

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 7 Portfolio

Factsheet at 31 January 2020

Target return: CPI + 7% p.a.

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 exposure of between 82.5% and 90% 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), 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:	March 1999
Benchmark:	Composite: Local equity 46.5%; Local property 15%; Local bond 4%; Local ILB 3%; Local cash 1.5%; Global equity 25%; Global property 3.5%; Global bond 1.5%
Target:	Inflation plus 7% a year 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	9.90%
Benchmark	9.33%
Target	12.13%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio	75.00%
------------------	---------------

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

Average shortfall

Portfolio	-0.83%
------------------	---------------

The average shortfall of the target, over rolling periods of the investment horizon.

📊 Short-term risk

Risk of negative one-year return

Portfolio	11.25%
Benchmark	11.67%
Target	0.00%

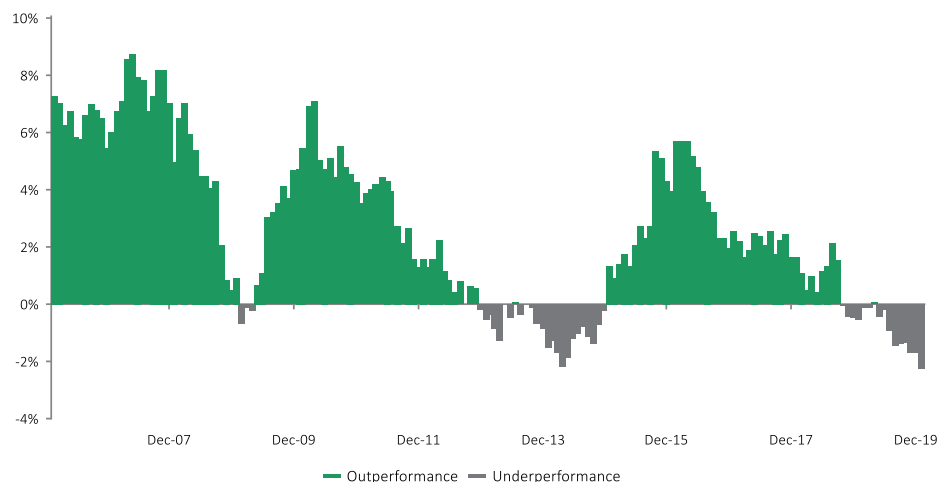
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns

Portfolio	-12.63%
Benchmark	-16.98%
Target	7.92%

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	0.56%	0.97%	10.05%	3.43%	6.23%	7.07%	6.48%	8.33%	9.90%	14.01%
Benchmark ¹	0.22%	0.02%	8.23%	1.82%	5.50%	5.94%	5.70%	8.14%	9.33%	13.82%
Risk-adjusted ratio ²					1.56	1.87	1.82	2.34	2.64	2.36
Target	0.81%	2.04%	11.03%	11.26%	11.41%	11.99%	12.04%	12.09%	12.13%	12.45%

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

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

Index returns

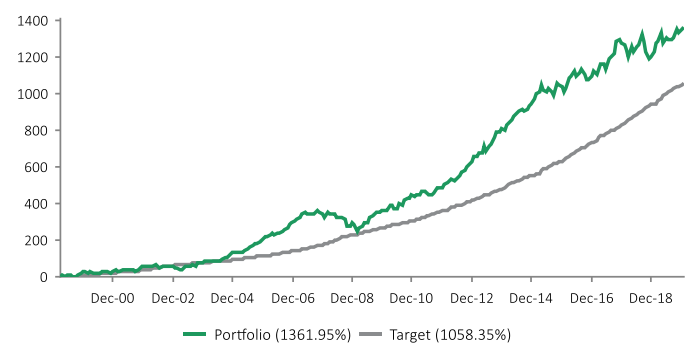
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	-2.57%	1.20%	-3.54%	1.80%	2.33%	6.95%	46.50%
Local property	FTSE/JSE SA Listed Property Index	-3.06%	-9.50%	-9.46%	-5.23%	-0.84%	4.92%	15.00%
Local bond	JSE ASSA All Bond Index	1.19%	8.48%	8.63%	9.35%	6.65%	7.21%	4.00%
Local ILB	JSE ASSA ILB Index	-0.10%	0.60%	1.90%	1.10%	2.91%	3.80%	3.00%
Local cash	Short-term Fixed Interest Composite Index	0.58%	7.27%	7.26%	7.34%	7.20%	6.74%	1.50%
Global equity	MSCI All Countries World Index	5.61%	31.71%	15.24%	14.21%	13.51%	16.70%	25.00%
Global property	FTSE EPRA/NAREIT Developed Index	8.39%	28.05%	22.56%	13.81%	10.90%	15.19%	3.50%
Global bond	FTSE World Government Bond Index	8.59%	19.72%	14.81%	8.11%	7.67%	8.87%	1.50%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	1.18%	4.37%	7.83%
Fairtree	15.82%	8.43%	12.94%
Foord	2.22%	-1.66%	5.87%
Momentum Capped SWIX Index	0.96%		
Momentum Quality Equity			
Momentum Value Equity			
Perpetua	-0.29%	-2.04%	
Prudential	-0.79%	4.03%	8.92%
SIM	11.52%	7.12%	11.72%
Truffle	12.11%	7.45%	10.76%
Local property			
Catalyst	-9.40%	-3.15%	7.59%
Meago	-9.88%	-4.61%	6.30%
Momentum Investments	-8.94%		
Local fixed income			
ALUWANI (ILB)	1.27%	1.82%	4.26%
Futuregrowth	9.26%	10.69%	9.25%
Momentum Flexible Bond			
Momentum ILB			
Local cash			
ALUWANI	8.78%	9.09%	8.10%
Liquidity	8.00%		
Momentum Enhanced Yield			
Global equity			
Momentum Global Investment Management	28.85%	14.68%	17.19%
Global property			
Momentum Global Property	27.03%		
Global bond			
Amundi	19.40%	7.78%	8.98%

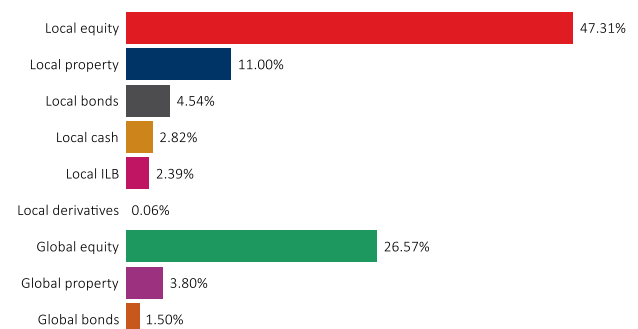
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation





Quarterly portfolio commentary for Q4 2019

Global equity markets rallied on the US-China trade deal and posted solid returns in the fourth quarter of 2019.

The JSE along with most Emerging markets benefitted from the improved risk sentiment and erased the losses experienced during the third quarter.

The Rand strengthened during December despite poor local economic news.

The portfolio returned 3.16% for the three months, which outperformed the benchmark of 2.41%.

The tactical overweight position in local equity and underweight position in local property contributed to the relative performance of the portfolio.

The local equity building block was a further source of alpha during this period.



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 7 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Focused 75 Portfolio have been used from March 1999 for the combined portfolio and returns for Momentum Focused 75 Domestic Portfolio have been used for the local portfolio.



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.

The information used to prepare this factsheet includes information from third-party sources and is for information purposes only. This factsheet does not constitute any form of advice and should not be used as a basis to make investment decisions or as an offer or a solicitation to purchase any specific product. Given that past returns may not be indicative of future returns and the value of investments will fluctuate over time, independent professional advice should always be sought before making an investment decision. Fluctuations in exchange rates may cause the value of international investments, if included in the mandate, to go up or down. Investors should be aware that investing in a financial product entails a level of risk that depends on the nature of the investment. The merits of any investment should be considered together with the investor's specific risk profile and investment objectives. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this factsheet, Momentum Metropolitan Life Limited does not guarantee the accuracy, content, completeness, legality or reliability of the information contained in this factsheet and no warranties and/or representations of any kind, expressed or implied, are given to the nature, standard, accuracy or otherwise of the information provided nor to the suitability or otherwise of the information to your particular circumstances. Under no circumstances shall Momentum Metropolitan Life Limited, its affiliates, directors, officers, employees, representatives or agents (the "Momentum Metropolitan Parties") have any liability to any persons or entities receiving the information made available in this factsheet for any claim, damages, loss or expense, whether caused by Momentum Metropolitan Life Limited or the Momentum Metropolitan Parties' negligence or otherwise, including, without limitation, any direct, indirect, special, incidental, punitive or consequential cost, loss or damages, whether in contract or in delict, arising out of or in connection with information made available in this factsheet, whether relating to any actions, transactions, omissions resulting from this information, or relating to any legal proceedings brought against you as a result of this information, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.

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.

The information contained in this factsheet is confidential, privileged and only for the use and benefit of the intended recipient and may not be used, published or redistributed without the prior written consent of Momentum Metropolitan Life Limited. Under no circumstances will Momentum Metropolitan Life Limited be liable for any cost, loss or damages arising out of the unauthorised dissemination of this factsheet or the information contain herein, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.



Contact and other information

Momentum Outcome-based Solutions (Pty) Ltd

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

T +27 (0)12 671 8911

F +27 (0)12 684 5869

Email MOBS.emailus@momentum.co.za

Web www.momentuminv.co.za/momentumoutcome-basedsolutions

Signatory of:

