Balanced Portfolio - Quarterly

momentum
Securities

Investment Objective

This is a balanced investment portfolio focused on capital growth over a minimum investment period of five years. It has less risk when compared to a pure equity portfolio in that it offers a certain measure of capital protection. The portfolio follows an actively managed multi-asset investment strategy that incorporates passive investments such as exchange traded funds and index funds exposed to the main asset classes in the local and global markets. The portfolio aims to outperform the average South African balanced portfolio collective investment scheme's return on investment.

Investment Profile

- Investors who have a longer investment term (in excess of 5 years).
- Value-based investors with a high risk tolerance.
- The individual is comfortable with inherent volatility of equities.
- Main objective: Capital growth.

June 2018

Risk profile

MEDIUM

Investment information

Inception date
1 January 2016

Investment manager
Momentum Securities

Stockbroker/custodian
Momentum Securities

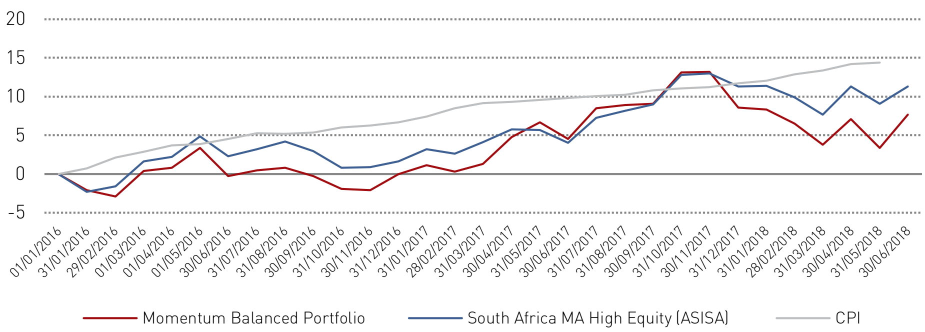
Management fee
Bespoke Max 1.25% (annual)

Minimum lump sum
R 250 000

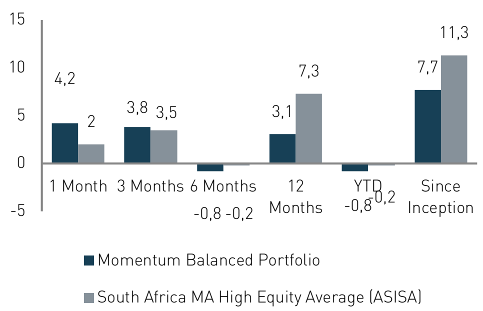
Redemption periods
3 business days

Benchmark
South Africa MA High Equity Average Return

Cumulative Performance



Cumulative Performance



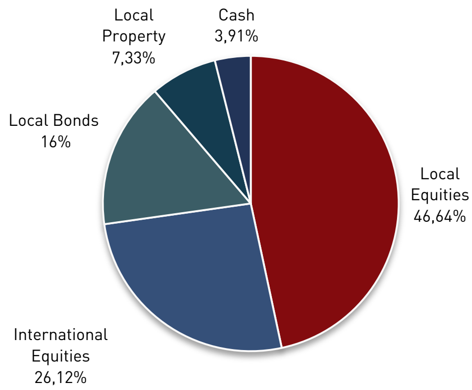
Cumulative Performance

	Portfolio	Benchmark
1 Month	4,2%	2,0%
3 Months	3,8%	3,5%
6 Months	-0,8%	-0,2%
12 Months	3,1%	7,3%
YTD	-0,8%	-0,2%
Since Inception	7,7%	11,3%

Top 5 Holdings

NewFunds Govi (NFGOVI)	16,00%
Naspers (NPN)	9,14%
British American Tobacco (BTI)	6,46%
Sygnia Itrix Eurostoxx50 (SYGEU)	5,79%
Sygnia ITRIX MSCI US (SYGUS)	5,72%
TOTAL	**43,11%**

Sector Allocation



Momentum Securities | 257 Oxford Road, Illovo, Johannesburg, 2196 | PO Box 55386, Northlands, 2116
T +27 11 550 6200 | F +27 11 550 6295 | www.momentum.co.za/securities
Directors: J van Staden (CEO), E Gouws, B Smit, A Kotzee & J Marais
Momentum Securities a subsidiary of MMI Group Limited, an authorised financial services and credit provider.
Reg.No.1974/000041/07 | Momentum Securities is a member of the JSE Ltd (FSP 29547) (NRCP 2518)

Economic overview

The US economy is forecast to expand at a faster pace this year than last, while the global economy should grow at the same steady pace as it did last year. Headwinds are however now appearing, with rising inflation and short-term interest rates, contracting money supply and less buying support from Central Banks for financial markets.

Rising interest rates, a strong US dollar, global political uncertainty (Turkey and Italy) and trade wars have negatively impacted investor sentiment this year. These factors, in the first half of 2018, have made conditions difficult for Emerging Markets, which have lost about 8% (in USD). Over the next 24 months, global interest rates are forecast to rise and together with tightening money supply, will continue to impact the global economy and investor confidence negatively. Going forward these factors are likely to be headwinds to global financial markets' performance.

In South Africa the positive sentiment following the outcome from the December ANC elective conference has started to wain as there has been little follow through from economic growth. Recently the Rand has weakened and financial markets have been volatile, in line with other Emerging Markets. Going forward SA economic growth is likely to be sluggish and only start to improve next year. Equity markets are looking fully valued given where we are in the earnings cycle, and we remain cautious given the lower than average projected returns.

Market Overview

Over the last 12 months, ended 30 June 2018, we saw the following performance in the SA financial markets: the Rand was 5% weaker relative to the US dollar, the Top 40 index's total return was 16.90%, the All Bond index returned 10.19% and cash returned 7.33%.

Over the last year, the best performing major equity sector was the Resources sector up 44.56% (mainly driven by strong performances from Sasol and the large cap diversified miners, Anglo American and BHP Billiton); the Financials sector was up 16.81% and the Industrial sector was up 8.95%.

Portfolio Activity

During the second quarter we introduced Glencore, Discovery and Tigerbrands and the Investec Property Fund while increasing our exposure to Government bonds and the USD Dollar. We removed Aspen, Richemont, Billiton and Fortress B. Our cash exposure decreased over the period as we bought into weakness.

The portfolio increased 3.8% for the quarter with the primary increase of 4.2% for the month of June, the weakening Rand contributed to the performance of Rand hedge stocks. For the past 12 months the portfolio has increased 3.1% with the Asisa South African MA High Equity median manager up 7.3%.