

Momentum Investments Flexible Factor Portfolio Range

Momentum Investments Flexible Factor 4 Portfolio

Factsheet at 30 September 2021

Target: CPI + 2% to 3%

Investment horizon: Four years

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

📄 Momentum outcome-based investing philosophy

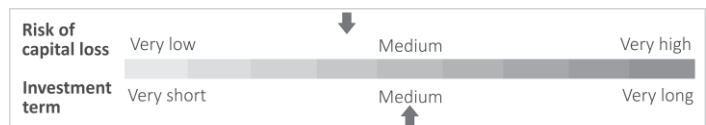
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 alternative asset classes. The allocation between asset classes, within these balanced mandates, 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:	March 2011
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



Mohammed Sibda
BCom



Nina Saad
BSc, CFA

📊 Long-term outcomes

Return over the investment horizon



Portfolio	7.51%
Benchmark	CPI + 2%
4.95%	6.31%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio	66.25%
------------------	---------------

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

Average shortfall



Portfolio	-1.27%
------------------	---------------

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

📊 Short-term risk

Risk of negative one-year return



Portfolio	5.17%
Benchmark	CPI + 2%
8.62%	0.00%

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

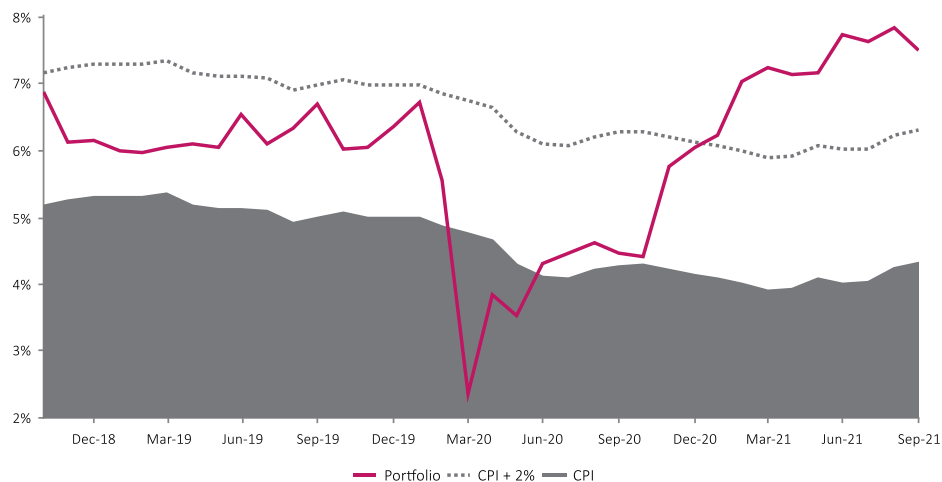
Minimum one-year returns



Portfolio	-2.13%
Benchmark	CPI + 2%
-4.37%	4.70%

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	-0.30%	3.45%	19.33%	9.64%	8.48%	7.51%	7.28%	7.67%	7.99%	9.32%
Benchmark ¹	-0.70%	2.23%	13.32%	5.49%	5.22%	4.95%	5.39%	5.96%	6.38%	8.62%
Risk-adjusted ratio ²					0.98	1.03	1.10	1.26	1.37	1.73
CPI + 2%	0.57%	2.22%	6.89%	5.99%	6.11%	6.31%	6.40%	6.65%	6.65%	7.16%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

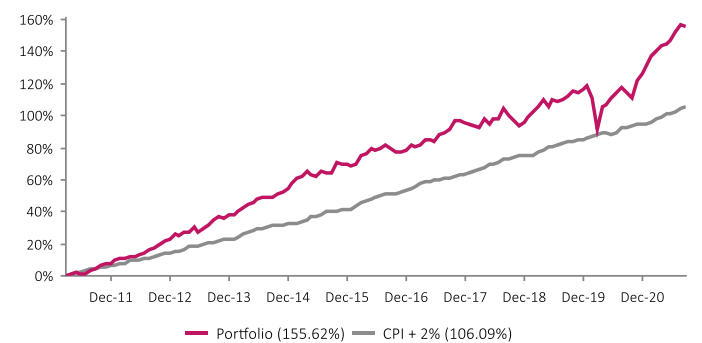
Asset class	Index	One month	One year	Two years	Three years	Four years	Five years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	-1.41%	30.34%	11.26%	6.49%	4.93%	5.01%	20.00%
Local property	FTSE/JSE SA Listed Property Index	-0.78%	54.43%	-8.74%	-6.77%	-9.08%	-5.64%	2.50%
Local bond	FTSE/JSE All Bond Index	-2.12%	12.46%	7.93%	9.08%	8.59%	8.51%	28.00%
Local cash	STeFI Composite Index	0.31%	3.80%	4.99%	5.77%	6.15%	6.43%	26.00%
Global equity	MSCI All Countries World Index	0.88%	15.63%	18.64%	14.66%	14.58%	15.07%	17.00%
Global property	FTSE EPRA/NAREIT Developed Index	-1.93%	18.05%	2.76%	9.29%	9.21%	7.00%	1.50%
Global bond	FTSE World Government Bond Index	1.50%	-12.48%	1.12%	5.81%	5.28%	3.25%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local balanced			
Abax Investments	32.12%	9.01%	7.32%
Coronation	28.74%	10.64%	7.56%
Foord	22.20%	7.70%	5.55%
Ninety One	28.24%	8.88%	8.59%
Local absolute-return			
Absa	17.06%	9.80%	8.45%
Laurium	21.96%	8.69%	
Prescient	18.63%	8.10%	6.85%
Prudential	31.08%	7.49%	7.41%
Sentio	22.58%	6.70%	
Local fixed income			
Momentum Special Opportunities	7.23%	7.86%	
Local cash			
ALUWANI	5.14%	7.12%	7.97%
Liquidity	4.55%		
Momentum Enhanced Yield	4.87%		
Local alternative			
Momentum Aggressive FoHF	17.15%	4.52%	4.90%
Momentum Alternative Inv. (private equity BB)	12.06%	-2.24%	3.85%
Momentum Moderate FoHF	8.87%	7.90%	6.70%
Global equity			
Momentum Global Investment Management	15.62%	14.65%	14.35%
Global property			
Momentum Global Property	19.66%		
Global bond			
Amundi	-10.36%	5.89%	6.14%

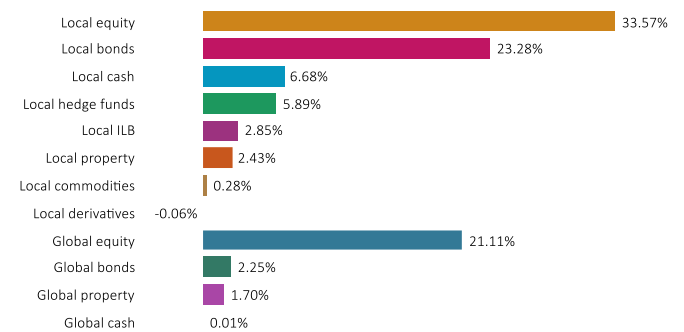
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	Percentage
Realfin Collective Investment Scheme Mrdfb	3.88%
Cash	2.39%
Republic Of South Africa R2037	2.32%
Prosus	2.15%
Naspers Limited	2.05%
Payb Jb3Mth 061221	1.94%
Republic Of South Africa R209	1.93%
Anglo American Plc	1.85%
Republic Of South Africa R186	1.74%
FirstRand Limited	1.57%

The 10-largest instruments at 31 August 2021, looking through all asset classes held.



Quarterly portfolio commentary for Q3 2021

Regional economic fortunes are likely to remain highly divergent despite a strong rebound pencilled in for the globe as a whole. Less available fiscal and monetary policy space, as well as new and more severe virus strains in lower vaccinated countries, will likely keep the relative pace of economic recovery in emerging markets on the back foot. Despite a rapid narrowing of output gaps in many developed markets, we are not anticipating a persistent inflationary episode to follow, given that demand is unlikely to remain above supply, above productivity-related wage increases are unlikely to persist and longer-term inflation expectations remain reasonably well anchored.

While growth in the local economy staged a firmer-than-expected 7.5% rebound in the first half of the year, we expect growth to soften from here, given ongoing supply constraints, a lagging vaccination rollout plan, elevated unemployment and an adverse effect of the July riots on business confidence. Although the commodity price windfall has boosted revenues for this fiscal year, medium-term risks remain high in the context of shorter-term wage agreements and a push for pro-poor spending. We expect inflation to average close to the midpoint of the 3% to 6% inflation target range for the next three years in the absence of any currency, food or oil price shocks. As such, we view no immediate pressure on the South African Reserve Bank to raise interest rates and therefore see the risks to the first interest rate hike as being tilted towards the first quarter of 2022. We expect a gradual normalisation in interest rates to follow.

The portfolio returned 3.43% for the quarter, which was above the benchmark. Absolute returns were positive across all the asset classes. However, being underweight local and global 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

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.

The information used to prepare this factsheet includes information from third-party sources and is for information purposes only. This factsheet does not constitute any form of advice and should not be used as a basis to make investment decisions or as an offer or a solicitation to purchase any specific product. Given that past returns may not be indicative of future returns and the value of investments will fluctuate over time, independent professional advice should always be sought before making an investment decision. Fluctuations in exchange rates may cause the value of international investments, if included in the mandate, to go up or down. Investors should be aware that investing in a financial product entails a level of risk that depends on the nature of the investment. The merits of any investment should be considered together with the investor's specific risk profile and investment objectives. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this factsheet, Momentum Metropolitan Life Limited does not guarantee the accuracy, content, completeness, legality or reliability of the information contained in this factsheet and no warranties and/or representations of any kind, expressed or implied, are given to the nature, standard, accuracy or otherwise of the information provided nor to the suitability or otherwise of the information to your particular circumstances. Under no circumstances shall Momentum Metropolitan Life Limited, its affiliates, directors, officers, employees, representatives or agents (the "Momentum Metropolitan Parties") have any liability to any persons or entities receiving the information made available in this factsheet for any claim, damages, loss or expense, whether caused by Momentum Metropolitan Life Limited or the Momentum Metropolitan Parties' negligence or otherwise, including, without limitation, any direct, indirect, special, incidental, punitive or consequential cost, loss or damages, whether in contract or in delict, arising out of or in connection with information made available in this factsheet, whether relating to any actions, transactions, omissions resulting from this information, or relating to any legal proceedings brought against you as a result of this information, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.

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.

The information contained in this factsheet is confidential, privileged and only for the use and benefit of the intended recipient and may not be used, published or redistributed without the prior written consent of Momentum Metropolitan Life Limited. Under no circumstances will Momentum Metropolitan Life Limited be liable for any cost, loss or damages arising out of the unauthorised dissemination of this factsheet or the information contained herein, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.

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

Contact and other information

Momentum Outcome-based Solutions (Pty) Ltd

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

T +27 (0)12 671 8911

F +27 (0)12 684 5869

Email emailus@momentum.co.za

Web www.momentum.co.za/momentum/invest-and-save/for-businesses

Signatory of:

