Momentum Classic Factor Portfolio Range

Momentum Classic Factor 6 Portfolio

Factsheet at 29 February 2020

Target return: CPI + 6% p.a.

Investment horizon: Six 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 medium- to long-term investment horizon and, therefore, the aim is to maintain exposure of between 77.5% and 90% to growth asset classes (local and global equities and property), with a small allocation to defensive asset classes. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), but excludes the exposure to alternative asset classes. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

Portfolio information

Launch date: July 2000

Benchmark: Composite: Local equity 45%; Local property 13.5%; Local bond 7%; Local ILB 3.5%; Local cash 2.5%; Global equity 23.5%; Global property 3%; Global bond 2%

Target: Inflation plus 6% a year over six-year rolling periods

Reg. 28 compliant: Yes

Hit rate

Portfolio 73.33%

Average shortfall

Portfolio -1.68%

Long-term outcomes

Return over the investment horizon

Portfolio 6.50%

Benchmark 6.35%

Target 11.02%

The annualised return over the investment horizon of the portfolio.

Short-term risk

Risk of negative one-year return

Portfolio 11.11%

Benchmark 10.67%

Target 0.00%

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

Minimum one-year returns

Portfolio -9.98%

Benchmark -13.55%

Target 6.80%

The worst one-year return with a 5% likelihood.

Average shortfall

Portfolio -1.68%

Rolling returns

Portfolio returns relative to the target over rolling periods of the investment horizon since launch.
### Investment returns

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>One month</th>
<th>Three months</th>
<th>One year</th>
<th>Two years</th>
<th>Three years</th>
<th>Four years</th>
<th>Five years</th>
<th>Six years</th>
<th>Seven years</th>
<th>Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark</td>
<td>-7.27%</td>
<td>-6.32%</td>
<td>-2.06%</td>
<td>-0.20%</td>
<td>3.43%</td>
<td>4.02%</td>
<td>3.90%</td>
<td>6.35%</td>
<td>7.98%</td>
<td>12.08%</td>
</tr>
<tr>
<td>Risk-adjusted ratio</td>
<td>0.73</td>
<td>0.88</td>
<td>0.92</td>
<td>1.33</td>
<td>1.73</td>
<td>2.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>0.74%</td>
<td>2.06%</td>
<td>10.49%</td>
<td>10.25%</td>
<td>10.29%</td>
<td>10.86%</td>
<td>11.13%</td>
<td>11.02%</td>
<td>11.13%</td>
<td>11.55%</td>
</tr>
</tbody>
</table>

1. The benchmark is calculated using the strategic allocation weightings below.
2. A ratio of the actual return achieved per unit of risk taken.

### Index returns

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Index</th>
<th>One month</th>
<th>One year</th>
<th>Two years</th>
<th>Three years</th>
<th>Five years</th>
<th>Six years</th>
<th>Strategic allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local equity</td>
<td>FTSE/JSE Shareholder Weighted Capped Index</td>
<td>-9.55%</td>
<td>-9.57%</td>
<td>-7.90%</td>
<td>-1.06%</td>
<td>-0.21%</td>
<td>3.10%</td>
<td>45.00%</td>
</tr>
<tr>
<td>Local property</td>
<td>FTSE/JSE SA Listed Property Index</td>
<td>-15.69%</td>
<td>-19.09%</td>
<td>-12.42%</td>
<td>-10.36%</td>
<td>-4.76%</td>
<td>2.07%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Local bond</td>
<td>JSE ASSA All Bond Index</td>
<td>-0.04%</td>
<td>8.91%</td>
<td>6.54%</td>
<td>9.07%</td>
<td>7.24%</td>
<td>8.51%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>0.54%</td>
<td>3.55%</td>
<td>1.63%</td>
<td>1.27%</td>
<td>3.08%</td>
<td>4.50%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Local cash</td>
<td>Short-term Fixed Interest Composite Index</td>
<td>0.54%</td>
<td>7.26%</td>
<td>7.26%</td>
<td>7.33%</td>
<td>7.22%</td>
<td>7.02%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>-3.70%</td>
<td>15.09%</td>
<td>15.60%</td>
<td>12.83%</td>
<td>11.45%</td>
<td>12.37%</td>
<td>23.50%</td>
</tr>
<tr>
<td>Global property</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>-3.90%</td>
<td>15.18%</td>
<td>24.47%</td>
<td>11.72%</td>
<td>10.40%</td>
<td>12.98%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Global bond</td>
<td>FTSE World Government Bond Index</td>
<td>5.25%</td>
<td>19.12%</td>
<td>18.55%</td>
<td>10.66%</td>
<td>8.90%</td>
<td>8.04%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

<table>
<thead>
<tr>
<th>Asset class</th>
<th>BlueAlpha</th>
<th>Fairtree</th>
<th>Foord</th>
<th>Momentum Capped SWIX Index</th>
<th>Momentum Quality Equity</th>
<th>Momentum Value Equity</th>
<th>Perpetua</th>
<th>Prudential</th>
<th>Sanlam Investment Management</th>
<th>Truffle</th>
<th>Catalyst</th>
<th>Meago</th>
<th>Momentum Investments</th>
<th>ALUWANI (ILB)</th>
<th>Futuregrowth</th>
<th>Momentum Flexible Bond</th>
<th>Momentum ILB</th>
<th>ALUWANI</th>
<th>Liquidity</th>
<th>Momentum Enhanced Yield</th>
<th>Coherent (Commodity)</th>
<th>Global equity</th>
<th>Global property</th>
<th>Global bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year</td>
<td>-10.33%</td>
<td>0.39%</td>
<td>-8.78%</td>
<td>-9.81%</td>
<td>0.04%</td>
<td>-12.93%</td>
<td>-12.06%</td>
<td>-2.84%</td>
<td>-0.43%</td>
<td>-19.05%</td>
<td>-19.17%</td>
<td>0.43%</td>
<td>-18.70%</td>
<td>2.24%</td>
<td>12.01%</td>
<td>4.68%</td>
<td>2.72%</td>
<td>8.75%</td>
<td>0.01%</td>
<td>8.68%</td>
<td>11.14%</td>
<td>14.52%</td>
<td>18.08%</td>
<td></td>
</tr>
<tr>
<td>Three years</td>
<td>1.27%</td>
<td>6.39%</td>
<td>-4.56%</td>
<td>-4.83%</td>
<td>5.16%</td>
<td>-4.83%</td>
<td>1.18%</td>
<td>3.97%</td>
<td>9.69%</td>
<td>-8.35%</td>
<td>-9.71%</td>
<td>1.6%</td>
<td>9.16%</td>
<td>1.95%</td>
<td>11.23%</td>
<td>8.43%</td>
<td>9.85%</td>
<td>9.03%</td>
<td>8.12%</td>
<td>8.85%</td>
<td>12.98%</td>
<td>16.51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seven years</td>
<td>6.39%</td>
<td>11.63%</td>
<td>4.52%</td>
<td>4.52%</td>
<td>9.69%</td>
<td>4.83%</td>
<td>7.49%</td>
<td>10.26%</td>
<td>9.69%</td>
<td>4.43%</td>
<td>3.16%</td>
<td>9.8%</td>
<td>3.16%</td>
<td>4.23%</td>
<td>9.45%</td>
<td>8.85%</td>
<td>9.85%</td>
<td>8.12%</td>
<td>8.12%</td>
<td>8.85%</td>
<td>16.51%</td>
<td></td>
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</tr>
</tbody>
</table>

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).

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The cumulative returns of the portfolio and its target from launch to December 2019 are shown in the graph. The cumulative return for the portfolio is 951.17%, compared to 749.38% for the target.

**Effective asset allocation**

- **Local equity**: 43.67%
- **Local property**: 9.62%
- **Local bonds**: 7.79%
- **Local cash**: 3.72%
- **Local ILB**: 3.13%

**Global allocations**

- **Global equity**: 25.48%
- **Global property**: 3.21%
- **Global bonds**: 2.11%
Quarterly portfolio commentary for Q4 2019

Global equity markets rallied on the US-China trade deal and posted solid returns in the fourth quarter of 2019.

The JSE along with most Emerging markets benefitted from the improved risk sentiment and erased the losses experienced during the third quarter.

The Rand strengthened during December despite poor local economic news.

The portfolio returned 3.08% for the three months, which outperformed the benchmark of 2.36%.

The tactical overweight position in local equity and underweight position in local property contributed to the relative performance of the portfolio.

The local equity building block was a further source of alpha during this period.

Notes

The benchmark for the local equity component was changed on 1 November 2017 from the FTSE/JSE Shareholder Weighted Index to the FTSE/JSE Shareholder Weighted Capped Index.

Changes were made to the strategic asset allocations on 30 May 2014 and the benchmark returns were changed from 1 June 2014.

The inception date of the combined, local and global portfolios is 1 July 2011 and portfolio and benchmark returns for the Momentum Investments Classic Factor 6 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Focused 65 Portfolio have been used from July 2000 for the combined portfolio and returns for Momentum Focused 65 Domestic Portfolio have been used for the local portfolio.

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Published: 12 March 2020
Institutional on-balance-sheet portfolio

Momentum Classic Factor 6 Portfolio