

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 3 Portfolio

Factsheet at 30 June 2020

Target return: CPI + 3% p.a.

Investment horizon: Three years

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

📄 Momentum outcome-based investing philosophy

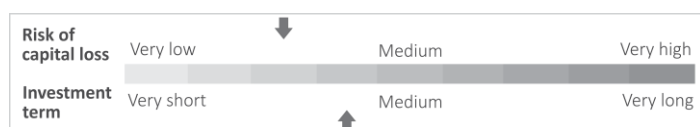
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 preservation phase of investing. It has a short- to medium-term investment horizon and, therefore, the aim is to maintain exposure of between 27.5% and 42.5% to asset classes that should preserve the purchasing power of the capital accumulated. A large emphasis is placed on capital preservation in the shorter term, which is achieved through diversification to defensive strategies and uncorrelated return profiles. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), but excludes the exposure to alternative asset classes. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

✍️ Portfolio information

Launch date:	January 2004
Benchmark:	Composite: Local equity 15%; Local property 8%; Local bond 15%; Local ILB 20%; Local cash 25%; Global equity 10%; Global property 2%; Global bond 5%
Target:	Inflation plus 3% a year over three-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	4.87%
Benchmark	4.39%
Target	6.84%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio	55.21%
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The percentage of times the portfolio achieved or exceeded its target over rolling periods of the investment horizon.

Average shortfall



Portfolio	-1.95%
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The average shortfall of the target, over rolling periods of the investment horizon.

📊 Short-term risk

Risk of negative one-year return



Portfolio	1.60%
Benchmark	1.60%
Target	0.00%

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

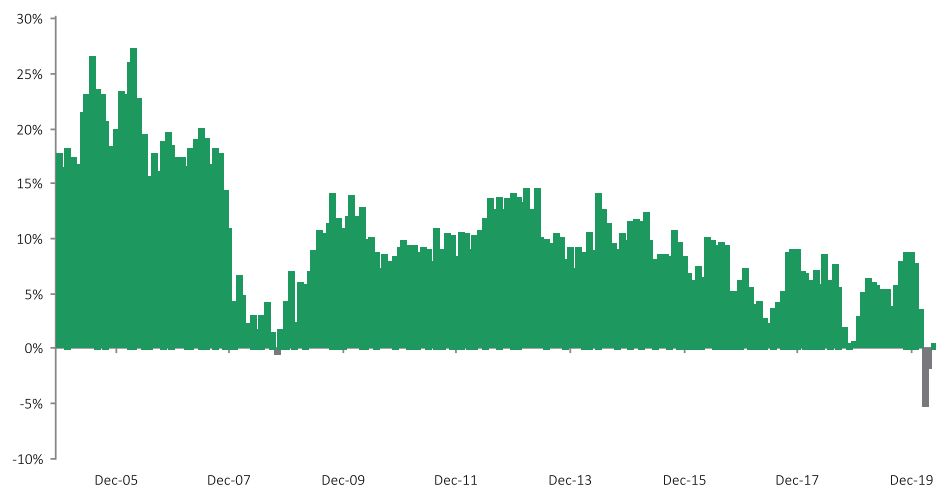
Minimum one-year returns



Portfolio	-0.02%
Benchmark	0.17%
Target	6.02%

The worst one-year return with a 5% likelihood.

📊 Rolling returns



Portfolio returns over one-year rolling periods since launch.

Investment returns

	One month	Three months	One year	Two years	Three years	Four years	Five years	Six years	Seven years	Launch
Portfolio	1.56%	8.47%	0.76%	3.08%	4.87%	4.22%	5.31%	5.78%	6.92%	9.86%
Benchmark ¹	1.88%	9.53%	0.49%	3.19%	4.39%	4.21%	5.08%	5.73%	6.72%	9.01%
Risk-adjusted ratio ²					0.73	0.72	0.96	1.06	1.28	2.30
Target	0.25%	0.57%	5.68%	6.58%	6.84%	7.25%	7.63%	7.62%	7.90%	8.44%

¹The benchmark is calculated using the strategic allocation weightings below.

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

Index returns

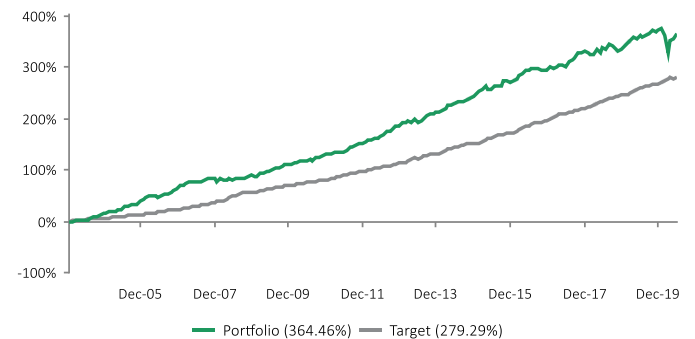
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	6.98%	-10.78%	-5.02%	-0.81%	0.07%	5.51%	15.00%
Local property	FTSE/JSE SA Listed Property Index	13.41%	-39.98%	-22.22%	-18.33%	-9.06%	-2.51%	8.00%
Local bond	JSE ASSA All Bond Index	-1.18%	2.85%	7.09%	8.11%	7.49%	7.30%	15.00%
Local ILB	JSE ASSA ILB Index	-0.94%	-3.27%	0.33%	0.75%	2.08%	3.85%	20.00%
Local cash	Short-term Fixed Interest Composite Index	0.44%	6.86%	7.09%	7.17%	7.21%	6.81%	25.00%
Global equity	MSCI All Countries World Index	0.35%	24.03%	15.16%	15.19%	13.47%	16.07%	10.00%
Global property	FTSE EPRA/NAREIT Developed Index	0.20%	3.21%	6.74%	8.48%	9.42%	11.95%	2.00%
Global bond	FTSE World Government Bond Index	-0.40%	29.10%	18.50%	14.18%	11.44%	10.72%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-10.51%	0.84%	6.00%
Fairtree	6.51%	9.90%	12.47%
Foord	-5.52%	-3.30%	4.44%
Momentum Protected Equity			
Momentum Systematic Strategies			
Perpetua	-13.59%	-5.01%	
Prudential	-15.03%	-0.13%	6.79%
SIM	-10.58%	2.48%	8.71%
Truffle	4.03%	6.15%	10.53%
Local property			
Catalyst	-41.15%	-17.56%	-0.41%
Meago	-40.60%	-18.39%	-1.43%
Momentum Investments	-40.39%		
Local absolute-return			
Absa	3.49%	7.71%	8.02%
Prescient	-2.90%	4.84%	6.32%
Prudential	-9.35%	1.27%	
Sentio	-4.99%	2.23%	
Tantalum	-0.89%	3.16%	
Local fixed income			
ALUWANI	6.77%	8.56%	8.19%
ALUWANI (ILB)	-4.75%	0.69%	4.00%
Momentum Flexible Bond	-2.76%	5.68%	7.99%
Momentum ILB	-1.96%		
Local cash			
ALUWANI	8.18%	8.72%	8.16%
Liquidity	7.81%		
Momentum Enhanced Yield	8.58%		
Local alternative			
Coherent (Commodity)	12.75%		
Global equity			
Momentum Global Investment Management	16.32%	13.50%	15.67%
Global property			
Momentum Global Property	4.03%		
Global bond			
Amundi	27.49%	13.58%	10.76%
Global cash			
Momentum Global Investment Management	0.00%		

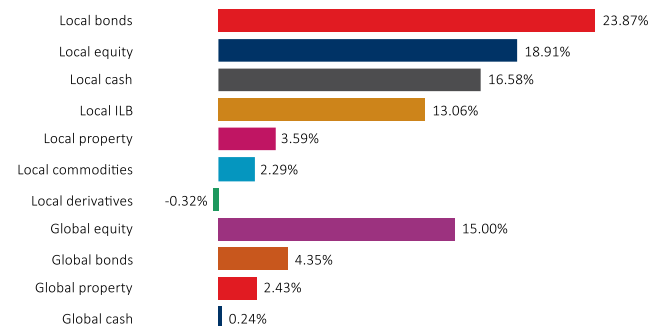
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding
British American Tobacco Plc
Naspers Limited
Republic Of South Africa I2025
Republic Of South Africa I2050
Republic Of South Africa R202
Republic Of South Africa R2032
Republic Of South Africa R2035
Republic Of South Africa R2037
Republic Of South Africa R2048
Republic Of South Africa R209

The 10-largest instruments at 29 May 2020, looking through all asset classes held.



Quarterly portfolio commentary for Q2 2020

The mood in global financial markets sweetened in the past quarter, in reaction to a rapid and sizeable intervention by policymakers to counter the COVID-19 pandemic, but history has warned about a quick rebound in earnings. The current optimistic consensus could be in for a negative surprise, given the disconnect between share prices and expected company profits against a backdrop of prevailing uncertainties. The bond market and the rand have nevertheless maintained a risk-off profile during this period, given concerns on the outlook for the economy.

The portfolio returned 8.5% for the quarter, which underperformed the benchmark of 9.5%. Being overweight global asset classes and local equity contributed to the relative returns from the portfolio, while being underweight local property detracted from returns.

Notes

The benchmark for the local equity component was changed on 1 November 2017 from the FTSE/JSE Shareholder Weighted Index to the FTSE/JSE Shareholder Weighted Capped Index.

Changes were made to the strategic asset allocations on 30 May 2014 and the benchmark returns were changed from 1 June 2014.

The inception date of the combined, local and global portfolios is 1 July 2011 and portfolio and benchmark returns for the Momentum Investments Classic Factor 3 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Investments Absolute Strategies Portfolio have been used from January 2004.

Disclosures

The investment policy is underwritten by Momentum Metropolitan Life Limited, which is a registered insurer under the Long-Term Insurance Act 52 of 1998. 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, except where a portfolio includes underlying investments where fees are deducted from the return, but after the deduction of performance-based fees. 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.

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