Momentum Flexible Factor Portfolio Range

Momentum Flexible Factor 7 Portfolio

Factsheet at 30 November 2019

Target return: CPI + 7% p.a.
Investment horizon: Seven 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 long-term investment horizon and, therefore, the aim is to maintain exposure of between 82.5% and 90% to growth asset classes (local and global equities and property). The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative investments. The allocations between asset classes, within these balanced mandates, are actively managed. 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 2000
Benchmark: Composite: Local equity 46.5%; Local property 15%; Local bond 4%; Local ILB 3%; Local cash 1.5%; Global equity 25%; Global property 3.5%; Global bond 1.5%
Target: Inflation plus 7% a year over seven-year rolling periods
Reg. 28 compliant: Yes

Risk of capital loss
- Very low
- Medium
- Very high

Investment term
- Very short
- Medium
- Very long

Long-term outcomes

Return over the investment horizon

Portfolio 9.80%
Benchmark 9.96%
Target 12.15%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio 62.18%

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

Average shortfall

Portfolio -1.18%

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

Short-term risk

Risk of negative one-year return

Portfolio 10.09%
Benchmark 10.53%
Target 0.00%

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

Minimum one-year returns

Portfolio -13.35%
Benchmark -14.73%
Target 7.80%

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

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>-0.88%</td>
<td>3.10%</td>
<td>10.17%</td>
<td>0.62%</td>
<td>6.31%</td>
<td>4.84%</td>
<td>6.34%</td>
<td>8.22%</td>
<td>9.96%</td>
<td>13.16%</td>
</tr>
<tr>
<td>Risk-adjusted ratio</td>
<td>1.83</td>
<td>1.59</td>
<td>2.05</td>
<td>2.29</td>
<td>2.71</td>
<td>2.29</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>0.57%</td>
<td>2.21%</td>
<td>10.66%</td>
<td>11.38%</td>
<td>11.54%</td>
<td>11.99%</td>
<td>11.93%</td>
<td>12.09%</td>
<td>12.15%</td>
<td>12.66%</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>Seven years</th>
<th>Strategic allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local equity</td>
<td>FTSE/JSE Shareholder Weighted Capped Index</td>
<td>-1.47%</td>
<td>6.23%</td>
<td>-3.53%</td>
<td>3.22%</td>
<td>3.09%</td>
<td>7.77%</td>
<td>46.50%</td>
</tr>
<tr>
<td>Local property</td>
<td>FTSE/JSE SA Listed Property Index</td>
<td>0.81%</td>
<td>2.98%</td>
<td>-9.96%</td>
<td>-1.70%</td>
<td>1.86%</td>
<td>5.90%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Local bond</td>
<td>JSE ASSA All Bond Index</td>
<td>0.22%</td>
<td>9.00%</td>
<td>11.01%</td>
<td>9.30%</td>
<td>7.02%</td>
<td>7.10%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>-1.47%</td>
<td>2.04%</td>
<td>3.20%</td>
<td>1.14%</td>
<td>2.69%</td>
<td>4.05%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Local cash</td>
<td>Short-term Fixed Interest Composite Index</td>
<td>0.56%</td>
<td>7.31%</td>
<td>7.28%</td>
<td>7.38%</td>
<td>7.19%</td>
<td>6.69%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>-0.46%</td>
<td>20.26%</td>
<td>9.57%</td>
<td>12.94%</td>
<td>12.94%</td>
<td>17.38%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Global property</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>-3.53%</td>
<td>23.69%</td>
<td>12.91%</td>
<td>11.85%</td>
<td>12.80%</td>
<td>16.29%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Global bond</td>
<td>FTSE World Government Bond Index</td>
<td>-1.33%</td>
<td>13.99%</td>
<td>6.27%</td>
<td>5.30%</td>
<td>7.73%</td>
<td>8.06%</td>
<td>1.50%</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 property</td>
<td>Catalyst</td>
<td>2.92%</td>
<td>0.31%</td>
</tr>
<tr>
<td></td>
<td>Meago</td>
<td>2.78%</td>
<td>-1.03%</td>
</tr>
<tr>
<td></td>
<td>Momentum Investments</td>
<td>3.61%</td>
<td></td>
</tr>
<tr>
<td>Local balanced</td>
<td>Abax Investments</td>
<td>12.66%</td>
<td>6.12%</td>
</tr>
<tr>
<td></td>
<td>Coronation</td>
<td>12.55%</td>
<td>5.42%</td>
</tr>
<tr>
<td></td>
<td>Foord</td>
<td>8.26%</td>
<td>2.64%</td>
</tr>
<tr>
<td></td>
<td>Investec</td>
<td>9.82%</td>
<td>5.78%</td>
</tr>
<tr>
<td></td>
<td>Prescient</td>
<td>8.50%</td>
<td>6.32%</td>
</tr>
<tr>
<td>Local fixed income</td>
<td>ALUWANI</td>
<td>8.79%</td>
<td>9.21%</td>
</tr>
<tr>
<td></td>
<td>Momentum Special Opportunities</td>
<td>10.69%</td>
<td></td>
</tr>
<tr>
<td>Local cash</td>
<td>ALUWANI</td>
<td>8.72%</td>
<td>9.11%</td>
</tr>
<tr>
<td></td>
<td>Liquidity</td>
<td>7.99%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Momentum Enhanced Yield</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local alternative</td>
<td>Momentum Aggressive FoHF</td>
<td>5.45%</td>
<td>3.10%</td>
</tr>
<tr>
<td></td>
<td>Momentum Alternative Inv. (private equity BB)</td>
<td>4.89%</td>
<td>3.53%</td>
</tr>
<tr>
<td></td>
<td>Momentum Portable Alpha FoHF</td>
<td>6.98%</td>
<td>5.70%</td>
</tr>
<tr>
<td>Global equity</td>
<td>Momentum Global Investment Management</td>
<td>20.92%</td>
<td>13.67%</td>
</tr>
<tr>
<td>Global property</td>
<td>Momentum Global Property</td>
<td>21.66%</td>
<td></td>
</tr>
<tr>
<td>Global balanced</td>
<td>Foord</td>
<td>16.11%</td>
<td>8.76%</td>
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<td></td>
<td>Investec</td>
<td>18.73%</td>
<td>11.12%</td>
</tr>
<tr>
<td></td>
<td>Orbis</td>
<td>12.59%</td>
<td>6.36%</td>
</tr>
<tr>
<td>Global bond</td>
<td>Amundi</td>
<td>15.15%</td>
<td>5.45%</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

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

### Effective asset allocation

- Local equity: 36.33%
- Local bonds: 10.43%
- Local cash: 7.40%
- Local property: 7.40%
- Local hedge funds: 6.84%
- Local derivatives: 0.61%
- Global equity: 3.74%
- Global bonds: 9.34%
- Global cash: 0.91%
- Global other: 0.11%
- Global commodities: 0.07%
Quarterly portfolio commentary for Q3 2019

Growth asset classes experienced another difficult quarter with the uncertainty around Brexit, on-going trade tensions between the US and China as well as fears of a global economic recession weighing down markets.

Local equity and property were the worst-performing asset classes and the rand experienced a sharp sell off towards the end of July 2019.

The portfolio returned 1.49% for the three months, which outperformed the benchmark of negative 0.53%.

The outperformance was attributable to the local multiple balanced building block as well as overweight global equity and property positions.

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 March 2011 and portfolio and benchmark returns for the Momentum Investments Flexible Factor 7 Portfolios have been used since then. Portfolio and benchmark returns for Momentum Fulcrum Aggressive Portfolio have been used from January 2000.

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Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, except where a portfolio includes underlying investments where fees are deducted from the return, but after the deduction of performance-based fees. 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.

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Contact and other information

Momentum FundsAtWork

269 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

T +27 (0)86 065 7585

F +27 (0)12 675 3970

Email FAWInvestmentQueries@momentum.co.za

Web www.momentum.co.za/FundsAtWork

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Institutional on-balance-sheet portfolio