



# Focused Core Equity Portfolio - Quarterly

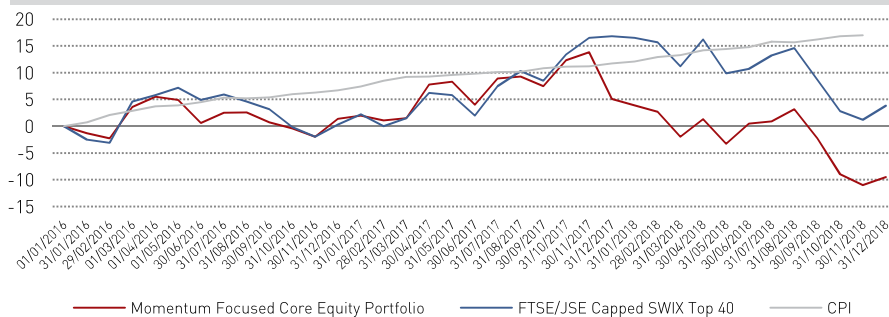
## Investment Objective

This is a sub-set of the core equity portfolio aimed at smaller value accounts. Therefore, 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. The portfolio offers the same capital growth as the Core Equity Portfolio, with a narrower selection of instruments.

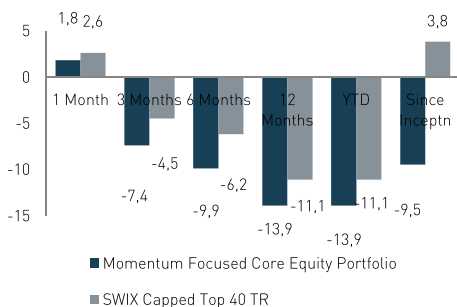
## Investment Profile

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

### Cumulative Performance



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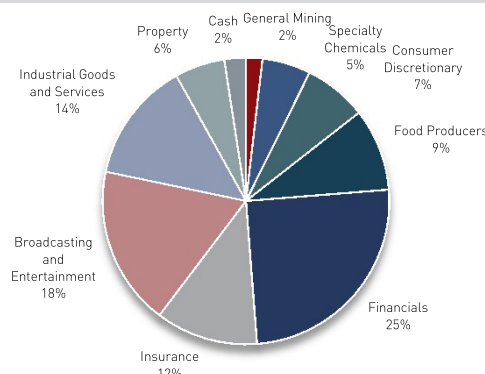
### Cumulative Performance

	Portfolio	Benchmark
1 Month	1,8%	2,6%
3 Months	-7,4%	-4,5%
6 Months	-9,9%	-6,2%
12 Months	-13,9%	-11,1%
YTD	-13,9%	-11,1%
Since Inception	-9,5%	3,8%

### Top 5 Holdings

Naspers (NPN)	17,95%
Reinet (RNI)	12,90%
Barclays (ABG)	8,53%
Anheuser Busch (ANH)	7,12%
Discovery (DSY)	5,95%
TOTAL	52,45%

### Sector Allocation



## December 2018

### 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%

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

In 2019, the tailwinds of low interest rates and tax cuts will no longer assist the US economy and US company earnings. We are now in the late-cycle growth period in the US economy, and growth is also shifting down a gear in both Europe and China.

Higher US interest rates and slower earnings growth will act as headwinds to the US economy and financial markets.

Political uncertainty in Europe, the overhang of a trade war between China and the US and the current US government shutdown have negatively impacted global investor sentiment. This has seen a sharp decline in developed markets in the last quarter of 2018. While global equity markets are oversold in the short-term and likely to rebound from their current

oversold condition, slower global growth is likely to remain a headwind to their returns in 2019. Commodity prices are also expected to come under some pressure as global growth slows.

In South Africa, in 2018, we saw a weaker rand, higher interest rates and heightened political uncertainty which translated into weak investor sentiment and a weaker SA equity market. In 2019 SA economic growth is forecast to improve, and with the completion of the election in the first half of the year, should see an improvement in political sentiment. These factors, together with improved SA equity valuations should see domestic SA stocks' performance improve in 2019.

## Market Overview

Over the last 12 months, ended 31 December 2018, we saw the following performance in the SA financial markets: the rand was 16% weaker relative to the US dollar, the Top 40 index's total return was -8.31%, the All Bond index returned 7.74% and cash returned 7.29%.

Over the last year, the best performing major equity sector

was the Resources sector up 17.77%; the Financials sector was down 4.09% and the Industrial sector was down 17.87%.

The SA equity market is starting to look attractive on a valuation basis.

## Portfolio Activity

During the fourth quarter we sold out of our Woolies position and introduced Old Mutual in to the portfolio. The portfolio decreased by 7.4% for the quarter with the last month of the quarter posting a 1.8% gain. Losses were attributable to our positions in Sasol, Anheuser and Reinet.

KAP, Tigerbrands and Barclays held up well over the quarter. For the past 12 months the portfolio has decreased 13.9% with the JSE Swix Capped Top 40 Total Return Index down 11.1%.