

FAW - Momentum Passive Factor Portfolio Range

Momentum Passive Factor 7 Portfolio

Factsheet at 29 February 2024

Target: CPI + 5% to 6%

Investment horizon: Seven years

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

Momentum outcome-based investing philosophy

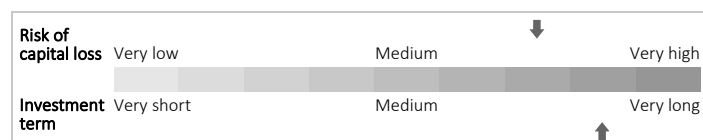
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape,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

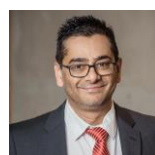
This investment portfolio is aimed at members of a retirement fund who are in the accumulation phase of investing. It has a long-term investment horizon and, therefore, the aim is to maintain an average exposure of 79.5% to growth asset classes (local and global equities and property). The allocations between asset classes are not actively managed, but do allow for market drift. The long-term return objective of this portfolio is inflation plus 5% to 6% over seven-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 45%; Local property 3%; Local bond 10%; Local cash 5%; Global equity 28%; Global property 3.5%; Global bond 3.5%; Global cash 2%
Target:	Inflation plus 5% to 6% over seven-year rolling periods
Reg. 28 compliant:	Yes



Portfolio managers



Mohammed Sibda
BCom

Long-term outcomes

Return over the investment horizon



Portfolio	7.77%
Benchmark	CPI + 5%
	7.19%
	9.84%

The annualised return over the investment horizon of the portfolio.

Hit rate



Portfolio
44.78%

The percentage of times the portfolio achieved or exceeded CPI + 5% over rolling periods of the investment horizon.

Average shortfall



Portfolio
-2.53%

The average shortfall relative to CPI + 5% over rolling periods of the investment horizon.

Short-term risk

Risk of negative one-year return



Portfolio	Benchmark
13.11%	14.08%

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

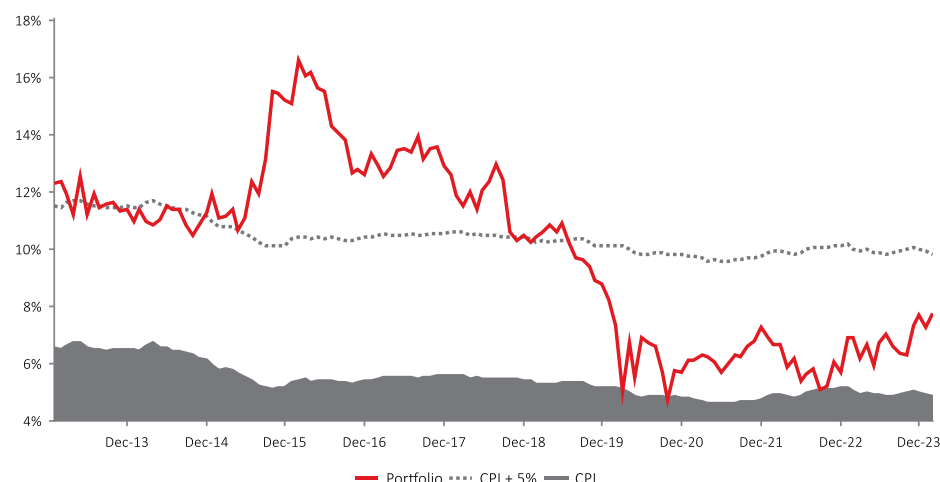
Minimum one-year returns



Portfolio	Benchmark
-16.92%	-17.07%

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	0.98%	3.52%	8.96%	7.28%	10.75%	11.51%	8.79%	7.37%	7.77%	10.05%
Benchmark ¹	0.74%	2.93%	8.08%	6.81%	10.13%	10.51%	8.00%	6.69%	7.19%	9.87%
Risk-adjusted ratio ²					1.06	0.85	0.71	0.61	0.67	0.93
CPI + 5%	0.49%	1.23%	10.33%	11.11%	10.97%	10.26%	10.11%	9.92%	9.84%	10.69%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

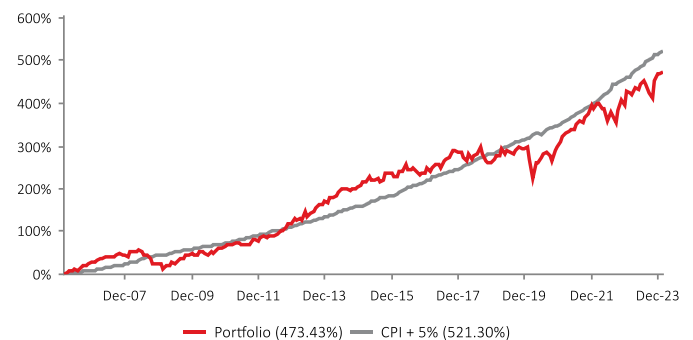
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX Top 40 Index	-2.35%	-3.30%	-0.06%	7.57%	7.00%	5.99%	45.00%
Local property	FTSE/JSE All Property Index	-0.34%	16.28%	9.50%	13.77%	-0.51%	-2.14%	3.00%
Local bond	FTSE/JSE All Bond Index	-0.58%	7.64%	6.27%	7.18%	7.75%	8.15%	10.00%
Local cash	STeFI Composite Index	0.65%	8.30%	6.99%	5.95%	5.98%	6.38%	5.00%
Global equity	MSCI All Countries World Index	5.89%	28.17%	18.32%	15.23%	17.44%	15.78%	28.00%
Global property	FTSE EPRA/NAREIT Developed Index	2.02%	5.79%	3.95%	7.80%	7.02%	7.87%	3.50%
Global bond	FTSE World Government Bond Index	2.08%	6.85%	3.70%	0.84%	4.15%	4.86%	3.50%
Global cash	ICE BofA US 1-Month Treasury Bill Index	3.60%	10.28%	15.99%	11.17%	8.68%	7.76%	2.00%

Investment manager returns

	One year	Three years	Seven years
Local equity			
Momentum Capped SWIX	-2.46%	7.88%	6.35%
Local property			
Momentum ALPI Tracker Fund	15.92%	13.42%	
Local bond			
Momentum GOVI Tracker Fund	7.58%	7.11%	7.96%
Local cash			
ALUWANI	9.63%	7.26%	7.84%
Global equity			
Momentum Global Investment Management	28.79%	17.24%	
Global property			
BlackRock Global Property	5.40%	6.91%	
Global bond			
Amundi	7.48%	2.18%	5.26%
Global cash			
State Street			

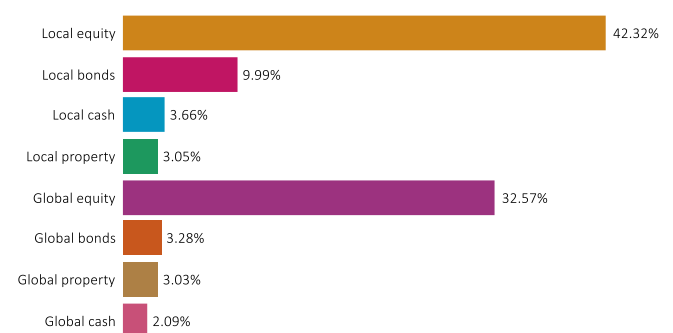
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 5%.

Effective asset allocation



The 10-largest portfolio holdings

Holding	
FTSE/JSE	39.40%
MSCI AC	31.00%
Republic Of South Africa R186	1.69%
Republic Of South Africa R2030	1.41%
Republic Of South Africa R2048	1.27%
Republic Of South Africa R2032	1.19%
Republic Of South Africa R2035	1.11%
Republic Of South Africa R2037	0.92%
Republic Of South Africa R2044	0.77%
Republic Of South Africa R2040	0.75%

The 10-largest instruments at 31 January 2024, looking through all asset classes held.



Quarterly portfolio commentary for Q4 2023

Past monetary policy tightening, constrained government coffers, lingering inflation and unpredictable geopolitical events will likely lead to a moderation in global growth in 2024. Nevertheless, the world economy faces varied growth paths. While robust consumer spending in the United States (US) is expected to slow as excess savings dry up, Europe is contending with economic pressures and calls for fiscal austerity will likely limit recovery. On the other hand, China is anticipated to benefit from meaningful policy announcements made late in 2023, following a disappointing response from authorities earlier last year. Despite global inflation having more than halved, the International Monetary Fund warns that inflation in 90% of inflation-targeting countries will likely still exceed central bank targets in 2024. Moreover, elections in 2024 for over half of the world's population will contribute to an uncertain geopolitical landscape.

Indications of slowing US economic activity in 2024, along with expectations for the start of a subsequent US easing policy cycle, would provide positive support to both the US bond and equity markets.

Escalating logistical challenges are affecting rail and port efficiency and dampening growth prospects in South Africa (SA) even as energy constraints are expected to ease. The inability to resolve these bottlenecks is a challenge for the ruling party as we approach the 2024 national elections. Moreover, SA's interest burden and social demands remain high, hindering a swift stabilisation in the country's debt ratio. Though renewed risks to the SA inflation forecast exist, demand-led pressures and wage inflation are expected to remain contained. The SA Reserve Bank is expected to continue talking tough on inflation even though the next move in interest rates is likely lower from here, most likely by the middle of 2024.

A significant risk premium is embedded in rock-bottom SA equity valuations, with little positive sentiment towards this very underowned asset class by local and foreign fund managers. There is thus scope for a rerating should there be improvement in some of the local impediments over time, or if a global risk-on environment takes hold. SA nominal bonds similarly discount lots of bad news. A break-even widening in the second half of 2024 should provide more fundamental support for inflation-linked bonds as 2024 unfolds. SA listed property nominal and real dividend yields are among the highest in the world. However, the delayed impact of higher interest rates is already starting to hurt SA listed property companies.

The portfolio delivered a return of 8.2% for the quarter, which was above 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 6 to Momentum Passive Factor 7.

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



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