

Momentum Passive CPI + 5%

October 2020

Investment strategy

This investment portfolio is aimed at members of a retirement fund who are beginning to exit the accumulation phase of investing. These members would have a medium- to long-term investment horizon and should still have a significant allocation to growth asset classes. However, a small allocation to defensive assets is now included in the portfolio. The portfolio is benchmarked against a 67.5% allocation to local as well as global equities. Although these asset classes are volatile, they provide returns above inflation over the long term.

Benchmark allocation

Asset Class	Allocation	Benchmark
Local equities	40.00%	FTSE/JSE Capped Top 40 Index
Local property	12.00%	FTSE/JSE SA Listed Property Index
Local bonds	10.00%	JSE ASSA All Bond Index
Local cash	7.50%	Short-term Fixed Interest Composite Index
Local ILB	10.00%	JSE ASSA Inflation-linked Government Bond Index
Global	20.50%	Composite benchmark

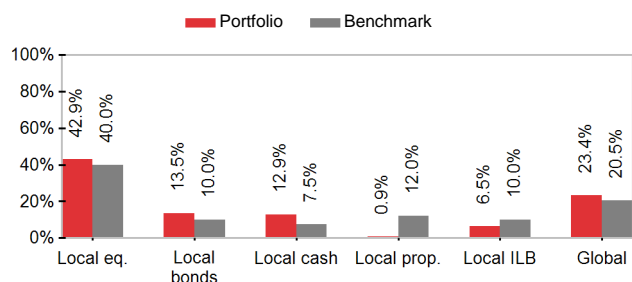
Investment returns

	One Month	Three Months	One Year	Three Years	Five Years	Since Inception
Portfolio	-2.96%	-3.55%	-6.29%	-1.22%	2.09%	9.01%
Benchmark	-3.70%	-5.40%	-8.52%	-2.17%	1.50%	8.86%
CPI + 5.0% p.a			8.01%	9.02%	9.64%	10.72%

Risk analysis

(Calculation based on five-year period)	Portfolio	Benchmark
Volatility	9.7%	10.6%
Maximum drawdown	-15.8%	-17.9%
Worst month	-10.9%	-12.7%
Best month	9.2%	10.3%

Asset allocation



Comments

The asset management fees exclude performance fees where applicable, as well as investment-management fees recovered by the underlying investment managers within the portfolio.

The inception date of this portfolio is 1 April 2015 and actual portfolio and benchmark returns have been used since then. From 1 February 2010, investment returns are based on a combination of actual and back-tested returns. The majority of the back-tested returns are based on actual building-block returns as most have lengthy track records.

The termination period for the Momentum Passive Lifestage portfolios is three months given that the underlying asset class returns are in most cases guaranteed.

Investment portfolio mandate

The long-term return objective of this portfolio is inflation plus 5% a year over five year rolling periods. Different combinations of asset classes are considered and an optimum allocation is selected to achieve this objective with an acceptable degree of certainty. The risk of exposure to losses in the short term is managed by diversification to a number of asset classes. This portfolio is managed in accordance with the investment limitations set out in Regulation 28 of the Pension Funds Act.

Investment portfolio information

Inception Date	April 2015
Investment Horizon	Medium to long term
Risk Profile	Conservative Moderate Aggressive
Portfolio Category	New fee scale effective 1 July 2018

Investment manager allocation and returns

	One Month	One Year	Weighting
Local equity manager			
Capped Swix	-5.17%	-10.90%	43.9%
Momentum Protected Equity	-99.00%		-1.0%
Local bond manager			
GOVI	0.84%	4.57%	13.5%
Local inflation-linked bond manager			
IGOV	1.11%	-0.91%	6.5%
Local property manager			
Momentum SA Listed Property Tracker	-8.55%	-51.73%	0.9%
Local cash manager			
ALUWANI	0.40%	7.13%	12.5%
Momentum Money Market	0.38%	6.79%	0.4%
Global equity manager			
MSCI World Equity Index USD	-4.94%	12.56%	19.4%
Global bond manager			
AMUNDI	-1.83%	14.77%	1.9%
Global property manager			
Blackrock Global Property	-3.97%	-16.53%	2.0%
Total			100%

Notes

The benchmark for local equities was switched from the FTSE/JSE Capped All Share Top 40 Index to the FTSE/JSE Capped Shareholder-weighted Top 40 Index on 1 December 2017.

Local listed property, as an additional asset class to the Momentum Passive portfolios, was implemented during September and October 2017. The full listed property exposure was achieved through the use of a listed property index tracker portfolio (the FTSE/JSE SA Listed Property Index (SAPY) total return index) by the end of October 2017.

The policy is underwritten by Momentum Metropolitan Life Limited, a registered life insurer under the Long-term Insurance Act, an authorised financial services (FSP6406) and registered credit provider (NCRCP173), and rated B-BBEE level 1. This investment portfolio is administered and managed by Momentum Outcome-based Solutions (Pty) Ltd, which is an authorised financial services provider (FSP19840) in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS Act), as may be amended and/or replaced from time to time. 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. The investment manager returns shown in the table are based on the history of Momentum Outcome-based Solutions (Pty) Ltd's investment in that particular investment manager's portfolio, and not necessarily when the investment manager was included in this portfolio. Given that past returns may not be indicative of future returns and the value of investments will fluctuate over time, independent professional advice should always be sought before making an investment decision. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, the company does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary. For investments in collective investment 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.

Sources: Momentum Investments, Morningstar, Iress, www.msci.com, www.yieldbook.com, www.ft.com. Data accessed monthly on the 10th working day.
Contact details: 269 West Avenue Centurion 0157 PO Box 7400 Centurion 0046 Telephone +27 (0)86 065 7585
Facsimile +27 (0)12 675 3970 FAWInvestmentQueries@momentum.co.za www.momentum.co.za/FundsAtWork

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