

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 4 Portfolio

Factsheet at 31 December 2021

Target: CPI + 2% to 3%

Investment horizon: Four years

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

📄 Momentum outcome-based investing philosophy

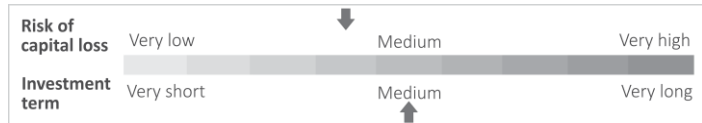
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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



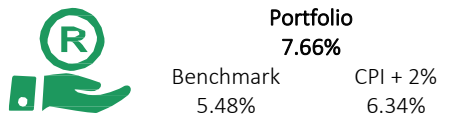
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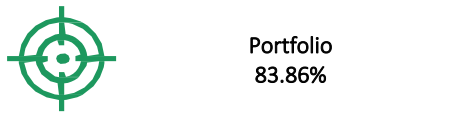
📈 Long-term outcomes

Return over the investment horizon



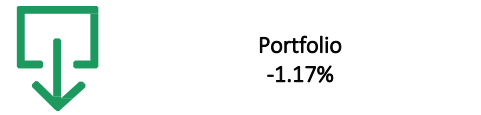
The annualised return over the investment horizon of the portfolio.

Hit rate



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

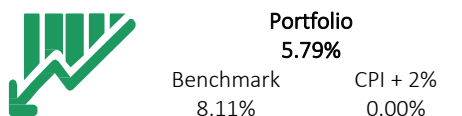
Average shortfall



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

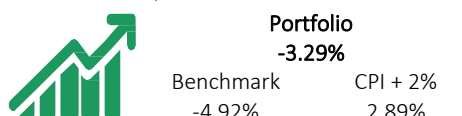
📈 Short-term risk

Risk of negative one-year return



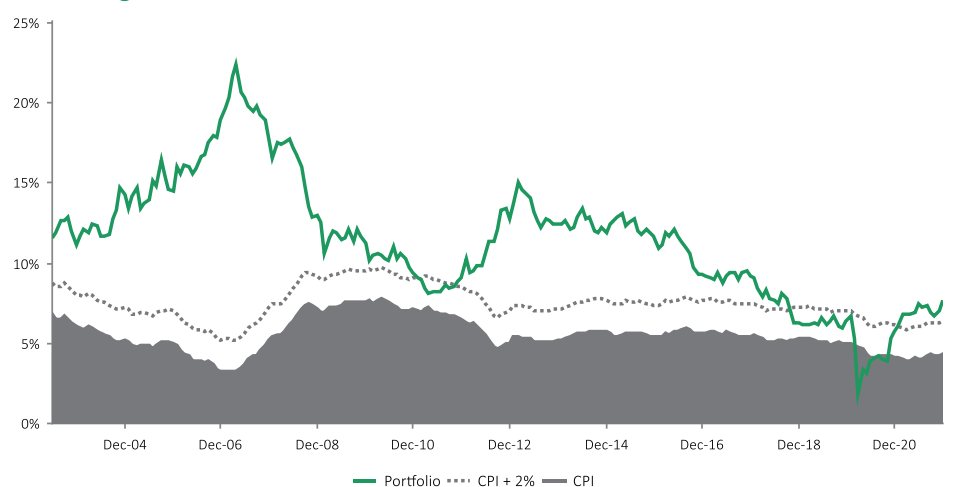
The likelihood of negative returns over any one-year rolling period.

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	2.78%	6.13%	19.04%	11.10%	10.58%	7.66%	8.30%	7.94%	8.08%	11.55%
Benchmark ¹	2.51%	5.61%	15.06%	7.86%	8.06%	5.48%	6.76%	6.63%	6.70%	11.12%
Risk-adjusted ratio ²					0.96	0.93	1.06	1.14	1.24	2.44
CPI + 2%	0.64%	1.46%	7.47%	6.31%	6.06%	6.34%	6.40%	6.76%	6.76%	7.43%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

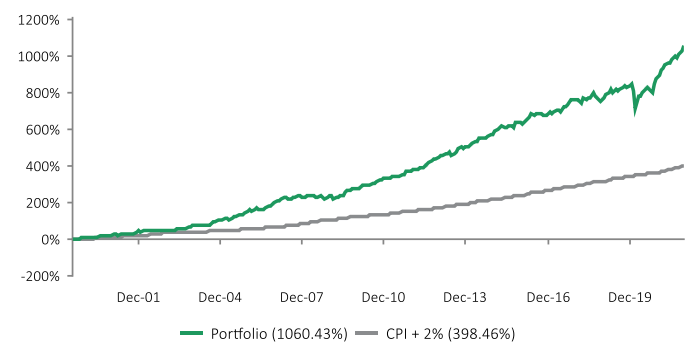
Asset class	Index	One month	One year	Two years	Three years	Four years	Five years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	4.85%	27.08%	13.05%	10.91%	4.99%	7.20%	20.00%
Local property	FTSE/JSE All Property Index	7.61%	38.63%	-5.46%	-3.80%	-9.60%	-5.21%	2.50%
Local bond	FTSE/JSE All Bond Index	2.69%	8.40%	8.53%	9.12%	8.76%	9.05%	28.00%
Local cash	STeFI Composite Index	0.34%	3.81%	4.60%	5.49%	5.93%	6.25%	26.00%
Global equity	MSCI All Countries World Index	2.56%	29.54%	25.49%	25.35%	19.11%	17.59%	17.00%
Global property	FTSE EPRA/NAREIT Developed Index	5.35%	38.54%	14.85%	16.40%	14.84%	11.82%	1.50%
Global bond	FTSE World Government Bond Index	-0.09%	1.42%	8.42%	6.56%	8.64%	6.23%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	26.31%	9.11%	6.47%
Fairtree	19.81%	20.72%	13.18%
Foord	25.57%	11.19%	4.45%
M&G Investments	40.04%	12.56%	8.83%
Momentum Systematic Strategies	27.72%		
SIM	24.94%	12.24%	8.10%
Truffle	28.16%	19.25%	11.10%
Local property			
Catalyst	38.64%	-2.39%	1.57%
Eris Social Infrastructure	10.26%		
Meago	38.91%	-2.76%	0.19%
Momentum Investments	37.42%	-3.16%	
Local absolute-return			
Absa	14.24%	10.05%	8.66%
Laurium	19.40%	10.85%	7.40%
M&G Investments	26.55%	10.92%	7.80%
Prescient	21.93%	11.50%	8.16%
Sentio	18.00%	9.45%	5.41%
Local fixed income			
ALUWANI	7.30%	7.84%	8.19%
ALUWANI (ILB)	14.97%	6.72%	4.95%
Flexible Fixed Interest	12.60%	7.85%	8.85%
Momentum ILB	12.73%		
Local cash			
ALUWANI	5.17%	6.80%	7.88%
Liquidity	4.64%	6.28%	
Momentum Enhanced Yield	4.88%		
Local alternative			
Coherent (Commodity)	4.66%		
Global equity			
Momentum Global Investment Management	27.92%	21.77%	15.14%
Global property			
Momentum Global Property	37.12%	15.30%	
Global bond			
Amundi	3.58%	6.99%	6.72%

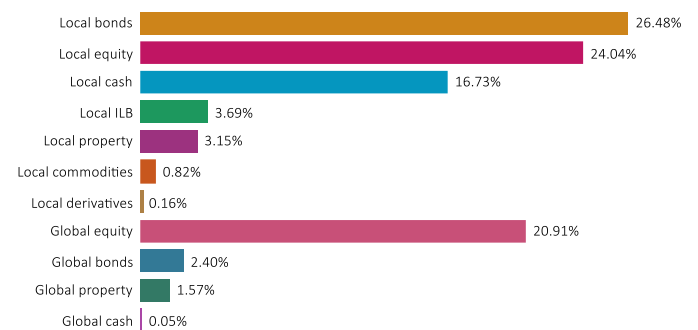
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Republic Of South Africa R2048	6.59%
Republic Of South Africa R2035	2.65%
Republic Of South Africa R2032	2.03%
Prosus	1.68%
Republic Of South Africa R209	1.53%
Republic Of South Africa R213	1.43%
Naspers Limited	1.28%
Republic Of South Africa R2037	1.28%
Mtn Group Limited	1.21%
Republic Of South Africa R2030	1.19%

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



Quarterly portfolio commentary for Q4 2021

Cuts to projected global growth in 2022 reflect a resurgence in COVID-19 cases and lingering supply chain disruptions. These figures nevertheless remain above trend, arguing against fears of stagflation. In our view, a normalisation in household savings, an unwinding of supply chain bottlenecks and a return to the labour force should help to alleviate global inflation pressures.

Milder global growth should soften the demand for South Africa's (SA) exports, while sticky unemployment will dull consumption spending. We see SA's growth slowing from an estimated 4.9% in 2021 to 2% in 2022 and 1.8% in 2023. Restraining expenditures, defunct municipalities and increased allocations to financially- and operationally-ill state-owned enterprises remain key risks to SA's fiscal consolidation path. A tempered rise in rental inflation and reduced increases in medical aid tariffs are likely to drive an atypical response in local inflation. We expect headline inflation to average 4.5% in 2021, 4.6% in 2022 and 4.3% in 2023. Well-behaved inflation, anchored inflation expectations and a pedestrian growth outlook advocate for a moderate interest rate hiking cycle. We expect the SA Reserve Bank to hike interest rates by 150 basis points in the next two years.

The portfolio returned 6.1% for the quarter, which was above the benchmark. Absolute returns were positive across all the asset classes with the exception of global bonds. The underweight global property position detracted from returns but this was offset by the overweight positions in local and global equity.

Notes

The benchmark for the local property component was changed on 1 October 2021 from the FTSE/JSE SA Listed Property Index to the FTSE/JSE All Property Index. 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

The investment policy is underwritten by Momentum Metropolitan Life Limited, which is a registered insurer under the Insurance Act, 18 of 2017. This investment portfolio is administered and managed by Momentum Outcome-based Solutions (Pty) Ltd, an authorised financial services provider (FSP No. 19840) under the Financial Advisory and Intermediary Services Act No.37 of 2002 (FAIS Act), 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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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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