Momentum Target Factor Portfolio Range

Momentum Target Factor 5 Portfolio

Factsheet at 29 February 2020

Target return: CPI + 5% p.a.
Investment horizon: Five 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 consolidation phase of investing. It has a medium- to long-term investment horizon and, therefore, the aim is to maintain exposure of between 60% and 77.5% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. 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. The risk of exposure to losses in the short term is continually managed by maximising diversification to various markets and strategies at the least relative cost to the investor.

Portfolio information

Launch date: August 2011
Benchmark: Composite: Local equity 40%; Local property 12%; Local bond 10%; Local ILB 10%; Local cash 7.5%; Global equity 15%; Global property 3%; Global bond 2.5%
Target: Inflation plus 5% a year over five-year rolling periods
Reg. 28 compliant: Yes

Portfolio managers

Mohammed Sibda
BCom, BSc, CFA

Nina Saad

Long-term outcomes

Return over the investment horizon

Portfolio 4.61%
Benchmark 4.03%
Target 10.13%

The annualised return over the investment horizon of the portfolio.

Short-term risk

Risk of negative one-year return

Portfolio 4.35%
Benchmark 6.52%
Target 0.00%

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

Minimum one-year returns

Portfolio -2.11%
Benchmark -2.68%
Target 8.78%

The worst one-year return with a 5% likelihood.

Hit rate

Portfolio 40.91%

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

Average shortfall

Portfolio -2.18%

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

Rolling returns

[Graph showing rolling returns]

Portfolio returns relative to the target over rolling periods of the investment horizon since launch.
### 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>-5.50%</td>
<td>-4.33%</td>
<td>0.35%</td>
<td>1.63%</td>
<td>4.56%</td>
<td>4.93%</td>
<td>4.61%</td>
<td>6.71%</td>
<td>7.44%</td>
<td>9.07%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-6.12%</td>
<td>-5.05%</td>
<td>-1.40%</td>
<td>0.34%</td>
<td>3.51%</td>
<td>4.25%</td>
<td>4.03%</td>
<td>6.25%</td>
<td>7.06%</td>
<td>9.11%</td>
</tr>
<tr>
<td>Risk-adjusted ratio</td>
<td>1.03</td>
<td>1.21</td>
<td>1.20</td>
<td>1.75</td>
<td>1.98</td>
<td>2.41</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>0.66%</td>
<td>1.82%</td>
<td>9.49%</td>
<td>9.25%</td>
<td>9.29%</td>
<td>9.86%</td>
<td>10.13%</td>
<td>10.02%</td>
<td>10.13%</td>
<td>10.16%</td>
</tr>
</tbody>
</table>

### 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>-9.55%</td>
<td>-9.57%</td>
<td>-7.90%</td>
<td>-1.06%</td>
<td>-0.21%</td>
<td>5.60%</td>
<td>40.00%</td>
</tr>
<tr>
<td>Local property</td>
<td>FTSE/JSE SA Listed Property Index</td>
<td>-15.69%</td>
<td>-19.09%</td>
<td>-12.42%</td>
<td>-10.36%</td>
<td>-4.76%</td>
<td>1.73%</td>
<td>12.00%</td>
</tr>
<tr>
<td>Local bond</td>
<td>JSE ASSA All Bond Index</td>
<td>-0.04%</td>
<td>8.91%</td>
<td>6.54%</td>
<td>9.07%</td>
<td>7.24%</td>
<td>7.10%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>0.54%</td>
<td>3.55%</td>
<td>1.63%</td>
<td>1.27%</td>
<td>3.08%</td>
<td>3.77%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Local cash</td>
<td>Short-term Fixed Interest Composite Index</td>
<td>0.54%</td>
<td>7.26%</td>
<td>7.26%</td>
<td>7.33%</td>
<td>7.22%</td>
<td>6.76%</td>
<td>7.50%</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>-3.70%</td>
<td>15.09%</td>
<td>15.60%</td>
<td>12.83%</td>
<td>11.45%</td>
<td>16.19%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Global property</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>-3.90%</td>
<td>15.18%</td>
<td>24.47%</td>
<td>11.72%</td>
<td>10.40%</td>
<td>14.81%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Global bond</td>
<td>FTSE World Government Bond Index</td>
<td>5.25%</td>
<td>19.12%</td>
<td>18.55%</td>
<td>10.66%</td>
<td>8.90%</td>
<td>9.74%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

<table>
<thead>
<tr>
<th>Local equity</th>
<th>One year</th>
<th>Three years</th>
<th>Seven years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Momentum Capped SWIX Index</td>
<td>-9.81%</td>
<td>1.95%</td>
<td>4.23%</td>
</tr>
<tr>
<td>Momentum Quality Equity</td>
<td>2.72%</td>
<td>9.29%</td>
<td>7.57%</td>
</tr>
<tr>
<td>Momentum Trending Equity</td>
<td>8.75%</td>
<td>8.03%</td>
<td>8.12%</td>
</tr>
<tr>
<td>Momentum Value Equity</td>
<td>8.75%</td>
<td>8.03%</td>
<td>8.12%</td>
</tr>
<tr>
<td>Local property</td>
<td>Momentum Real Growth Property Index</td>
<td>-19.20%</td>
<td>2.24%</td>
</tr>
<tr>
<td>Local fixed income</td>
<td>ALUWANI (ILB)</td>
<td>2.24%</td>
<td>1.95%</td>
</tr>
<tr>
<td>Momentum ILB</td>
<td>2.72%</td>
<td>9.29%</td>
<td>7.57%</td>
</tr>
<tr>
<td>Prescient</td>
<td>8.75%</td>
<td>9.03%</td>
<td>8.12%</td>
</tr>
<tr>
<td>Local cash</td>
<td>ALUWANI</td>
<td>8.75%</td>
<td>9.03%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>8.01%</td>
<td>8.01%</td>
<td>8.01%</td>
</tr>
<tr>
<td>Momentum Enhanced Yield</td>
<td>8.68%</td>
<td>8.68%</td>
<td>8.68%</td>
</tr>
<tr>
<td>Local alternative</td>
<td>Coherent (Commodity)</td>
<td>0.95%</td>
<td>1.95%</td>
</tr>
<tr>
<td>Global equity</td>
<td>Momentum Global Investment Management</td>
<td>17.14%</td>
<td>14.09%</td>
</tr>
<tr>
<td>Global property</td>
<td>Momentum Global Property</td>
<td>14.52%</td>
<td>14.52%</td>
</tr>
<tr>
<td>Global bond</td>
<td>Amundi</td>
<td>18.08%</td>
<td>10.19%</td>
</tr>
</tbody>
</table>

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

- Local equity: 36.42%
- Local bonds: 16.31%
- Local property: 7.52%
- Local cash: 7.26%
- Local ILB: 6.48%
- Local commodities: 0.95%
- Local derivatives: 0.95%
- Global equity: 18.27%
- Global property: 3.34%
- Global bonds: 2.87%
Quarterly portfolio commentary for Q4 2019

Global equity markets rallied on the US-China trade deal and posted solid returns in the fourth quarter of 2019.

The JSE along with most Emerging markets benefitted from the improved risk sentiment and erased the losses experienced during the third quarter.

The Rand strengthened during December despite poor local economic news.

The portfolio returned 2.60% for the three months, which outperformed the benchmark of 2.07%.

The tactical overweight position in local equity and underweight position in local property contributed to the relative performance of the portfolio.

The local equity building block was a further source of alpha during this period.

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.

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