

# Balanced Portfolio - Quarterly

**momentum**  
Securities



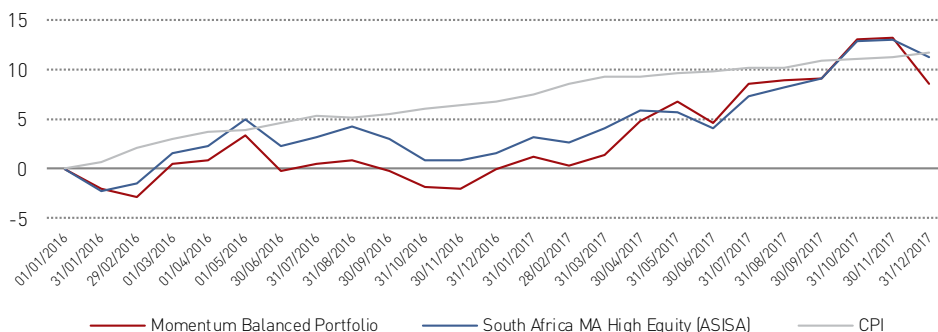
## Investment Objective

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.

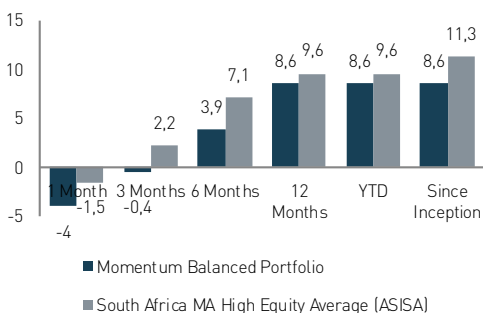
## Investment Profile

- 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.

## Cumulative Performance



## Annualised Performance



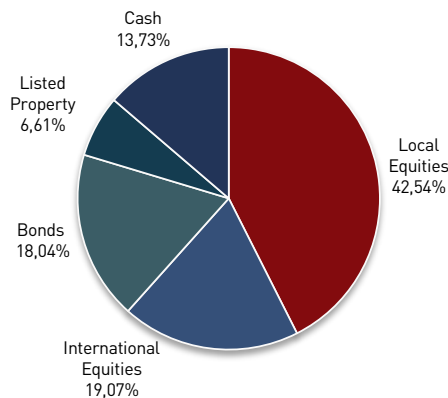
## Annualised Performance

	Portfolio	Benchmark
1 Month	-4,0%	-1,5%
3 Months	-0,4%	2,2%
6 Months	3,9%	7,1%
12 Months	8,6%	9,6%
YTD	8,6%	9,6%
Since Inception	8,6%	11,3%

## Top 5 Holdings

NewFunds Govi (NFGOVI)	18,04%
Sygnia ITRIX RF/ETF (SYGUS)	7,55%
Naspers (NPN)	6,11%
Barclays (BGA)	5,21%
Sygnia Itrix Eurostoxx50 (SYGEU)	5,40%
<b>TOTAL</b>	<b>42,31%</b>

## Sector Allocation



## December 2017

## Risk profile



## 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

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 British American Tobacco and Government Bond exposure, we introduced Anheuser Busch, Billiton, Standard Bank, Aspen and Pioneer. We reduced our Naspers, Remgro, Sasol and our Barclays exposure while removing Firststrand and Vodacom from our portfolio.

The portfolio decreased 0.4% for the quarter and was down 4.0% for the month due to the strengthening Rand which weighed on our international exposure. For the year the portfolio was up 8.6% which saw the since inception performance maintained at 8.6%.