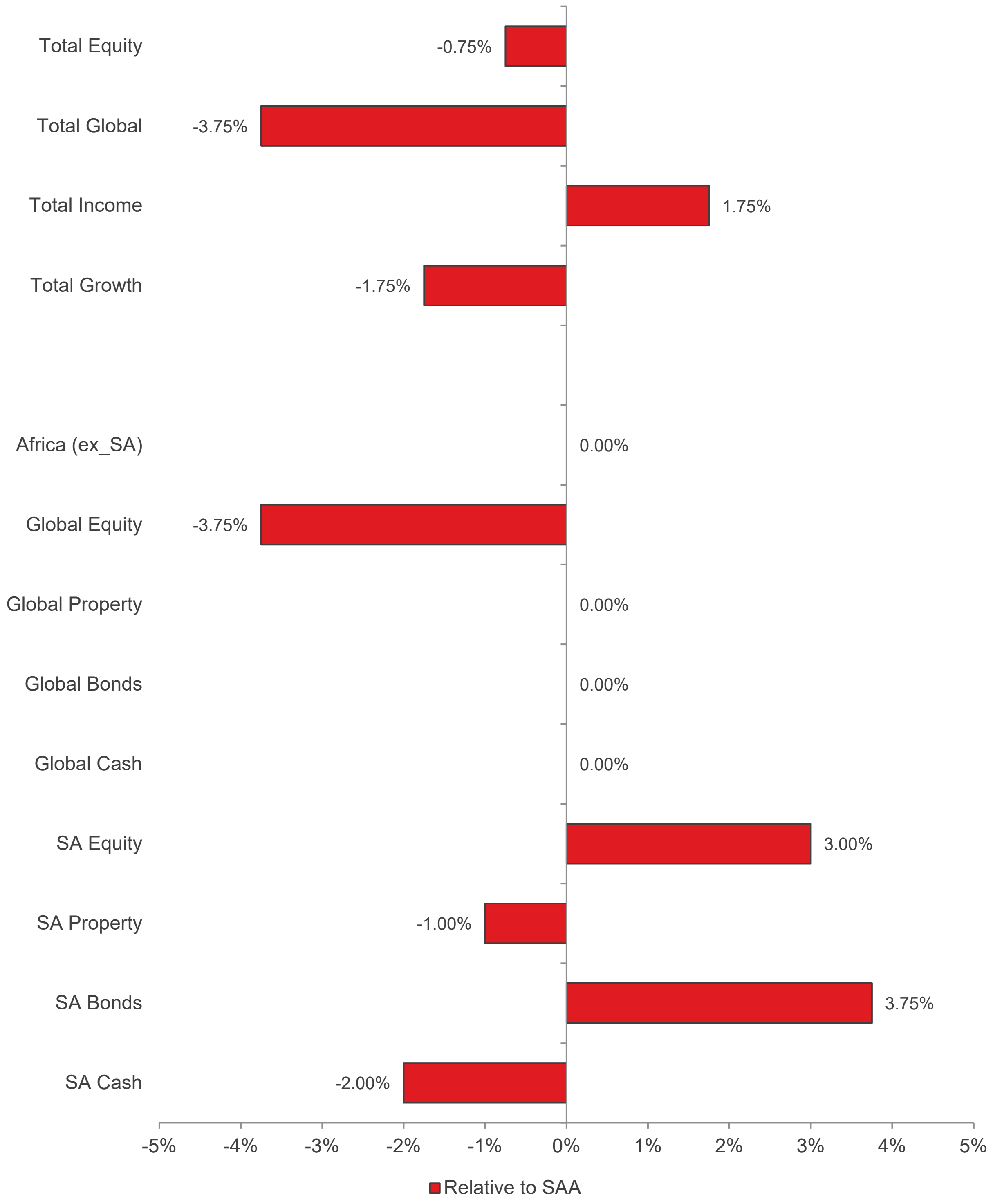
5.9.1. Building block allocation



5.9.2. Asset allocation (as at 31 March 2022)



5.9.3. Asset allocation: Relative to SAA



5.9.4. Portfolio changes

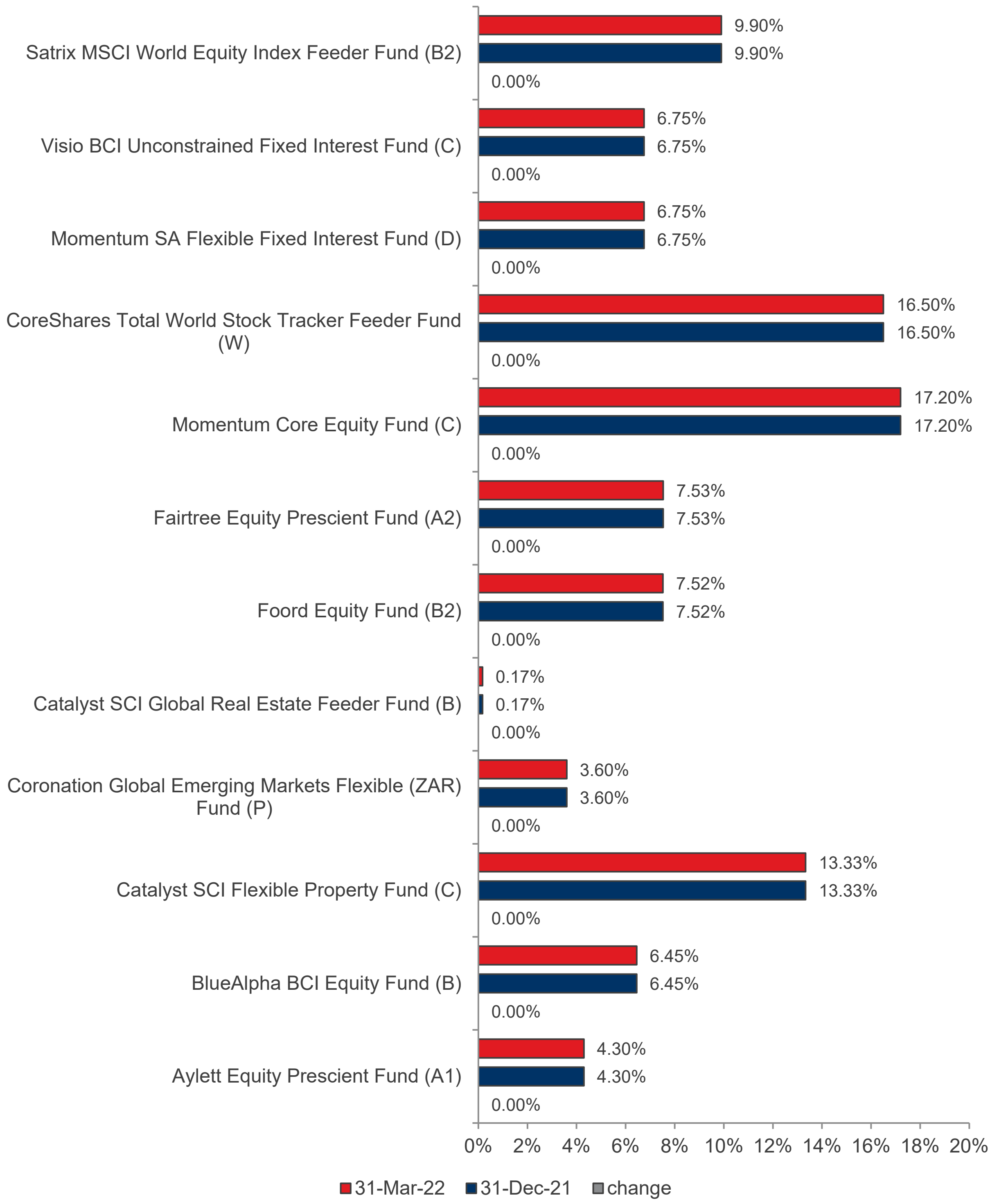
Considering our asset class views and the current positioning of the portfolio, we implemented the following change:

- Increased global equities by 0.75%. We previously had to reduce the offshore exposure due to a Regulation 28 breach.

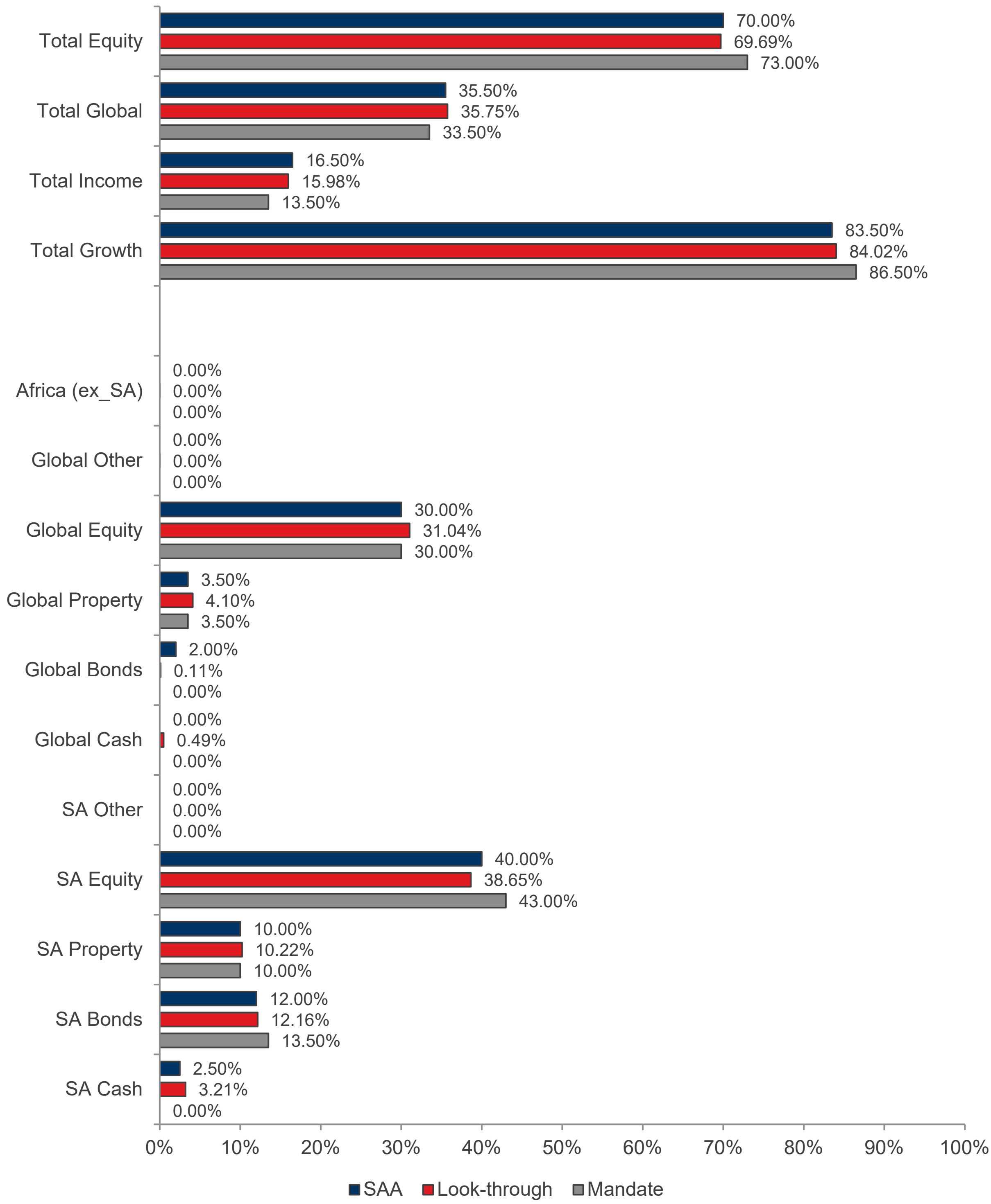
Fund	Current	New	Change
Aylett Equity Prescient Fund (A1)	4.80%	**4.80%**	0.00%
Satrix MSCI World Equity Index Feeder Fund (B2)	6.99%	**7.74%**	0.75%
Coronation Global Emerging Markets Flexible (ZAR) Fund (P)	3.36%	**3.36%**	0.00%
CoreShares Total World Stock Tracker Feeder Fund (W)	12.90%	**12.90%**	0.00%
Fairtree Equity Prescient Fund (A2)	8.40%	**8.40%**	0.00%
Foord Equity Fund (B2)	8.40%	**8.40%**	0.00%
Visio BCI Unconstrained Fixed Interest Fund (C)	8.38%	**8.00%**	-0.38%
Momentum Core Equity Fund (C)	19.20%	**19.20%**	0.00%
Momentum SA Flexible Fixed Interest Fund (D)	8.37%	**8.00%**	-0.37%
BlueAlpha BCI Equity Fund (B)	7.20%	**7.20%**	0.00%
Catalyst SCI Flexible Property Fund (C)	12.00%	**12.00%**	0.00%
	100.00%	100.00%	0.00%

5.10. MIC Unconstrained Portfolio

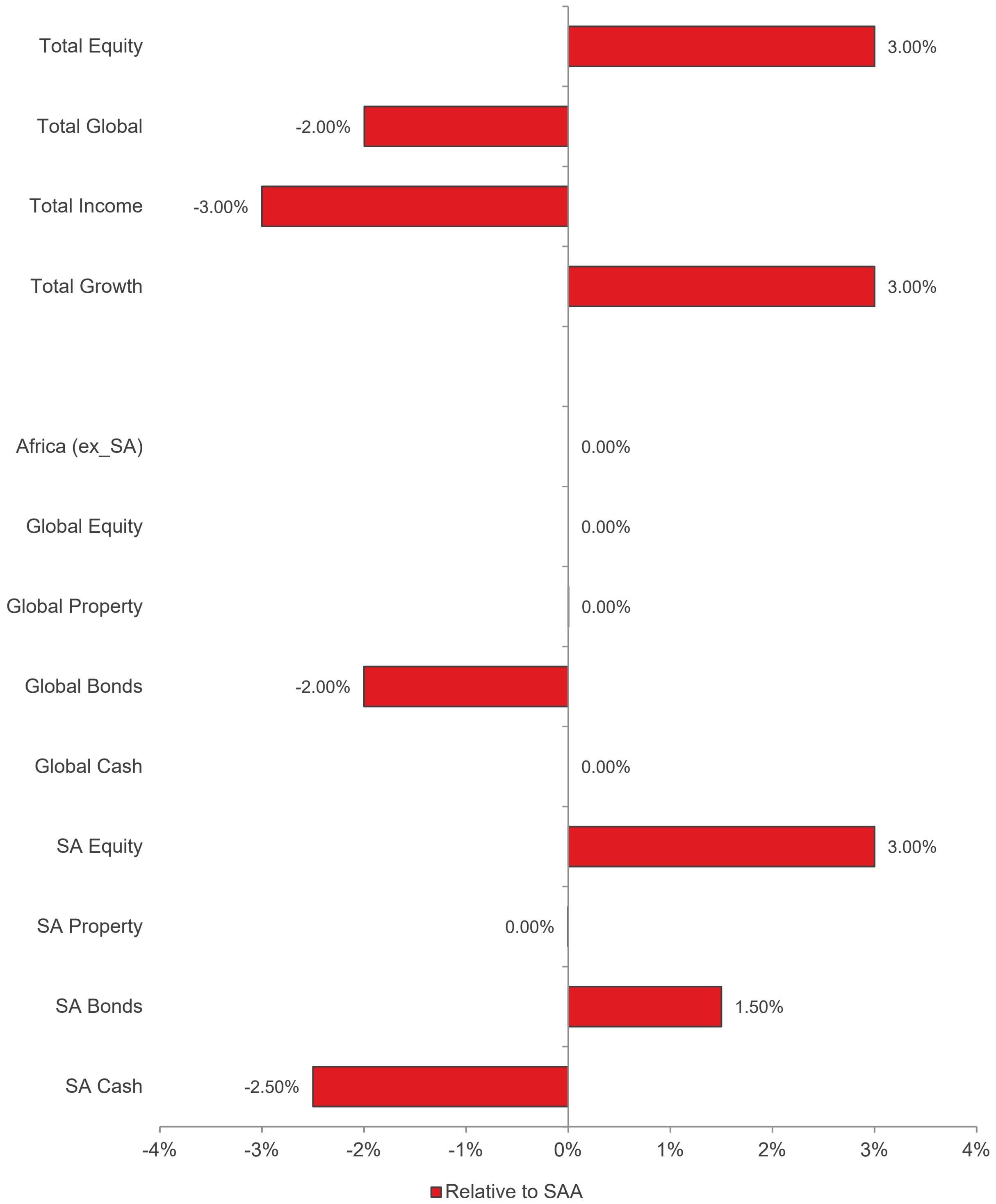
5.10.1. Building block allocation



5.10.2. Look-through asset allocation (as at 31 March 2022)



5.10.3. Look-through asset allocation: Relative to SAA



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5.10.4. Portfolio changes

- No changes were made. The portfolio was rebalanced back to ideal allocations.

6. Appendices

6.1. Glossary

- **Asset allocation as at 31 March 2022**
  Total growth Total allocation to local and global property and equity
  Total income Total allocation to local and global cash and bonds

- **Rolling x-year returns (ann.)**
  The historic average annualised return over an x-year time period. The rolling returns provide an indication of the **consistency** of the portfolio in meeting its return objective over the relevant investment horizon.

- **Rolling 12m absolute drawdown**
  The portfolio/benchmark's negative returns over historic 12-month periods. This shows the ability of the portfolio to protect capital over any historic 12-month period.

- **Rolling x-year drawdown (ann.) relative to goal**
  The historic average annualised return of the portfolio relative to its return objective over an x-year time period. The rolling drawdowns show the extent to which the portfolio has underperformed its return objective over the relevant investment horizon.

- **SAA – Strategic asset allocation**
  The optimised long-term benchmark asset allocation of the portfolio. It can be interpreted as the long-term average asset allocation that is expected to most efficiently deliver on a portfolio's risk and return objectives. The actual asset allocation may deviate from the SAA at any given point in time in order to express shorter term views on asset classes or as a result of market movements. The long-term SAA is optimised to deliver on predefined VAR targets measured over 12-month periods with a 95% likelihood. As the risk profile of portfolios increase, so will the VAR targets.

- **Value-at-risk**
  Value-at-risk (VAR) is a statistical measure which quantifies the risk of loss within a portfolio over a specific time frame. More simply, it is an estimate of the maximum loss one can expect from a specific portfolio over a set time period (in our case 12 months) with a given likelihood (in our case 95%). This is best understood by way of an example: For a portfolio with a -2.0% VaR target, this implies that there is a 95% likelihood that the worst return the portfolio is expected to deliver over any 12-month rolling period is -2.0%.

6.2. Disclaimers

These portfolios are administered and managed by Momentum Investment Consulting (Pty) Ltd (MIC), an authorised financial services provider (FSP32726) in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS), as may be amended and/or replaced from time to time and a part of Momentum Metropolitan Holdings Limited, rated B-BBEE level 1.

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The launch date is the date of MIC’s appointment to administer and manage the portfolios. Returns before this date may be based on the portfolio’s pre-existing returns history, if any, or on a combination of calculation methodologies. Return calculation methodologies include: simulated returns before the launch date of the portfolio based on the portfolio's holdings at the launch date, which would not reflect MIC’s historic asset allocation views, or any changes, which would have been made to the portfolio holdings over time, money-weighted returns calculated on the total value of the portfolio with the size and timing of cash flows taken into account, or returns based on an investment in a tracker or index portfolio, which is a time-weighted return and the effect of cash flows is not taken into account. For simulated return calculations, the underlying fund’s retail share classes with the longest return histories have been used. For funds with limited return history, the applicable index returns have been used. For the tracker or index portfolios, returns are after the deduction of the portfolio management fee and either before or after the deduction of any platform administration fees (depending on the linked investment service platform on which the tracker or index portfolio is invested) and before financial adviser fees. Returns for periods exceeding one year are annualised. The return for the Consumer Price Index (CPI) is at the end of the previous month. Total investment charges (TIC) are the sum of a fund’s total expense ratio (TER) and the transaction cost (TC). The portfolio’s TIC is an estimated total for the portfolio based on the weighted average of the underlying funds in which the portfolio invests using the latest available data. The portfolio’s asset allocation is based on the weighted average of the underlying funds in which the portfolio invests using the latest available data. The portfolio’s asset allocation may differ from time to time due to market movements, changes to the portfolio and the underlying fund data and limitations. The underlying funds may contain exposure to assets that are invested globally, which may present additional risks. Individual investor returns may differ as a result of platform and adviser fees, the actual investment date, cash flows and other transactions.

MIC does not provide a guarantee on the value of the portfolio nor does it guarantee the returns of the underlying funds in the portfolio. The investor acknowledges the inherent risk associated with the portfolio (currency, investment, market and credit risks) and that capital is not guaranteed. A switch transaction between underlying funds within the portfolio will incur capital gains tax (CGT) for the investor, should the product through which the investor buys the portfolio not be CGT exempt. For details on the underlying funds in the portfolio, please refer to the minimum disclosure documents, which are obtainable from the relevant investment manager. The information contained in this document is confidential, privileged and only for the use and benefit of the intended recipient and may not be used, published or redistributed without the prior written consent of Momentum Metropolitan Holdings Limited or the Momentum Parties. Under no circumstances will Momentum Metropolitan Holdings Limited or the Momentum Parties be liable for any cost, loss or damages arising out of the unauthorised dissemination of this document or the information contain herein.

Sources: Momentum Investments, Morningstar and Finswitch.