

### Momentum Investments Enhanced Factor Portfolio Range

#### Momentum Investments Enhanced 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

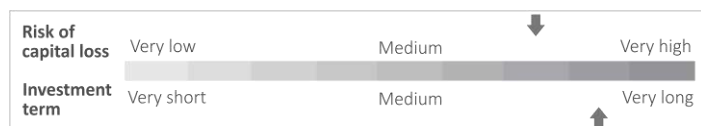
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 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

|                           |  |
|---------------------------|--|
| <b>Launch date:</b>       | April 1999   |
| <b>Benchmark:</b>         | 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% |
| <b>Target:</b>            | Inflation plus 5% to 6% over seven-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>7.20%</b> |
| Benchmark        | CPI + 5%     |
| 6.54%            | 9.83%        |

The annualised return over the investment horizon of the portfolio.

##### Hit rate



**Portfolio**  
**94.35%**

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

##### Average shortfall



**Portfolio**  
**-2.41%**

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

##### Short-term risk

###### Risk of negative one-year return



|                  |               |
|------------------|---------------|
| <b>Portfolio</b> | <b>13.65%</b> |
| Benchmark        | CPI + 5%      |
| 14.86%           | 0.00%         |

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

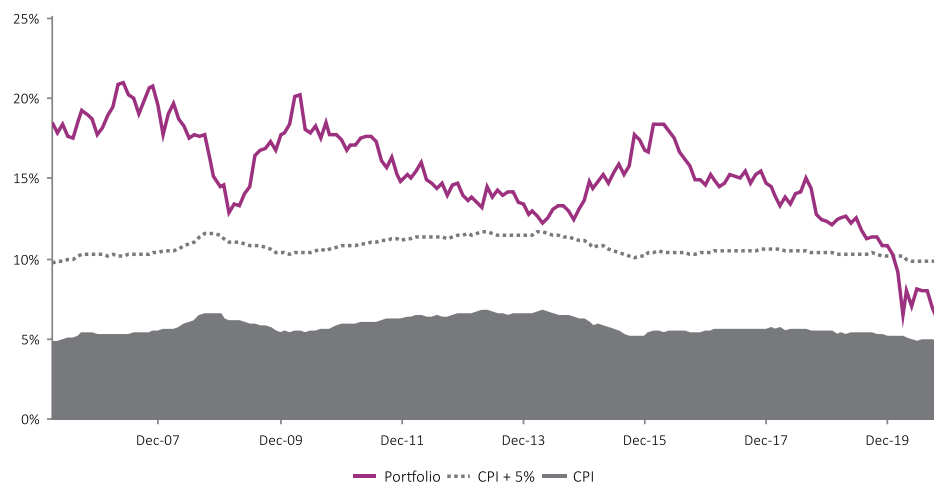
###### Minimum one-year returns



|                  |                |
|------------------|----------------|
| <b>Portfolio</b> | <b>-12.26%</b> |
| Benchmark        | CPI + 5%       |
| -16.87%          | 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        |
|----------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Portfolio</b>                 | <b>6.66%</b> | <b>1.97%</b> | <b>-1.25%</b> | <b>4.81%</b> | <b>0.75%</b> | <b>4.96%</b> | <b>4.42%</b> | <b>5.75%</b> | <b>7.20%</b> | <b>13.29%</b> |
| Benchmark <sup>1</sup>           | 7.68%        | 1.46%        | -2.98%        | 3.38%        | -0.60%       | 3.90%        | 3.23%        | 4.73%        | 6.54%        | 12.95%        |
| Risk-adjusted ratio <sup>2</sup> |              |              |               |              | 0.07         | 0.45         | 0.46         | 0.63         | 0.82         | 1.85          |
| CPI + 5%                         | 0.65%        | 1.81%        | 8.27%         | 8.47%        | 9.01%        | 9.22%        | 9.64%        | 9.65%        | 9.83%        | 10.40%        |

<sup>1</sup>The benchmark is calculated using the composite benchmark allocation.

<sup>2</sup>A ratio of the actual return achieved per unit of risk taken.

## Index returns

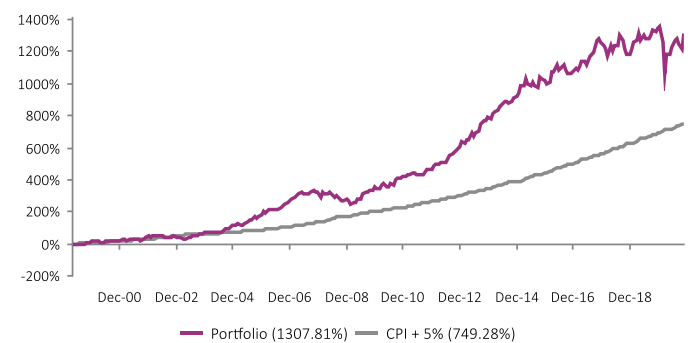
| Asset class     | Index                                      | One month | One year | Two years | Three years | Five years | Seven years | Strategic allocation |
|-----------------|--|-----------|----------|-----------|-------------|------------|-------------|----------------------|
| Local equity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

## Investment manager allocation and returns

|   | One year | Three years | Seven years |
|---|----------|-------------|-------------|
| <b>Local equity</b>                             |          |             |             |
| 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%       |
| <b>Local property</b>                           |          |             |             |
| Catalyst  | -43.31%  | -21.55%     | -1.08%      |
| Eris Direct Property                            | 0.96%    |             |             |
| Meago   | -44.30%  | -23.27%     | -2.50%      |
| Momentum Investments                            | -43.58%  |             |             |
| <b>Local fixed income</b>                       |          |             |             |
| ALUWANI (ILB)                                   | 1.42%    | 3.02%       | 4.26%       |
| Flexible Fixed Interest                         | 1.43%    | 6.48%       | 8.13%       |
| Momentum ILB                                    | 4.37%    |             |             |
| Momentum Special Opportunities                  | 7.72%    | 9.26%       |             |
| <b>Local cash</b>                               |          |             |             |
| ALUWANI   | 6.94%    | 8.27%       | 8.12%       |
| Liquidity                                       | 6.57%    |             |             |
| Momentum Enhanced Yield                         | 7.33%    |             |             |
| <b>Local alternative</b>                        |          |             |             |
| Momentum Aggressive FoHF                        | 0.00%    | -0.18%      | 4.28%       |
| Momentum Alternative Inv (infrastructure 1)     |          |             |             |
| Momentum Alternative Inv (infrastructure 2)     |          |             |             |
| Momentum Alternative Inv. (private equity 1 BB) |          |             |             |
| Momentum Alternative Inv. (private equity BB)   | -19.41%  | -5.26%      | 2.44%       |
| Momentum Portable Alpha FoHF                    | -3.05%   | -3.93%      |             |
| <b>Global equity</b>                            |          |             |             |
| Momentum Global Investment Management           | 15.32%   | 11.24%      | 14.09%      |
| <b>Global property</b>                          |          |             |             |
| Momentum Global Property                        | -7.57%   |             |             |
| <b>Global bond</b>                              |          |             |             |
| Amundi  | 12.05%   | 8.41%       | 8.72%       |

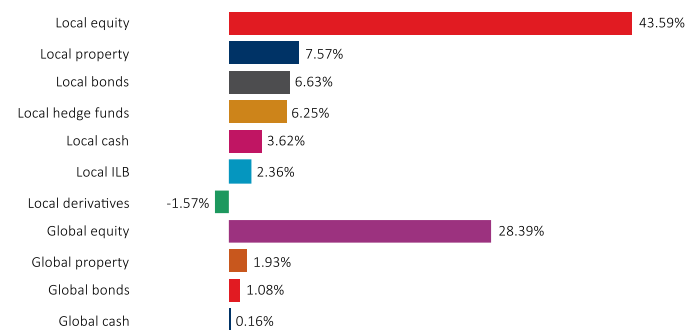
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



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

## Effective asset allocation



## The 10-largest portfolio holdings

| Holding                                     | Percentage |
|---|------------|
| Naspers Limited                             | 5.28%      |
| Realfin Collective Investment Scheme MMRRB1 | 2.02%      |
| Realfin Collective Investment Scheme MMCQB1 | 1.96%      |
| Firstrand Limited                           | 1.89%      |
| Impala Platinum Holdings Limited            | 1.73%      |
| Anglo American Plc                          | 1.51%      |
| Prosus                                      | 1.48%      |
| British American Tobacco Plc                | 1.40%      |
| Standard Bank Group Limited                 | 1.40%      |
| Anglogold Ashanti Limited                   | 1.32%      |

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 1.81% 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

The investment policy is underwritten by Momentum Metropolitan Life Limited, which is a registered insurer under the Insurance Act, 18 of 2017. 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, but after the deduction of performance fees on global underlying investments (where applicable). 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.

For investments in collective investments schemes (CIS), please refer to the minimum disclosure document (MDD), which is available from the respective CIS manager. The MDD contains important information relating to investment in the respective CIS.

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



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