

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 7 Portfolio

Factsheet at 31 July 2020

Target return: CPI + 7% p.a.

Investment horizon: Seven years

Investments managed by: Momentum Outcome-based Solutions (Pty) Ltd

📄 Momentum outcome-based investing philosophy

Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, we have constructed a range of outcome-based solutions that set their sights beyond mere benchmarks and instead focus on the things that matter the most to you – ensuring we maximise the probability of you achieving your investment goals. Outcome-based investing is about placing your goals at the centre of our investment process.

📄 Investor profile and investment strategy

This portfolio is aimed at investors who are in the accumulation phase of investing. It has a long-term investment horizon and, therefore, the aim is to maintain exposure of between 82.5% and 90% to growth asset classes (local and global equities and property). The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), but excludes the exposure to alternative asset classes. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

📌 Portfolio information

Launch date:	March 1999
Benchmark:	Composite: Local equity 46.5%; Local property 15%; Local bond 4%; Local ILB 3%; Local cash 1.5%; Global equity 25%; Global property 3.5%; Global bond 1.5%
Target:	Inflation plus 7% a year over seven-year rolling periods
Reg. 28 compliant:	Yes

Risk of capital loss	Very low	Medium	Very high
Investment term	Very short	Medium	Very long

👤 Portfolio managers



Mohammed Sibda
BCom



Nina Saad
BSc, CFA

📊 Long-term outcomes

Return over the investment horizon

Portfolio	7.67%
Benchmark	7.52%
Target	11.85%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio	72.41%
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The percentage of times the portfolio achieved or exceeded its target over rolling periods of the investment horizon.

Average shortfall

Portfolio	-1.30%
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The average shortfall of the target, over rolling periods of the investment horizon.

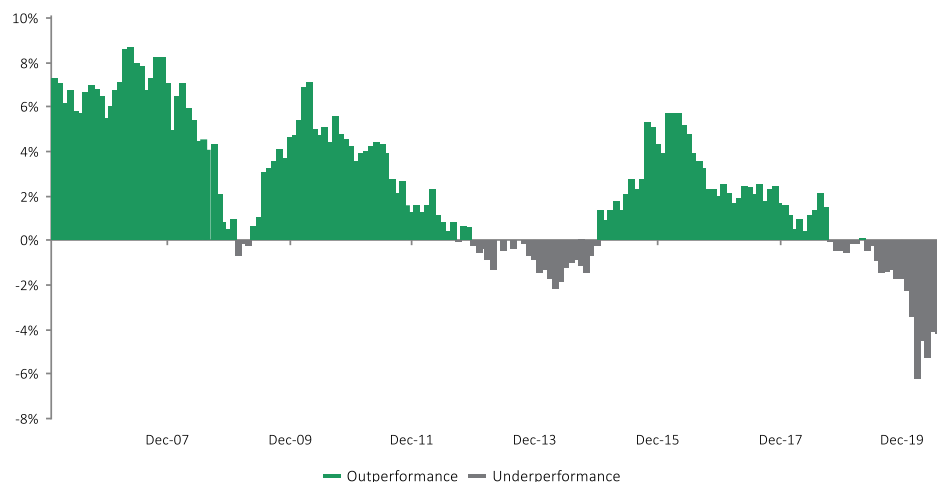
📊 Short-term risk

Risk of negative one-year return

Portfolio	13.41%
Benchmark	13.82%
Target	0.00%

The likelihood of negative returns over any one-year rolling period.

📊 Rolling returns



Minimum one-year returns

Portfolio	-13.58%
Benchmark	-17.44%
Target	7.89%

The worst one-year return with a 5% likelihood.

Portfolio returns relative to the target over rolling periods of the investment horizon since launch.

Investment returns

	One month	Three months	One year	Two years	Three years	Four years	Five years	Six years	Seven years	Launch
Portfolio	2.84%	6.65%	-2.08%	0.16%	1.99%	3.02%	3.96%	5.24%	7.67%	13.30%
Benchmark ¹	2.27%	7.85%	-2.05%	-0.10%	1.42%	2.47%	3.65%	5.08%	7.52%	13.19%
Risk-adjusted ratio ²					0.16	0.27	0.39	0.54	0.81	1.73
Target	1.06%	1.13%	9.23%	10.34%	10.75%	11.09%	11.52%	11.56%	11.85%	12.37%

¹The benchmark is calculated using the strategic allocation weightings below.

²A ratio of the actual return achieved per unit of risk taken.

Index returns

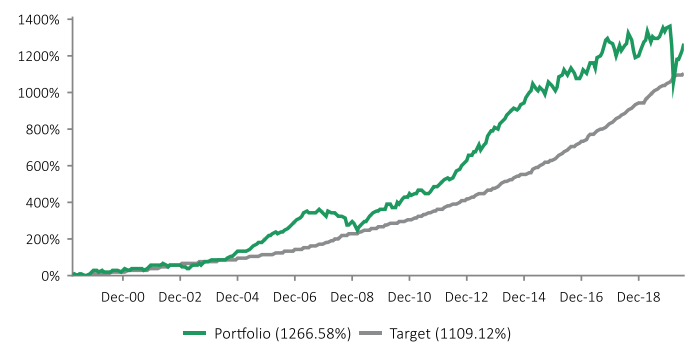
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	3.01%	-5.13%	-4.29%	-1.54%	0.65%	5.47%	46.50%
Local property	FTSE/JSE SA Listed Property Index	-3.19%	-41.19%	-23.28%	-20.18%	-10.55%	-2.37%	15.00%
Local bond	JSE ASSA All Bond Index	0.61%	4.25%	6.14%	7.79%	7.40%	7.49%	4.00%
Local ILB	JSE ASSA ILB Index	-1.19%	-4.38%	-0.40%	0.31%	1.42%	3.39%	3.00%
Local cash	Short-term Fixed Interest Composite Index	0.42%	6.66%	6.99%	7.10%	7.18%	6.81%	1.50%
Global equity	MSCI All Countries World Index	5.09%	28.71%	19.10%	15.60%	13.80%	16.21%	25.00%
Global property	FTSE EPRA/NAREIT Developed Index	1.81%	2.11%	10.64%	8.06%	8.36%	12.00%	3.50%
Global bond	FTSE World Government Bond Index	1.50%	31.11%	22.15%	13.93%	10.99%	10.78%	1.50%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-7.42%	-1.15%	5.05%
Fairtree	21.69%	11.60%	13.58%
Foord	-2.94%	-4.29%	4.08%
Momentum Protected Equity			
Momentum Systematic Strategies			
Perpetua	-12.84%	-5.91%	
Prudential	-12.00%	-2.03%	6.18%
SIM	-4.18%	1.23%	8.58%
Truffle	13.77%	6.67%	10.66%
Local property			
Catalyst	-42.35%	-19.40%	-0.36%
Meago	-41.42%	-20.11%	-1.20%
Momentum Investments	-41.12%		
Local fixed income			
ALUWANI (ILB)	-5.77%	0.30%	3.56%
Futuregrowth	3.29%	8.52%	8.97%
Momentum Flexible Bond	-2.69%	5.07%	7.84%
Momentum ILB	-3.32%		
Local cash			
ALUWANI	7.94%	8.65%	8.16%
Liquidity	7.59%		
Momentum Enhanced Yield	8.34%		
Global equity			
Momentum Global Investment Management	19.54%	13.64%	15.50%
Global property			
Momentum Global Property	1.65%		
Global bond			
Amundi	28.78%	13.21%	10.77%

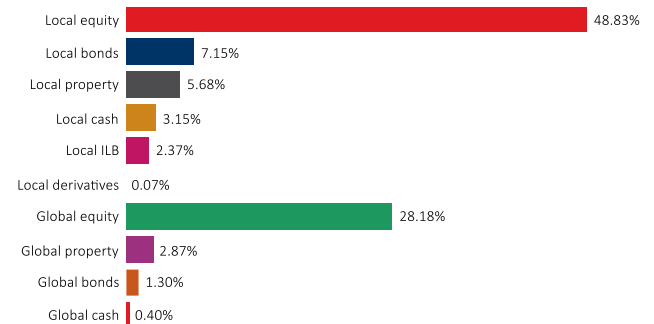
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to its target.

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Naspers Limited	5.41%
Prosus	2.73%
British American Tobacco Plc	2.23%
Firstrand Limited	2.11%
Anglo American Plc	2.01%
Republic Of South Africa R2037	1.79%
Impala Platinum Holdings Limited	1.78%
Anglogold Ashanti Limited	1.66%
Growthpoint Properties Limited	1.65%
Standard Bank Group Limited	1.48%

The 10-largest instruments at 30 June 2020, looking through all asset classes held.



Quarterly portfolio commentary for Q2 2020

The mood in global financial markets sweetened in the past quarter, in reaction to a rapid and sizeable intervention by policymakers to counter the COVID-19 pandemic, but history has warned about a quick rebound in earnings. The current optimistic consensus could be in for a negative surprise, given the disconnect between share prices and expected company profits against a backdrop of prevailing uncertainties. The bond market and the rand have nevertheless maintained a risk-off profile during this period, given concerns on the outlook for the economy.

The portfolio returned 15.1% for the quarter, which underperformed the benchmark of 18.5%. Being overweight global asset classes and local equity contributed to the relative returns from the portfolio, while being underweight local property detracted from returns.

Notes

The benchmark for the local equity component was changed on 1 November 2017 from the FTSE/JSE Shareholder Weighted Index to the FTSE/JSE Shareholder Weighted Capped Index.

Changes were made to the strategic asset allocations on 30 May 2014 and the benchmark returns were changed from 1 June 2014.

The inception date of the combined, local and global portfolios is 1 July 2011 and portfolio and benchmark returns for the Momentum Investments Classic Factor 7 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Focused 75 Portfolio have been used from March 1999 for the combined portfolio and returns for Momentum Focused 75 Domestic Portfolio have been used for the local portfolio.

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