

Momentum Target Factor Portfolio Range

Momentum Target Factor 7 Portfolio

Factsheet at 30 September 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

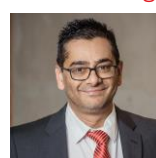
This portfolio is aimed at investors who are in the accumulation phase of investing. It has a long-term investment horizon and, therefore, the aim is to maintain an average exposure of 79.5% to growth asset classes (local and global equities and property). The portfolio consists of the full universe of asset classes, including global investments of up to 45%. The strategies used include passive, enhanced passive, smart beta and select active investment strategies. The allocation between asset classes is actively managed, taking the market environment into account. 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
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

Risk of capital loss	Very low	Medium	Very high
Investment term	Very short	Medium	Very long

Portfolio managers



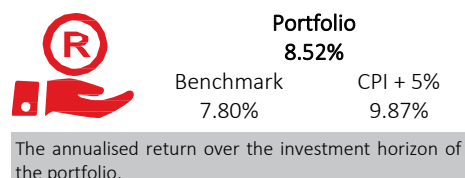
Mohammed Sibda
BCom



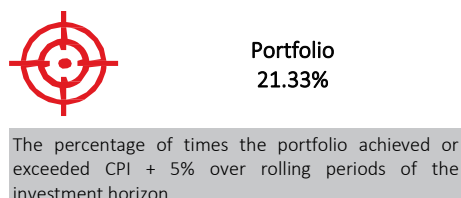
Nina Saad
BSc, CFA

Long-term outcomes

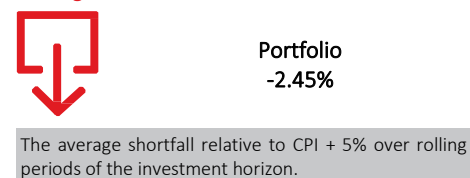
Return over the investment horizon



Hit rate

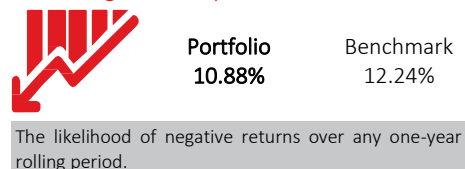


Average shortfall

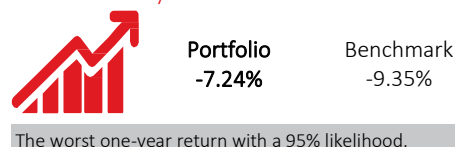


Short-term risk

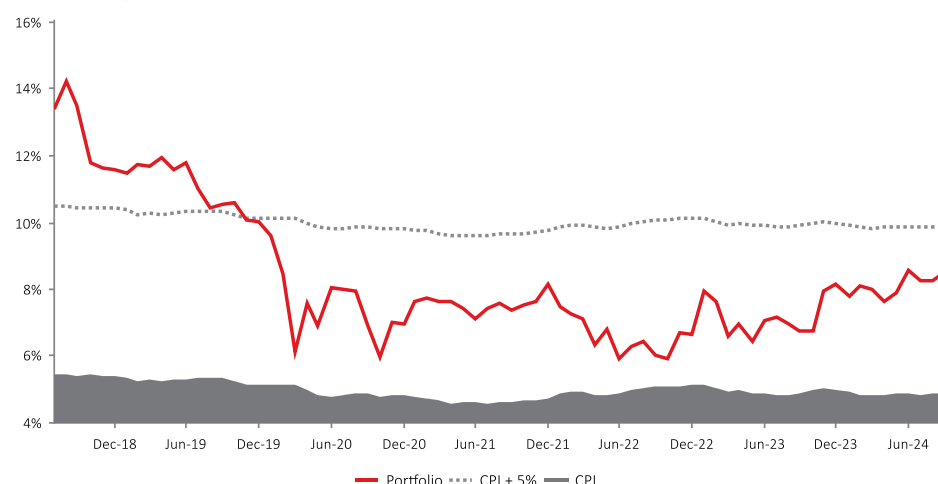
Risk of negative one-year return



Minimum one-year returns



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	2.45%	6.72%	22.33%	18.31%	11.82%	14.09%	10.50%	9.25%	8.52%	11.39%
Benchmark ¹	2.37%	6.53%	22.58%	18.44%	11.68%	14.17%	9.92%	8.58%	7.80%	11.10%
Risk-adjusted ratio ²					1.18	1.46	0.88	0.81	0.76	1.18
CPI + 5%	0.49%	1.81%	9.41%	9.61%	10.61%	10.43%	9.96%	9.85%	9.87%	10.18%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

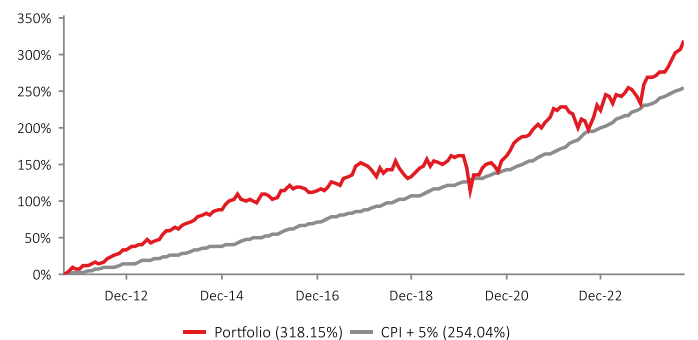
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	3.97%	25.41%	18.45%	12.36%	11.92%	8.05%	45.00%
Local property	FTSE/JSE All Property Index	5.16%	50.97%	30.56%	15.33%	5.05%	0.22%	3.00%
Local bond	FTSE/JSE All Bond Index	3.86%	26.14%	16.30%	11.14%	9.84%	9.67%	10.00%
Local cash	STeFI Composite Index	0.67%	8.57%	8.03%	6.87%	6.12%	6.46%	5.00%
Global equity	MSCI All Countries World Index	0.20%	20.57%	23.06%	12.87%	15.14%	13.84%	28.00%
Global property	FTSE EPRA/NAREIT Developed Index	1.30%	19.15%	13.56%	6.09%	4.95%	8.01%	3.50%
Global bond	FTSE World Government Bond Index	-1.26%	1.69%	3.88%	0.03%	0.46%	2.99%	3.50%
Global cash	ICE BofA US 1-Month Treasury Bill Index	-2.53%	-3.35%	3.11%	8.64%	5.16%	6.02%	2.00%

Investment manager returns

	One year	Three years	Seven years
Local equity			
Momentum Systematic Strategies 1	25.09%	12.21%	8.79%
Local property			
Momentum ALPI Tracker	50.29%	14.77%	
Local bond			
Target Bond Building Block	25.68%	11.02%	9.60%
Local cash			
ALUWANI	9.96%	8.22%	7.88%
Momentum Enhanced Yield	10.09%	8.22%	
Momentum Money Market	9.48%	7.75%	
Global equity			
Target Global Equity Building Block	20.39%	12.78%	13.97%
Global property			
Momentum Global Property	16.97%	4.44%	
Global bond			
Amundi	2.60%	1.21%	3.60%
Global cash			
State Street	-3.19%		

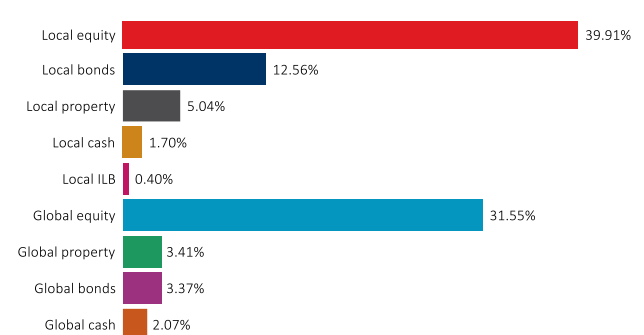
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



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

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Naspers Limited	4.01%
Republic of South Africa R2032	3.84%
Apple Inc	3.37%
Nvidia Corporation	2.99%
Microsoft Corp	2.95%
Republic of South Africa R2037	2.81%
Meta Platforms Inc	2.60%
Standard Bank Group Limited	2.43%
Republic of South Africa R2035	2.12%
FirstRand Limited	2.06%

The 10-largest instruments at 30 August 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 next, 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 maintain a preference for 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, while 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 very strong returns experienced prior to the commencement of this falling rate cycle.

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, there are early signs 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 6.7% for the quarter which was above the benchmark.



Notes

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

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.

On 1 November 2020, the real return expectation for this portfolio was revised from inflation plus 7% to a range of inflation plus 5% to 6%.

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



Disclosures

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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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