

momentum
investments

Momentum Alternative Investments



**We work with
individuals and
institutions who
prefer unconventional
investment solutions
to deliver on a set of
predefined investment
objectives.**

We are a leading provider of alternative investment solutions in South Africa, an integral part of the Momentum Investments offering and a wholly owned subsidiary of Momentum Metropolitan Holdings Limited.

Founded in 2007 as a dedicated specialist alternative fund-of-fund business, we have since expanded to become a holistic alternative investment management business focusing on South African and global alternative assets.

Investment philosophy

Our clients' interests are core to our investing philosophy and we are able to tailor our investment strategies to specific investment objectives. Our philosophy is that of capital preservation first and capital appreciation second.

We are process-driven, long-term investment managers that believe the foundation of good investment management is based on in-depth empirical research combined with stringent quantitative and qualitative analysis.

Most importantly, our robust risk management is central to our investing philosophy.

Why choose us?

Alternative investments are less correlated to traditional asset classes and as a result have a beneficial impact on a diversified portfolio.

Investors looking for unconventional or non-mainstream investment solutions to deliver on a range of return objectives that have been defined upfront should consider investing with us.

We focus on the investor's targeted outcome in the medium to long term. Our investment strategy doesn't focus on benchmarks, thereby eliminating any benchmark bias or focus on tracking errors.

Investment solutions

Our focused teams operate independently, each with their own processes and structures, to deliver on their intended outcomes.

Our core offering revolves around four alternative strategies.

Hedge funds

Provides unique risk-return outcomes by making the most of the wider opportunities that exist for hedge fund strategies.

Private equity

Offers diversification and historically higher returns compared to listed assets.

High yield credit

Targets high-yielding, illiquid investment opportunities outside traditional markets.

Real assets

Offers investors focused access to uncorrelated inflation-linked returns from real assets.

Hedge funds

Our hedge fund strategy aims to deliver on a range of asymmetric payoffs in line with investor outcomes. The offering spans traditional fund of hedge funds, multi-manager hedge solutions and hedge fund replication propositions.

We currently offer the following hedge fund solutions:

- Momentum RCIS ZAR Diversified Qualified Fund of Hedge Fund is a diversified multi-strategy hedge fund targeting a cash plus return objective.
- Momentum RCIS ZAR Equity Hedge Multi Manager Qualified Investor Hedge Fund aims to deliver a hedged equity profile, and targets two-thirds of the Capped Swix upside while limiting participation to a third of the Capped Swix downside.

- Momentum Portable Alpha Hedge Building Block is a multi-manager fund targeting a return of 2% above the Capped Swix index.
- Momentum Alternative Equity Beta is a hedge fund replication product that aims to give the investor access to a typical equity hedge fund return in a liquid and cost-effective solution.

Our hedge funds are constructed using an outcome-based investing philosophy. The focus is on providing an enhanced risk-adjusted outcome, offering investors less returns and diversification compared to traditional investment solutions. These returns are a result of a combination of alpha, leverage and alternative risk premia. Our process-based approach ensures that all positions are continually evaluated against expectations, and in the context of the available opportunities.

Private equity

Private equity strategies provide diversification and access to assets and income streams typically not available to investors, eg. middle-sized growth businesses.

Our private equity focus is to provide uncorrelated outperformance at a lower volatility than what public markets and traditional asset classes offer. The private equity programmes are managed according to our outcome-based investing philosophy. We look at long-term time horizons and strategies that consistently maximise the probability of delivering the desired outcome.

As these assets are longer-term with restricted liquidity, we manage the exposures in the portfolio construction. Private equity strategies are especially suited to longer holding periods, which makes it an ideal asset class for matching liabilities such as pension funds and long-term insurers.

Our current private equity solutions objective is to outperform a targeted CPI plus 6% and CPI plus 7% benchmark.

High yield credit

Our high yield credit strategy focuses on gaining exposure to high-yielding assets that provide a diversified source of return at acceptable levels of risk. The fund targets high-yielding, illiquid investment opportunities outside of traditional markets that offer return premia that compare to those of more liquid strategies.

The fund targets a return of CPI + 6% before fees over a rolling six-year period. As a result, the fund has a “high risk” classification. The target asset-weighted average maturity of the fund is six years. Diversification is central to the risk management framework governing the funds exposure allocation.

Potential tail risks may, under extreme circumstances, generate the same kind of losses as traditional growth asset classes. Given that the underlying exposures are valued infrequently, one should also expect returns to be inconsistent. The correlation profile relative to unlisted equities also varies over time; it depends on the mix of underlying investments and how the opportunities evolve.

Real assets

The real assets strategy offers investors access to the uncorrelated returns of the real asset class. The real asset class has historically delivered reliable long-term returns, inflation protection and the ability to hedge against the volatility of equity and bond investments. In the current economic environment, real assets offer what investors are increasingly looking for – potential for steady, predictable income, potential gains and capital protection in an uncertain global environment.

The portfolio focus is on a pool of diversified, mostly private, assets that:

- generate uncorrelated risk-adjusted returns;
- deliver diversification benefits to investment portfolios; and
- create a high level of inflation beta and cash flow generation.

Real assets are critical to a functioning economy and include infrastructure, property and natural resources such as agriculture, energy resources and physical commodities. Importantly, their individual cash flow profiles have limited correlation to public markets and economic conditions.

The strategy has a long-term investment theme and aims to deliver inflation-plus returns over the full investment cycle.

The investment process, portfolio construction and ongoing monitoring benefit from our strong track record in managing assets in infrastructure, renewable energy, direct property and commodities.

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