Momentum Classic Factor Portfolio Range

Momentum Classic Factor 6 Portfolio

Factsheet at 31 October 2021

Target: CPI + 4% to 5%

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 an average exposure of 70% 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) and selective alternative asset classes. The allocation between asset classes is actively managed, taking the market environment into account. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters.

Performance fees may be paid within investment mandates, should they sufficiently enhance investment returns after fees. 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 42.5%; Local property 4%; Local bond 15%; Local cash 13%; Global equity 20%; Global property 2%; Global bond 3.5%

Target: Inflation plus 4% to 5% over six-year rolling periods

Reg. 28 compliant: Yes

Risk of capital loss

- Very low
- Medium
- Very high

Investment term

- Very short
- Medium
- Very long

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Long-term outcomes

Return over the investment horizon

Portfolio 6.99%

Benchmark 5.73%

The annualised return over the investment horizon of the portfolio.

Short-term risk

Risk of negative one-year return

Portfolio 13.47%

Benchmark 13.88%

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

Minimum one-year returns

Portfolio -10.93%

Benchmark -14.02%

The worst one-year return with a 95% likelihood.

Hit rate

Portfolio 82.16%

Average shortfall

Portfolio -1.89%

The percentage of times the portfolio achieved or exceeded CPI + 4% over rolling periods of the investment horizon.

The average shortfall relative to CPI + 4% over rolling periods of the investment horizon.

Rolling returns over investment horizon

Returns 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>2.40%</td>
<td>3.11%</td>
<td>26.75%</td>
<td>6.69%</td>
<td>7.43%</td>
<td>4.41%</td>
<td>6.61%</td>
<td>5.73%</td>
<td>6.94%</td>
<td>12.15%</td>
</tr>
<tr>
<td>CPI + 4%</td>
<td>0.56%</td>
<td>2.68%</td>
<td>8.97%</td>
<td>7.98%</td>
<td>8.03%</td>
<td>8.25%</td>
<td>8.42%</td>
<td>8.70%</td>
<td>8.68%</td>
<td>9.46%</td>
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</table>

1. The benchmark is calculated using the composite benchmark allocation.

<table>
<thead>
<tr>
<th>Index returns</th>
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</thead>
<tbody>
<tr>
<td>Asset class</td>
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<tr>
<td>Local equity</td>
</tr>
<tr>
<td>Local property</td>
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<tr>
<td>Local bond</td>
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<tr>
<td>Local cash</td>
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<tr>
<td>Global equity</td>
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<tr>
<td>Global property</td>
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<tr>
<td>Global bond</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment manager allocation and returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset class</td>
</tr>
<tr>
<td>Local equity</td>
</tr>
<tr>
<td>BlueAlpha</td>
</tr>
<tr>
<td>Fairtree</td>
</tr>
<tr>
<td>Foord</td>
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<tr>
<td>Momentum Systematic Strategies</td>
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<tr>
<td>Prudential</td>
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<tr>
<td>SIM</td>
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<tr>
<td>Truffle</td>
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<tr>
<td>Local property</td>
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<tr>
<td>Catalyst</td>
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<tr>
<td>Eri Social Infrastructure</td>
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<tr>
<td>Meago</td>
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<tr>
<td>Momentum Investments</td>
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<tr>
<td>Local fixed income</td>
</tr>
<tr>
<td>ALUWANI (ILB)</td>
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<tr>
<td>Flexible Fixed Interest</td>
</tr>
<tr>
<td>Futuregrowth</td>
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<tr>
<td>Momentum ILB</td>
</tr>
<tr>
<td>Local cash</td>
</tr>
<tr>
<td>ALUWANI</td>
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<tr>
<td>Liquidity</td>
</tr>
<tr>
<td>Momentum Enhanced Yield</td>
</tr>
<tr>
<td>Local alternative</td>
</tr>
<tr>
<td>Coherent (Commodity)</td>
</tr>
<tr>
<td>Global equity</td>
</tr>
<tr>
<td>Momentum Global Investment Management</td>
</tr>
<tr>
<td>Global property</td>
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<tr>
<td>Momentum Global Property</td>
</tr>
<tr>
<td>Global bond</td>
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<tr>
<td>Amundi</td>
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</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).

### Cumulative returns

The cumulative growth of the portfolio since launch compared to its target.

### Effective asset allocation

#### Local equity
- BlueAlpha: 30.64%
- Fairtree: 33.11%
- Foord: 37.91%
- Momentum Systematic Strategies: 41.08%
- Prudential: 35.48%
- SIM: 34.49%
- Truffle: 43.84%

#### Local property
- Catalyst: 72.20%
- Eri Social Infrastructure: 18.90%
- Meago: 69.72%
- Momentum Investments: 66.58%

#### Local fixed income
- ALUWANI (ILB): 15.58%
- Flexible Fixed Interest: 16.99%
- Futuregrowth: 14.00%
- Momentum ILB: 13.00%

#### Local cash
- ALUWANI: 5.15%
- Liquidity: 4.52%
- Momentum Enhanced Yield: 4.71%
- Local alternative
  - Coherent (Commodity): 3.52%

#### Global equity
- Momentum Global Investment Management: 27.46%
- Global property
  - Momentum Global Property: 31.08%
  - Global bond
    - Amundi: -7.60%

#### Local deriveatives
- Local commodities: 0.64%
- Local derivatives: 0.11%

#### Global equity
- Global property: 1.52%
- Global bonds: 1.10%
- Global cash: 0.02%

The 10-largest instruments at 30 September 2021, looking through all asset classes held.

### The 10-largest portfolio holdings

<table>
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<tr>
<th>Holding</th>
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</thead>
<tbody>
<tr>
<td>Republic Of South Africa R2048</td>
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<tr>
<td>Prosus</td>
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<tr>
<td>Naspers Limited</td>
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<tr>
<td>FirstRand Limited</td>
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<tr>
<td>Min Group Limited</td>
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<tr>
<td>Anglo American Plc</td>
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<tr>
<td>Standard Bank Group Limited Sbk</td>
</tr>
<tr>
<td>Republic Of South Africa R2035</td>
</tr>
<tr>
<td>Sasol Ltd</td>
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<tr>
<td>Impala Platinum Holdings Limited</td>
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</tbody>
</table>

The 10-largest portfolio holdings at 30 September 2021.
Quarterly portfolio commentary for Q3 2021

Regional economic fortunes are likely to remain highly divergent despite a strong rebound pencilled in for the globe as a whole. Less available fiscal and monetary policy space, as well as new and more severe virus strains in lower vaccinated countries, will likely keep the relative pace of economic recovery in emerging markets on the back foot. Despite a rapid narrowing of output gaps in many developed markets, we are not anticipating a persistent inflationary episode to follow, given that demand is unlikely to remain above supply, above productivity-related wage increases are unlikely to persist and longer-term inflation expectations remain reasonably well anchored.

While growth in the local economy staged a firmer-than-expected 7.5% rebound in the first half of the year, we expect growth to soften from here, given ongoing supply constraints, a lagging vaccination rollout plan, elevated unemployment and an adverse effect of the July riots on business confidence. Although the commodity price windfall has boosted revenues for this fiscal year, medium-term risks remain high in the context of shorter-term wage agreements and a push for pro-poor spending. We expect inflation to average close to the midpoint of the 3% to 6% inflation target range for the next three years in the absence of any currency, food or oil price shocks. As such, we view no immediate pressure on the South African Reserve Bank to raise interest rates and therefore see the risks to the first interest rate hike as being tilted towards the first quarter of 2022. We expect a gradual normalisation in interest rates to follow.

The portfolio returned 3.0% for the quarter, which outperformed the benchmark. Absolute returns were positive across all the asset classes. However, being underweight local and global property detracted from returns.

Notes

The benchmark for the local property component was changed on 1 October 2021 from the FTSE/JSE SA Listed Property Index to the FTSE/JSE All Property Index. On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 6% to a range of inflation plus 4% to 5%. Changes were made to the strategic asset allocations on 31 October 2020.

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Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, but after the deduction of performance fees on global underlying investments (where applicable). All returns are daily time-weighted returns. The return for the global component of a portfolio is generated at month-end using the global component’s last known price. The return for Consumer Price Index (CPI) is to the end of the previous month.

For investments in collective investments schemes (CIS), please refer to the minimum disclosure document (MDD), which is available from the respective CIS manager. The MDD contains important information relating to investment in the respective CIS.

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Institutional on-balance-sheet portfolio

Momentum Classic Factor 6 Portfolio