

Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 7 Portfolio

Factsheet at 31 March 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

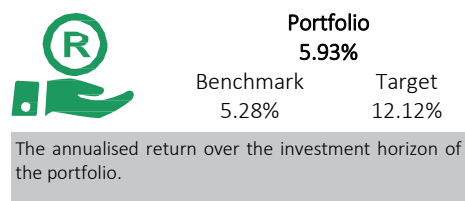
Risk of capital loss	Very low	Medium	Very high
Investment term	Very short	Medium	Very long

Portfolio managers

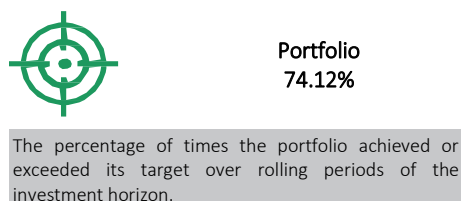


Long-term outcomes

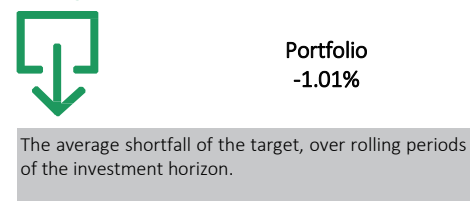
Return over the investment horizon



Hit rate

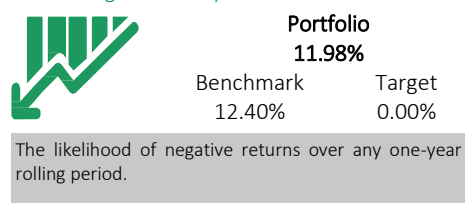


Average shortfall

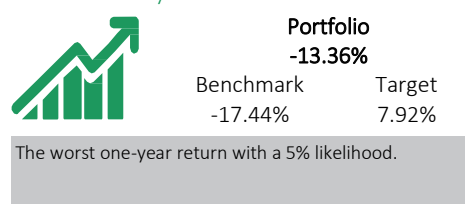


Short-term risk

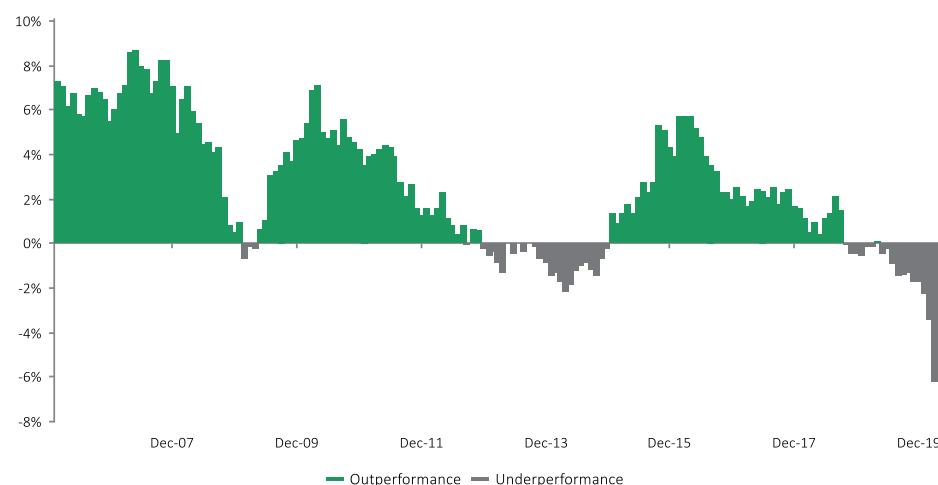
Risk of negative one-year return



Minimum one-year returns



Rolling returns



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	-14.66%	-20.58%	-16.77%	-5.79%	-2.10%	-0.72%	0.77%	3.46%	5.93%	12.62%
Benchmark ¹	-15.22%	-21.62%	-18.06%	-7.91%	-3.19%	-1.75%	-0.10%	2.97%	5.28%	12.38%
Risk-adjusted ratio ²					-0.17	-0.06	0.08	0.36	0.63	1.64
Target	1.47%	3.13%	11.64%	11.35%	11.25%	11.76%	12.20%	11.99%	12.12%	12.47%

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

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

Index returns

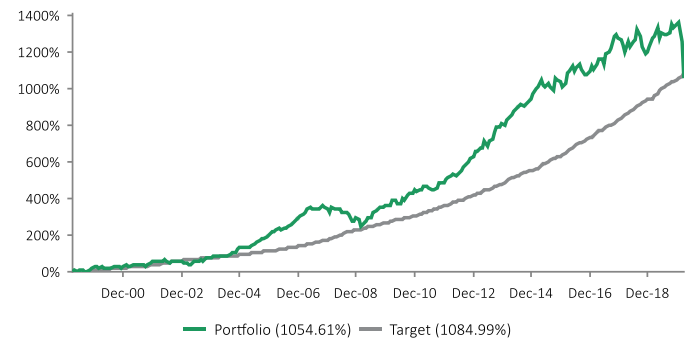
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	-16.69%	-24.53%	-14.24%	-7.38%	-3.81%	2.70%	46.50%
Local property	FTSE/JSE SA Listed Property Index	-36.57%	-47.91%	-29.91%	-23.00%	-13.50%	-5.11%	15.00%
Local bond	JSE ASSA All Bond Index	-9.75%	-2.99%	0.18%	5.27%	5.18%	5.51%	4.00%
Local ILB	JSE ASSA ILB Index	-7.26%	-5.07%	-4.28%	-0.49%	1.42%	2.43%	3.00%
Local cash	Short-term Fixed Interest Composite Index	0.57%	7.21%	7.24%	7.31%	7.23%	6.78%	1.50%
Global equity	MSCI All Countries World Index	-4.71%	6.61%	14.46%	9.64%	9.82%	14.67%	25.00%
Global property	FTSE EPRA/NAREIT Developed Index	-12.22%	-4.17%	14.64%	6.63%	6.40%	11.53%	3.50%
Global bond	FTSE World Government Bond Index	15.06%	31.87%	25.77%	14.84%	11.37%	11.73%	1.50%

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-19.40%	-2.95%	4.51%
Fairtree	-22.63%	-3.09%	7.34%
Foord	-17.20%	-7.77%	2.68%
Momentum Capped SWIX Index	-24.59%		
Momentum Protected Equity			
Momentum Quality Equity			
Momentum Value Equity			
Perpetua	-28.53%	-11.11%	
Prudential	-28.95%	-6.33%	4.28%
SIM	-19.13%	-3.07%	6.89%
Truffle	-17.19%	-1.77%	6.69%
Local property			
Catalyst	-48.76%	-21.77%	-2.86%
Meago	-48.31%	-22.67%	-3.90%
Momentum Investments	-46.87%		
Local fixed income			
ALUWANI (ILB)	-5.64%	-0.20%	2.71%
Futuregrowth	-7.91%	3.87%	6.57%
Momentum Flexible Bond			
Momentum ILB	-4.03%		
Local cash			
ALUWANI	8.58%	8.92%	8.12%
Liquidity	8.08%		
Momentum Enhanced Yield	8.64%		
Global equity			
Momentum Global Investment Management	0.71%	9.07%	14.71%
Global property			
Momentum Global Property	-4.28%		
Global bond			
Amundi	29.12%	13.81%	11.70%
Global cash			
Momentum Global Investment Management	0.00%		

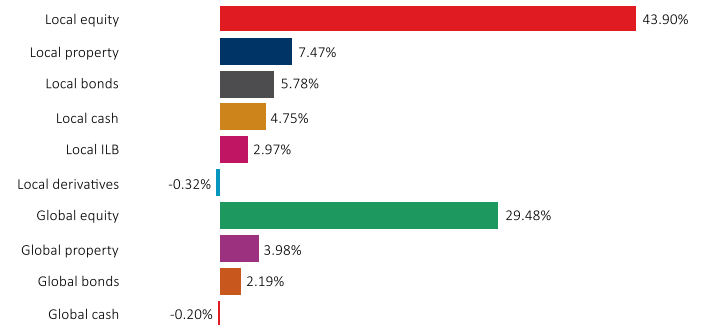
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation





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 20.6% for the three months, outperforming the benchmark return of negative 21.6%. 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 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

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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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