Momentum Target Factor Portfolio Range

Momentum Target Factor 7 Portfolio

Factsheet at 30 September 2019

Target return: CPI + 7% p.a.
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 portfolio is aimed at investors who are in the accumulation phase of investing. It has a long-term investment horizon and, therefore, the aim is to maintain exposure of between 82.5% and 90% to growth asset classes (local and global equities and property). 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 7% a year over seven-year rolling periods
Reg. 28 compliant: Yes

Risk of capital loss
- Very low
- Medium
- Very high

Investment term
- Very short
- Medium
- Very long

Long-term outcomes

Return over the investment horizon

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Benchmark</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.52%</td>
<td>10.48%</td>
<td>12.34%</td>
</tr>
</tbody>
</table>

The annualised return over the investment horizon of the portfolio.

Short-term risk

Risk of negative one-year return

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Benchmark</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.75%</td>
<td>5.75%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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

Minimum one-year returns

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Benchmark</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4.87%</td>
<td>-5.63%</td>
<td>10.95%</td>
</tr>
</tbody>
</table>

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

Hit rate

Portfolio 20.00%

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

Average shortfall

Portfolio -0.90%

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

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>Benchmark</td>
<td>1.36%</td>
<td>-0.53%</td>
<td>2.14%</td>
<td>2.68%</td>
<td>4.58%</td>
<td>5.86%</td>
<td>6.64%</td>
<td>8.36%</td>
<td>10.48%</td>
<td>11.83%</td>
</tr>
<tr>
<td>Risk-adjusted ratio</td>
<td>1.36</td>
<td>1.68</td>
<td>1.81</td>
<td>2.31</td>
<td>2.61</td>
<td>3.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>0.82%</td>
<td>2.64%</td>
<td>11.34%</td>
<td>11.64%</td>
<td>11.67%</td>
<td>11.99%</td>
<td>12.16%</td>
<td>12.34%</td>
<td>12.32%</td>
<td></td>
</tr>
</tbody>
</table>

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

### 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>46.50%</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>15.00%</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>4.00%</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>3.00%</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>1.50%</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>25.00%</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>3.50%</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>1.50%</td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

<table>
<thead>
<tr>
<th>Asset class</th>
<th>One</th>
<th>Three</th>
<th>Seven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local equity</td>
<td>Momentum Capped SWIX Index</td>
<td>4.42%</td>
<td>2.30%</td>
</tr>
<tr>
<td>Momentum Quality Equity</td>
<td>11.37%</td>
<td>9.31%</td>
<td>7.70%</td>
</tr>
<tr>
<td>Momentum Trending Equity</td>
<td>8.81%</td>
<td>9.17%</td>
<td>7.99%</td>
</tr>
<tr>
<td>Momentum Value Equity</td>
<td>ALUWANI</td>
<td>14.55%</td>
<td>4.96%</td>
</tr>
</tbody>
</table>

Local fixed income: ALUWANI (ILB) 4.42% 2.30% 5.14% Prescient 11.37% 9.31% 7.70%

Local cash: ALUWANI 8.81% 9.17% 7.99%

Global equity: Momentum Global Investment Management 8.39% 13.47% 18.36%

Global property: Momentum Global Property 11.37% 9.31% 7.70%

Global bond: Anundi 14.55% 4.96% 9.80%

Global cash: Momentum Global Investment Management 11.37% 9.31% 7.70%

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

[Diagram showing 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 negative 0.38% for the three months, which outperformed the benchmark of negative 0.53%.

The overweight position 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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Institutional on-balance-sheet portfolio

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