

### Momentum Investments Classic Factor Portfolio Range

#### Momentum Investments Classic Factor 7 Portfolio

Factsheet at 31 August 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

|                           |  |
|---------------------------|--|
| <b>Launch date:</b>       | March 1999   |
| <b>Benchmark:</b>         | 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% |
| <b>Target:</b>            | Inflation plus 7% a year 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

|                  |              |
|------------------|--------------|
| <b>Portfolio</b> | <b>7.58%</b> |
| Benchmark        | 7.38%        |
| Target           | 11.89%       |

The annualised return over the investment horizon of the portfolio.

##### Hit rate

|                  |               |
|------------------|---------------|
| <b>Portfolio</b> | <b>72.00%</b> |
|------------------|---------------|

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

##### Average shortfall

|                  |               |
|------------------|---------------|
| <b>Portfolio</b> | <b>-1.37%</b> |
|------------------|---------------|

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

#### 📊 Short-term risk

##### Risk of negative one-year return

|                  |               |
|------------------|---------------|
| <b>Portfolio</b> | <b>13.77%</b> |
| Benchmark        | 14.17%        |
| Target           | 0.00%         |

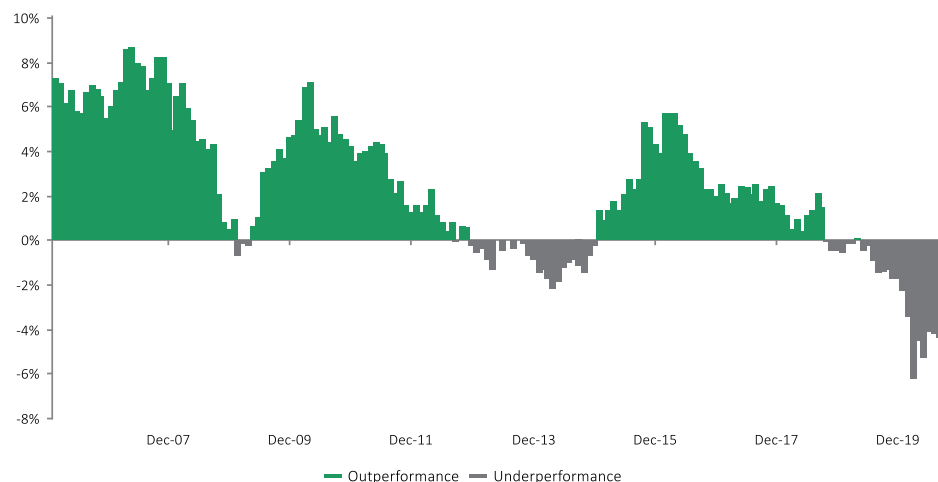
The likelihood of negative returns over any one-year rolling period.

##### Minimum one-year returns

|                  |                |
|------------------|----------------|
| <b>Portfolio</b> | <b>-13.58%</b> |
| Benchmark        | -17.44%        |
| Target           | 7.89%          |

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        |
|----------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Portfolio</b>                 | <b>1.10%</b> | <b>7.93%</b> | <b>-0.65%</b> | <b>-1.53%</b> | <b>1.94%</b> | <b>2.97%</b> | <b>4.56%</b> | <b>5.34%</b> | <b>7.58%</b> | <b>13.30%</b> |
| Benchmark <sup>1</sup>           | 0.00%        | 7.67%        | -1.41%        | -2.03%        | 0.99%        | 2.24%        | 4.00%        | 4.95%        | 7.38%        | 13.13%        |
| Risk-adjusted ratio <sup>2</sup> |              |              |               |               | 0.15         | 0.26         | 0.45         | 0.55         | 0.80         | 1.73          |
| Target                           | 1.80%        | 2.87%        | 10.20%        | 10.59%        | 11.10%       | 11.21%       | 11.57%       | 11.64%       | 11.89%       | 12.41%        |

<sup>1</sup>The benchmark is calculated using the strategic allocation weightings below.

<sup>2</sup>A ratio of the actual return achieved per unit of risk taken.

## Index returns

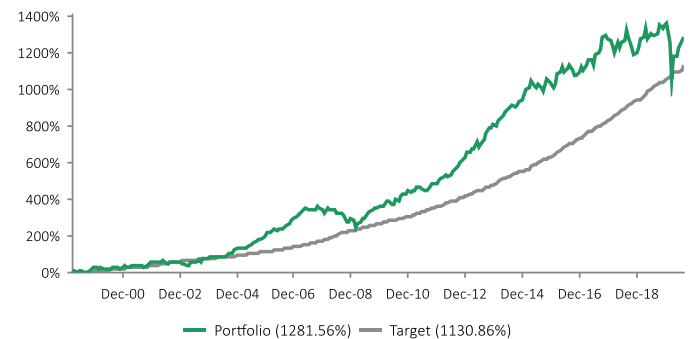
| Asset class     | Index                                      | One month | One year | Two years | Three years | Five years | Seven years | Strategic allocation |
|-----------------|--|-----------|----------|-----------|-------------|------------|-------------|----------------------|
| Local equity    | FTSE/JSE Shareholder Weighted Capped Index | -0.88%    | -3.36%   | -5.29%    | -2.66%      | 1.11%      | 5.04%       | <b>46.50%</b>        |
| Local property  | FTSE/JSE SA Listed Property Index          | -8.59%    | -44.25%  | -27.43%   | -22.73%     | -12.18%    | -3.12%      | <b>15.00%</b>        |
| Local bond      | JSE ASSA All Bond Index                    | 0.89%     | 4.16%    | 7.62%     | 7.74%       | 7.56%      | 7.83%       | <b>4.00%</b>         |
| Local ILB       | JSE ASSA ILB Index                         | 3.95%     | -0.37%   | 1.66%     | 1.57%       | 2.36%      | 4.50%       | <b>3.00%</b>         |
| Local cash      | Short-term Fixed Interest Composite Index  | 0.39%     | 6.46%    | 6.89%     | 7.02%       | 7.15%      | 6.81%       | <b>1.50%</b>         |
| Global equity   | MSCI All Countries World Index             | 5.93%     | 32.59%   | 15.24%    | 18.17%      | 15.48%     | 16.95%      | <b>25.00%</b>        |
| Global property | FTSE EPRA/NAREIT Developed Index           | 2.11%     | -2.55%   | 4.53%     | 9.86%       | 8.43%      | 12.44%      | <b>3.50%</b>         |
| Global bond     | FTSE World Government Bond Index           | -1.08%    | 17.48%   | 14.97%    | 13.57%      | 9.30%      | 10.15%      | <b>1.50%</b>         |

## Investment manager allocation and returns

|                                       | One year | Three years | Seven years |
|---------------------------------------|----------|-------------|-------------|
| <b>Local equity</b>                   |          |             |             |
| BlueAlpha                             | -6.41%   | -2.41%      | 4.45%       |
| Fairtree                              | 22.46%   | 10.34%      | 13.07%      |
| Foord                                 | -1.13%   | -4.48%      | 3.63%       |
| Momentum Protected Equity             |          |             |             |
| Momentum Systematic Strategies        |          |             |             |
| Perpetua                              | -13.19%  | -6.83%      |             |
| Prudential                            | -10.01%  | -3.27%      | 5.71%       |
| SIM                                   | -4.23%   | 0.03%       | 8.07%       |
| Truffle                               | 12.63%   | 5.70%       | 9.84%       |
| <b>Local property</b>                 |          |             |             |
| Catalyst                              | -45.61%  | -22.06%     | -1.22%      |
| Meago                                 | -43.90%  | -22.63%     | -1.97%      |
| Momentum Investments                  | -43.45%  |             |             |
| <b>Local fixed income</b>             |          |             |             |
| ALUWANI (ILB)                         | -1.50%   | 1.61%       | 4.70%       |
| Futuregrowth                          | 2.75%    | 8.26%       | 9.31%       |
| Momentum Flexible Bond                | -1.88%   | 5.15%       | 8.03%       |
| Momentum ILB                          | 0.97%    |             |             |
| <b>Local cash</b>                     |          |             |             |
| ALUWANI                               | 7.71%    | 8.53%       | 8.16%       |
| Liquidity                             | 7.42%    |             |             |
| Momentum Enhanced Yield               | 8.14%    |             |             |
| <b>Global equity</b>                  |          |             |             |
| Momentum Global Investment Management | 23.41%   | 16.08%      | 15.97%      |
| <b>Global property</b>                |          |             |             |
| Momentum Global Property              | -2.53%   |             |             |
| <b>Global bond</b>                    |          |             |             |
| Amundi                                | 16.36%   | 13.03%      | 10.17%      |

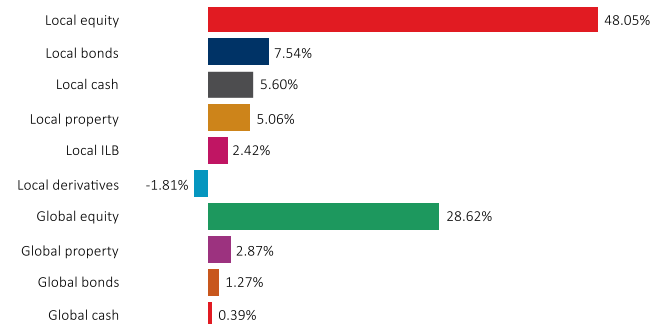
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation



## The 10-largest portfolio holdings

| Holding                          |       |
|----------------------------------|-------|
| Naspers Limited                  | 5.40% |
| Prosus                           | 2.14% |
| Firststrand Limited              | 2.11% |
| Impala Platinum Holdings Limited | 2.08% |
| British American Tobacco Plc     | 2.07% |
| Republic Of South Africa R2037   | 2.02% |
| Anglogold Ashanti Limited        | 1.83% |
| Bhp Group Plc                    | 1.75% |
| Anglo American Plc               | 1.74% |
| Standard Bank Group Limited      | 1.55% |

The 10-largest instruments at 31 July 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 15.1% for the quarter, which underperformed the benchmark of 18.5%. 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 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.

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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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