Momentum Target Factor Portfolio Range

Momentum Target Factor 3 Portfolio

Factsheet at 30 September 2019

Target return: CPI + 3% p.a.
Investment horizon: Three 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 preservation phase of investing. It has a short- to medium-term investment horizon and, therefore, the aim is to maintain exposure of between 27.5% and 42.5% to asset classes that should preserve the purchasing power of the capital accumulated. A large emphasis is placed on capital preservation in the shorter term, which is achieved through diversification to defensive strategies and uncorrelated return profiles. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative investments. The portfolio range consists mainly of passive and enhanced passive investment strategies and excludes the exposure to alternative asset classes. 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: August 2011
Target: Inflation plus 3% a year over three-year rolling periods
Reg. 28 compliant: Yes

Portfolio managers

Mohammed Sibda
BCom

Nina Saad
BSc, CFA

Long-term outcomes

Return over the investment horizon

Portfolio 6.52%
Benchmark 5.45%
Target 7.67%

The annualised return over the investment horizon of the portfolio.

Hit rate

Portfolio 44.44%

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

Average shortfall

Portfolio -1.28%

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

Rolling returns

Portfolio returns over one-year rolling periods since launch.

Short-term risk

Risk of negative one-year return

Portfolio 0.00%
Benchmark 1.15%
Target 0.00%

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

Minimum one-year returns

Portfolio 2.63%
Benchmark 1.23%
Target 6.95%

The worst one-year return with a 5% likelihood.
Institutional on-balance-sheet portfolio

Published: 14 October 2019

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### 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>Portfolio</td>
<td>0.74%</td>
<td>1.62%</td>
<td>7.11%</td>
<td>6.49%</td>
<td>6.52%</td>
<td>7.04%</td>
<td>7.31%</td>
<td>7.78%</td>
<td>8.08%</td>
<td>8.78%</td>
</tr>
<tr>
<td>Benchmark¹</td>
<td>0.77%</td>
<td>0.92%</td>
<td>5.92%</td>
<td>4.92%</td>
<td>5.45%</td>
<td>6.16%</td>
<td>6.64%</td>
<td>7.33%</td>
<td>7.84%</td>
<td>8.86%</td>
</tr>
<tr>
<td>Risk-adjusted ratio²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>0.51%</td>
<td>1.70%</td>
<td>7.34%</td>
<td>7.64%</td>
<td>7.67%</td>
<td>7.99%</td>
<td>7.91%</td>
<td>8.16%</td>
<td>8.34%</td>
<td>8.31%</td>
</tr>
</tbody>
</table>

¹The benchmark is calculated using the strategic allocation weightings below.

²A 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>0.67%</td>
<td>-2.44%</td>
<td>-1.04%</td>
<td>1.05%</td>
<td>3.36%</td>
<td>8.27%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Local property</td>
<td>FTSE/JSE SA Listed Property Index</td>
<td>0.30%</td>
<td>-2.70%</td>
<td>-9.42%</td>
<td>-3.51%</td>
<td>3.24%</td>
<td>5.85%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Local bond</td>
<td>JSE ASSA All Bond Index</td>
<td>0.51%</td>
<td>11.42%</td>
<td>9.26%</td>
<td>8.90%</td>
<td>8.28%</td>
<td>7.17%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>0.39%</td>
<td>3.70%</td>
<td>2.21%</td>
<td>1.67%</td>
<td>3.60%</td>
<td>4.70%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Local cash</td>
<td>Short-term Fixed Interest Composite Index</td>
<td>0.59%</td>
<td>7.34%</td>
<td>7.31%</td>
<td>7.41%</td>
<td>7.15%</td>
<td>6.65%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>3.52%</td>
<td>7.08%</td>
<td>10.66%</td>
<td>12.76%</td>
<td>12.50%</td>
<td>18.35%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Global property</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>2.96%</td>
<td>23.63%</td>
<td>16.06%</td>
<td>9.92%</td>
<td>14.35%</td>
<td>17.80%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Global bond</td>
<td>FTSE World Government Bond Index</td>
<td>-1.33%</td>
<td>15.85%</td>
<td>9.60%</td>
<td>4.69%</td>
<td>7.99%</td>
<td>9.76%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

| Local equity          | Momentum Capped SWIX Index                                             | Absa      | 8.85%    | 8.40%     | 8.87%       |                       |             |             |             |
| Local property        | Momentum Real Growth Property Index                                    | Prescient | 6.12%    | 5.32%     | 7.44%       |                       |             |             |             |
| Local fixed income    | ALUWANI (ILB)                                                          | 4.42%     | 2.30%    | 5.14%     |                       |                       |             |             |             |
| Local cash            | ALUWANI                                                                | 8.81%     | 9.17%    | 7.99%     |                       |                       |             |             |             |
| Local alternative     | Coherent (Commodity)                                                   |           |          |           |                       |                       |             |             |             |
| Global equity         | Momentum Global Investment Management                                  | 8.39%     | 13.47%   | 18.36%    |                       |                       |             |             |             |
| Global property       | Momentum Global Property                                               |           |          |           |                       |                       |             |             |             |
| Global bond           | Amundi                                                                 | 14.55%    | 4.96%    | 9.80%     |                       |                       |             |             |             |

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
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 1.62% for the three months, which outperformed the benchmark of 0.92%.

The outperformance was attributable to the local equity building block and overweight positions in global equity and property.

The overweight position in local bonds also contributed to returns.

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.

Disclosures

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