momentum
investments

Momentum Investments Enhanced Factor Portfolio Range

Momentum Investments Enhanced Factor 7 Portfolio

Factsheet at 30 April 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), and alternative investments. 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:	April 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
7.44%

Benchmark	Target
7.03%	12.00%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio
77.65%

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

Average shortfall

Portfolio
-1.18%

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

Short-term risk

Risk of negative one-year return

Portfolio
11.57%

Benchmark	Target
12.40%	0.00%

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

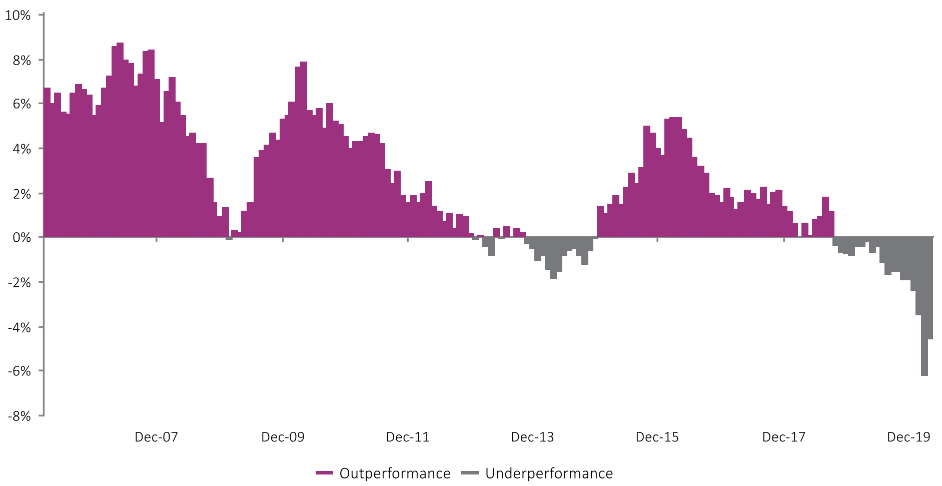
Minimum one-year returns

Portfolio
-12.25%

Benchmark	Target
-16.87%	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	**10.53%**	**-11.80%**	**-9.41%**	**-2.28%**	**0.69%**	**1.72%**	**2.24%**	**4.92%**	**7.44%**	**12.90%**
Benchmark[1]	12.35%	-12.13%	-11.26%	-4.44%	-0.22%	0.96%	1.68%	4.73%	7.03%	12.85%
Risk-adjusted ratio[2]					0.06	0.16	0.24	0.52	0.82	1.77
Target	0.89%	3.21%	11.15%	11.34%	11.16%	11.65%	11.98%	11.82%	12.00%	12.49%

[1]The benchmark is calculated using the strategic allocation weightings below.
[2]A ratio of the actual return achieved per unit of risk taken.

Index returns

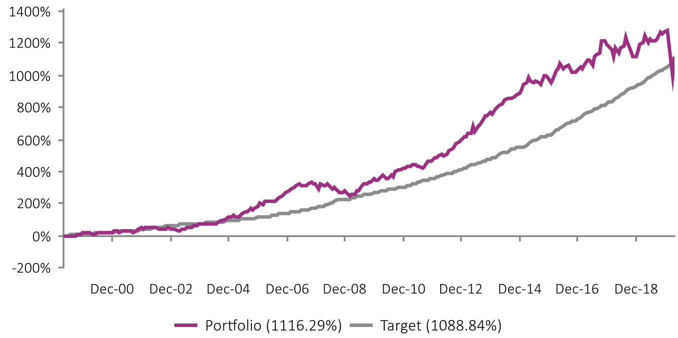
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	14.18%	-17.93%	-10.17%	-4.31%	-2.07%	4.92%	**46.50%**
Local property	FTSE/JSE SA Listed Property Index	7.00%	-45.98%	-30.13%	-21.38%	-12.33%	-5.16%	**15.00%**
Local bond	JSE ASSA All Bond Index	3.92%	0.06%	2.48%	6.11%	6.09%	5.49%	**4.00%**
Local ILB	JSE ASSA ILB Index	4.57%	-3.99%	-0.74%	0.60%	1.75%	2.77%	**3.00%**
Local cash	Short-term Fixed Interest Composite Index	0.52%	7.14%	7.21%	7.28%	7.23%	6.80%	**1.50%**
Global equity	MSCI All Countries World Index	15.97%	19.68%	19.28%	14.71%	12.74%	17.08%	**25.00%**
Global property	FTSE EPRA/NAREIT Developed Index	10.55%	5.97%	16.54%	9.46%	9.52%	12.69%	**3.50%**
Global bond	FTSE World Government Bond Index	2.99%	38.00%	25.54%	15.73%	12.04%	12.40%	**1.50%**

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-16.01%	-1.45%	5.99%
Fairtree	-2.02%	5.28%	11.42%
Foord	-14.04%	-6.08%	4.21%
Momentum Capped SWIX Index	-18.29%		
Momentum Protected Equity			
Momentum Quality Equity			
Momentum Value Equity			
Perpetua	-21.46%	-8.40%	
Prudential	-23.11%	-3.65%	6.29%
SIM	-12.57%	0.00%	9.02%
Truffle	-5.79%	2.51%	9.72%
Local property			
Catalyst	-47.75%	-20.70%	-3.21%
Eris	2.75%		
Meago	-46.63%	-21.25%	-4.04%
Momentum Investments	-44.99%		
Local fixed income			
ALUWANI (ILB)	-5.45%	0.57%	2.92%
Momentum Alternative Inv ILB			
Momentum Flexible Bond			
Momentum ILB	-3.25%		
Momentum Special Opportunities	10.44%	8.60%	
Local cash			
ALUWANI	8.49%	8.91%	8.14%
Liquidity	7.97%		
Momentum Enhanced Yield	8.45%		
Local alternative			
Momentum Aggressive FoHF	-10.07%	-1.88%	4.26%
Momentum Alternative Inv. (private equity BB)	-12.56%	-2.63%	1.34%
Momentum Alternative Inv. (private equity)	0.60%	-1.88%	4.21%
Momentum Portable Alpha FoHF	-19.21%	-4.68%	
Global equity			
Momentum Global Investment Management	12.47%	13.45%	16.85%
Global property			
Momentum Global Property	6.59%		
Global bond			
Amundi	35.39%	14.93%	12.38%
Global cash			
Momentum Global Investment Management	0.00%		

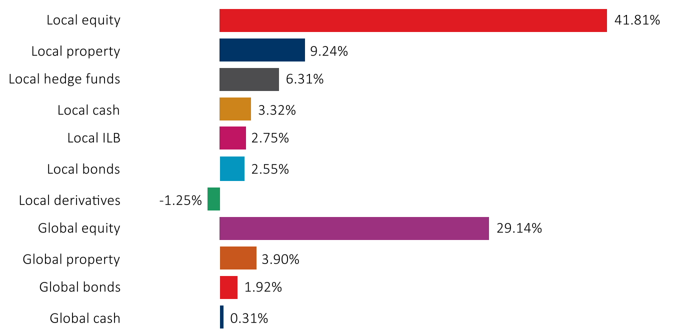
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

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 19.7% 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 Enhanced Factor 7 Portfolios have been used since then. Portfolio and benchmark returns for Momentum High Equity Portfolio have been used from April 1999.

Disclosures

Contact and other information

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