

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 4 Portfolio

Factsheet at 31 May 2021

Target: CPI + 2% to 3%

Investment horizon: Four years

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

📄 Momentum outcome-based investing philosophy

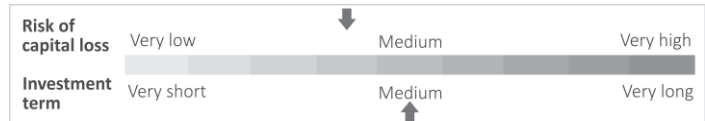
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 pre-retirement and consolidation phase of investing. It has a short- to medium-term investment horizon and, therefore, the aim is to maintain an average exposure of 40% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa) and selective alternative asset classes. The allocation between asset classes is actively managed, taking the market environment into account. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. Performance fees may be paid within investment mandates, should they sufficiently enhance investment returns after fees. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

📊 Portfolio information

Launch date:	July 1999
Benchmark:	Composite: Local equity 20%; Local property 2.5%; Local bond 28%; Local cash 26%; Global equity 17%; Global property 1.5%; Global bond 5%
Target:	Inflation plus 2% to 3% over four-year rolling periods
Reg. 28 compliant:	Yes



👤 Portfolio managers



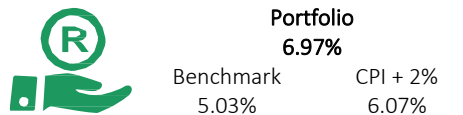
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📈 Long-term outcomes

Return over the investment horizon



The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio
83.33%

The percentage of times the portfolio achieved or exceeded CPI + 2% over rolling periods of the investment horizon.

Average shortfall

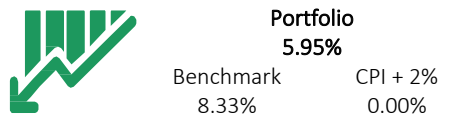


Portfolio
-1.17%

The average shortfall relative to CPI + 2% over rolling periods of the investment horizon.

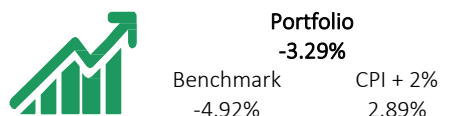
📈 Short-term risk

Risk of negative one-year return



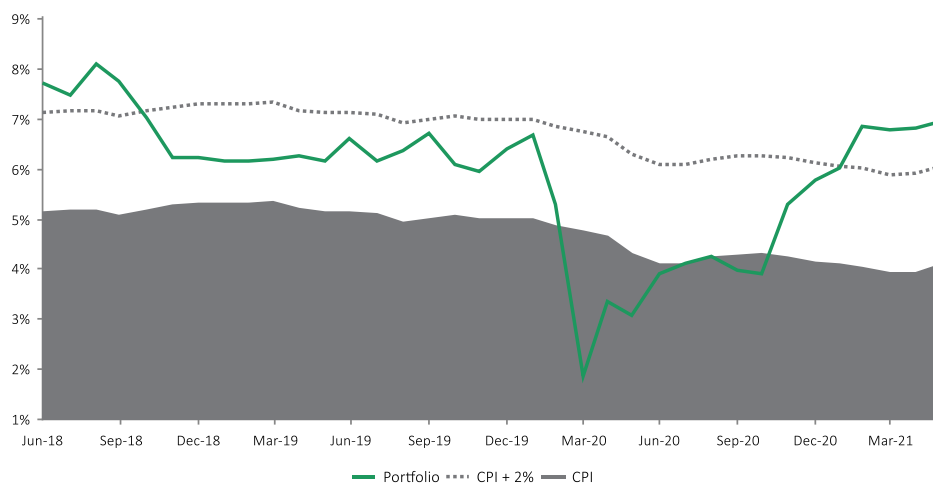
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns



The worst one-year return with a 95% likelihood.

📈 Rolling returns over investment horizon



Returns 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	0.74%	3.11%	19.72%	8.28%	7.15%	6.97%	6.22%	6.87%	7.49%	11.40%
Benchmark ¹	0.53%	2.10%	12.90%	4.87%	4.74%	5.03%	4.88%	5.56%	6.45%	10.99%
Risk-adjusted ratio ²					0.78	0.85	0.85	1.04	1.15	2.40
CPI + 2%	0.82%	2.51%	6.44%	5.69%	5.93%	6.07%	6.32%	6.64%	6.62%	7.45%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

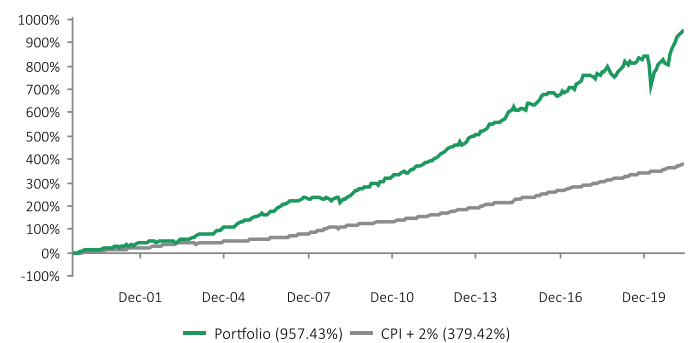
Asset class	Index	One month	One year	Two years	Three years	Four years	Five years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	2.93%	40.75%	9.90%	6.11%	5.48%	4.72%	20.00%
Local property	FTSE/JSE SA Listed Property Index	-2.88%	37.33%	-13.82%	-10.91%	-9.81%	-7.25%	2.50%
Local bond	FTSE/JSE All Bond Index	3.73%	11.11%	8.76%	8.42%	8.92%	9.79%	28.00%
Local cash	STeFI Composite Index	0.31%	4.15%	5.57%	6.14%	6.45%	6.69%	26.00%
Global equity	MSCI All Countries World Index	-4.79%	10.97%	18.71%	16.29%	13.98%	10.73%	17.00%
Global property	FTSE EPRA/NAREIT Developed Index	-3.12%	5.81%	3.42%	9.95%	7.85%	3.29%	1.50%
Global bond	FTSE World Government Bond Index	-4.90%	-19.93%	1.66%	6.81%	4.52%	-0.14%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	27.15%	3.70%	5.02%
Fairtree	60.05%	21.00%	14.10%
Foord	32.06%	5.83%	3.96%
Momentum Protected Equity			
Momentum Systematic Strategies	40.92%		
Prudential	48.82%	5.65%	7.55%
SIM	32.52%	6.73%	8.21%
Truffle	49.57%	16.14%	10.73%
Local property			
Catalyst	43.08%	-9.84%	2.14%
Eris Student Accommodation			
Meago	37.75%	-10.69%	0.83%
Momentum Investments	31.40%		
Local absolute-return			
Absa	17.99%	9.66%	8.22%
Prescient	15.48%	7.21%	6.42%
Prudential	32.97%	5.85%	
Sentio	24.98%	5.68%	
Tantalum	27.45%	7.91%	
Local fixed income			
ALUWANI	8.32%	8.21%	8.37%
ALUWANI (ILB)	15.98%	4.68%	4.92%
Flexible Fixed Interest	14.04%	6.85%	8.97%
Momentum ILB	13.77%		
Local cash			
ALUWANI	5.51%	7.55%	8.03%
Liquidity	4.93%		
Momentum Enhanced Yield	5.51%		
Local alternative			
Coherent (Commodity)	5.54%		
Global equity			
Momentum Global Investment Management	14.15%	14.04%	13.42%
Global property			
Momentum Global Property	3.70%		
Global bond			
Amundi	-18.81%	6.78%	5.71%

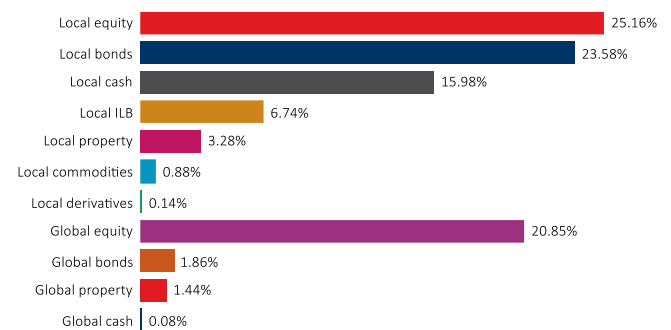
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	Percentage
Republic of South Africa R2048	4.87%
Republic of South Africa R2035	3.30%
Naspers Limited	2.82%
Republic of South Africa R2032	1.86%
Impala Platinum Hldgs Limited	1.45%
Republic of South Africa R209	1.41%
Anglo American plc	1.37%
Republic of South Africa R202	1.16%
Republic of South Africa R2044	1.10%
FirstRand Limited	1.09%

The 10-largest instruments at 30 April 2021, looking through all asset classes held.



Quarterly portfolio commentary for Q1 2021

World economic growth may exceed 6% in 2021, as progress with vaccinations reinforces the positive effect of stimulus packages. The economic recovery is bound to be uneven, as countries that achieve herd immunity early may start to implement restrictive policies when others are still recovering from lockdowns.

Rising consumer price inflation (CPI) created an expectation of early interest rates increases. However, central banks from the United States, Eurozone and United Kingdom indicated that they don't foresee premature rate increases.

Global bonds nevertheless fretted about the potential for tighter monetary policy. Risky asset classes, however, are enjoying the improving growth picture. Consequently, global bond returns (negative 5,8% in US dollar terms) performed poorly in the first quarter of 2021, falling short of the positive dollar returns provided by South African (SA) equities (12,3%), developed market (DM) equities (5%) and emerging market (EM) equities (2,3%). Equities should continue to outperform global fixed-income investments as long as supportive fiscal and monetary policy remain in place.

In SA stronger household consumption expenditure and inventory building should support the economy from a contraction of 7% in 2020 to growth of 3,4% in 2021 and 2,3% in 2022. Higher oil and administered prices are putting pressure on near-term CPI to increase. As this is likely to be transitory, interest rates are expected to remain unchanged in 2021.

SA equities should continue to benefit from a global risk-on environment and favourable valuations. SA nominal and inflation-linked bonds look attractive, but we are less positive on cash or listed property.

The portfolio returned 5,8% for the quarter, which outperformed the benchmark of 3,2%. Being overweight local and global equity contributed to the absolute and relative returns, whereas being underweight local property detracted from returns.



Notes

On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 4% to a range of inflation plus 2% to 3%. Changes were made to the strategic asset allocations on 31 October 2020.



Disclosures

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Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, but after the deduction of performance fees on global underlying investments (where applicable). All returns are daily time-weighted returns. The return for the global component of a portfolio is generated at month-end using the global component's last known price. The return for Consumer Price Index (CPI) is to the end of the previous month.

For investments in collective investments schemes (CIS), please refer to the minimum disclosure document (MDD), which is available from the respective CIS manager. The MDD contains important information relating to investment in the respective CIS.

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Sources: Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com.



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