Momentum Enhanced Factor Portfolio Range

Momentum Enhanced Factor 3 Portfolio

Factsheet at 29 February 2020

**Target return:** CPI + 3% p.a.

**Investment horizon:** Three 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 preservation phase of investing. It has a short- to medium-term investment horizon and, therefore, the aim is to maintain exposure of between 27.5% and 42.5% to asset classes that should preserve the purchasing power of the capital accumulated. A large emphasis is placed on capital preservation in the shorter term, which is achieved through diversification to defensive strategies and uncorrelated return profiles. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative investments. 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: | January 2004 |
| Benchmark:   | Composite: Local equity 15%; Local property 8%; Local bond 15%; Local ILB 20%; Local cash 25%; Global equity 10%; Global property 2%; Global bond 5% |
| Target:      | Inflation plus 3% a year over three-year rolling periods |
| Reg. 28 compliant: | Yes |

<table>
<thead>
<tr>
<th>Risk of capital loss</th>
<th>Very low</th>
<th>Medium</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment term</td>
<td>Very short</td>
<td>Medium</td>
<td>Very long</td>
</tr>
</tbody>
</table>

### Long-term outcomes

**Return over the investment horizon**

**Portfolio** 5.14%

**Benchmark** 4.86%

**Target** 7.29%

The annualised return over the investment horizon of the portfolio.

**Short-term risk**

**Risk of negative one-year return**

**Portfolio** 1.09%

**Benchmark** 0.55%

**Target** 0.00%

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

**Minimum one-year returns**

**Portfolio** 1.27%

**Benchmark** 2.46%

**Target** 6.14%

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

**Hit rate**

**Portfolio** 56.60%

The percentage of times the portfolio achieved or exceeded its target over rolling periods of the investment horizon.

**Average shortfall**

**Portfolio** -1.97%

The average shortfall of the target, over rolling periods of the investment horizon.

**Rolling returns**

Portfolio returns over one-year rolling periods 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>Amundi</td>
<td>-2.26%</td>
<td>-0.67%</td>
<td>4.31%</td>
<td>4.56%</td>
<td>5.14%</td>
<td>5.29%</td>
<td>5.41%</td>
<td>6.46%</td>
<td>6.86%</td>
<td>10.01%</td>
</tr>
<tr>
<td>Benchmark1</td>
<td>-2.64%</td>
<td>-1.36%</td>
<td>3.12%</td>
<td>3.28%</td>
<td>4.86%</td>
<td>5.36%</td>
<td>5.12%</td>
<td>6.57%</td>
<td>6.85%</td>
<td>9.16%</td>
</tr>
<tr>
<td>Risk-adjusted ratio2</td>
<td>2.56</td>
<td>2.80</td>
<td>2.71</td>
<td>3.23</td>
<td>2.79</td>
<td>2.86</td>
<td>8.13%</td>
<td>8.01%</td>
<td>8.12%</td>
<td>8.50%</td>
</tr>
<tr>
<td>Target</td>
<td>0.50%</td>
<td>1.35%</td>
<td>7.49%</td>
<td>7.25%</td>
<td>7.29%</td>
<td>7.86%</td>
<td>8.13%</td>
<td>8.01%</td>
<td>8.12%</td>
<td>8.50%</td>
</tr>
</tbody>
</table>

1The benchmark is calculated using the strategic allocation weightings below.
2A 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>Seven 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>5.60%</td>
<td>15.00%</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>1.73%</td>
<td>8.00%</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>7.10%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>0.54%</td>
<td>1.55%</td>
<td>1.63%</td>
<td>1.27%</td>
<td>3.08%</td>
<td>3.77%</td>
<td>20.00%</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>6.76%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>-1.70%</td>
<td>15.09%</td>
<td>15.60%</td>
<td>12.83%</td>
<td>11.45%</td>
<td>16.19%</td>
<td>10.00%</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>14.81%</td>
<td>2.00%</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>9.74%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

<table>
<thead>
<tr>
<th>Asset class</th>
<th>One year</th>
<th>Three years</th>
<th>Seven years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local equity</td>
<td>BlueAlpha</td>
<td>-10.33%</td>
<td>1.27%</td>
</tr>
<tr>
<td></td>
<td>Fairtree</td>
<td>0.39%</td>
<td>6.39%</td>
</tr>
<tr>
<td></td>
<td>Foord</td>
<td>-8.78%</td>
<td>-4.56%</td>
</tr>
<tr>
<td></td>
<td>Momentum Capped SWIX Index</td>
<td>-9.81%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Quality Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Value Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Perpetua</td>
<td>-12.93%</td>
<td>-4.83%</td>
</tr>
<tr>
<td></td>
<td>Prudential</td>
<td>-12.06%</td>
<td>1.18%</td>
</tr>
<tr>
<td></td>
<td>Sanlam Investment Management</td>
<td>-2.84%</td>
<td>3.97%</td>
</tr>
<tr>
<td></td>
<td>Truffle</td>
<td>0.43%</td>
<td>5.16%</td>
</tr>
<tr>
<td>Local property</td>
<td>Catalyst</td>
<td>-19.05%</td>
<td>-8.35%</td>
</tr>
<tr>
<td></td>
<td>Eris</td>
<td>11.27%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meago</td>
<td>-19.17%</td>
<td>-9.71%</td>
</tr>
<tr>
<td></td>
<td>Momentum Investments</td>
<td>-18.70%</td>
<td></td>
</tr>
<tr>
<td>Local absolute-return</td>
<td>Absa</td>
<td>5.90%</td>
<td>8.07%</td>
</tr>
<tr>
<td></td>
<td>Prescient</td>
<td>3.38%</td>
<td>5.94%</td>
</tr>
<tr>
<td></td>
<td>Prudential</td>
<td>-4.77%</td>
<td>2.10%</td>
</tr>
<tr>
<td></td>
<td>Senti</td>
<td>-1.25%</td>
<td>1.06%</td>
</tr>
<tr>
<td></td>
<td>Tantaul</td>
<td>-1.78%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Local fixed income</td>
<td>ALUWANI</td>
<td>8.06%</td>
<td>8.97%</td>
</tr>
<tr>
<td></td>
<td>ALUWANI (ILB)</td>
<td>2.24%</td>
<td>1.95%</td>
</tr>
<tr>
<td></td>
<td>Momentum Alternative Inv ILB</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Flexible Bond</td>
<td>4.68%</td>
<td>8.43%</td>
</tr>
<tr>
<td></td>
<td>Momentum ILB</td>
<td>2.72%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Special Opportunities</td>
<td>10.58%</td>
<td>8.83%</td>
</tr>
<tr>
<td>Local cash</td>
<td>ALUWANI</td>
<td>8.75%</td>
<td>9.03%</td>
</tr>
<tr>
<td></td>
<td>Liquidity</td>
<td>8.01%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Enhanced Yield</td>
<td>8.68%</td>
<td></td>
</tr>
<tr>
<td>Local alternative</td>
<td>Coherent (Commodity)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Alternative Inv (private equity BB)</td>
<td>4.17%</td>
<td>2.10%</td>
</tr>
<tr>
<td></td>
<td>Momentum Alternative Inv Aggressive FoF</td>
<td>-1.50%</td>
<td>1.47%</td>
</tr>
<tr>
<td></td>
<td>Momentum Alternative Inv Moderate FoF</td>
<td>14.76%</td>
<td>8.62%</td>
</tr>
<tr>
<td>Global equity</td>
<td>Momentum Global Investment Management</td>
<td>11.14%</td>
<td>12.98%</td>
</tr>
<tr>
<td>Global property</td>
<td>Momentum Global Property</td>
<td>14.52%</td>
<td></td>
</tr>
<tr>
<td>Global bond</td>
<td>Amundi</td>
<td>18.08%</td>
<td>10.19%</td>
</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).

### Cumulative returns

- Portfolio (360.01%)
- Target (272.71%)

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

### Effective asset allocation

- Local bonds
- Local equity
- Local ILB
- Local cash
- Local property
- Local hedge funds
- Local commodities
- Local derivatives
- Global equity
- Global bonds
- Global property

Where 20.35% refers to Local bonds.
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 1.06% for the three months, which outperformed the benchmark of 0.83%.

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

The overweights in local bonds and underweight position in Inflation-linked bonds was a further source of alpha during this period.

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 Enhanced Factor 3 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Investments Absolute Strategies Portfolio have been used from January 2004.

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