

Metropolitan Cautious Growth Fund

October 2022

Investment strategy

This investment portfolio is suitable for clients who want to save for a short to medium length of time (five to nine years) and to invest their money mainly to protect it. To get this right, the investment managers measure the portfolio against investments of at least 67,5% in bonds and cash to protect the buying power of the money clients save up. Momentum Investments designed this portfolio to lower the total cost of the investment by mainly using passive and smart beta investment strategies.

Investment portfolio mandate

The long-term growth objective of this portfolio is inflation plus 3% a year over three-year rolling periods. This means that, every month for three years, you can measure a one-year growth period. To achieve this goal with a high level of certainty, the investment managers follow the investment mandate, which is the instruction on how to manage their components of the overall portfolio. They take into account inflation from the time you invest in the portfolio until the time you withdraw from it (known as indexation) and also try to lower the risk of mistakes while tracking the index portfolio (enhanced-index strategy). The likelihood of experiencing losses in the short term is continually managed by expanding to include different markets and strategies at the lowest cost to the client.

Benchmark allocation

Asset Class	Allocation	Benchmark
Local equities	15.00%	FTSE/JSE Shareholder Weighted Capped Index
Local property	8.00%	3% FTSE/JSE SA Listed Prop Index, 5% Direct
Local bonds	35.00%	FTSE/JSE All Bond Index
Local cash	25.00%	Short-term Fixed Interest Composite Index
Global equities	10.00%	MSCI All Countries World Index
Global property	2.00%	FTSE EPRA/NAREIT Developed Index
Global bonds	5.00%	Citigroup World Government Bond Index

Investment portfolio information and risk analysis

Inception Date: October 2018
Investment Horizon: Medium term

Risk Profile



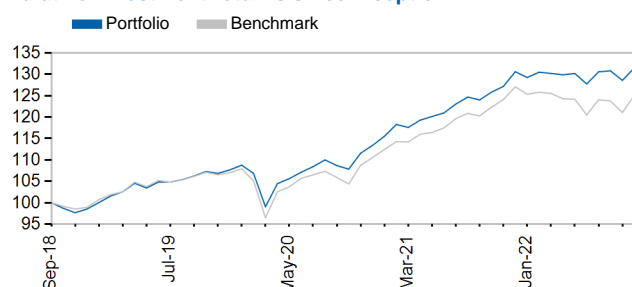
Investment manager allocation and returns

	One Month	One Year	Weighting
Local Equity Managers			
Aluwani Equity	4.90%	0.52%	0.1%
Sentio	5.94%	5.90%	0.3%
Momentum Capped SWIX	5.30%	3.73%	1.2%
Momentum Trending Equity	6.72%	4.85%	1.0%
Truffle	4.54%	9.10%	0.8%
Laurium	4.17%	9.98%	0.8%
Momentum Quality Equity	4.48%	0.64%	0.4%
Momentum Multifactor Equity	5.54%	2.83%	1.2%
Local Property Managers			
Momentum SA Real Growth Property Fund	10.81%	-0.36%	1.6%
Eris	0.48%	7.27%	8.1%
Local Bond Managers			
Momentum Bond Fund	0.94%	2.87%	13.1%
Momentum Flexible Bond	-1.36%	6.27%	4.4%
Aluwani Flexible Bond	0.82%	5.94%	9.8%
Local Cash Managers			
Momentum Active Money Market Fund	0.74%	5.64%	15.1%
Momentum Passive Money Market Fund	0.60%	5.41%	3.7%
Local alternative managers			
Momentum Special Opportunities	0.37%	11.40%	1.0%
Momentum Moderate FoHF	1.89%	6.93%	1.1%
Momentum Aggressive FoHF	2.10%	8.65%	0.8%
Momentum Portable Alpha FoHF	5.91%	9.47%	1.1%
Momentum Private Equity Fund 1	0.17%	25.91%	0.0%
Momentum Private Equity Fund 2	0.50%	26.16%	0.1%
Momentum Private Equity Fund 3	0.69%	27.34%	4.6%
Momentum Alternative Inv (infrastructure 1)	-0.02%	25.25%	0.3%
Momentum Alternative Inv (infrastructure 2)	1.30%	2.43%	0.2%
Momentum Alternative Inv (infrastructure 3)	0.00%	-10.72%	0.2%
Pan African Infrastructure	1.49%		0.1%
Local Flexible managers			
Sentio	2.91%	4.30%	7.6%
Laurium	2.58%	7.18%	5.6%
Global managers			
Blackrock Global Property	5.45%	-9.44%	1.8%
MGIM Fixed income	2.81%	-6.65%	3.3%
MGIM Global Equity	8.68%	-2.76%	9.3%
SSGA USD Liquidity	2.47%	13.60%	1.0%
MGIM Alternative	3.42%	16.66%	0.5%
Total			100%

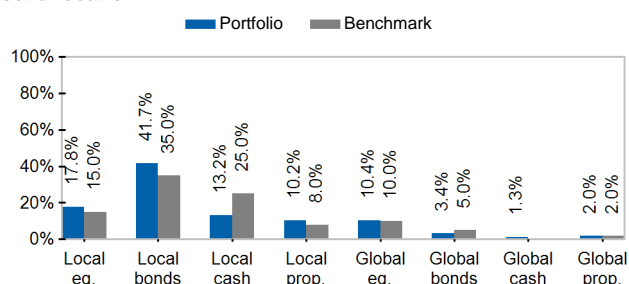
Investment returns

	One Month	Three Months	One Year	Three Years	Since Inception
Portfolio	2.27%	0.69%	4.50%	7.01%	6.93%
Benchmark	3.30%	0.83%	2.24%	5.30%	5.63%

Cumulative investment returns since inception



Asset allocation



Comments

A passive investment strategy is likely a more reliable way to give clients more stable results with lower risk during sudden market changes. Unlike an active strategy, a passive strategy doesn't have a management team making regular investment decisions for the portfolio and it closely follows an existing index (such as a total bond index, or a total stock market index).

Notes

The purpose is to create growth for the portfolio that is similar to the growth of the index portfolio. A smart beta strategy offers the benefits of passive strategies and some of the advantages of active ones. With a smart beta strategy, investment managers try to give clients better growth and lower costs, but, at the same time, they try to limit the portfolio's risk to sudden changes in markets.

The policy is underwritten by Momentum Metropolitan Life Limited, a registered life insurer under the Long-term Insurance Act, an authorised financial services (FSP6406) and registered credit provider (NCRCP173), and rated B-BBEE level 1. This investment portfolio is administered and managed by Momentum Outcome-based Solutions (Pty) Ltd, which is an authorised financial services provider (FSP19840) in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS Act), as may be amended and/or replaced from time to time. Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, except where a portfolio includes underlying investments where fees are deducted from the return, but after the deduction of performance-based fees. 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. The investment manager returns shown in the table are based on the history of Momentum Outcome-based Solutions (Pty) Ltd's investment in that particular investment manager's portfolio, and not necessarily when the investment manager was included in this portfolio. Given that past returns may not be indicative of future returns and the value of investments will fluctuate over time, independent professional advice should always be sought before making an investment decision. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, the company does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary. For investments in collective investment 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.

Sources: Momentum Investments, Morningstar, Iress, www.msci.com, www.yieldbook.com, www.ft.com. Data accessed monthly on the 10th working day.
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