

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 5 Portfolio

Factsheet at 31 May 2020

Target return: CPI + 5% p.a.

Investment horizon: Five years

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

📄 Momentum outcome-based investing philosophy

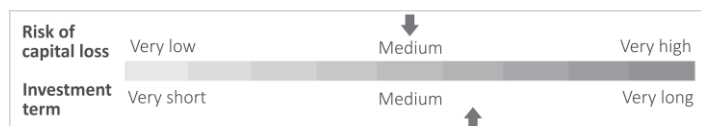
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 consolidation phase of investing. It has a medium- to long-term investment horizon and, therefore, the aim is to maintain exposure of between 60% and 77.5% 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), 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:	June 2010
Benchmark:	Composite: Local equity 40%; Local property 12%; Local bond 10%; Local ILB 10%; Local cash 7.5%; Global equity 15%; Global property 3%; Global bond 2.5%
Target:	Inflation plus 5% a year over five-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	3.56%
Benchmark	3.02%
Target	9.79%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio	52.46%
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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	-2.75%
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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	6.42%
Benchmark	8.26%
Target	0.00%

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

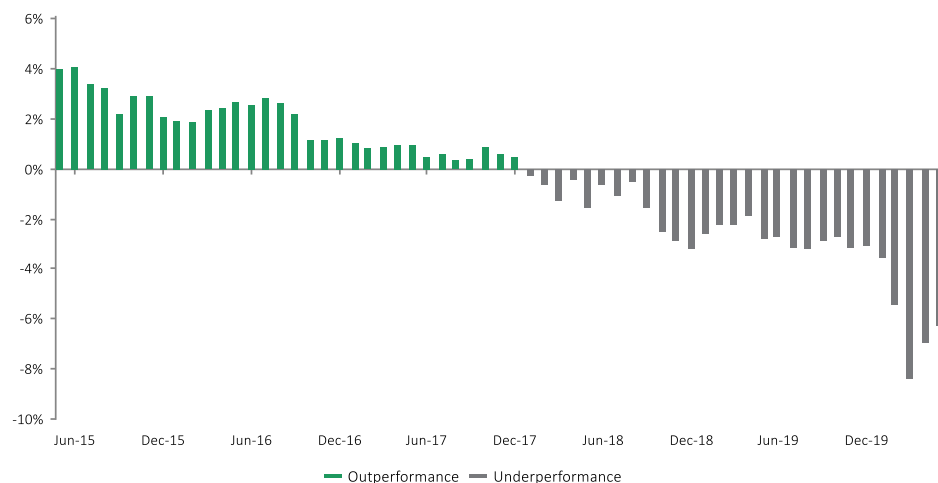
Minimum one-year returns



Portfolio	-5.75%
Benchmark	-7.12%
Target	8.74%

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

📈 Rolling returns



Portfolio returns relative to the target 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	0.45%	-4.12%	-4.75%	-0.32%	1.66%	1.95%	3.56%	5.11%	6.11%	8.83%
Benchmark ¹	0.59%	-4.03%	-6.70%	-1.56%	0.71%	1.32%	3.02%	4.74%	5.70%	8.69%
Risk-adjusted ratio ²					0.16	0.21	0.43	0.62	0.77	1.20
Target	0.41%	2.50%	8.49%	8.94%	9.13%	9.43%	9.79%	9.74%	9.94%	10.08%

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

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

Index returns

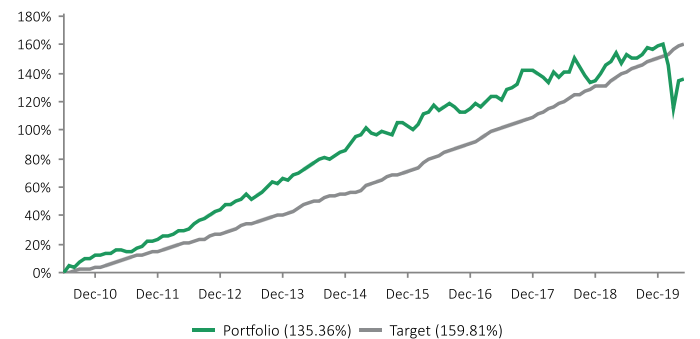
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	-0.41%	-14.19%	-7.87%	-4.19%	-1.17%	3.89%	40.00%
Local property	FTSE/JSE SA Listed Property Index	-0.76%	-45.92%	-28.24%	-21.61%	-11.38%	-3.66%	12.00%
Local bond	JSE ASSA All Bond Index	7.06%	6.45%	7.09%	8.20%	7.71%	7.25%	10.00%
Local ILB	JSE ASSA ILB Index	1.12%	-1.97%	-0.24%	0.99%	2.35%	3.18%	10.00%
Local cash	Short-term Fixed Interest Composite Index	0.50%	7.02%	7.15%	7.23%	7.22%	6.81%	7.50%
Global equity	MSCI All Countries World Index	1.37%	27.00%	19.04%	15.00%	12.74%	14.98%	15.00%
Global property	FTSE EPRA/NAREIT Developed Index	-3.96%	1.09%	12.07%	8.54%	8.41%	11.03%	3.00%
Global bond	FTSE World Government Bond Index	-3.68%	29.08%	23.37%	14.23%	11.42%	10.43%	2.50%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-11.86%	-1.75%	4.57%
Fairtree	5.05%	5.77%	10.51%
Foord	-8.44%	-6.11%	3.27%
Momentum Capped SWIX Index	-14.49%		
Momentum Protected Equity			
Momentum Quality Equity			
Momentum Trending Equity			
Momentum Value Equity			
Perpetua	-18.98%	-8.73%	
Prudential	-19.82%	-3.92%	4.84%
SIM	-10.44%	-0.15%	7.54%
Truffle	0.91%	2.33%	8.68%
Local property			
Catalyst	-47.58%	-20.97%	-1.69%
Meago	-46.19%	-21.44%	-2.46%
Momentum Investments	-44.28%		
Local absolute-return			
Absa	2.12%	6.92%	7.24%
Prescient	-0.94%	4.27%	5.88%
Prudential	-10.90%	-0.65%	
Sentio	-5.99%	-0.10%	
Tantalum	-3.54%	1.24%	
Local fixed income			
ALUWANI	7.22%	8.60%	8.09%
ALUWANI (ILB)	-3.37%	0.99%	3.35%
Futuregrowth	5.62%	8.98%	8.82%
Momentum Flexible Bond			
Momentum ILB	-0.76%		
Local cash			
ALUWANI	8.34%	8.81%	8.15%
Liquidity	7.86%		
Momentum Enhanced Yield	8.40%		
Local alternative			
Coherent (Commodity)	13.84%		
Global equity			
Momentum Global Investment Management	17.01%	12.78%	14.42%
Global property			
Momentum Global Property	2.10%		
Global bond			
Amundi	27.28%	13.63%	10.39%
Global cash			
Momentum Global Investment Management	0.00%		

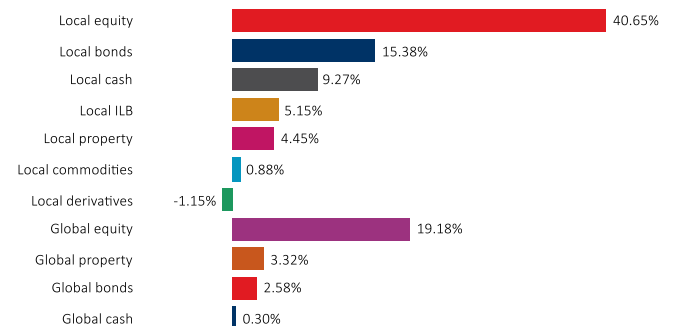
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding
Bank Tabungan Pensiunan Nasional Syariah Tbk
British American Tobacco Plc
Naspers Limited
Prosus
PT Cardig Aero Services Tbk
PT Mitra Adiperkasa, Tbk
PT Semen Gresik (Persero) Tbk
Republic Of South Africa R2037
Republic Of South Africa R2048
Samsung Electronics Co Ltd

The 10-largest instruments at 30 April 2020, looking through all asset classes held.



Quarterly portfolio commentary for Q1 2020

Fears over the global effect of COVID-19 resulted in significant losses for global equity and other growth asset classes. In sharp contrast to the rapid fall in equity markets, the US 30-year bond yields traded below 1.5% for the month, as the US Federal Reserve cut interest rates close to 0% in a rapid succession of extraordinary meetings. The Volatility Index reached its highest level since the European banking crisis in 2011.

The South African (SA) Reserve Bank cut interest rates by 100 basis points to help ease the economic strain put on SA consumers and business by COVID-19, while the government imposed a 21-day lockdown on non-essential business and consumption. Due to concerns around the fiscal position and lack of speed of reforms, at the end of March, Moody's became the last credit rating agency to cut SA's debt below investment grade, while keeping its outlook on negative watch.

The portfolio returned negative 17.2% for the three months, outperform the benchmark return of negative 18.7%. Being overweight global asset classes and local equity and cash as well as being underweight local property contributed to the relative return of the portfolio.



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 5 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Moderate Lifestage Portfolio have been used from June 2010.



Disclosures

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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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