



Core Equity Portfolio - Quarterly

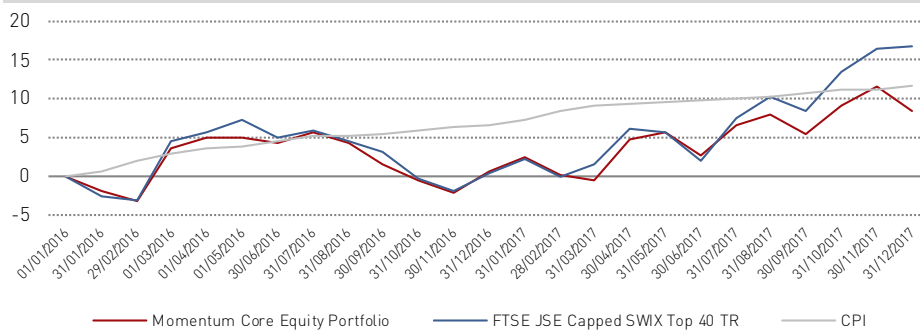
Investment Objective

This is a high conviction portfolio focused on maximising risk adjusted returns to the investors over the medium to long-term by investing in JSE listed shares. The returns of this portfolio are based on the ability of the JSE All Share index to deliver returns in excess of inflation and the ability of the portfolio manager to identify undervalued securities within this asset class.

Investment Profile

- Investors who have a longer investment term and want the highest possible risk adjusted return on their invested capital.
- Value-based investors with high risk tolerance.
- Investors who understand that there are investment cycles that cause share prices to fluctuate.

Cumulative Performance



December 2017

Risk profile



Investment information

Inception date

1 January 2016

Investment manager

Momentum Securities

Stockbroker/custodian

Momentum Securities

Management fee

Max 1.25% (annual)

Minimum lump sum

R 250 000

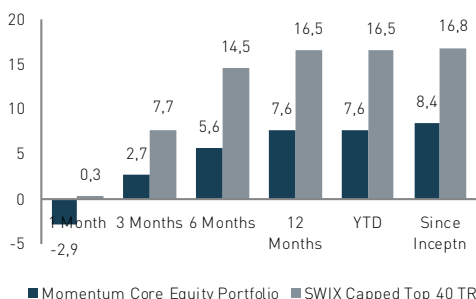
Redemption periods

3 business days

Benchmark

Capped SWIX Top 40 TR Index
Target CPI Plus 4%

Annualised Performance



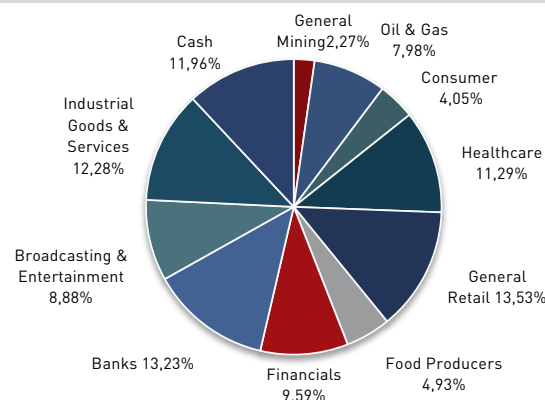
Annualised Performance

	Portfolio	Benchmark
1 Month	-2,9%	0,3%
3 Months	2,7%	7,7%
6 Months	5,6%	14,5%
12 Months	7,6%	16,5%
YTD	7,6%	16,5%
Since Inception	8,4%	16,8%

Top 5 Holdings

Reinet (RNI)	9,59%
Naspers (NPN)	8,88%
Sasol (SOL)	7,98%
Barclays (BGA)	6,78%
Woolworths (WHL)	6,56%
TOTAL	39,79%

Sector Allocation



Disclaimer: Shares are generally medium- to long-term investments. The value of shares may go down as well as up and past performance is not necessarily a guide to the future.

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Economic overview

Over the next year the global economy is forecast to continue to expand, with global economic growth being underpinned by earlier quantitative easing, the recent US tax stimulus and steady growth in the Eurozone area. In the short-term these factors have supported investor sentiment and global equity markets.

A tighter US labour market will see inflation rise in the US and will result in the US Fed raising interest rates more aggressively this year. Economic growth in China is slowing and is likely to have an impact on the demand for commodities and commodity prices. In the second half of the year, rising US interest rates and weaker commodity prices are likely to put a cap on Emerging Market (EM) economic growth.

In South Africa (SA), the extent of the anticipated growth recovery in 2018 and the outlook for sovereign ratings will depend on whether the newly elected leadership will adopt and enact policies to enhance the country's creditworthiness or if an economic stalemate will be reached between the two political camps vying for power within the divided ruling party. Should the former prevail, there could be a significantly positive effect on the locally driven part of the SA equity market. Such a positive political outcome would also be beneficial to the SA bond market, particularly if the global hunt for more attractive returns continues to support EM debt.

Market Overview

The combination of a synchronised global recovery, the approval of a tax stimulus package for the United States (US) economy and the continuation of the gradual normalisation of US monetary policy supported strong outperformance of global equities over global bonds in the quarter. Within global equities, emerging market (EM) equity returns outpaced those of developed markets (DM), due to their higher beta to synchronised global growth, a slightly weaker US dollar and somewhat higher commodity prices.

Over the 12 months, ended 31 December 2017, we saw the following performance in the SA financial markets: the rand was 9.80% stronger than the US dollar, the All Share index's total return was 20.95%, the All Bond index returned 10.22% and cash returned 7.52%.

Over the last year, the best performing major equity sector was the Industrial sector up 25.57% (driven largely by Naspers); the Resource sector was up 16.79% and the Financial sector was up 24.41% (mainly driven by a strong rebound over the 4th quarter related to a positive outcome at the ANC elective conference). The SA listed property sector was up 17.17% for the year.

Portfolio Activity

During the fourth quarter we added to our Sasol, Reinet and Aspen exposure and introduced Anheuser Busch and Pioneer Food Group. We reduced our Remgro, Foschini and Barclays exposure while removing RMH.

The portfolio increased 2.7% for the quarter but was down by 2.9% for the month due to our Steinhoff exposure and the strengthening Rand which weighed on rand hedge stocks. For the year the portfolio was up 7.6% which saw the since inception performance increase to 8.4%.