

Momentum Investments Target Factor Portfolio Range

Momentum Investments Target Factor 3 Portfolio

Factsheet at 30 June 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

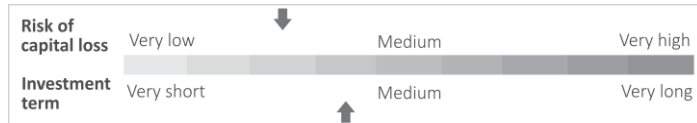
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 portfolio range consists mainly of passive and enhanced passive investment strategies and 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: | August 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



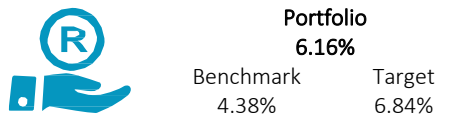
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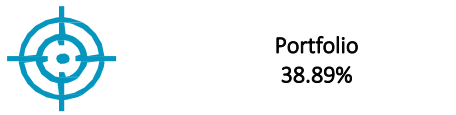
📈 Long-term outcomes

Return over the investment horizon



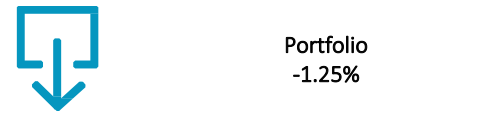
The annualised return over the investment horizon of the portfolio.

Hit rate



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

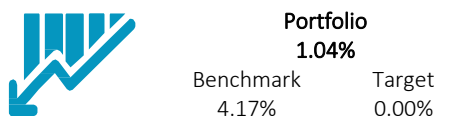
Average shortfall



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

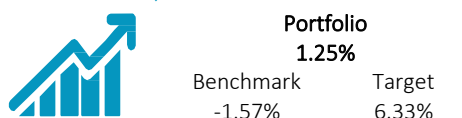
📈 Short-term risk

Risk of negative one-year return



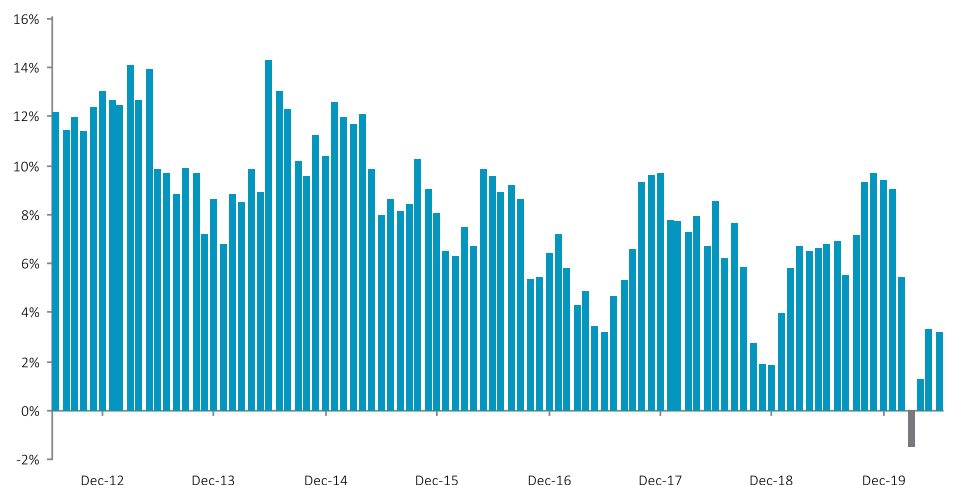
The likelihood of negative returns over any one-year rolling period.

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 | 1.31% | 7.34% | 3.19% | 4.98% | 6.16% | 5.40% | 6.22% | 6.51% | 7.59% | 8.20% |
| Benchmark ¹ | 1.88% | 9.06% | 0.46% | 3.18% | 4.38% | 4.20% | 5.07% | 5.73% | 6.71% | 8.03% |
| Risk-adjusted ratio ² | | | | | 1.19 | 1.19 | 1.43 | 1.55 | 1.79 | 2.04 |
| Target | 0.25% | 0.57% | 5.68% | 6.58% | 6.84% | 7.25% | 7.63% | 7.62% | 7.90% | 8.05% |

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

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

Index returns

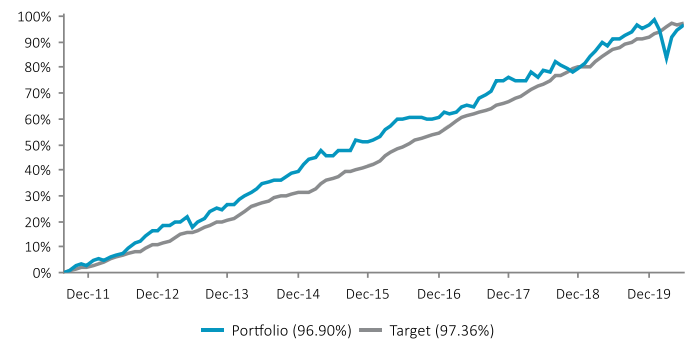
| Asset class | Index | One month | One year | Two years | Three years | Five years | Seven years | Strategic allocation |
|-----------------|--------------------------------------------|-----------|----------|-----------|-------------|------------|-------------|----------------------|
| Local equity | FTSE/JSE Shareholder Weighted Capped Index | 6.98% | -10.78% | -5.02% | -0.81% | 0.07% | 5.51% | 15.00% |
| Local property | FTSE/JSE SA Listed Property Index | 13.41% | -39.98% | -22.22% | -18.33% | -9.06% | -2.51% | 8.00% |
| Local bond | JSE ASSA All Bond Index | -1.18% | 2.85% | 7.09% | 8.11% | 7.49% | 7.30% | 15.00% |
| Local ILB | JSE ASSA ILB Index | -0.94% | -3.27% | 0.33% | 0.75% | 2.08% | 3.85% | 20.00% |
| Local cash | Short-term Fixed Interest Composite Index | 0.44% | 6.86% | 7.09% | 7.17% | 7.21% | 6.81% | 25.00% |
| Global equity | MSCI All Countries World Index | 0.35% | 24.03% | 15.16% | 15.19% | 13.47% | 16.07% | 10.00% |
| Global property | FTSE EPRA/NAREIT Developed Index | 0.20% | 3.21% | 6.74% | 8.48% | 9.42% | 11.95% | 2.00% |
| Global bond | FTSE World Government Bond Index | -0.40% | 29.10% | 18.50% | 14.18% | 11.44% | 10.72% | 5.00% |

Investment manager allocation and returns

| | One year | Three years | Seven years |
|---------------------------------------|----------|-------------|-------------|
| Local equity | | | |
| Momentum Protected Equity | | | |
| Momentum Systematic Strategies 1 | -7.67% | 2.14% | 6.94% |
| Local property | | | |
| Momentum Real Growth Property Index | -39.93% | | |
| Local absolute-return | | | |
| Absa | 3.49% | 7.71% | 8.02% |
| Prescient | -2.90% | 4.84% | 6.32% |
| Local fixed income | | | |
| ALUWANI (ILB) | -4.75% | 0.69% | 4.00% |
| Momentum ILB | -1.96% | | |
| Prescient | 1.71% | 7.79% | 7.54% |
| Local cash | | | |
| ALUWANI | 8.18% | 8.72% | 8.16% |
| Liquidity | 7.81% | | |
| Momentum Enhanced Yield | 8.58% | | |
| Local alternative | | | |
| Coherent (Commodity) | 12.75% | | |
| Global equity | | | |
| Momentum Global Investment Management | 24.30% | 15.82% | 16.35% |
| Global property | | | |
| Momentum Global Property | 4.03% | | |
| Global bond | | | |
| Amundi | 27.49% | 13.58% | 10.76% |
| Global cash | | | |
| Momentum Global Investment Management | 0.00% | | |

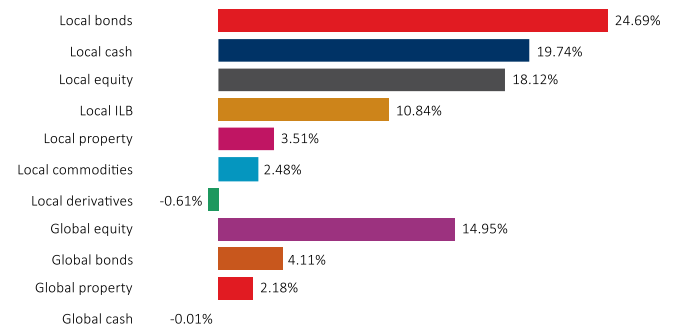
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

| Holding |
|--------------------------------------------------------|
| Land And Agricultural Development Bank Of South Africa |
| Naspers Limited |
| Republic Of South Africa I2050 |
| Republic Of South Africa R186 |
| Republic Of South Africa R202 |
| Republic Of South Africa R2030 |
| Republic Of South Africa R2037 |
| Republic Of South Africa R2040 |
| Republic Of South Africa R2048 |
| Standard Bank Group Limited |

The 10-largest instruments at 29 May 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 7.3% for the quarter, which underperformed the benchmark of 9.1%. Being overweight global asset classes and local equity contributed to the relative returns of 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.



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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