momentum
corporate

FAW - Momentum Multi-Manager Portfolios

Momentum Multi-Manager Money Market Portfolio

Factsheet at 30 September 2024

Investment horizon: One year

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.

Investment mandate

The portfolio has a maximum average duration of one year. The maximum instrument maturity of two years enables the portfolio to outperform short-term money-market rates, while limiting exposure to the longer end of the money-market curve.

Investment strategy

This investment portfolio provides preservation of capital while maintaining full liquidity. It is exclusively invested in South African money-market instruments and other cash or near-cash instruments. It will exhibit very low levels of volatility. However, the lower volatility is at the expense of the higher long-term investment returns in light of the absence of exposure to other long-term capital growth asset classes.

Portfolio information

Launch date:	May 1998
Benchmark:	Short-term Fixed Interest Composite Index
Reg. 28 compliant:	Yes

Risk of capital loss	Very low	Medium	Very high
Investment term	Very short	Medium	Very long

Portfolio managers

Mohammed Sibda
BCom

Nina Saad
BSc, CFA

Long-term outcomes

Return over the investment horizon

Portfolio	Benchmark
9.97%	8.57%

The annualised return over the investment horizon of the portfolio.

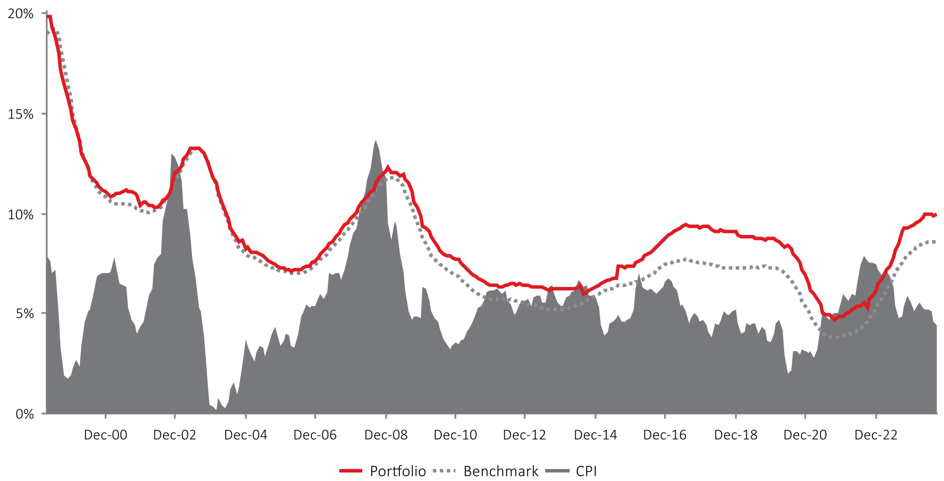
Short-term risk

Risk of negative one-year return

Portfolio	Benchmark
0.00%	0.00%

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

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
Portfolio	**0.83%**	**2.50%**	**9.97%**	**9.54%**	**8.11%**	**7.28%**	**7.37%**	**7.60%**	**7.81%**	**9.08%**
Benchmark	0.67%	2.07%	8.57%	8.03%	6.87%	6.09%	6.12%	6.32%	6.46%	8.28%
Risk-adjusted ratio[1]					12.94	10.94	12.01	13.10	13.88	10.74

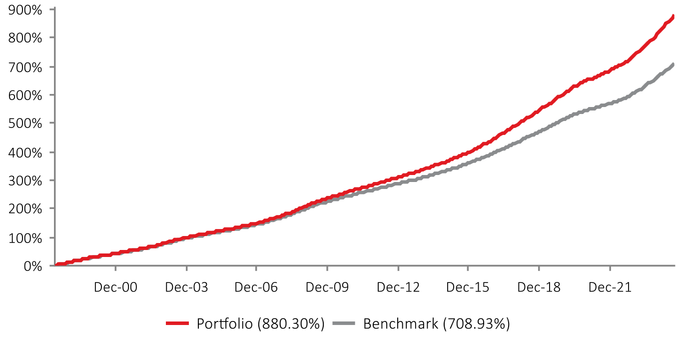
[1]A ratio of the actual return achieved per unit of risk taken.

Investment manager returns

	One year	Three years	Seven years
Local cash			
ALUWANI	9.96%	8.22%	7.88%
Momentum Enhanced Yield Fund	10.09%	8.22%	
Momentum Money Market	9.48%	7.75%	

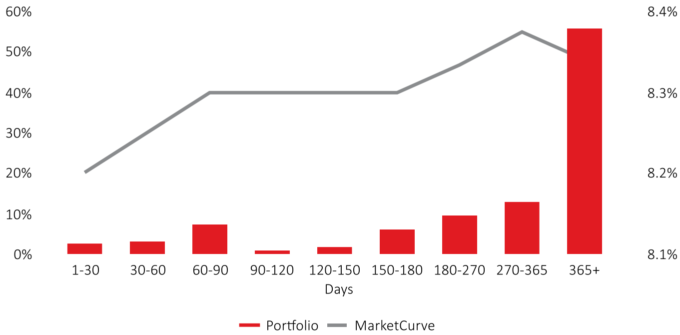
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Term to maturity allocation and MarketCurve



The 10-largest portfolio holdings

Holding	
Firstrand Bank Limited	4.51%
Toyota Financial Services (South Africa) (Pty) Ltd	3.41%
Standard Bank Of South Africa Limited MYFRN3639	3.33%
Standard Bank Of South Africa Limited SSN120	3.31%
Standard Bank Of South Africa Limited SBS70	2.11%
Clindeb Investments Pty Ltd	2.05%
Discovery Limited	1.96%
Telkom Sa SOC Limited	1.93%
Nedbank Limited	1.70%
Absa Bank Limited	1.47%

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% next year, 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%.

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, early signs point 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.

Q3 saw fixed income asset classes continue to deliver stellar performance as yields surged lower across the board. Leading the way was listed property with a massive 18.70% gain, while the ALBI returned 10.54% as yields rallied an average 125 bps across the curve. Both ILB’s and the ZAR performed strongly, with the IGOV delivering 4.83% and the currency gaining 5.20% against the dollar. Cash (STeFI) delivered its customary 2.07%, which in itself is a decent return, but it was made to look pedestrian relative to the other asset classes.

Currently credit exposure in the building block is at the lowest levels it has been for many years with Prescient only investing in South African government debt at present.

For the quarter, the building block delivered a return of 11.41% compared to the ALBI’s 10.54%. Measured over an appropriate investment term of three years, the building block yielded 11.81% compared to the ALBI’s 11.14%. Measured over a five-year period, it yielded 9.52% compared to the 9.84% generated by the ALBI. The latter period includes the worst performance experienced by the ALBI at the start of the COVID-19 pandemic in 2020.

All the sectors delivered strong absolute performances for the quarter. The 1-3-years sector was the weakest-performing sector with a return of 3.74%, The 3-7-years sector had a return of 7.77%, the 7-12-years sector returned 11.01%, whilst the 12+ years sector was the strongest performer with a stellar return of 14.71%.

Prescient had a fairly large exposure to the 12-plus-years sector of the yield curve at the end of the quarter down from the previous quarter’s 50.31%, with a 43.03% exposure compared to the ALBI at 41.90%. Prescient also had a large overweight exposure to the 7-12-years sector (54.95% as opposed to the ALBI’s 24.94%). The overweight positioning to these two sectors contributed positively to the relative return for the quarter. Coronation on the other hand, ended the quarter being underweight the 12+-years sector (31.70%). Coronation’s exposure to ILB’s (7.01%) detracted from the relative returns, but Listed Property (1.67%) added to the relative returns as these two asset classes delivered 4.83% and 18.70% respectively for the quarter. Coronation’s exposure to the 7-12-years sector was at 33.95%.

The building block allocation to listed property (0.84%) added marginally to the returns on a relative basis (SAPY at 18.70%). The allocation to ILBs (3.52%), also detracted from the relative returns of the building block, as this asset class delivered a mere 4.83% for the quarter.At the end of the quarter, the building block had a duration position of 6.15 years compared to the ALBI of 5.99 years. Both Investment Managers slightly decreased duration during the quarter. On aggregate, the building block was overweight the 7-12-years sector (43.87% versus the ALBI at 24.95%), marginally underweight the 3-7-years and the 12+-years sectors. The building block had no exposure to the 1-3-years sector (ALBI at 14.34%).

Notes

The information used to compile the Term to maturity allocation and MarketCurve graph is lagged one month.

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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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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