

# Momentum Investments Flexible Factor Portfolio Range

## Momentum Investments Flexible Factor 7 Portfolio

Factsheet at 31 May 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. 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

<b>Launch date:</b>	January 2000
<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

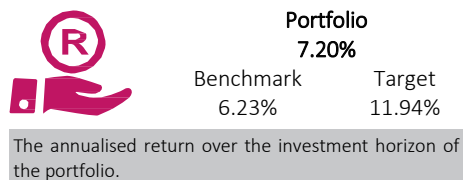
<b>Risk of capital loss</b>	Very low	Medium	Very high
<b>Investment term</b>	Very short	Medium	Very long

### 👤 Portfolio managers

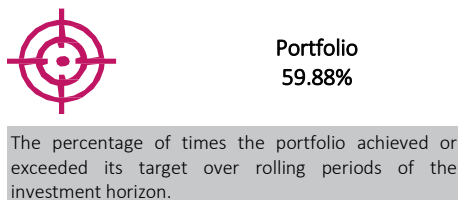


### 📊 Long-term outcomes

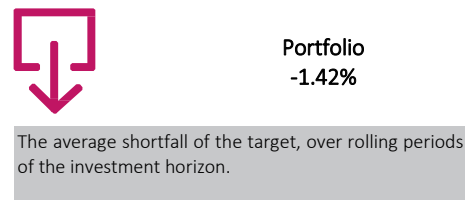
#### Return over the investment horizon



#### Hit rate

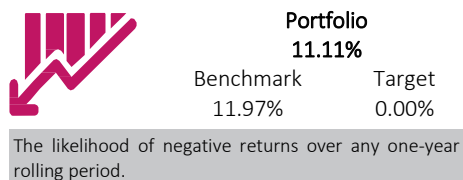


#### Average shortfall

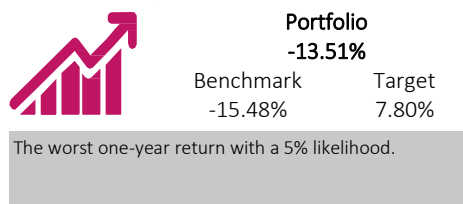


### 📊 Short-term risk

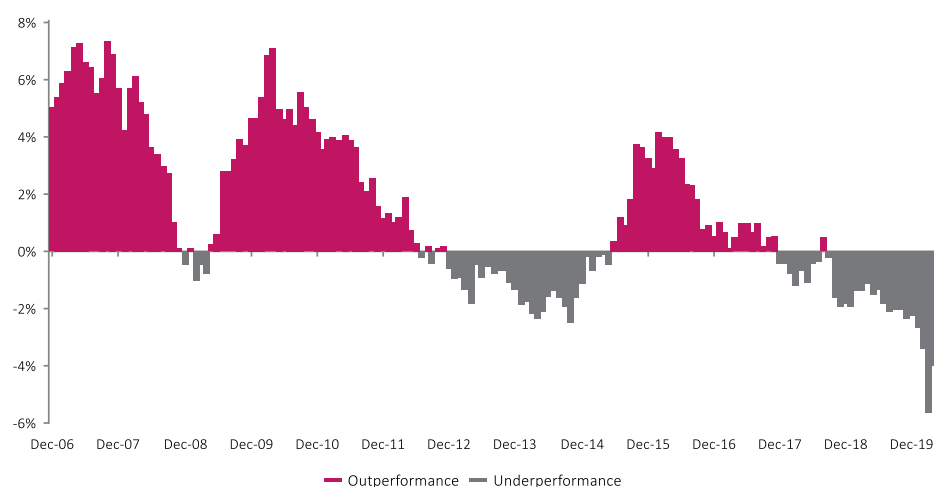
#### Risk of negative one-year return



#### 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
<b>Portfolio</b>	<b>0.53%</b>	<b>-2.41%</b>	<b>-0.40%</b>	<b>2.59%</b>	<b>2.78%</b>	<b>2.70%</b>	<b>4.02%</b>	<b>5.68%</b>	<b>7.20%</b>	<b>11.99%</b>
Benchmark <sup>1</sup>	-0.27%	-4.95%	-7.99%	-2.75%	-0.21%	0.29%	2.38%	4.45%	6.23%	12.16%
Risk-adjusted ratio <sup>2</sup>					0.28	0.30	0.50	0.72	0.94	1.80
Target	0.57%	2.96%	10.49%	10.95%	11.13%	11.44%	11.79%	11.74%	11.94%	12.61%

<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

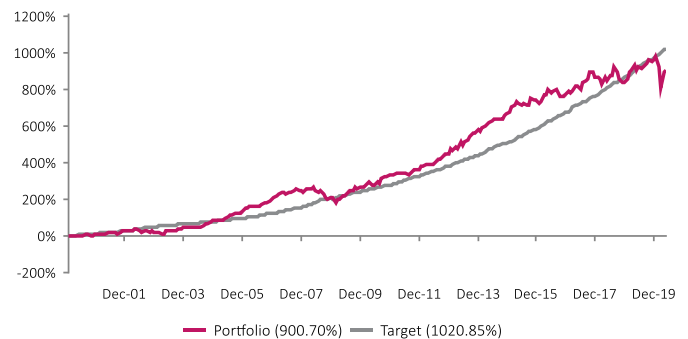
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	-0.41%	-14.19%	-7.87%	-4.19%	-1.17%	3.89%	<b>46.50%</b>
Local property	FTSE/JSE SA Listed Property Index	-0.76%	-45.92%	-28.24%	-21.61%	-11.38%	-3.66%	<b>15.00%</b>
Local bond	JSE ASSA All Bond Index	7.06%	6.45%	7.09%	8.20%	7.71%	7.25%	<b>4.00%</b>
Local ILB	JSE ASSA ILB Index	1.12%	-1.97%	-0.24%	0.99%	2.35%	3.18%	<b>3.00%</b>
Local cash	Short-term Fixed Interest Composite Index	0.50%	7.02%	7.15%	7.23%	7.22%	6.81%	<b>1.50%</b>
Global equity	MSCI All Countries World Index	1.37%	27.00%	19.04%	15.00%	12.74%	14.98%	<b>25.00%</b>
Global property	FTSE EPRA/NAREIT Developed Index	-3.96%	1.09%	12.07%	8.54%	8.41%	11.03%	<b>3.50%</b>
Global bond	FTSE World Government Bond Index	-3.68%	29.08%	23.37%	14.23%	11.42%	10.43%	<b>1.50%</b>

## Investment manager allocation and returns

	One year	Three years	Seven years
<b>Local property</b>			
Catalyst	-47.58%	-20.97%	-1.69%
Meago	-46.19%	-21.44%	-2.46%
Momentum Investments	-44.28%		
<b>Local balanced</b>			
Abax Investments	-14.66%	-2.87%	4.62%
Coronation	-2.20%	0.38%	5.22%
Foord	-0.39%	-0.65%	4.88%
Investec	-4.02%	1.61%	6.57%
Momentum Protected Equity			
Prescient	-13.53%	-1.99%	3.08%
<b>Local fixed income</b>			
ALUWANI	7.22%	8.60%	8.09%
Momentum Special Opportunities	8.23%	8.34%	
<b>Local cash</b>			
ALUWANI	8.34%	8.81%	8.15%
Liquidity	7.86%		
Momentum Enhanced Yield	8.40%		
<b>Local alternative</b>			
Momentum Aggressive FoHF	-6.99%	-1.57%	3.92%
Momentum Alternative Inv. (private equity BB)	-15.58%	-4.26%	1.85%
Momentum Portable Alpha FoHF	-22.68%	-5.20%	
<b>Global equity</b>			
Momentum Global Investment Management	25.71%	15.59%	15.30%
<b>Global property</b>			
Momentum Global Property	2.10%		
<b>Global balanced</b>			
Foord	31.64%	13.63%	12.97%
Investec	25.52%	16.10%	14.58%
Orbis			
<b>Global bond</b>			
Amundi	27.28%	13.63%	10.39%
<b>Global cash</b>			
Momentum Global Investment Management	0.00%		

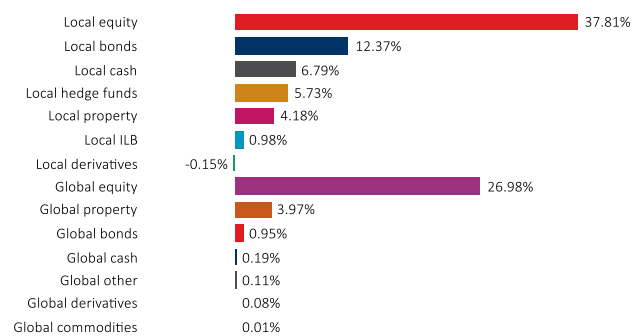
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation



## The 10-largest portfolio holdings

Holding
Bhp Group Plc
British American Tobacco Plc
CITI Global Markets Limited
Foreign Currency USD Receivable
Hongkong and Shanghai Banking Corporation Limited
Naspers Limited
Prosus
Republic Of South Africa R186
Republic Of South Africa R2048
Standard Bank Of South Africa

The 10-largest instruments at 30 April 2020, looking through all asset classes held.



## 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 15.1% for the three months, outperforming the benchmark return of negative 20.7%. 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 March 2011 and portfolio and benchmark returns for the Momentum Investments Flexible Factor 7 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Fulcrum Aggressive Portfolio have been used from January 2000.

## 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.

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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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