

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 5 Portfolio

Factsheet at 31 January 2021

Target: CPI + 3% to 4%

Investment horizon: Five years

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

📄 Momentum outcome-based investing philosophy

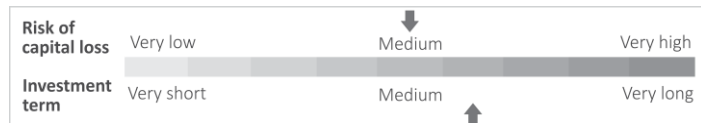
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 consolidation phase of investing. It has a medium- to long-term investment horizon and, therefore, the aim is to maintain an average exposure of between 55% 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 allocations between asset classes are 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:	June 2010
Benchmark:	Composite: Local equity 32%; Local property 3%; Local bond 23.5%; Local cash 18%; Global equity 18%; Global property 2%; Global bond 3.5%
Target:	Inflation plus 3% to 4% over five-year rolling periods
Reg. 28 compliant:	Yes



👤 Portfolio managers



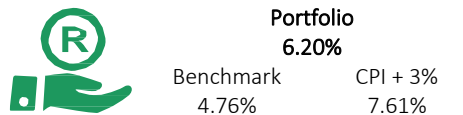
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📈 Long-term outcomes

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 + 3% over rolling periods of the investment horizon.

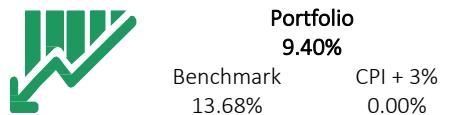
Average shortfall



The average shortfall of CPI + 3% over rolling periods of the investment horizon.

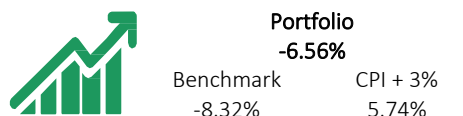
📈 Short-term risk

Risk of negative one-year return



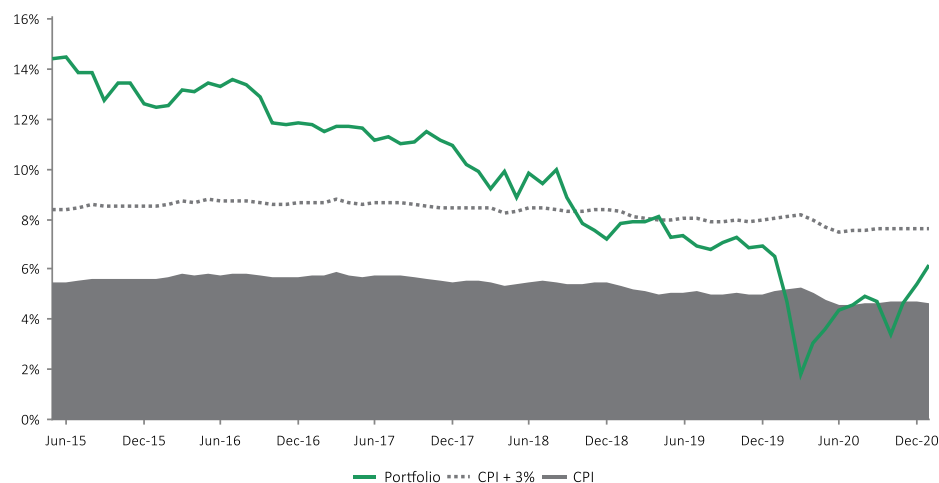
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns



The worst one-year return with a 5% 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	2.66%	11.73%	4.00%	6.22%	4.15%	5.56%	6.20%	6.08%	7.34%	9.72%
Benchmark ¹	1.97%	10.32%	0.05%	3.25%	1.85%	4.06%	4.76%	4.72%	6.62%	9.20%
Risk-adjusted ratio ²					0.40	0.58	0.71	0.76	0.94	1.36
CPI + 3%	0.41%	1.16%	6.08%	6.55%	6.86%	7.07%	7.61%	7.71%	7.80%	7.90%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

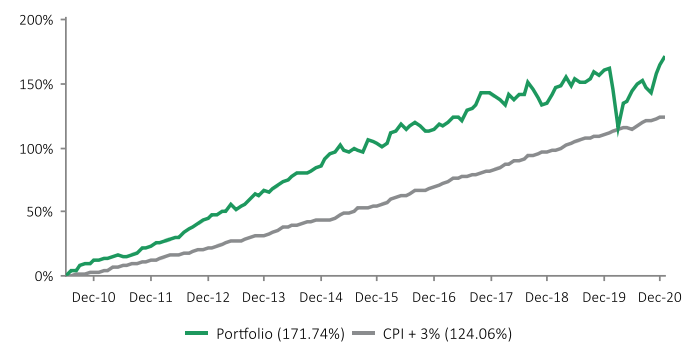
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	3.08%	6.40%	3.77%	-0.33%	4.26%	5.78%	32.00%
Local property	FTSE/JSE SA Listed Property Index	-3.21%	-34.59%	-23.06%	-18.76%	-8.46%	-1.21%	3.00%
Local bond	FTSE/JSE All Bond Index	0.76%	8.20%	8.34%	8.49%	9.61%	8.85%	23.50%
Local cash	Short-term Fixed Interest Composite Index	0.28%	5.07%	6.16%	6.53%	6.92%	6.72%	18.00%
Global equity	MSCI All Countries World Index	4.14%	19.87%	25.65%	16.76%	12.40%	14.07%	18.00%
Global property	FTSE EPRA/NAREIT Developed Index	2.71%	-9.79%	7.48%	10.66%	4.45%	9.95%	2.00%
Global bond	FTSE World Government Bond Index	1.40%	8.24%	13.83%	12.57%	3.09%	6.89%	3.50%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	1.44%	-1.51%	4.98%
Fairtree	26.84%	12.47%	13.68%
Foord	9.73%	0.18%	4.46%
Momentum Protected Equity			
Momentum Systematic Strategies	6.29%		
Perpetua	0.16%	-3.57%	
Prudential	3.98%	-1.20%	6.89%
SIM	0.18%	-0.43%	8.00%
Truffle	18.79%	9.66%	10.62%
Local property			
Catalyst	-34.32%	-17.40%	1.08%
Eris Student Accomodation			
Meago	-34.78%	-18.73%	-0.39%
Momentum Investments	-35.26%		
Local absolute-return			
Absa	8.28%	8.18%	8.34%
Prescient	4.01%	5.78%	6.38%
Prudential	5.65%	1.62%	
Sentio	7.28%	2.66%	
Tantalum	8.31%	4.30%	
Local fixed income			
ALUWANI	7.32%	8.35%	8.50%
ALUWANI (ILB)	4.73%	3.30%	5.33%
Flexible Fixed Interest	3.91%	6.12%	8.94%
Futuregrowth	7.76%	9.04%	10.31%
Momentum ILB	6.71%		
Local cash			
ALUWANI	6.22%	8.00%	8.09%
Liquidity	5.90%		
Momentum Enhanced Yield	6.69%		
Local alternative			
Coherent (Commodity)	12.59%		
Global equity			
Momentum Global Investment Management	15.54%	15.12%	13.55%
Global property			
Momentum Global Property	-11.10%		
Global bond			
Amundi	7.32%	12.20%	6.92%

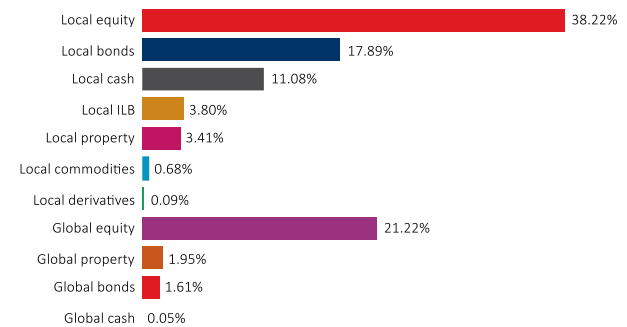
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

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	4.54%
Republic of South Africa R2035	2.48%
Republic of South Africa R2037	2.37%
Impala Platinum Holdings Limited	2.21%
Anglo American Plc	2.12%
FirstRand Limited	2.11%
BHP Group plc	1.60%
British American Tobacco plc	1.60%
Standard Bank Group Limited	1.58%
Sibanye-Stillwater Limited	1.28%

The 10-largest instruments at 31 December 2020, looking through all asset classes held.



Quarterly portfolio commentary for Q4 2020

The strength of the global economic upturn will be reliant on the success of vaccination campaigns and greater global co-operation to guarantee efficient distribution of vaccines worldwide but the road to recovery remains uneven and uncertain. Diversified economies that are less exposed to contact-intensive activity will likely fare better, while concentrated and services-related economies are likely to require further support. Continued fiscal stimulus and accommodative monetary policy are crucial, in our view, in keeping the world economy afloat and will lessen lasting economic damage from the crisis.

Meanwhile in South Africa (SA), muted confidence, a strained fiscus, ongoing electricity shortages and a flare up in infections will contain the anticipated recovery in growth in 2021. After contracting at an expected 8.1% in 2020, growth is likely to increase to a below-consensus 2% in 2021, before slowing to 1.6% in 2022. Efforts to arrest the increase in government's debt burden through higher growth will likely be constrained and could lead to further negative rating actions later in 2021. While near term inflation pressures are likely tilted to the downside, we see inflation rising in the medium term from an expected average of 3.2% in 2020 to 3.9% in 2021 and 4.7% in 2022. We are projecting a shift higher in interest rates in the second half of 2021 given the SA Reserve Bank's warning against the constraints of fiscal dominance and the dangers of running negative real interest rates for too long.

The portfolio returned 6.9% for the quarter, which outperformed the benchmark of 4.7%. Being overweight local and global equity contributed to the absolute and relative returns, whereas being underweight local property detracted from returns. During the quarter, we transitioned the portfolios to reflect our revised strategic asset allocation.



Notes

On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 5% to a range of inflation plus 3% to 4%. 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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