

Momentum Investments Target Factor Portfolio Range

Momentum Investments Target Factor 5 Portfolio

Factsheet at 31 December 2023

Target: CPI + 3% to 4%

Investment horizon: Five years

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

Momentum outcome-based investing philosophy

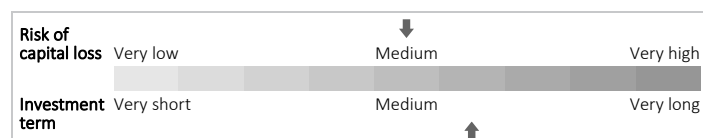
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape,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

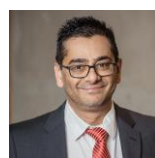
This portfolio is aimed at investors who are in the consolidation phase of investing. It has a medium-term investment horizon and, therefore, the aim is to maintain an average exposure of 56% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. The portfolio 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 30%; Local property 2.5%; Local bond 23%; Local cash 12%; Global equity 20%; Global property 3.5%; Global bond 5%; Global cash 4%
Target:	Inflation plus 3% to 4% over five-year rolling periods
Reg. 28 compliant:	Yes



Portfolio managers



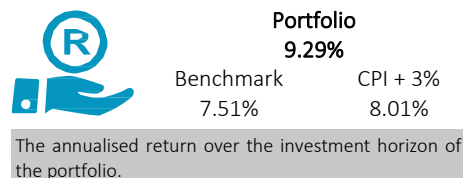
Mohammed Sibda
BCom



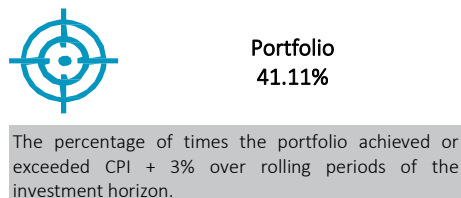
Nina Saad
BSc, CFA

Long-term outcomes

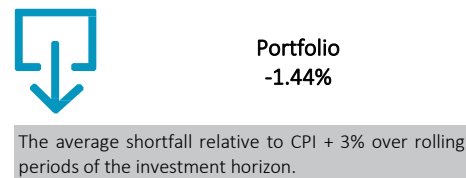
Return over the investment horizon



Hit rate

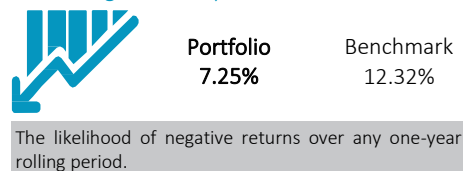


Average shortfall

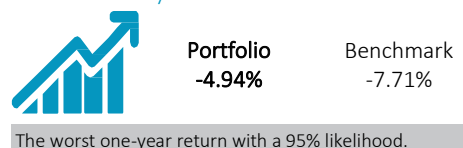


Short-term risk

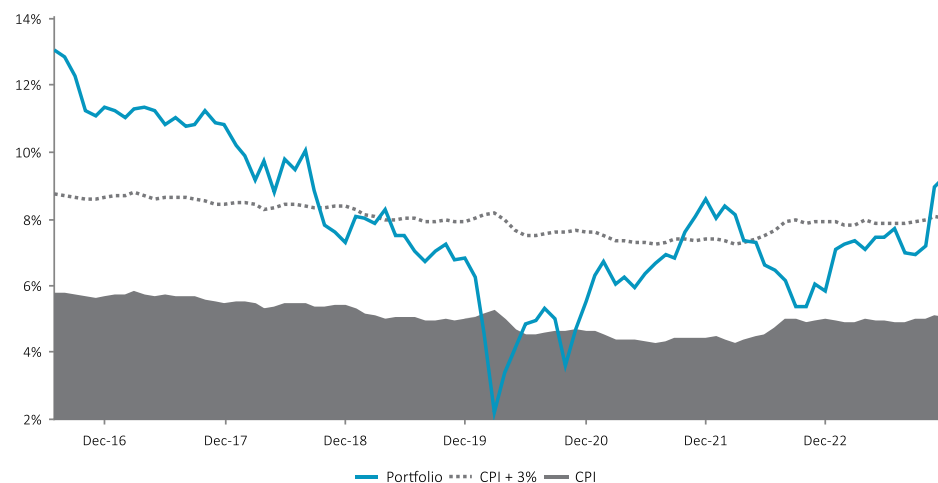
Risk of negative one-year return



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	2.30%	7.48%	12.92%	6.63%	11.18%	8.91%	9.29%	6.97%	8.02%	9.63%
Benchmark ¹	2.18%	7.35%	13.21%	6.50%	10.29%	7.09%	7.51%	5.44%	6.60%	9.11%
Risk-adjusted ratio ²					1.40	0.84	0.95	0.73	0.89	1.27
CPI + 3%	0.16%	2.15%	8.53%	9.48%	9.12%	8.38%	8.01%	8.04%	7.98%	8.25%

¹The benchmark is calculated using the composite benchmark allocation.

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

Index returns

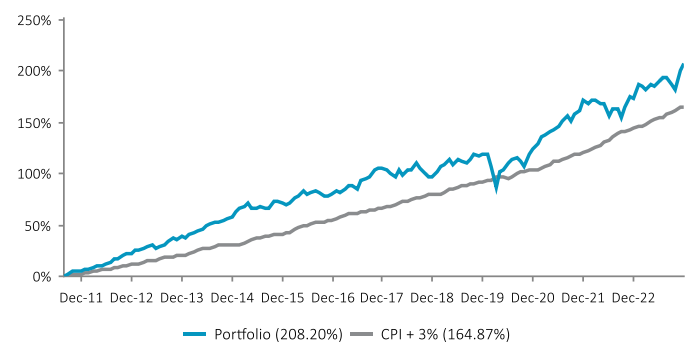
Asset class	Index	One month	One year	Two years	Three years	Five years	Seven years	Strategic allocation
Local equity	FTSE/JSE Capped SWIX All Share Index	2.90%	7.87%	6.12%	12.69%	8.97%	6.89%	30.00%
Local property	FTSE/JSE All Property Index	9.92%	10.70%	4.21%	14.61%	-0.67%	-2.61%	2.50%
Local bond	FTSE/JSE All Bond Index	1.49%	9.70%	6.94%	7.43%	8.25%	8.44%	23.00%
Local cash	STeFI Composite Index	0.70%	8.06%	6.63%	5.68%	5.94%	6.35%	12.00%
Global equity	MSCI All Countries World Index	2.26%	32.03%	7.10%	14.11%	17.70%	14.49%	20.00%
Global property	FTSE EPRA/NAREIT Developed Index	7.29%	19.46%	-1.83%	10.12%	8.74%	7.74%	3.50%
Global bond	FTSE World Government Bond Index	0.98%	14.27%	-0.47%	0.16%	3.69%	4.27%	5.00%
Global cash	ICE BofA US 1-Month Treasury Bill Index	-3.04%	13.23%	10.94%	10.21%	7.04%	6.23%	4.00%

Investment manager returns

	One year	Three years	Seven years
Local equity			
Momentum Systematic Strategies 1	6.12%	12.31%	8.13%
Local property			
Momentum ALPI Tracker	10.25%	13.56%	
Local bond			
Aluwani Flexible Bond	7.38%	9.41%	5.35%
Momentum Flexible Bond	10.41%	9.35%	
Prescient	10.75%	8.10%	8.69%
Local cash			
ALUWANI	9.47%	7.05%	7.85%
Momentum Enhanced Yield	9.52%	6.84%	
Momentum Money Market	9.01%	6.50%	
Local alternative			
Coherent (Commodity)	-1.74%	2.33%	
Global equity			
Momentum Global Investment Management	31.19%	14.05%	14.53%
Global property			
Momentum Global Property	19.18%	9.67%	
Global bond			
Amundi	14.01%	1.68%	4.73%
Global cash			
State Street			

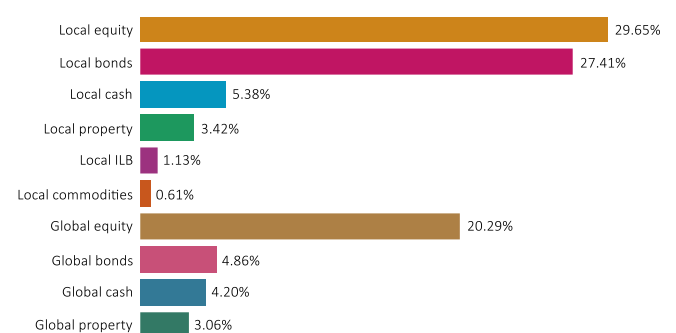
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to CPI + 3%.

Effective asset allocation



The 10-largest portfolio holdings

Holding	
Republic of South Africa R2032	7.90%
Republic of South Africa R2037	4.65%
Republic of South Africa R2035	4.20%
Naspers Limited	2.54%
Standard Bank Group Limited	2.05%
FirstRand Limited	1.73%
Republic of South Africa R2030	1.60%
Gold Fields Limited	1.21%
Nedbank Group Limited	1.16%
Republic of South Africa R209	1.12%

The 10-largest instruments at 30 November 2023, 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 an 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 7.5% 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 5% to a range of inflation plus 3% to 4%.

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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