

### Momentum Investments Flexible Factor Portfolio Range

#### Momentum Investments Flexible Factor 6 Portfolio

Factsheet at 31 May 2021

**Target:** CPI + 4% to 5%

**Investment horizon:** Six years

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

#### 📄 Momentum outcome-based investing philosophy

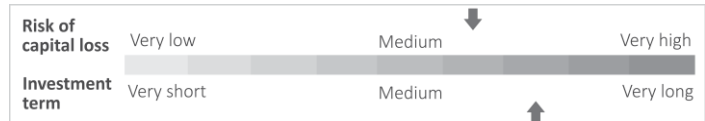
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 medium- to long-term investment horizon and, therefore, the aim is to maintain an average exposure of 70% to growth asset classes (local and global equities and property), with a small allocation to defensive asset classes. 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

|                           |   |
|---------------------------|---|
| <b>Launch date:</b>       | January 2000  |
| <b>Benchmark:</b>         | Composite: Local equity 42.5%; Local property 4%; Local bond 15%; Local cash 13%; Global equity 20%; Global property 2%; Global bond 3.5% |
| <b>Target:</b>            | Inflation plus 4% to 5% over six-year rolling periods   |
| <b>Reg. 28 compliant:</b> | Yes   |



#### 👤 Portfolio managers



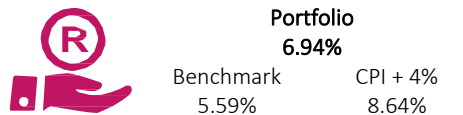
**Mohammed Sibda**  
BCom



**Nina Saad**  
BSc, CFA

#### 📈 Long-term outcomes

##### Return over the investment horizon



The annualised return over the investment horizon of the portfolio.

##### Hit rate



**Portfolio**  
**85.48%**

The percentage of times the portfolio achieved or exceeded CPI + 4% over rolling periods of the investment horizon.

##### Average shortfall

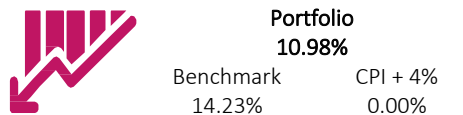


**Portfolio**  
**-1.48%**

The average shortfall relative to CPI + 4% over rolling periods of the investment horizon.

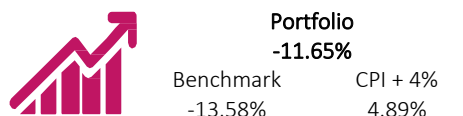
#### 📈 Short-term risk

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



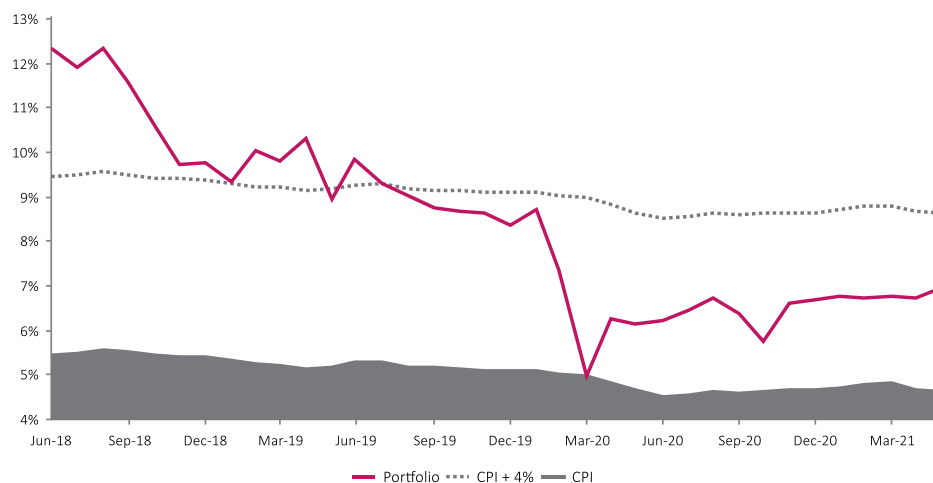
The likelihood of negative returns over any one-year rolling period.

##### 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        |
|----------------------------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Portfolio</b>                 | <b>-0.21%</b> | <b>3.30%</b> | <b>21.12%</b> | <b>9.54%</b> | <b>8.34%</b> | <b>7.10%</b> | <b>6.22%</b> | <b>6.94%</b> | <b>8.16%</b> | <b>12.66%</b> |
| Benchmark <sup>1</sup>           | 0.53%         | 3.51%        | 20.15%        | 5.76%        | 5.05%        | 5.09%        | 4.50%        | 5.59%        | 6.88%        | 12.48%        |
| Risk-adjusted ratio <sup>2</sup> |               |              |               |              | 0.78         | 0.78         | 0.75         | 0.92         | 1.09         | 1.96          |
| CPI + 4%                         | 0.98%         | 2.97%        | 8.44%         | 7.70%        | 7.93%        | 8.07%        | 8.33%        | 8.64%        | 8.62%        | 9.53%         |

<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

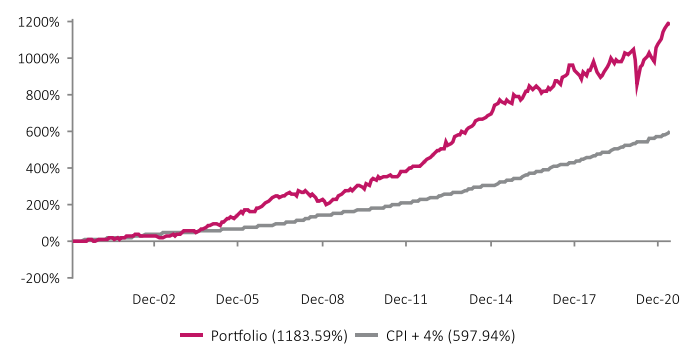
| Asset class     | Index                                | One month | One year | Two years | Three years | Five years | Six years | Strategic allocation |
|-----------------|--------------------------------------|-----------|----------|-----------|-------------|------------|-----------|----------------------|
| Local equity    | FTSE/JSE Capped SWIX All Share Index | 2.93%     | 40.75%   | 9.90%     | 6.11%       | 4.72%      | 4.83%     | <b>42.50%</b>        |
| Local property  | FTSE/JSE SA Listed Property Index    | -2.88%    | 37.33%   | -13.82%   | -10.91%     | -7.25%     | -4.67%    | <b>4.00%</b>         |
| Local bond      | FTSE/JSE All Bond Index              | 3.73%     | 11.11%   | 8.76%     | 8.42%       | 9.79%      | 8.27%     | <b>15.00%</b>        |
| Local cash      | STeFI Composite Index                | 0.31%     | 4.15%    | 5.57%     | 6.14%       | 6.69%      | 6.70%     | <b>13.00%</b>        |
| Global equity   | MSCI All Countries World Index       | -4.79%    | 10.97%   | 18.71%    | 16.29%      | 10.73%     | 12.44%    | <b>20.00%</b>        |
| Global property | FTSE EPRA/NAREIT Developed Index     | -3.12%    | 5.81%    | 3.42%     | 9.95%       | 3.29%      | 7.97%     | <b>2.00%</b>         |
| Global bond     | FTSE World Government Bond Index     | -4.90%    | -19.93%  | 1.66%     | 6.81%       | -0.14%     | 5.45%     | <b>3.50%</b>         |

## Investment manager allocation and returns

|   | One year | Three years | Seven years |
|---|----------|-------------|-------------|
| <b>Local balanced</b>                         |          |             |             |
| Abax Investments                              | 38.49%   | 8.52%       | 7.07%       |
| Coronation                                    | 34.97%   | 9.53%       | 7.47%       |
| Foord   | 22.42%   | 6.71%       | 5.32%       |
| Momentum Protected Equity                     |          |             |             |
| Ninety One                                    | 32.01%   | 8.96%       | 8.49%       |
| <b>Local fixed income</b>                     |          |             |             |
| Momentum Special Opportunities                | 7.76%    | 8.30%       |             |
| <b>Local cash</b>                             |          |             |             |
| ALUWANI                                       | 5.51%    | 7.55%       | 8.03%       |
| Liquidity                                     | 4.93%    |             |             |
| Momentum Enhanced Yield                       | 5.51%    |             |             |
| <b>Local alternative</b>                      |          |             |             |
| Momentum Aggressive FoHF                      | 14.56%   | 3.68%       | 4.11%       |
| Momentum Alternative Inv. (private equity BB) | -1.04%   | -4.63%      | 1.85%       |
| Momentum Portable Alpha FoHF                  | 44.42%   | 6.87%       |             |
| <b>Global equity</b>                          |          |             |             |
| Momentum Global Investment Management         | 9.34%    | 16.28%      | 13.64%      |
| <b>Global property</b>                        |          |             |             |
| Momentum Global Property                      | 3.70%    |             |             |
| <b>Global bond</b>                            |          |             |             |
| Amundi  | -18.81%  | 6.78%       | 5.71%       |

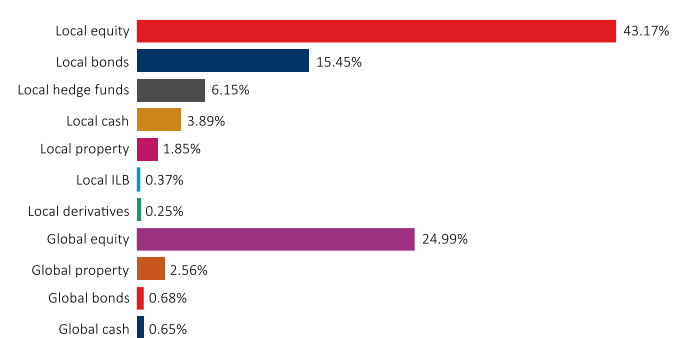
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation



## The 10-largest portfolio holdings

| Holding                                     | Percentage |
|---|------------|
| Naspers Limited                             | 4.93%      |
| Republic of South Africa R186               | 3.01%      |
| Anglo American plc                          | 2.72%      |
| FirstRand Limited                           | 2.26%      |
| Realfin Collective Investment Scheme MMCQB1 | 1.99%      |
| Realfin Collective Investment Scheme MMRRB1 | 1.92%      |
| Standard Bank Group Limited J430RP12        | 1.86%      |
| BHP Group plc                               | 1.76%      |
| British American Tobacco plc                | 1.70%      |
| Republic of South Africa R2032              | 1.31%      |

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



## Quarterly portfolio commentary for Q1 2021

World economic growth may exceed 6% in 2021, as progress with vaccinations reinforces the positive effect of stimulus packages. The economic recovery is bound to be uneven, as countries that achieve herd immunity early may start to implement restrictive policies when others are still recovering from lockdowns.

Rising consumer price inflation (CPI) created an expectation of early interest rates increases. However, central banks from the United States, Eurozone and United Kingdom indicated that they don't foresee premature rate increases.

Global bonds nevertheless fretted about the potential for tighter monetary policy. Risky asset classes, however, are enjoying the improving growth picture. Consequently, global bond returns (negative 5,8% in US dollar terms) performed poorly in the first quarter of 2021, falling short of the positive dollar returns provided by South African (SA) equities (12,3%), developed market (DM) equities (5%) and emerging market (EM) equities (2,3%). Equities should continue to outperform global fixed-income investments as long as supportive fiscal and monetary policy remain in place.

In SA stronger household consumption expenditure and inventory building should support the economy from a contraction of 7% in 2020 to growth of 3,4% in 2021 and 2,3% in 2022. Higher oil and administered prices are putting pressure on near-term CPI to increase. As this is likely to be transitory, interest rates are expected to remain unchanged in 2021.

SA equities should continue to benefit from a global risk-on environment and favourable valuations. SA nominal and inflation-linked bonds look attractive, but we are less positive on cash or listed property.

The portfolio returned 7,4% for the quarter, which outperformed the benchmark of 6,4%. Being overweight local and global equity contributed to the absolute and relative returns, whereas being underweight local property detracted from returns.



## Notes

On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 6% to a range of inflation plus 4% to 5%. 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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