

## Equity

### Investment management capabilities

Equity investments contain shares of listed companies from security exchanges in South Africa or around the world.

We follow a multi-mandate approach by combining the specialist expertise of skilful and well-diversified equity investment managers to maximise their investment styles.

Our equity investments have specific outcomes from passive to actively managed solutions. The investment managers we select are highly rated and complement each other to make sure our portfolios benefit from the best practice style of the investment manager.

|   |   |
|---|---|
|  | <b>Portfolio outcomes</b><br>Capital growth |
|  | <b>Investment horizon</b><br>3 to 7 years   |
|  | <b>Risk</b><br>High                         |

#### Rules and regulations

Our portfolios are managed in accordance with acts and regulations controlled by the Financial Sector Conduct Authority (FSCA). The FSCA is the regulator for all financial institutions. In addition, our governing body, the Association for Savings and Investment South Africa (Asisa), provides best practice guidelines to make sure the investor is the focal point of everything we do. Our equity portfolios are compliant with Regulation 28 of the Pension Funds Act.

#### The role of equity in a client's investment portfolio

Equity investments are suitable for investors who want exposure to the SA equity market. A typical investor would be able to withstand short-term market fluctuations in pursuit of maximum capital growth in the long term.

#### Investment horizons for the different equity portfolios

**Target Equity:** Three to five years

**Classic Equity:** Three to five years

**Core Equity:** Three to seven

#### Understanding the risk profile

Growth in an equity investment happens when share prices go up and when dividends are paid. Share prices change daily and various factors can influence whether these go up or down. Some of these influences are company stability and performance. At the same time, market forces can influence pricing, like political or economic instability. A good investment manager will manage these risks, so the portfolio can meet its investment return objective.

#### Our investment philosophy and process

Our equity investments are managed according to our outcome-based investing philosophy and we follow a multi-strategy process, which incorporates the prevalent strategies within the SA equity market.

We select our investment managers based on their investment styles to make sure our portfolios benefit from the predominant styles in the market, while we also take care not to have any particular investment manager dominate the risk in the portfolio at any point.

The investment managers are highly rated and complement each other, have built up good track records over time and have demonstrated skill in share selection and sector allocation.

Achieving diversification is a key feature of the portfolio construction process, which is concentrated around the optimal combination of strategies to make sure we consistently deliver on the return objective that matches your investment outcomes.

Each of our equity portfolios has their own strategy.

| Classic Equity  | Target Equity   | Core Equity   |
|---|---|---|
| This is our best-view actively managed equity portfolio. Investment managers are selected on the basis of their diversified active returns through market cycles. | This portfolio is a combination of passive and enhanced passive components. It includes a passive core with actively managed beta strategies. | This portfolio is actively managed, using a combination of passive and active components. It includes a passive core with actively managed beta strategies. |

**We measure success by how consistently we deliver on the portfolio return objectives over a three-year rolling period with a minimum amount of volatility.**

### Portfolio benchmarks

**Classic Equity:** The long-term return objective of this portfolio is to outperform the FTSE/JSE Capped Shareholder Weighted All-Share Index by 2% to 3% over three-year rolling periods, but at reduced volatility of investment returns.

**Target Equity:** The long-term return objective of this portfolio is to outperform the FTSE/JSE Capped Shareholder Weighted All-Share Index by 1% to 1.5% over three-year rolling periods, but at reduced volatility of investment returns.

**Core Equity:** The long-term return objective of this portfolio is to outperform the FTSE/JSE Capped Shareholder Weighted All-Share Index by 1% to 1.5% over three-year rolling periods, but at reduced volatility of investment returns..

### Responsible investing

Environmental, social, and governance (ESG) investing is integral in our investment process. Our investment process is supported by an experienced and highly rated team of ESG specialists. We see ESG as part of our duty to protect your money. We actively engage investment management teams on ESG issues. We have and will in future decline investment opportunities where our criteria for ESG are not met.

### Equity team



**Nina Saad**  
Head: Institutional Portfolio Solutions  
BSc, CFA  
Industry experience: 22 years



**Mohammed Sibda**  
Senior Portfolio Manager  
BCom  
Industry experience: 20 years



**Jako de Jager**  
Head: Retail portfolio solutions  
BSc (Hons)  
Industry experience: 19 years

### Equity portfolio range

| Name           | Portfolio manager            | Benchmark Target     | Risk | Term         |
|----------------|------------------------------|----------------------|------|--------------|
| Target Equity  | Mohammed Sibda/<br>Nina Saad | CPI plus 5,75%       | High | 3 to 5 years |
| Classic Equity | Mohammed Sibda/<br>Nina Saad | CPI plus 5,75%       | High | 3 to 5 years |
| Core Equity    | Jako de Jager                | FTSE/JSE Capped Swix | High | 3 to 7 years |

# momentum

## investments

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