

### Momentum Investments Target Factor Portfolio Range

#### Momentum Investments Target Factor 6 Portfolio

Factsheet at 29 February 2020

**Target return:** CPI + 6% p.a.

**Investment horizon:** Six years

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

#### Momentum outcome-based investing philosophy

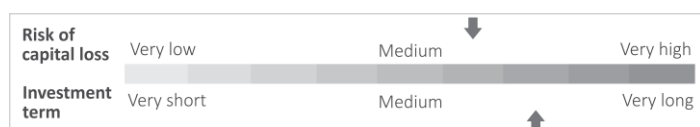
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 medium- to long-term investment horizon and, therefore, the aim is to maintain exposure of between 77.5% and 90% to growth asset classes (local and global equities and property), with a small allocation to defensive asset classes. 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. The risk of exposure to losses in the short term is continually managed by maximising diversification to various markets and strategies at the least relative cost to the investor.

#### Portfolio information

|                           |                                                                                                                                                            |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Launch date:</b>       | August 2011                                                                                                                                                |
| <b>Benchmark:</b>         | Composite: Local equity 45%; Local property 13.5%; Local bond 7%; Local ILB 3.5%; Local cash 2.5%; Global equity 23.5%; Global property 3%; Global bond 2% |
| <b>Target:</b>            | Inflation plus 6% a year over six-year rolling periods                                                                                                     |
| <b>Reg. 28 compliant:</b> | Yes                                                                                                                                                        |



#### Portfolio managers



**Mohammed Sibda**  
BCom



**Nina Saad**  
BSc, CFA

#### Long-term outcomes

##### Return over the investment horizon



|                  |                  |
|------------------|------------------|
|                  | <b>Portfolio</b> |
|                  | <b>6.77%</b>     |
| <b>Benchmark</b> | <b>Target</b>    |
| 6.41%            | 11.02%           |

The annualised return over the investment horizon of the portfolio.

##### Hit rate



|                  |
|------------------|
| <b>Portfolio</b> |
| <b>43.75%</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>-2.12%</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>6.52%</b>     |
| <b>Benchmark</b> | <b>Target</b>    |
| 6.52%            | 0.00%            |

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

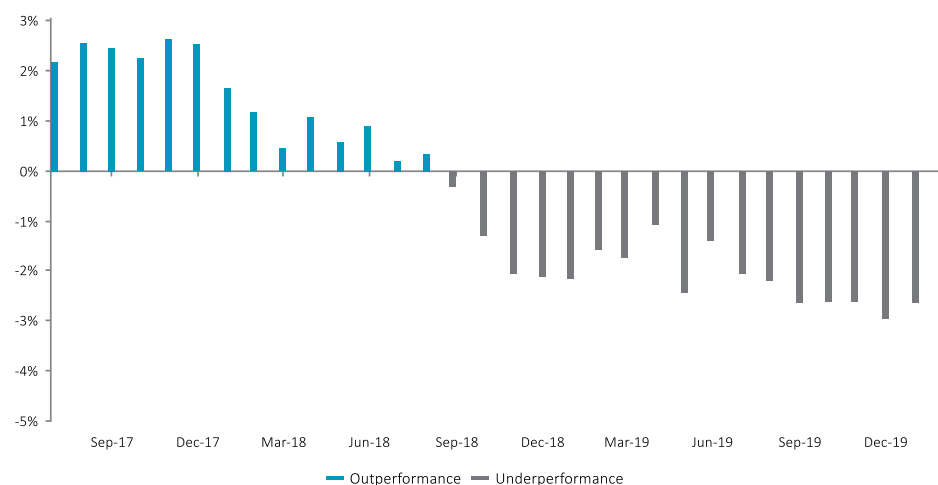
##### Minimum one-year returns



|                  |                  |
|------------------|------------------|
|                  | <b>Portfolio</b> |
|                  | <b>-3.69%</b>    |
| <b>Benchmark</b> | <b>Target</b>    |
| -4.29%           | 9.79%            |

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>-6.49%</b> | <b>-5.27%</b> | <b>-0.01%</b> | <b>1.26%</b> | <b>4.63%</b> | <b>4.78%</b> | <b>4.40%</b> | <b>6.77%</b> | <b>8.24%</b> | <b>10.31%</b> |
| Benchmark <sup>1</sup>           | -7.21%        | -5.98%        | -1.70%        | -0.01%       | 3.56%        | 4.12%        | 3.97%        | 6.41%        | 8.04%        | 10.28%        |
| Risk-adjusted ratio <sup>2</sup> |               |               |               |              | 0.84         | 0.93         | 0.93         | 1.43         | 1.73         | 2.21          |
| Target                           | 0.74%         | 2.06%         | 10.49%        | 10.25%       | 10.29%       | 10.86%       | 11.13%       | 11.02%       | 11.13%       | 11.16%        |

<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

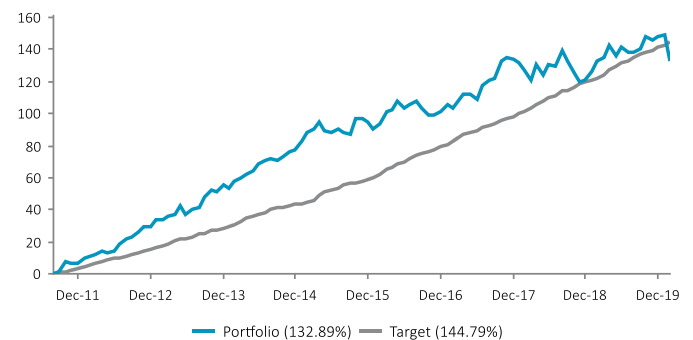
| Asset class     | Index                                      | One month | One year | Two years | Three years | Five years | Six years | Strategic allocation |
|-----------------|--------------------------------------------|-----------|----------|-----------|-------------|------------|-----------|----------------------|
| Local equity    | FTSE/JSE Shareholder Weighted Capped Index | -9.55%    | -9.57%   | -7.90%    | -1.06%      | -0.21%     | 3.10%     | <b>45.00%</b>        |
| Local property  | FTSE/JSE SA Listed Property Index          | -15.69%   | -19.09%  | -12.42%   | -10.36%     | -4.76%     | 2.07%     | <b>13.50%</b>        |
| Local bond      | JSE ASSA All Bond Index                    | -0.04%    | 8.91%    | 6.54%     | 9.07%       | 7.24%      | 8.51%     | <b>7.00%</b>         |
| Local ILB       | JSE ASSA ILB Index                         | 0.54%     | 1.55%    | 1.63%     | 1.27%       | 3.08%      | 4.50%     | <b>3.50%</b>         |
| Local cash      | Short-term Fixed Interest Composite Index  | 0.54%     | 7.26%    | 7.26%     | 7.33%       | 7.22%      | 7.02%     | <b>2.50%</b>         |
| Global equity   | MSCI All Countries World Index             | -3.70%    | 15.09%   | 15.60%    | 12.83%      | 11.45%     | 12.37%    | <b>23.50%</b>        |
| Global property | FTSE EPRA/NAREIT Developed Index           | -3.90%    | 15.18%   | 24.47%    | 11.72%      | 10.40%     | 12.98%    | <b>3.00%</b>         |
| Global bond     | FTSE World Government Bond Index           | 5.25%     | 19.12%   | 18.55%    | 10.66%      | 8.90%      | 8.04%     | <b>2.00%</b>         |

## Investment manager allocation and returns

|                                       | One year | Three years | Seven years |
|---------------------------------------|----------|-------------|-------------|
| <b>Local equity</b>                   |          |             |             |
| Momentum Capped SWIX Index            | -9.81%   |             |             |
| Momentum Quality Equity               |          |             |             |
| Momentum Trending Equity              |          |             |             |
| Momentum Value Equity                 |          |             |             |
| <b>Local property</b>                 |          |             |             |
| Momentum Real Growth Property Index   | -19.20%  |             |             |
| <b>Local fixed income</b>             |          |             |             |
| ALUWANI (ILB)                         | 2.24%    | 1.95%       | 4.23%       |
| Momentum ILB                          | 2.72%    |             |             |
| Prescient                             | 8.75%    | 9.29%       | 7.57%       |
| <b>Local cash</b>                     |          |             |             |
| ALUWANI                               | 8.75%    | 9.03%       | 8.12%       |
| Liquidity                             | 8.01%    |             |             |
| Momentum Enhanced Yield               | 8.68%    |             |             |
| <b>Local alternative</b>              |          |             |             |
| Coherent (Commodity)                  |          |             |             |
| <b>Global equity</b>                  |          |             |             |
| Momentum Global Investment Management | 17.14%   | 14.09%      | 16.59%      |
| <b>Global property</b>                |          |             |             |
| Momentum Global Property              | 14.52%   |             |             |
| <b>Global bond</b>                    |          |             |             |
| Amundi                                | 18.08%   | 10.19%      | 9.81%       |

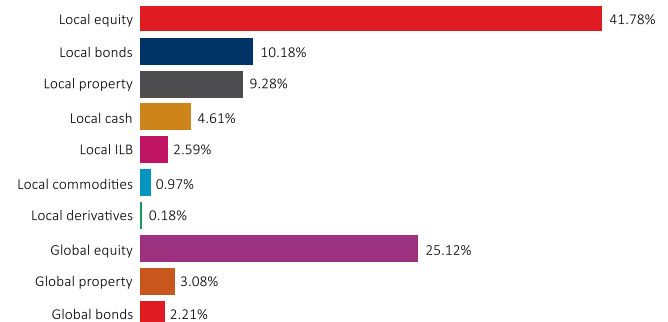
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation





## Quarterly portfolio commentary for Q4 2019

Global equity markets rallied on the US-China trade deal and posted solid returns in the fourth quarter of 2019.

The JSE along with most Emerging markets benefitted from the improved risk sentiment and erased the losses experienced during the third quarter.

The Rand strengthened during December despite poor local economic news.

The portfolio returned 2.83% for the three months, which outperformed the benchmark of 2.36%.

The tactical overweight position in local equity and underweight position in local property contributed to the relative performance of the portfolio.

The local equity building block was a further source of alpha during this period.



## 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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## Contact and other information

### Momentum Outcome-based Solutions (Pty) Ltd

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

T +27 (0)12 671 8911

F +27 (0)12 684 5869

Email [MOBS.emailus@momentum.co.za](mailto:MOBS.emailus@momentum.co.za)

Web [www.momentuminv.co.za/momentumoutcome-basedsolutions](http://www.momentuminv.co.za/momentumoutcome-basedsolutions)

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