

FAW - Momentum Passive Factor Portfolio Range

Momentum Passive Factor 6 Portfolio

Factsheet at 30 September 2024

Target: CPI + 4% to 5%

Investment horizon: Six 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

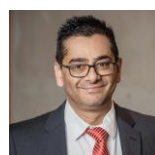
This investment portfolio is aimed at members of a retirement fund who are in the accumulation phase of investing. It has a long-term investment horizon and, therefore, the aim is to maintain an average exposure of 67.5% to growth asset classes (local and global equities and property). The allocations between asset classes are not actively managed, but do allow for market drift. The long-term return objective of this portfolio is inflation plus 4% to 5% over six-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. This portfolio is managed in accordance with the investment limitations set out in Regulation 28 of the Pension Funds Act.

Portfolio information

Launch date:	February 2006
Benchmark:	Composite: Local equity 36.5%; Local property 2.5%; Local bond 18.5%; Local cash 7%; Global equity 25%; Global property 3.5%; Global bond 5%; Global cash 2%
Target:	Inflation plus 4% to 5% over six-year rolling periods
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

Long-term outcomes

Return over the investment horizon



Portfolio	8.96%
Benchmark	CPI + 4%
	8.05%
	8.85%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio
40.52%

The percentage of times the portfolio achieved or exceeded CPI + 4% over rolling periods of the investment horizon.

Average shortfall



Portfolio
-2.13%

The average shortfall relative to CPI + 4% over rolling periods of the investment horizon.

Short-term risk

Risk of negative one-year return



Portfolio	Benchmark
12.21%	13.62%

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

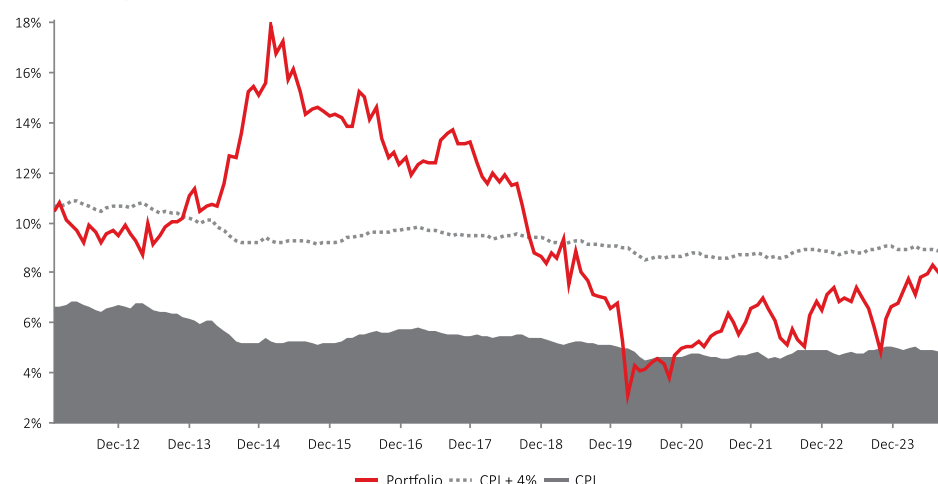
Minimum one-year returns



Portfolio	Benchmark
-14.31%	-14.64%

The worst one-year return with a 95% likelihood.

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	2.41%	6.56%	21.61%	18.03%	11.95%	13.57%	10.36%	8.96%	8.00%	10.19%
Benchmark ¹	2.32%	6.55%	21.90%	17.88%	11.61%	12.60%	9.21%	8.05%	7.12%	9.92%
Risk-adjusted ratio ²					1.33	1.56	0.98	0.88	0.81	1.08
CPI + 4%	0.41%	1.58%	8.41%	8.61%	9.61%	9.43%	8.96%	8.85%	8.87%	9.67%

¹The benchmark is calculated using the composite benchmark allocation.

²A ratio of the actual return achieved per unit of risk taken.

Index returns

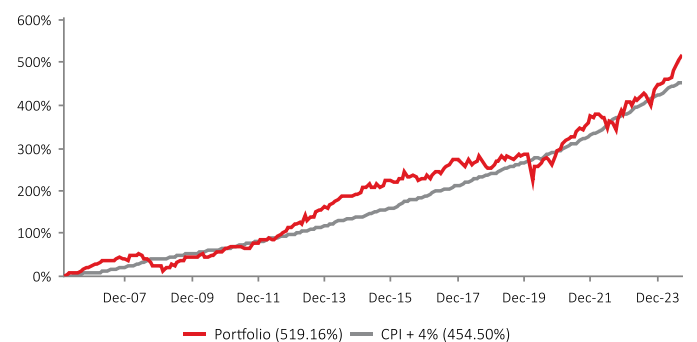
Asset class	Index	One month	One year	Two years	Three years	Five years	Six years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	3.97%	25.41%	18.45%	12.36%	11.92%	9.39%	36.50%
Local property	FTSE/JSE All Property Index	5.16%	50.97%	30.56%	15.33%	5.05%	2.82%	2.50%
Local bond	FTSE/JSE All Bond Index	3.86%	26.14%	16.30%	11.14%	9.84%	10.10%	18.50%
Local cash	STeFI Composite Index	0.67%	8.57%	8.03%	6.87%	6.12%	6.32%	7.00%
Global equity	MSCI All Countries World Index	0.20%	20.57%	23.06%	12.87%	15.14%	13.76%	25.00%
Global property	FTSE EPRA/NAREIT Developed Index	1.30%	19.15%	13.56%	6.09%	4.95%	7.86%	3.50%
Global bond	FTSE World Government Bond Index	-1.26%	1.69%	3.88%	0.03%	0.46%	2.88%	5.00%
Global cash	ICE BofA US 1-Month Treasury Bill Index	-2.53%	-3.35%	3.11%	8.64%	5.16%	5.91%	2.00%

Investment manager returns

	One year	Three years	Seven years
Local equity			
Momentum Capped SWIX	25.19%	12.87%	7.65%
Local property			
Momentum ALPI Tracker Fund	50.80%	15.08%	0.40%
Local bond			
Momentum GOVI Tracker Fund	26.01%	11.02%	9.45%
Local cash			
ALUWANI	9.96%	8.22%	7.88%
Global equity			
Momentum Global Investment Management	20.87%	13.61%	
Global property			
BlackRock Global Property	17.18%	4.39%	
Global bond			
Amundi Global Bond	2.60%	1.21%	3.60%
Global cash			
State Street	-3.51%		

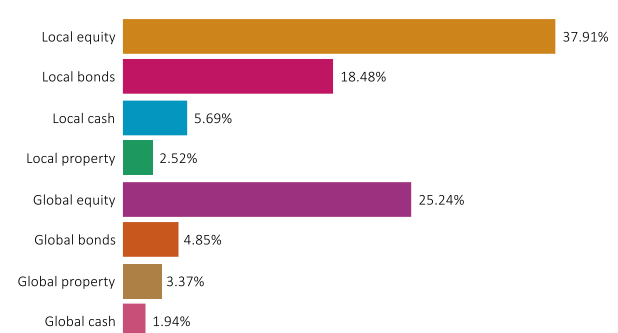
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 4%.

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Naspers Limited	2.87%
Republic Of South Africa R186	2.68%
Firststrand Bank Limited	2.46%
Republic Of South Africa R2048	2.45%
Republic Of South Africa R2030	2.41%
Republic Of South Africa R2032	2.18%
Republic Of South Africa R2035	2.15%
Standard Bank Group Ltd	1.78%
Republic Of South Africa R2037	1.77%
Gold Fields	1.66%

The 10-largest instruments at 31 July 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 2025, 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 prefer 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. In contrast, 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 strong returns experienced before this falling rate cycle begins.

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 are 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 6.6% for the quarter which was in line with the benchmark



Notes

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

On 1 November 2021, this portfolio's name was changed from Momentum Passive Factor 5 to Momentum Passive Factor 6.

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.

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

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.



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.

The information used to prepare this factsheet includes information from third-party sources and is for information purposes only. This factsheet does not constitute any form of advice and should not be used as a basis to make investment decisions or as an offer or a solicitation to purchase any specific product. 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. Fluctuations in exchange rates may cause the value of international investments, if included in the mandate, to go up or down. Investors should be aware that investing in a financial product entails a level of risk that depends on the nature of the investment. The merits of any investment should be considered together with the investor's specific risk profile and investment objectives. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this factsheet, Momentum Metropolitan Life Limited does not guarantee the accuracy, content, completeness, legality or reliability of the information contained in this factsheet and no warranties and/or representations of any kind, expressed or implied, are given to the nature, standard, accuracy or otherwise of the information provided nor to the suitability or otherwise of the information to your particular circumstances. Under no circumstances shall Momentum Metropolitan Life Limited, its affiliates, directors, officers, employees, representatives or agents (the "Momentum Metropolitan Parties") have any liability to any persons or entities receiving the information made available in this factsheet for any claim, damages, loss or expense, whether caused by Momentum Metropolitan Life Limited or the Momentum Metropolitan Parties' negligence or otherwise, including, without limitation, any direct, indirect, special, incidental, punitive or consequential cost, loss or damages, whether in contract or in delict, arising out of or in connection with information made available in this factsheet, whether relating to any actions, transactions, omissions resulting from this information, or relating to any legal proceedings brought against you as a result of this information, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.

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.

The information contained in this factsheet is confidential, privileged and only for the use and benefit of the intended recipient and may not be used, published or redistributed without the prior written consent of Momentum Metropolitan Life Limited. Under no circumstances will Momentum Metropolitan Life Limited be liable for any cost, loss or damages arising out of the unauthorised dissemination of this factsheet or the information contained herein, and you agree to indemnify Momentum Metropolitan Life Limited and the Momentum Metropolitan Parties accordingly.

Sources: Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com.



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

Signatory of:

