

Momentum Investments Flexible Factor Portfolio Range

Momentum Investments Flexible Factor 4 Portfolio

Factsheet at 31 May 2022

Target: CPI + 2% to 3%

Investment horizon: Four years

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

📄 Momentum outcome-based investing philosophy

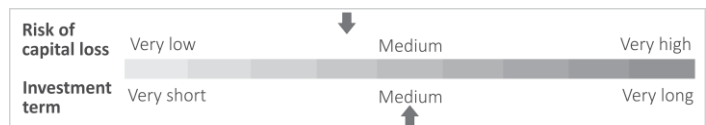
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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	8.55%
Benchmark	CPI + 2%
5.16%	6.41%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio	69.32%
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The percentage of times the portfolio achieved or exceeded CPI + 2% over rolling periods of the investment horizon.

Average shortfall



Portfolio	-1.27%
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The average shortfall relative to CPI + 2% over rolling periods of the investment horizon.

📊 Short-term risk

Risk of negative one-year return



Portfolio	4.84%
Benchmark	CPI + 2%
8.06%	0.00%

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

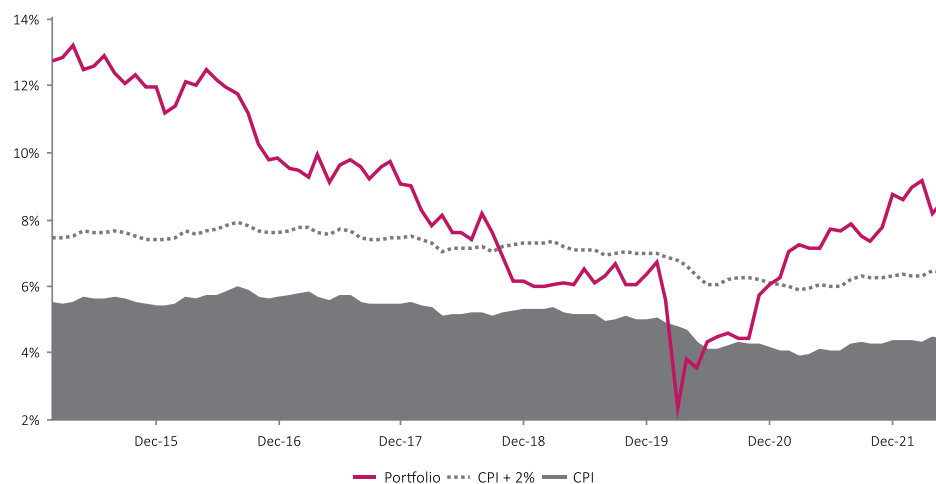
Minimum one-year returns



Portfolio	-1.79%
Benchmark	CPI + 2%
-3.98%	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	-0.01%	-0.64%	10.73%	14.48%	9.53%	8.55%	7.87%	7.06%	7.52%	9.31%
Benchmark ¹	-0.18%	-1.36%	6.66%	9.63%	5.39%	5.16%	5.31%	5.14%	5.69%	8.39%
Risk-adjusted ratio ²					1.06	1.12	1.18	1.15	1.34	1.78
CPI + 2%	0.74%	2.66%	7.90%	7.16%	6.41%	6.41%	6.42%	6.58%	6.81%	7.21%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

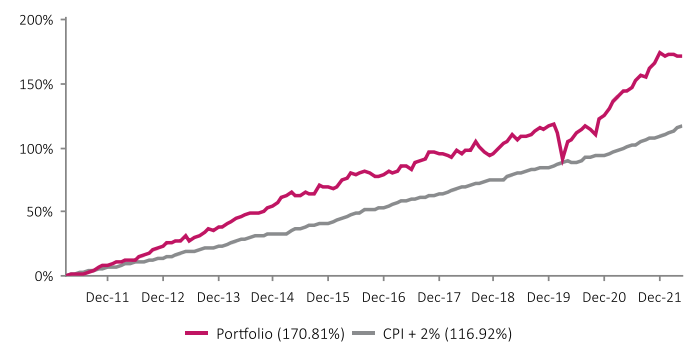
Asset class	Index	One month	One year	Two years	Three years	Four years	Five years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	0.54%	12.09%	25.61%	10.62%	7.57%	6.77%	20.00%
Local property	FTSE/JSE All Property Index	-0.32%	14.93%	25.80%	-5.26%	-6.25%	-6.29%	2.50%
Local bond	FTSE/JSE All Bond Index	1.01%	5.59%	8.32%	7.69%	7.70%	8.25%	28.00%
Local cash	STeFI Composite Index	0.39%	4.09%	4.12%	5.08%	5.63%	5.98%	26.00%
Global equity	MSCI All Countries World Index	-2.61%	6.52%	8.72%	14.50%	13.76%	12.45%	17.00%
Global property	FTSE EPRA/NAREIT Developed Index	-5.74%	9.36%	7.57%	5.37%	9.80%	8.15%	1.50%
Global bond	FTSE World Government Bond Index	-0.70%	-2.55%	-11.67%	0.24%	4.39%	3.07%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local balanced			
Abax Investments	24.11%	13.62%	8.41%
Coronation	10.16%	13.29%	7.38%
Foord	8.73%	9.86%	4.91%
Ninety One	12.04%	12.39%	7.92%
Local absolute-return			
Absa	9.75%	9.76%	8.65%
Laurium	10.35%	10.70%	7.41%
M&G Investments	14.59%	10.73%	7.68%
Prescient	18.23%	10.59%	8.00%
Sentio	9.34%	8.71%	5.01%
Local fixed income			
Momentum Special Opportunities	7.40%	7.79%	
Local cash			
ALUWANI	5.27%	6.37%	7.79%
Liquidity	4.88%	5.88%	
Momentum Enhanced Yield	5.55%	6.48%	
Local alternative			
Momentum Aggressive FoHF	17.65%	7.83%	5.06%
Momentum Alternative Inv. (private equity BB)	22.51%	0.78%	4.06%
Momentum Moderate FoHF	5.19%	7.96%	6.69%
Global equity			
Momentum Global Investment Management	6.99%	13.72%	11.49%
Global property			
Momentum Global Property	8.97%	4.88%	
Global bond			
Amundi	-0.60%	0.90%	4.29%

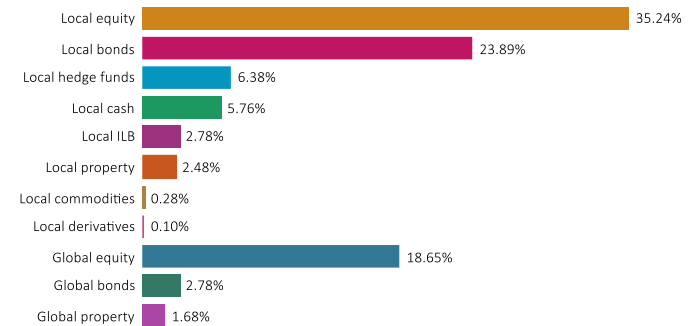
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 2%.

Effective asset allocation



The 10-largest portfolio holdings

Holding	Percentage
Realfin Collective Investment Scheme MRDFB	4.18%
Rand Merchant Bank	2.77%
Rand Merchant Bank 300522	2.19%
Rand Merchant Bank 290622	2.19%
Republic Of South Africa R2037	2.11%
Rand Merchant Bank 080722	2.08%
Republic Of South Africa R209	1.82%
Naspers Limited	1.71%
Prosus	1.62%
Republic Of South Africa R186	1.56%

The 10-largest instruments at 29 April 2022, looking through all asset classes held.



Quarterly portfolio commentary for Q1 2022

In this new phase of the pandemic, global central banks and fiscal authorities are switching gears from rescuing the economy at any cost to normalising policy as they attempt to stem the rise in inflation expectations. Inflation is running hot on persistent critical supply shortages and geopolitical pressures underpinning a surge in international oil prices. Higher energy inflation could squeeze real incomes further, with the Eurozone and United Kingdom experiencing a harder hit than the United States given that they rely on Russian oil and gas supply. Stubbornly high price increases have further accelerated the pivot towards a quicker and sharper unwinding of ultra-accommodative monetary policy conditions. However, nuanced labour market dynamics and underlying inflation point to a divergence in monetary policy responses globally.

SA experienced a notable rebound in economic activity from previous stimulus measures, but it is going to be much harder to sustain growth from here given reduced global demand, structural unemployment and energy shortages. A faster-than-anticipated recovery from the pandemic and a positive surprise on SA's near-term fiscal and debt metrics should stave off any negative ratings action this year. Rising global inflation, increasingly hawkish rhetoric from global central banks and upside risks to local food and fuel costs should deliver a front-loading of the interest rate hiking cycle to curb second-round inflation pressures.

The portfolio returned negative 0.4% for the quarter, which was ahead of the benchmark. Local equity and bonds recorded positive returns, whereas returns from local property, global equity and global bonds were negative. Being overweight local equity and bonds contributed but being overweight global equity detracted from returns.



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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