

Momentum Enhanced Factor 4 Portfolio

May 2012

Investment strategy

This investment portfolio is aimed at members of a retirement fund who are nearing retirement. These members would have a short- to medium-term investment horizon and should be invested in less growth and more defensive assets. This is achieved by having a 35% benchmark allocation to local equities and property as well as global equities to achieve some growth. The remaining 65% is benchmarked against investments that should preserve the purchasing power of the capital accumulated. The portfolio incorporates all opportunities identified and performance fees may be paid to investment managers should they sufficiently enhance investment returns after fees.

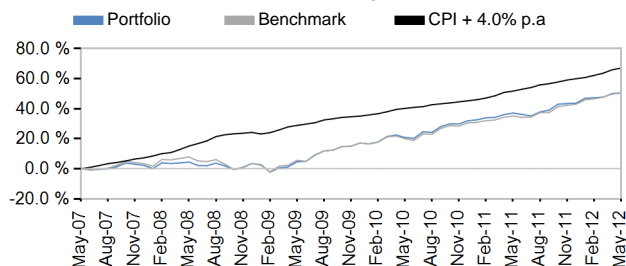
Benchmark allocation

Asset Class	Allocation	Benchmark
Local equities	22.50%	FTSE/JSE Shareholder Weighted All-Share Index
Local property	7.50%	FTSE/JSE SA Listed Property Index
Local bonds	20.00%	Bond Exchange Association of SA All Bond Index
Local cash	17.50%	Short-term Fixed Interest Composite Index
Local ILB	12.50%	Barclays BEASSA SA Government ILB Index
Local commodities	5.00%	Short-term Fixed Interest Composite Index
Global equities	5.00%	MSCI All Countries World Index
Global bonds	10.00%	Citigroup World Government Bond Index

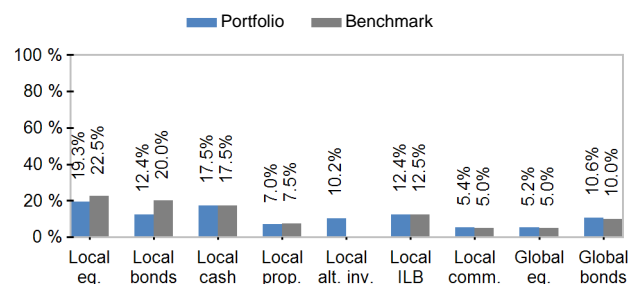
Investment returns

	One Month	Three Months	One Year	Three Years	Five Years	Since Inception
Portfolio	0.47%	2.19%	9.75%	12.90%	8.52%	13.15%
Benchmark	0.35%	2.84%	11.51%	12.59%	8.54%	13.06%
CPI + 4.0% p.a			10.12%	9.05%	10.81%	9.81%

Cumulative investment returns for five years



Asset allocation



Investment portfolio mandate

The long-term return objective of this portfolio is inflation plus 4% a year over four-year rolling periods. All combinations of asset classes are considered and an optimum allocation is selected to achieve this objective with a high degree of certainty. New asset-class opportunities are continually investigated. The risk of exposure to losses in the short term is managed by maximising diversification to specialist investment managers, predominantly active strategies and asset classes. This portfolio is managed in accordance with the investment limitations set out in Regulation 28 of the Pension Funds Act.

Investment portfolio information and risk analysis

Inception date	July 1999	
Investment horizon	Short to medium term	
Risk profile		
Policy fee		1.5%
(Calculation based on five-year period)	Portfolio	Benchmark
Volatility	5.8%	6.2%
Maximum drawdown	-6.4%	-9.2%
Active risk	1.4%	

Investment manager allocation and returns

	One Month	One Year	Weighting
Local equity managers			
Allan Gray	-2.70%	8.12%	2.5%
Coronation	-3.53%	6.46%	1.9%
Prudential	-3.22%	8.43%	1.0%
Foord	-4.14%	16.83%	1.7%
Re:CM	-2.61%	3.09%	0.9%
Sanlam Investment Management	-2.81%		0.9%
Momentum Alternative Inv. (private equity 2)	0.09%		0.1%
Fairtree			0.7%
Truffle			0.5%
Local property managers			
Catalyst	0.52%	18.01%	4.8%
Meago	0.04%		2.4%
Local bond managers			
Coronation	-0.08%	12.11%	3.2%
Prescient	0.78%	9.66%	2.1%
Momentum Asset Management	-0.89%	11.31%	7.2%
Futuregrowth	-0.17%	13.05%	1.3%
Local cash managers			
Cadiz	0.45%	5.88%	1.0%
Liquidity			0.8%
Momentum Asset Management	0.55%	7.07%	0.2%
Prescient	0.49%	6.05%	0.3%
Local TAA managers			
Prescient	-0.58%	9.42%	5.1%
Local absolute-return managers			
Momentum Alternative Investments Moderate FoF	0.18%	5.54%	4.1%
Momentum Alternative Investments Aggressive FoF	-0.29%		2.1%
Momentum Alternative Investments Stable FoF	1.04%		4.1%
Prescient	-0.62%	2.65%	11.5%
Cadiz	-3.58%	1.39%	11.4%
Investec	0.49%	7.56%	6.9%
Local commodities managers			
Absa Capital	5.08%	25.89%	5.4%
Global managers			
Momentum Global Equity	1.57%	13.27%	5.2%
Momentum Global Bonds	9.46%	27.26%	10.8%
Total			100%

Comments

The inception date of the portfolio is 1 July 2011 and portfolio and benchmark returns for the Momentum Enhanced Factor 4 Portfolio have been used since then. Portfolio and benchmark returns for Momentum High Interest Portfolio have been used from July 1999.

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