Momentum Investments Flexible Factor Portfolio Range

Momentum Investments Flexible Factor 7 Portfolio

Factsheet at 31 October 2021

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 allocations between asset classes, within these balanced mandates, 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:	January 2000
Benchmark:	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%
Target:	Inflation plus 5% to 6% over seven-year rolling periods
Reg. 28 compliant:	Yes

Risk of capital loss	Very low	Medium	Very high
Investment term	Very short	Medium	Very long

Portfolio managers

Mohammed Sibda
BCom

Nina Saad
BSc, CFA

Long-term outcomes

Return over the investment horizon

Portfolio		
9.01%		
	Benchmark	CPI + 5%
	6.98%	9.68%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio
87.71%

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

Average shortfall

Portfolio
-1.46%

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

Short-term risk

Risk of negative one-year return

Portfolio	Benchmark	CPI + 5%
10.36%	13.94%	0.00%

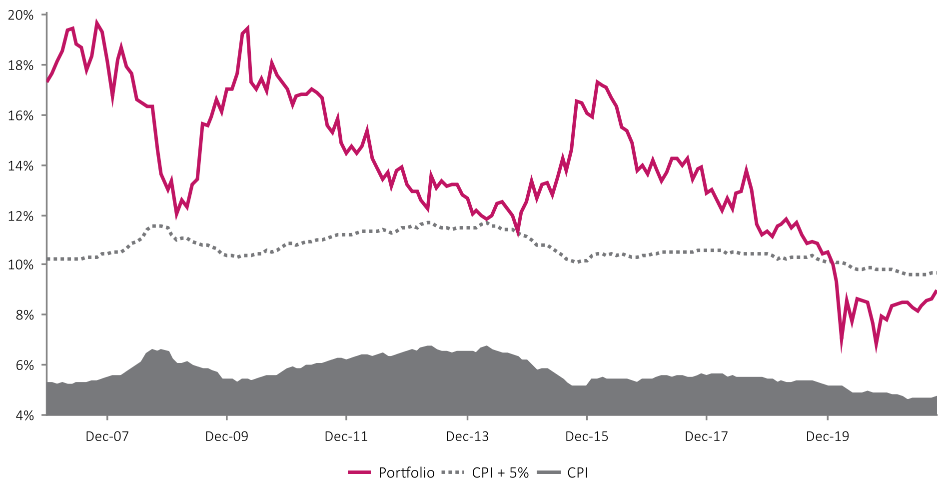
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns

Portfolio	Benchmark	CPI + 5%
-13.07%	-15.20%	5.89%

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	**3.44%**	**4.79%**	**29.62%**	**11.79%**	**11.52%**	**7.54%**	**9.36%**	**7.87%**	**9.01%**	**12.90%**
Benchmark[1]	2.76%	3.58%	30.79%	7.39%	7.87%	4.41%	6.75%	5.73%	6.98%	12.71%
Risk-adjusted ratio[2]					0.98	0.79	1.06	0.98	1.18	1.96
CPI + 5%	0.64%	2.91%	9.97%	8.98%	9.03%	9.25%	9.42%	9.70%	9.68%	10.52%

[1]The benchmark is calculated using the composite benchmark allocation. [2]A ratio of the actual return achieved per unit of risk taken.

Index returns

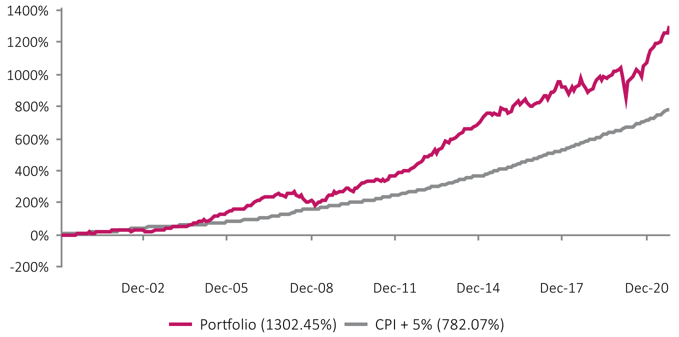
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	2.69%	39.78%	10.75%	9.14%	6.13%	5.54%	**50.00%**
Local property	FTSE/JSE All Property Index	-1.39%	69.15%	-10.55%	-8.63%	-6.81%	-2.76%	**5.00%**
Local bond	FTSE/JSE All Bond Index	-0.48%	10.93%	7.86%	9.53%	8.27%	7.58%	**10.00%**
Local cash	STeFI Composite Index	0.32%	3.78%	4.85%	5.67%	6.37%	6.50%	**7.50%**
Global equity	MSCI All Countries World Index	5.78%	26.76%	20.54%	19.05%	17.16%	15.66%	**22.50%**
Global property	FTSE EPRA/NAREIT Developed Index	7.12%	33.52%	5.45%	10.67%	10.45%	11.85%	**2.50%**
Global bond	FTSE World Government Bond Index	1.23%	-9.57%	2.23%	5.15%	4.60%	6.43%	**2.50%**

Investment manager allocation and returns

	One year	Three years	Seven years
Local balanced			
Abax Investments	39.83%	11.62%	7.65%
Coronation	38.65%	13.16%	8.01%
Foord	26.85%	9.46%	5.27%
Ninety One	33.19%	10.98%	8.35%
Local fixed income			
Momentum Special Opportunities	6.63%	7.62%	
Local cash			
ALUWANI	5.15%	6.99%	7.93%
Liquidity	4.52%	6.44%	
Momentum Enhanced Yield	4.71%		
Local alternative			
Momentum Aggressive FoHF	22.60%	6.94%	5.33%
Momentum Alternative Inv. (private equity BB)	11.95%	-1.44%	3.90%
Momentum Portable Alpha FoHF	44.52%	10.08%	6.00%
Global equity			
Momentum Global Investment Management	26.23%	18.76%	15.74%
Global property			
Momentum Global Property	31.08%	9.63%	
Global balanced			
Foord	9.89%	10.33%	10.99%
Ninety One	13.12%	14.41%	13.39%
Global bond			
Amundi	-7.60%	5.16%	6.53%

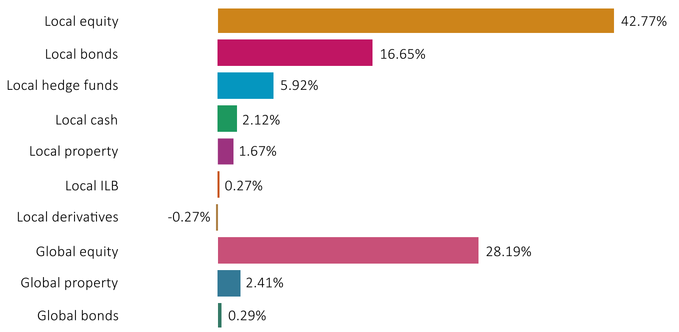
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Prosus	3.06%
Republic Of South Africa R186	2.98%
Firstrand Limited	2.44%
Naspers Limited	2.23%
Realfin Collective Investment Scheme Mmcqb1	2.09%
Anglo American Plc	2.06%
Realfin Collective Investment Scheme Mmrrb1	2.05%
Republic Of South Africa R2037	1.88%
Aspen Pharmacare Holdings Ltd	1.87%
Republic Of South Africa R2040	1.73%

The 10-largest instruments at 30 September 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 3.9% for the quarter, which outperformed the benchmark. Absolute returns were positive across all the asset classes. However, being underweight local and global property 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 7% to a range of inflation plus 5% to 6%.
Changes were made to the strategic asset allocations on 31 October 2020.

Disclosures

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.

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

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PRI Principles for Responsible Investment