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Multi-asset-class investments

Investment management capabilities

Multi-asset-class investments contain various asset classes, for example equities, bonds and cash.

Our multi-asset-class investments have proven track records. Over time we evolved our outcome-based investing philosophy and our multi-asset-class, multi-strategy and multi-mandate investments to match your investment needs. We set our sights beyond mere benchmarks and instead focused on the things that matter the most to you – making sure we maximise the likelihood of you achieving your investment goals.

Our multi-asset-class investments consist of the following portfolio ranges:

- **Enhanced Factor Portfolio Range** (a range that consists of traditional and new alternative asset classes)
- **Classic Factor Portfolio Range** (a range that consists of traditional active asset classes)
- **Target Factor Portfolio Range** (a range that consists of passive and smart beta)
- **Flexible Factor Portfolio Range** (a range that consists of multiple balanced mandates)

Portfolio outcomes
Range to suit different goals and needs.

Investment horizon
4 to 7+ years

Risk
Low to high

Rules and regulations

Our portfolios are managed in accordance with many 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. The above multi-asset-class portfolios are managed in accordance with Regulation 28 of the Pension Funds Act.

The role of a multi-asset-class investment in a client's portfolio

Each portfolio range has a life stage progression model, which allows you to switch seamlessly from a more aggressive investment portfolio, with longer-term investment horizons, to more conservative and, ultimately, defensive portfolios in the medium to shorter term.

If you have a long-term investment horizon, you should be invested in growth asset classes, which would include a significant allocation to higher-yielding growth asset classes and strategies characterised by a higher level of risk (such as local and global equity and property). Even though these asset classes are volatile, they are expected to provide returns above inflation in the long term. However, if you are investing for a medium-term investment horizon, the exposure to growth asset classes should be gradually reduced to protect your investment from being exposed to capital losses. Once the investment horizon becomes shorter, the main aim of your investment should be to preserve the purchasing power of the capital you accumulated.

Investment horizons for the different portfolios

The investment horizons for the different ranges vary from three to seven plus years. The naming convention for each portfolio highlights the minimum period you should be invested in that portfolio, for example Factor 4 would be an investment horizon of not less than four years. The table below shows how the term should be applied for the life stage you are in.

Factor 7	Accumulation phase	Long-term investment horizon
Factor 6	Accumulation phase	Medium- to long-term investment horizon
Factor 5	Consolidation phase	Medium-term investment horizon
Factor 4	Pre-retirement and consolidation phase	Short- to medium-term investment horizon

Understanding the risk profile

Our long-term portfolios have exposure to riskier asset classes compared to short-term portfolios, which are more conservative. The table below shows how the exposure to growth assets vary for each of the life stages.

Factor 7	Exposure of about **80%** to growth asset classes.
Factor 6	Exposure of about **70%** to growth asset classes with a small allocation to defensive asset classes.
Factor 5	Exposure of about **55%** to growth asset classes. The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated.
Factor 4	Exposure of about **40%** to growth asset classes. The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated.

Our investment philosophy and process

Our investment philosophy is about placing your goals at the centre of our day-to-day investment process. Central to our thinking is:

- Constructing portfolios around your goals and time horizon
- Making sure the portfolios are well diversified
- Making sure portfolios remain flexible and adaptable
- Making sure an attractive risk-adjusted return that provides a more consistent investment experience over time
- Limiting the risk and temptation of market timing

Our portfolio construction process comprises three steps:

Multi-asset-class	Multi-strategy	Multi-mandate
Blending the right asset classes for optimum risk management at a total portfolio level. We analyse asset classes to comprehend how best to create a well-diversified solution with the optimal asset allocation.	To enable consistent returns in dynamic market conditions. We identify the most beneficial investment strategies to use (including factors such as investment style, regional exposures, credit, real assets, currency, etc.).	Maximising the specialist expertise in different investment management styles. Investment mandate design and selection (whether active or passive) is the final step in our comprehensive outcome-based investment process.

In addition to establishing a robust investment process, we also recognise the importance of quick, timely and effective implementation of investment decisions.

How our multi-asset-class capability differs from competitors

We believe our approach is different to competitors in that, outcome-based investing is about constructing portfolios that will maximise the likelihood of achieving your goals, while managing these to your specific risk tolerance and investment horizon.

We have developed and over many years evolved a market-leading investment process to maximise the likelihood of you achieving your goals.

Responsible investing

Environmental, social, and governance (ESG) investing is integral in our day to day investment management process. 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.

Multi-asset-class capability team

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

Mohammed Sibda
Senior Portfolio Manager
BCom
Industry experience: 20 years

Our multi-asset-class portfolio ranges

- **Enhanced Factor Portfolio Range** (a range that consists of traditional and new alternative asset classes)
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Name	Portfolio manager	Return objective	Time horizon	Risk
Enhanced Factor 4	Nina Saad, Mohammed Sibda	Inflation plus 2% to 3%	4 years	Low to medium
Enhanced Factor 5	Nina Saad, Mohammed Sibda	Inflation plus 3% to 4%	5 years	Medium
Enhanced Factor 6	Nina Saad, Mohammed Sibda	Inflation plus 4% to 5%	6 years	Medium to high
Enhanced Factor 7	Nina Saad, Mohammed Sibda	Inflation plus 5% to 6%	7 years	High
Classic Factor 4	Nina Saad, Mohammed Sibda	Inflation plus 2% to 3%	4 years	Low to medium
Classic Factor 5	Nina Saad, Mohammed Sibda	Inflation plus 3% to 4%	5 years	Medium
Classic Factor 6	Nina Saad, Mohammed Sibda	Inflation plus 4% to 5%	6 years	Medium to high
Classic Factor 7	Nina Saad, Mohammed Sibda	Inflation plus 5% to 6%	7 years	High

Our multi-asset-class portfolio ranges

Name	Portfolio manager	Return objective	Time horizon	Risk
Target Factor 4	Nina Saad, Mohammed Sibda	Inflation plus 2% to 3%	4 years	Low to medium
Target Factor 5	Nina Saad, Mohammed Sibda	Inflation plus 3% to 4%	5 years	Medium
Target Factor 6	Nina Saad, Mohammed Sibda	Inflation plus 4% to 5%	6 years	Medium to high
Target Factor 7	Nina Saad, Mohammed Sibda	Inflation plus 5% to 6%	7 years	High
Flexible Factor 4	Nina Saad, Mohammed Sibda	Inflation plus 2% to 3%	4 years	Low to medium
Flexible Factor 5	Nina Saad, Mohammed Sibda	Inflation plus 3% to 4%	5 years	Medium
Flexible Factor 6	Nina Saad, Mohammed Sibda	Inflation plus 4% to 5%	6 years	Medium to high
Flexible Factor 7	Nina Saad, Mohammed Sibda	Inflation plus 5% to 6%	7 years	High

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Sources: Momentum Outcome-based Solutions (Pty) Ltd