

# Momentum Investments Flexible Factor Portfolio Range

## Momentum Investments Flexible Factor 7 Portfolio

Factsheet at 31 May 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 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.

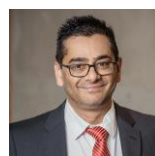
### Portfolio information

|                           |                                                                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Launch date:</b>       | January 2000                                                                                                                                 |
| <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                                                                                                                                          |

|                             |            |        |           |
|-----------------------------|------------|--------|-----------|
| <b>Risk of capital loss</b> | Very low   | Medium | Very high |
| <b>Investment term</b>      | Very short | Medium | Very long |

### Portfolio managers



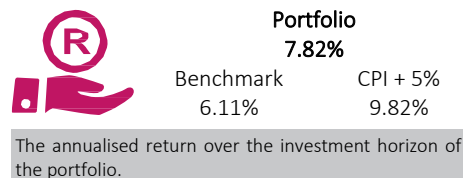
**Mohammed Sibda**  
BCom



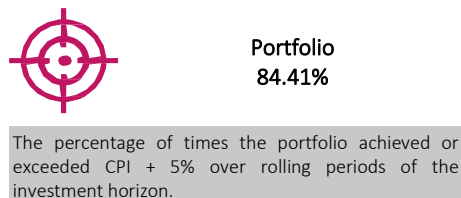
**Nina Saad**  
BSc, CFA

### Long-term outcomes

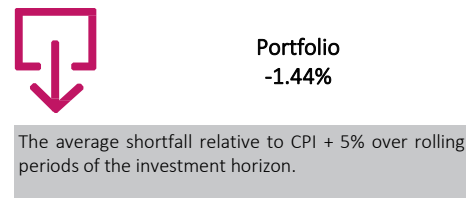
#### Return over the investment horizon



#### Hit rate

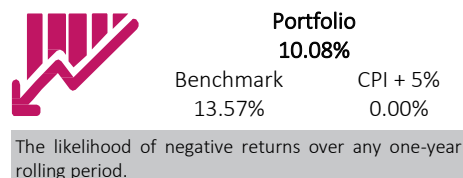


#### Average shortfall

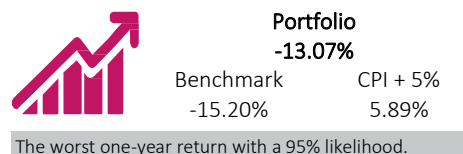


### Short-term risk

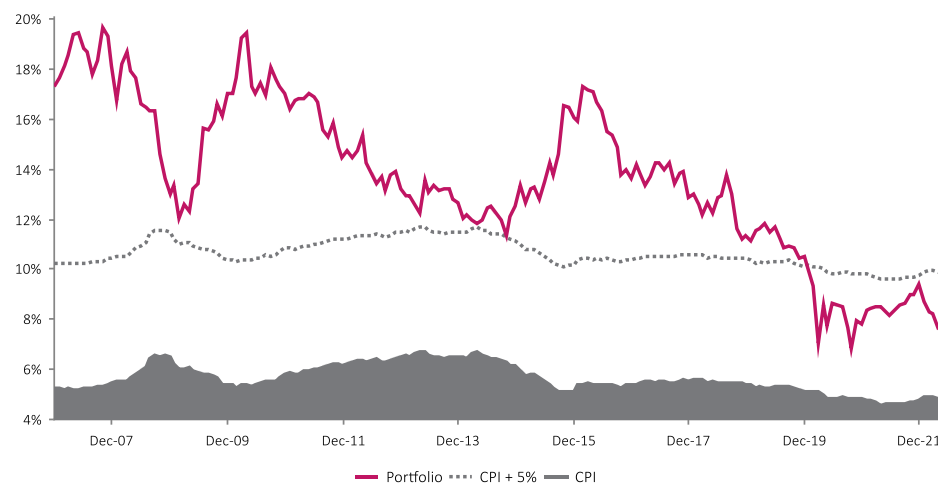
#### Risk of negative one-year return



#### Minimum one-year returns



### 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>-0.26%</b> | <b>-0.89%</b> | <b>11.80%</b> | <b>16.64%</b> | <b>10.77%</b> | <b>9.61%</b> | <b>8.39%</b> | <b>7.46%</b> | <b>7.82%</b> | <b>12.69%</b> |
| Benchmark <sup>1</sup>           | -0.49%        | -2.20%        | 9.46%         | 16.07%        | 7.42%         | 6.24%        | 6.01%        | 5.30%        | 6.11%        | 12.50%        |
| Risk-adjusted ratio <sup>2</sup> |               |               |               |               | 0.93          | 0.97         | 0.96         | 0.93         | 1.07         | 1.95          |
| CPI + 5%                         | 0.97%         | 3.35%         | 10.90%        | 10.16%        | 9.41%         | 9.41%        | 9.43%        | 9.58%        | 9.82%        | 10.54%        |

<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

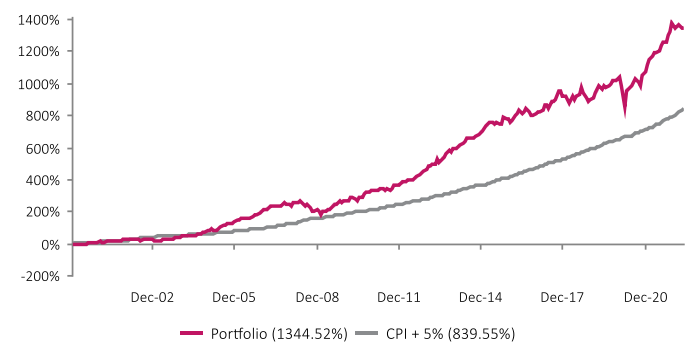
| Asset class     | Index                                | One month | One year | Two years | Three years | Five years | Seven years | Strategic allocation |
|-----------------|--------------------------------------|-----------|----------|-----------|-------------|------------|-------------|----------------------|
| Local equity    | FTSE/JSE Capped SWIX All Share Index | 0.54%     | 12.09%   | 25.61%    | 10.62%      | 6.77%      | 5.84%       | <b>50.00%</b>        |
| Local property  | FTSE/JSE All Property Index          | -0.32%    | 14.93%   | 25.80%    | -5.26%      | -6.29%     | -3.52%      | <b>5.00%</b>         |
| Local bond      | FTSE/JSE All Bond Index              | 1.01%     | 5.59%    | 8.32%     | 7.69%       | 8.25%      | 7.88%       | <b>10.00%</b>        |
| Local cash      | STeFI Composite Index                | 0.39%     | 4.09%    | 4.12%     | 5.08%       | 5.98%      | 6.32%       | <b>7.50%</b>         |
| Global equity   | MSCI All Countries World Index       | -2.61%    | 6.52%    | 8.72%     | 14.50%      | 12.45%     | 11.58%      | <b>22.50%</b>        |
| Global property | FTSE EPRA/NAREIT Developed Index     | -5.74%    | 9.36%    | 7.57%     | 5.37%       | 8.15%      | 8.17%       | <b>2.50%</b>         |
| Global bond     | FTSE World Government Bond Index     | -0.70%    | -2.55%   | -11.67%   | 0.24%       | 3.07%      | 4.27%       | <b>2.50%</b>         |

## Investment manager allocation and returns

|                                               | One year | Three years | Seven years |
|-----------------------------------------------|----------|-------------|-------------|
| <b>Local balanced</b>                         |          |             |             |
| 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%       |
| <b>Local fixed income</b>                     |          |             |             |
| Momentum Special Opportunities                | 7.40%    | 7.79%       |             |
| <b>Local cash</b>                             |          |             |             |
| ALUWANI                                       | 5.27%    | 6.37%       | 7.79%       |
| Liquidity                                     | 4.88%    | 5.88%       |             |
| Momentum Enhanced Yield                       | 5.55%    | 6.48%       |             |
| <b>Local alternative</b>                      |          |             |             |
| Momentum Aggressive FoHF                      | 17.65%   | 7.83%       | 5.06%       |
| Momentum Alternative Inv. (private equity BB) | 22.51%   | 0.78%       | 4.06%       |
| Momentum Portable Alpha FoHF                  | 12.31%   | 7.84%       | 5.72%       |
| <b>Global equity</b>                          |          |             |             |
| Momentum Global Investment Management         | 6.99%    | 13.72%      | 11.49%      |
| <b>Global property</b>                        |          |             |             |
| Momentum Global Property                      | 8.97%    | 4.88%       |             |
| <b>Global balanced</b>                        |          |             |             |
| Foord                                         | 11.60%   | 12.97%      | 9.27%       |
| Ninety One                                    | 15.45%   | 13.97%      | 11.57%      |
| <b>Global bond</b>                            |          |             |             |
| Amundi                                        | -0.60%   | 0.90%       | 4.29%       |

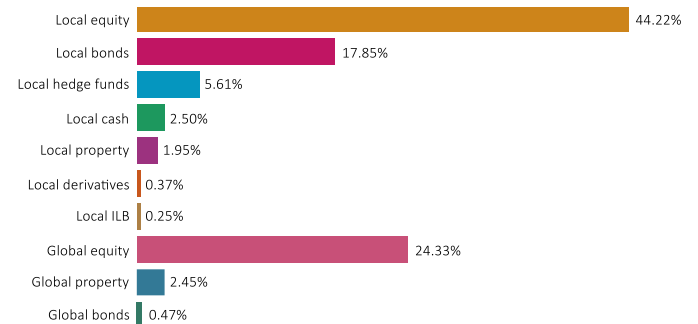
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 5%.

## Effective asset allocation



## The 10-largest portfolio holdings

| Holding                                     |       |
|---------------------------------------------|-------|
| Republic Of South Africa R2040              | 2.90% |
| Prosus                                      | 2.46% |
| Republic Of South Africa R186               | 2.43% |
| Firststrand Limited                         | 2.20% |
| British American Tobacco Plc                | 2.09% |
| Naspers Limited                             | 2.07% |
| Realfin Collective Investment Scheme MMCQB1 | 2.07% |
| Anglo American Plc                          | 2.04% |
| Republic Of South Africa R2037              | 1.88% |
| Realfin Collective Investment Scheme MMRRB1 | 1.83% |

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 1% for the quarter, which was marginally below 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 7% to a range of inflation plus 5% to 6%. 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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