Momentum Investments Classic Factor Portfolio Range

Momentum Investments Classic Factor 7 Portfolio

Factsheet at 30 November 2020

Target: CPI + 5% to 6%

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 an average exposure of 80% 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 selective alternative asset classes. The allocations between asset classes are actively managed, taking the market environment into account. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. Performance fees may be paid within investment mandates, should they sufficiently enhance investment returns after fees. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

Portfolio information

Launch date:	March 1999
Benchmark:	Composite: Local equity 50%; Local property 5%; Local bond 10%; Local cash 7.5%; Global equity 22.5%; Global property 2.5%; Global bond 2.5%
Target:	Inflation plus 5% to 6% 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	
6.91%	
Benchmark	CPI + 5%
6.41%	9.83%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio
93.26%

The percentage of times the portfolio achieved or exceeded CPI + 5% over rolling periods of the investment horizon.

Average shortfall

Portfolio
-2.32%

The average shortfall of CPI + 5% over rolling periods of the investment horizon.

Short-term risk

Risk of negative one-year return

Portfolio	
14.80%	
Benchmark	CPI + 5%
15.20%	0.00%

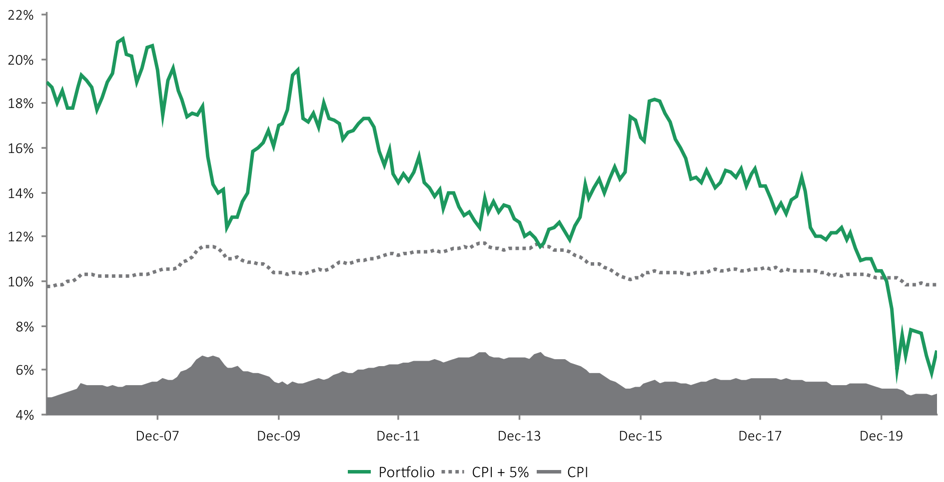
The likelihood of negative returns over any one-year rolling period.

Minimum one-year returns

Portfolio	
-13.64%	
Benchmark	CPI + 5%
-17.44%	5.89%

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

Rolling returns over investment horizon



Returns 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	**6.70%**	**2.03%**	**-1.68%**	**4.46%**	**0.42%**	**4.67%**	**4.22%**	**5.42%**	**6.91%**	**13.27%**
Benchmark[1]	7.68%	0.56%	-3.85%	2.92%	-0.89%	3.67%	3.05%	4.57%	6.41%	13.00%
Risk-adjusted ratio[2]					0.04	0.41	0.42	0.58	0.76	1.75
CPI + 5%	0.65%	1.81%	8.27%	8.47%	9.01%	9.22%	9.64%	9.65%	9.83%	10.38%

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

Index returns

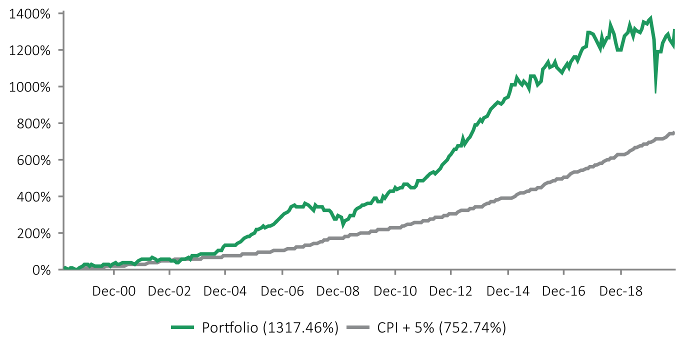
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Shareholder Weighted Capped Index	10.38%	-1.69%	2.19%	-2.92%	1.52%	4.53%	**50.00%**
Local property	FTSE/JSE SA Listed Property Index	17.47%	-43.57%	-23.77%	-22.95%	-11.86%	-3.44%	**5.00%**
Local bond	FTSE/JSE All Bond Index	3.25%	8.04%	8.52%	10.01%	8.39%	8.01%	**10.00%**
Local cash	Short-term Fixed Interest Composite Index	0.31%	5.67%	6.49%	6.74%	7.02%	6.77%	**7.50%**
Global equity	MSCI All Countries World Index	5.38%	21.36%	20.80%	13.36%	11.79%	14.84%	**22.50%**
Global property	FTSE EPRA/NAREIT Developed Index	6.64%	-7.95%	6.70%	5.48%	5.08%	11.08%	**2.50%**
Global bond	FTSE World Government Bond Index	-4.48%	14.20%	14.09%	8.85%	5.96%	8.66%	**2.50%**

Investment manager allocation and returns

	One year	Three years	Seven years
Local equity			
BlueAlpha	-6.56%	-3.10%	4.19%
Fairtree	20.89%	8.51%	12.05%
Foord	3.21%	-4.04%	3.33%
Momentum Protected Equity			
Momentum Systematic Strategies	-2.64%		
Perpetua	-8.64%	-4.98%	
Prudential	-4.16%	-3.43%	5.67%
SIM	-5.39%	-3.00%	6.91%
Truffle	13.88%	5.11%	9.49%
Local property			
Catalyst	-43.31%	-21.55%	-1.08%
Eris Student Accomodation			
Meago	-44.30%	-23.27%	-2.50%
Momentum Investments	-43.58%		
Local fixed income			
ALUWANI (ILB)	1.42%	3.02%	4.26%
Flexible Fixed Interest	1.43%	6.48%	8.13%
Futuregrowth	7.79%	10.44%	9.58%
Momentum ILB	4.37%		
Local cash			
ALUWANI	6.94%	8.27%	8.12%
Liquidity	6.57%		
Momentum Enhanced Yield	7.33%		
Global equity			
Momentum Global Investment Management	15.32%	11.24%	14.09%
Global property			
Momentum Global Property	-7.57%		
Global bond			
Amundi	12.05%	8.41%	8.72%

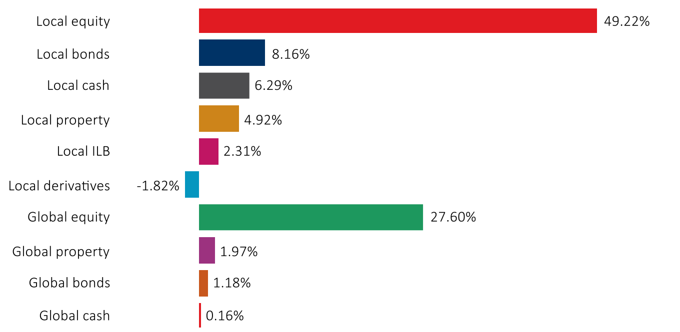
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Naspers Limited	6.21%
Firstrand Limited	2.22%
Impala Platinum Holdings Limited	2.03%
Anglo American Plc	1.77%
Prosus	1.74%
Republic Of South Africa R2035	1.66%
British American Tobacco Plc	1.64%
Standard Bank Group Limited	1.64%
Anglogold Ashanti Limited	1.56%
Bhp Group Plc	1.40%

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

Quarterly portfolio commentary for Q3 2020

High-frequency data releases and sentiment indicators indicate that a strong bounce back in global economic activity in the third quarter of the year may fizzle out prematurely. The recovery has shown signs of being unbalanced. Businesses have become less pessimistic about the outlook for the economy and corporate earnings, whereas consumer behaviour appears to continue to reflect the uncertainty of COVID-19. Ongoing stimulus is likely necessary to support financial markets and underpin confidence for sustained economic growth. With the blurring of fiscal and monetary policy, it is not clear what will force governments to rein in spending. This raises an additional concern of central banks becoming more vulnerable to political interference. Moreover, inflation expectations are also at risk of becoming unanchored down the line. Even as further restrictions are lifted on the local economy, electricity shortages, policy uncertainty, lingering unemployment, an anticipated rise in bankruptcies, a slow pace of reform and soaring government debt will continue to restrain spending and investment, thereby limiting South Africa's recovery to a below-consensus 2.0% in 2021, in our view, from a contraction of around 8.0% in 2020.

The portfolio returned 1.68% for the quarter, which outperformed the benchmark of negative 0.23%. Being overweight global and local equity contributed to the relative returns, while being underweight local inflation-link bonds detracted from returns.

Notes

On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 7% to a range of inflation plus 5% to 6%.
Changes were made to the strategic asset allocations on 31 October 2020.

Disclosures

Sources: Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com.

Contact and other information

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Signatory of:
PRI Principles for Responsible Investment