

Momentum Investments Flexible Factor Portfolio Range

Momentum Investments Flexible Factor 3 Portfolio

Factsheet at 30 April 2020

Target return: CPI + 3% p.a.

Investment horizon: Three years

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

📄 Momentum outcome-based investing philosophy

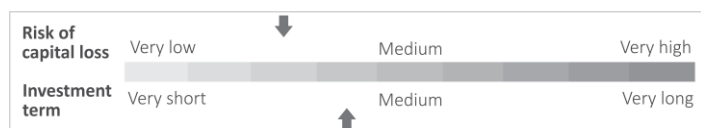
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 preservation phase of investing. It has a short- to medium-term investment horizon and, therefore, the aim is to maintain exposure of between 27.5% and 42.5% to asset classes that should preserve the purchasing power of the capital accumulated. A large emphasis is placed on capital preservation in the shorter term, which is achieved through diversification to defensive strategies and uncorrelated return profiles. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative investments. The allocations between asset classes, within these balanced mandates, are actively managed. 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 2011
Benchmark:	Composite: Local equity 15%; Local property 8%; Local bond 15%; Local ILB 20%; Local cash 25%; Global equity 10%; Global property 2%; Global bond 5%
Target:	Inflation plus 3% a year over three-year rolling periods
Reg. 28 compliant:	Yes



👤 Portfolio managers



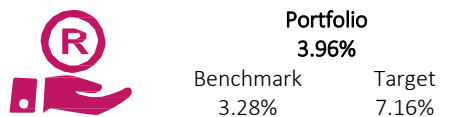
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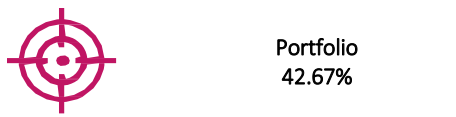
📊 Long-term outcomes

Return over the investment horizon



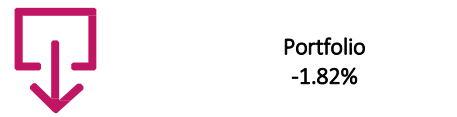
The annualised return over the investment horizon of the portfolio.

Hit rate



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

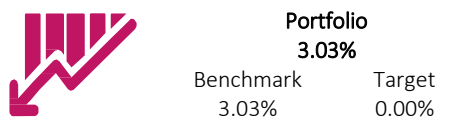
Average shortfall



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

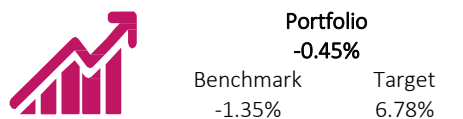
📊 Short-term risk

Risk of negative one-year return



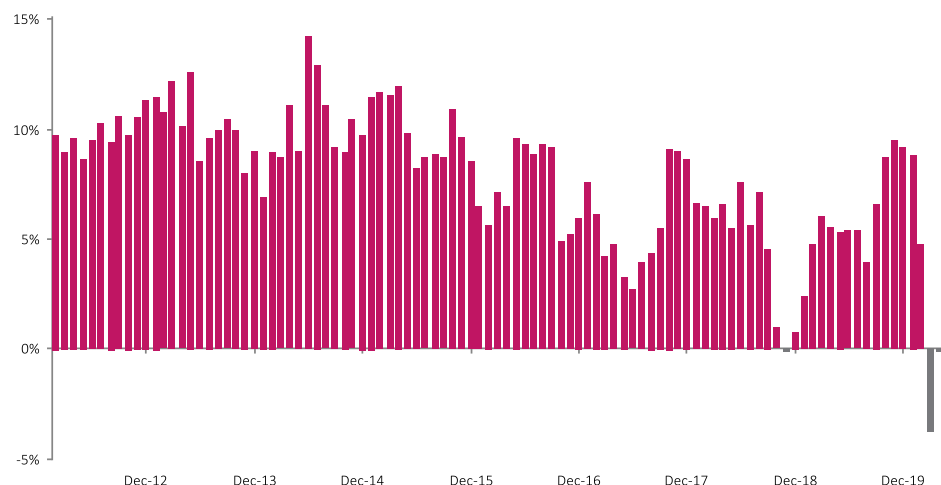
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns



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

📊 Rolling returns



Portfolio returns over one-year rolling periods since launch.

Investment returns

	One month	Three months	One year	Two years	Three years	Four years	Five years	Six years	Seven years	Launch
Portfolio	5.65%	-3.92%	-0.11%	2.69%	3.96%	4.16%	4.62%	5.80%	6.54%	7.26%
Benchmark ¹	6.00%	-4.96%	-2.01%	1.16%	3.28%	3.75%	4.18%	5.68%	6.16%	7.83%
Risk-adjusted ratio ²					0.63	0.75	0.94	1.20	1.35	1.58
Target	0.58%	2.29%	7.15%	7.33%	7.16%	7.65%	7.97%	7.82%	8.00%	8.33%

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

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

Index returns

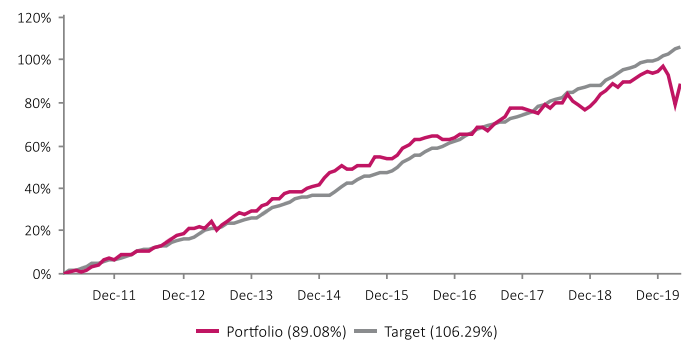
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	14.18%	-17.93%	-10.17%	-4.31%	-2.07%	4.92%	15.00%
Local property	FTSE/JSE SA Listed Property Index	7.00%	-45.98%	-30.13%	-21.38%	-12.33%	-5.16%	8.00%
Local bond	JSE ASSA All Bond Index	3.92%	0.06%	2.48%	6.11%	6.09%	5.49%	15.00%
Local ILB	JSE ASSA ILB Index	4.57%	-3.99%	-0.74%	0.60%	1.75%	2.77%	20.00%
Local cash	Short-term Fixed Interest Composite Index	0.52%	7.14%	7.21%	7.28%	7.23%	6.80%	25.00%
Global equity	MSCI All Countries World Index	15.97%	19.68%	19.28%	14.71%	12.74%	17.08%	10.00%
Global property	FTSE EPRA/NAREIT Developed Index	10.55%	5.97%	16.54%	9.46%	9.52%	12.69%	2.00%
Global bond	FTSE World Government Bond Index	2.99%	38.00%	25.54%	15.73%	12.04%	12.40%	5.00%

Investment manager allocation and returns

	One year	Three years	Seven years
Local property			
Catalyst	-47.75%	-20.70%	-3.21%
Meago	-46.63%	-21.25%	-4.04%
Momentum Investments	-44.99%		
Local balanced			
Abax Investments	-17.85%	-3.31%	4.67%
Coronation	-8.03%	-0.47%	5.76%
Foord	-5.43%	-0.97%	5.33%
Investec	-9.35%	0.80%	7.01%
Momentum Protected Equity			
Prescient	-17.16%	-2.48%	3.56%
Local absolute-return			
Absa	1.19%	6.62%	7.45%
Prescient	-3.39%	3.86%	6.21%
Prudential	-15.59%	-1.36%	
Sentio	-9.57%	-1.30%	
Tantalum	-8.23%	0.56%	
Local fixed income			
ALUWANI	6.24%	8.36%	7.79%
ALUWANI (ILB)	-5.45%	0.57%	2.92%
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			
Coherent (Commodity)			
Momentum Aggressive FoHF	-10.07%	-1.88%	4.26%
Momentum Alternative Inv. (private equity BB)	-12.56%	-2.63%	1.34%
Momentum Moderate FoHF	0.73%	3.45%	6.08%
Global equity			
Momentum Global Investment Management	22.11%	16.04%	17.42%
Global property			
Momentum Global Property	6.59%		
Global balanced			
Foord	31.44%	15.20%	15.82%
Investec	25.89%	16.81%	16.95%
Orbis			
Global bond			
Amundi	35.39%	14.93%	12.38%
Global cash			
Momentum Global Investment Management	0.00%		

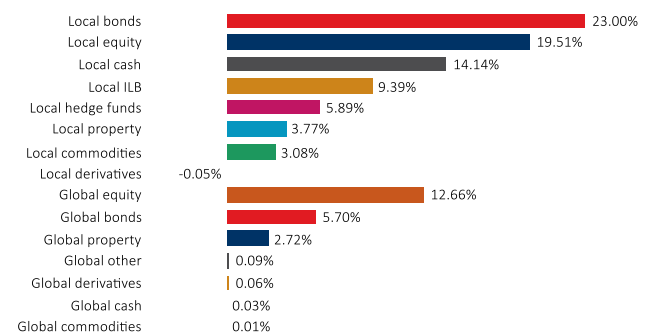
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest holdings

Holding
British American Tobacco
COSPEC PORTFOLIO - UNTAXED
FIRSTRAND 25/09/2020
FIRSTRAND 26/05/2020
FIRSTRAND 28/07/2020
HSBC IRS 1.975 18APR21 VS CAD6M
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HWAY23 5.5% 071223
Nepi Rockcastle
Truworths International

Look-through holdings data as at 31/12/2019



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 8.3% for the three months, outperforming the benchmark return of negative 9.5%. 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.



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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