

### Momentum Investments Enhanced Factor Portfolio Range

#### Momentum Investments Enhanced Factor 7 Portfolio

Factsheet at 28 February 2022

**Target:** CPI + 5% to 6%

**Investment horizon:** Seven years

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

#### 📄 Momentum outcome-based investing philosophy

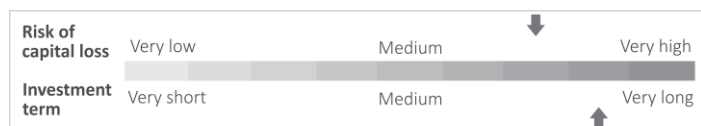
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 an average exposure of 80% 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), and 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

<b>Launch date:</b>	April 1999
<b>Benchmark:</b>	Composite: Local equity 50%; Local property 5%; Local bond 10%; Local cash 7.5%; Global equity 22.5%; Global property 2.5%; Global bond 2.5%
<b>Target:</b>	Inflation plus 5% to 6% over seven-year rolling periods
<b>Reg. 28 compliant:</b>	Yes



#### 👤 Portfolio managers



**Mohammed Sibda**  
BCom



**Nina Saad**  
BSc, CFA

#### 📊 Long-term outcomes

##### Return over the investment horizon



<b>Portfolio</b>	<b>7.50%</b>
Benchmark	CPI + 5%
6.60%	9.93%

The annualised return over the investment horizon of the portfolio.

##### Hit rate



**Portfolio**  
**86.98%**

The percentage of times the portfolio achieved or exceeded CPI + 5% over rolling periods of the investment horizon.

##### Average shortfall



**Portfolio**  
**-2.10%**

The average shortfall relative to CPI + 5% over rolling periods of the investment horizon.

#### 📊 Short-term risk

##### Risk of negative one-year return



<b>Portfolio</b>	<b>12.88%</b>
Benchmark	CPI + 5%
14.39%	0.00%

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

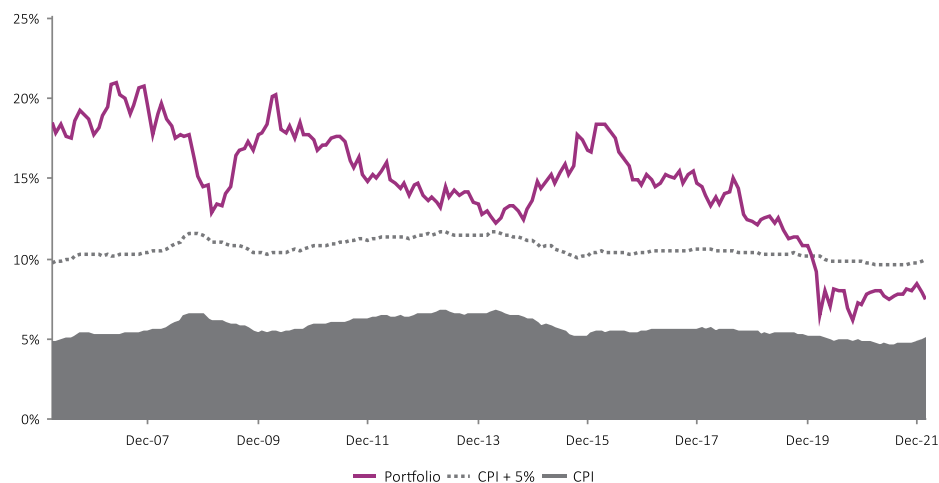
##### Minimum one-year returns



<b>Portfolio</b>	<b>-11.88%</b>
Benchmark	CPI + 5%
-16.48%	5.98%

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
<b>Portfolio</b>	<b>1.18%</b>	<b>3.54%</b>	<b>16.05%</b>	<b>15.07%</b>	<b>9.73%</b>	<b>8.05%</b>	<b>8.60%</b>	<b>8.27%</b>	<b>7.50%</b>	<b>13.72%</b>
Benchmark <sup>1</sup>	0.91%	3.39%	16.42%	14.87%	8.70%	6.55%	7.61%	7.30%	6.60%	13.37%
Risk-adjusted ratio <sup>2</sup>					0.67	0.70	0.82	0.84	0.85	1.92
CPI + 5%	0.60%	2.40%	10.70%	9.42%	9.45%	9.34%	9.34%	9.71%	9.93%	10.37%

<sup>1</sup>The benchmark is calculated using the composite benchmark allocation.

<sup>2</sup>A ratio of the actual return achieved per unit of risk taken.

## Index returns

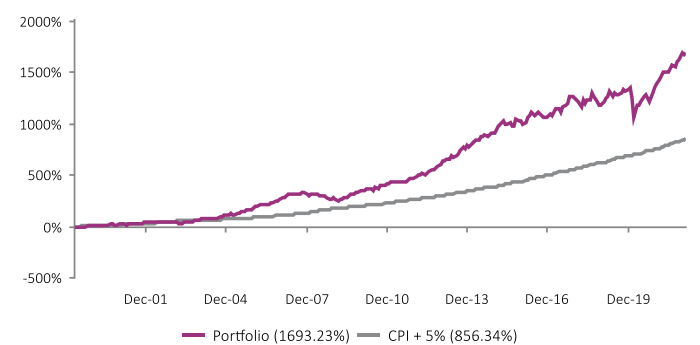
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	2.69%	23.06%	23.48%	11.30%	8.11%	6.05%	<b>50.00%</b>
Local property	FTSE/JSE All Property Index	-2.96%	22.81%	1.65%	-6.67%	-6.44%	-4.14%	<b>5.00%</b>
Local bond	FTSE/JSE All Bond Index	0.54%	9.02%	8.66%	8.75%	8.91%	7.65%	<b>10.00%</b>
Local cash	STeFI Composite Index	0.32%	3.89%	4.36%	5.32%	6.13%	6.40%	<b>7.50%</b>
Global equity	MSCI All Countries World Index	-1.19%	9.28%	17.76%	16.87%	14.78%	13.22%	<b>22.50%</b>
Global property	FTSE EPRA/NAREIT Developed Index	-1.96%	15.93%	6.20%	9.12%	9.48%	9.19%	<b>2.50%</b>
Global bond	FTSE World Government Bond Index	-2.08%	-4.65%	-2.19%	4.45%	5.33%	5.61%	<b>2.50%</b>

## Investment manager allocation and returns

	One year	Three years	Seven years
<b>Local equity</b>			
BlueAlpha	21.92%	8.49%	5.88%
Fairtree	19.98%	21.25%	13.04%
Foord	16.48%	9.87%	3.52%
M&G Investments	29.94%	12.30%	8.54%
Momentum Systematic Strategies	24.61%		
SIM	21.29%	11.17%	7.24%
Truffle	23.08%	19.10%	10.60%
<b>Local property</b>			
Catalyst	23.08%	-5.45%	-0.88%
Eris Direct Property	3.12%	4.21%	
Meago	24.14%	-5.62%	-2.01%
Momentum Investments	22.65%	-6.25%	
<b>Local fixed income</b>			
ALUWANI (ILB)	11.75%	6.76%	5.17%
Flexible Fixed Interest	11.21%	7.47%	8.57%
Momentum ILB	11.27%	6.97%	
Momentum Special Opportunities	6.15%	8.29%	
<b>Local cash</b>			
ALUWANI	5.06%	6.61%	7.83%
Liquidity	4.75%	6.11%	
Momentum Enhanced Yield	5.22%	6.71%	
<b>Local alternative</b>			
Momentum Aggressive FoHF	19.16%	7.62%	5.06%
Momentum Alternative Inv (infrastructure 1)	14.17%		
Momentum Alternative Inv (infrastructure 2)	-2.02%		
Momentum Alternative Inv (infrastructure 3)			
Momentum Alternative Inv. (private equity 1 BB)			
Momentum Alternative Inv. (private equity BB)	17.50%	0.57%	4.44%
Momentum Portable Alpha FoHF	21.20%	11.10%	6.19%
<b>Global equity</b>			
Momentum Global Investment Management	7.63%	13.89%	12.76%
<b>Global property</b>			
Momentum Global Property	14.40%	8.16%	
<b>Global bond</b>			
Amundi	-2.99%	4.79%	5.64%

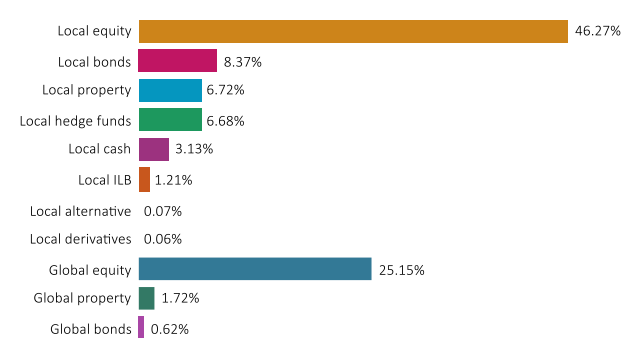
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation



## The 10-largest portfolio holdings

Holding	Percentage
Prosus	2.99%
Republic Of South Africa R2048	2.44%
Mtn Group Limited	2.43%
Realfin Collective Investment Scheme MMCQB1	2.42%
Anglo American Plc	2.30%
Realfin Collective Investment Scheme MMRRB1	2.29%
Naspers Limited	2.16%
British American Tobacco Plc	1.99%
Impala Platinum Holdings Limited	1.86%
FirstRand Limited	1.72%

The 10-largest instruments at 31 January 2022, 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. SA's growth slowed 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 8.4% for the quarter, which was marginally below the benchmark. Absolute returns were positive across all the asset classes, with the exception of global bonds. Being underweight local and global property detracted from returns but this was offset by being overweight 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 7% to a range of inflation plus 5% to 6%. 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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