

## Momentum Flexible Factor Portfolio Range

### Momentum Flexible Factor 5 Portfolio

Factsheet at 30 September 2024

**Target:** CPI + 3% to 4%

**Investment horizon:** Five years

**Investments managed by:** Momentum Outcome-based Solutions (Pty) Ltd

#### Momentum outcome-based investing philosophy

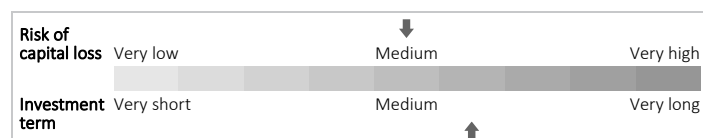
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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

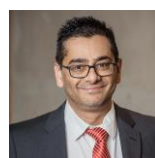
This portfolio is aimed at investors who are in the consolidation phase of investing. It has a medium-term investment horizon and, therefore, the aim is to maintain an average exposure of 56% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. The portfolio consists of the full universe of asset classes, including global investments of up to 45%, and alternative asset classes. The allocation between asset classes, within these balanced mandates, 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

<b>Launch date:</b>	March 2011
<b>Benchmark:</b>	Composite: Local equity 30%; Local property 2.5%; Local bond 23%; Local cash 12%; Global equity 20%; Global property 3.5%; Global bond 5%; Global cash 4%
<b>Target:</b>	Inflation plus 3% to 4% over five-year rolling periods
<b>Reg. 28 compliant:</b>	Yes



#### Portfolio managers



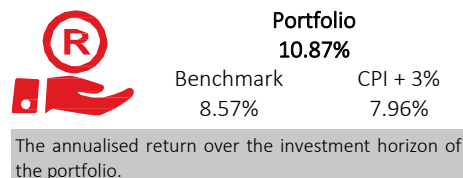
**Mohammed Sibda**  
BCom



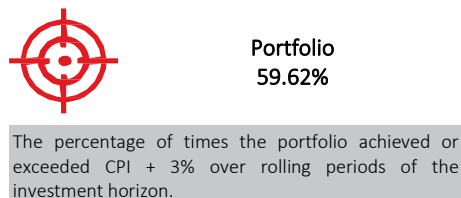
**Nina Saad**  
BSc, CFA

#### Long-term outcomes

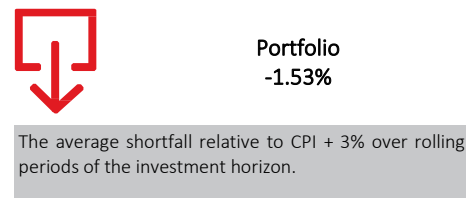
##### Return over the investment horizon



##### Hit rate

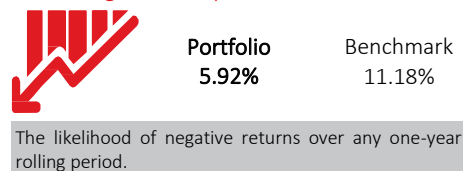


##### Average shortfall

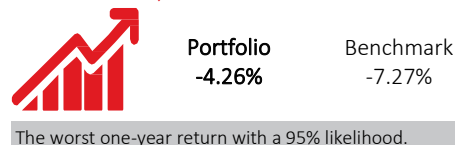


#### Short-term risk

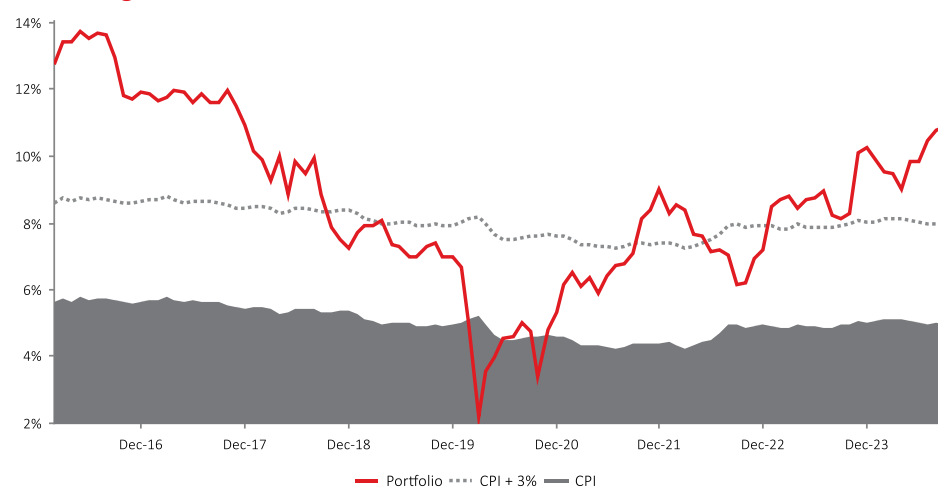
##### Risk of negative one-year return



##### Minimum one-year returns



#### Rolling returns over investment horizon



Returns over rolling periods of the investment horizon since launch.

## Investment returns

	One month	Three months	One year	Two years	Three years	Four years	Five years	Six years	Seven years	Launch
<b>Portfolio</b>	<b>2.05%</b>	<b>5.80%</b>	<b>19.03%</b>	<b>16.22%</b>	<b>11.76%</b>	<b>14.11%</b>	<b>10.87%</b>	<b>9.87%</b>	<b>8.96%</b>	<b>10.29%</b>
Benchmark <sup>1</sup>	2.21%	6.38%	20.68%	16.50%	10.78%	12.13%	8.57%	7.66%	7.06%	9.46%
Risk-adjusted ratio <sup>2</sup>					1.57	1.89	1.10	1.04	0.97	1.39
CPI + 3%	0.33%	1.34%	7.41%	7.61%	8.61%	8.43%	7.96%	7.85%	7.86%	8.26%

<sup>1</sup>The benchmark is calculated using the composite benchmark allocation.

<sup>2</sup>A ratio of the actual return achieved per unit of risk taken.

## Index returns

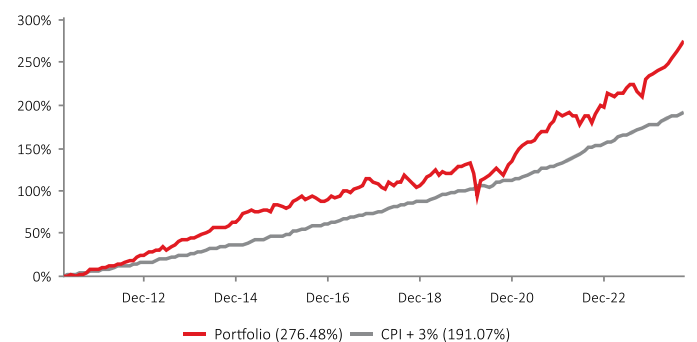
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	3.97%	25.41%	18.45%	12.36%	11.92%	8.05%	<b>30.00%</b>
Local property	FTSE/JSE All Property Index	5.16%	50.97%	30.56%	15.33%	5.05%	0.22%	<b>2.50%</b>
Local bond	FTSE/JSE All Bond Index	3.86%	26.14%	16.30%	11.14%	9.84%	9.67%	<b>23.00%</b>
Local cash	STeFI Composite Index	0.67%	8.57%	8.03%	6.87%	6.12%	6.46%	<b>12.00%</b>
Global equity	MSCI All Countries World Index	0.20%	20.57%	23.06%	12.87%	15.14%	13.84%	<b>20.00%</b>
Global property	FTSE EPRA/NAREIT Developed Index	1.30%	19.15%	13.56%	6.09%	4.95%	8.01%	<b>3.50%</b>
Global bond	FTSE World Government Bond Index	-1.26%	1.69%	3.88%	0.03%	0.46%	2.99%	<b>5.00%</b>
Global cash	ICE BofA US 1-Month Treasury Bill Index	-2.53%	-3.35%	3.11%	8.64%	5.16%	6.02%	<b>4.00%</b>

## Investment manager returns

	One year	Three years	Seven years
<b>Local balanced</b>			
Abax Investments	25.54%	15.83%	10.40%
Coronation	26.73%	12.69%	9.92%
Foord	25.44%	13.48%	8.75%
Ninety One	23.93%	11.05%	9.28%
<b>Local absolute-return</b>			
Laurium	19.99%	11.31%	8.78%
M&G Investments	22.01%	11.65%	8.85%
Prescient	16.83%	10.55%	8.15%
Sanlam Investment Management	14.82%	10.64%	10.00%
Sentio	20.70%	9.18%	7.52%
<b>Local cash</b>			
ALUWANI	9.96%	8.22%	7.88%
Momentum Enhanced Yield	10.09%	8.22%	
Momentum Money Market	9.48%	7.75%	
<b>Local alternative</b>			
Momentum Aggressive FoHF	21.24%	13.34%	7.90%
Momentum Alternative Inv. (private equity BB)	4.58%	13.57%	5.22%
Momentum Moderate FoHF	14.03%	11.66%	8.94%
Momentum Portable Alpha FoHF	35.07%	17.65%	10.44%
Momentum Special Opportunities	4.41%	7.65%	7.78%
<b>Global equity</b>			
Momentum Global Investment Management	20.39%	12.78%	13.97%
<b>Global property</b>			
Momentum Global Property	16.97%	4.44%	
<b>Global bond</b>			
Amundi	2.60%	1.21%	3.60%
<b>Global cash</b>			
State Street	-3.31%		

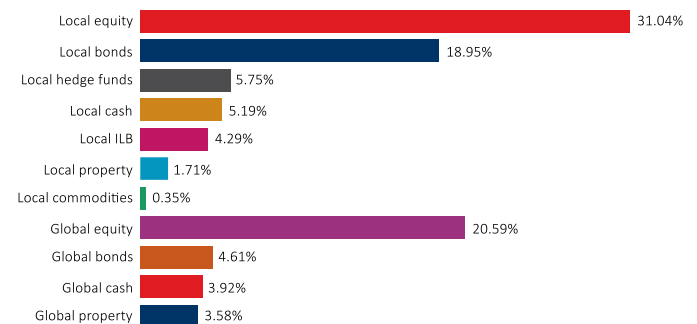
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

## Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 3%.

## Effective asset allocation



## The 10-largest portfolio holdings

Holding	Percentage
Meta Platforms Inc	6.25%
Realfin Collective Investment Scheme MMEHB2	2.65%
Naspers Limited	2.48%
FirstRand Limited	1.96%
Republic of South Africa R2040	1.96%
Prosus NV N	1.82%
Apple Inc	1.39%
Republic of South Africa R2037	1.34%
Nvidia Corporation	1.23%
Microsoft Corp	1.22%

The 10-largest instruments at 30 August 2024, looking through all asset classes held.



## Quarterly portfolio commentary for Q3 2024

After robust growth in 2023, the United States (US) economy seems poised for a slowdown from an estimated 2.5% this year to an expected 1.8% in next, with the labour market expected to lose steam. This could leave growth vulnerable to shocks, such as a further escalation in the Middle Eastern conflict. With inflation no longer casting its long shadow over the US economy, attention has swiftly shifted to concerns over the cooling labour market. Following a robust September 2024 non-farm payrolls report and a 50-basis point interest rate cut, futures markets have repriced expected interest rates by the end of 2025 to 3.4%.

For South African (SA) investors, we maintain a preference for domestic asset classes over global assets in the coming year, driven by more attractive valuations and the potential for rand strength. Historically, falling interest rate cycles have been positive for US equity returns only when there was no subsequent US recession, while US equity returns were meaningfully negative when recessions followed rate-cutting cycles. Even if no recession materialises, the magnitude of further US equity upside should be constrained by the very strong returns experienced prior to the commencement of this falling rate cycle.

Following the national elections, the SA political landscape saw a seismic shift with the formation of a government of national unity (GNU). The initial reaction was marked by scepticism, as many doubted whether a coalition of ideologically mismatched parties could govern effectively. However, there are early signs pointing towards efforts to collaborate. Investors, businesses and consumers have responded with increased confidence, and the absence of load shedding has undoubtedly lifted the national mood. Although structural challenges continue to weigh on SA, keeping our growth forecast at a modest 1% for this year and 1.8% for the next, the recent formation of a GNU has reignited hopes of faster growth in the longer term. Despite a projected fall in headline inflation from 4.7% this year to an average of 4.3% next year, the SA Reserve Bank is unlikely to cut interest rates aggressively beyond neutral, given the upside risks to inflation.

SA equities typically perform well in falling global and local rate cycles, with strong absolute and relative returns versus SA bonds. Positive GNU sentiment has only started to narrow the huge SA equity valuation discount. SA bond yields are still attractive against their history in real terms, as well as relative to those in developed and emerging markets.

The portfolio delivered a return of 5.8% for the quarter which is below the benchmark.



## Notes

Changes were made to the strategic asset allocations on 1 July 2023.

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 5% to a range of inflation plus 3% to 4%.

Changes were made to the strategic asset allocations on 31 October 2020.



## Disclosures

The investment policy is underwritten by Momentum Metropolitan Life Limited, which is a registered insurer under the Insurance Act, 18 of 2017. This investment portfolio is administered and managed by Momentum Outcome-based Solutions (Pty) Ltd (which is part of the Momentum Multi-Manager unit), an authorised financial services provider (FSP No. 19840) under the Financial Advisory and Intermediary Services Act No.37 of 2002 (FAIS Act), as may be amended and/or replaced from time to time, and a part of Momentum Group Limited (formerly Momentum Metropolitan Holdings Limited), rated B-BBEE level 1.

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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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