



Balanced Portfolio - Quarterly

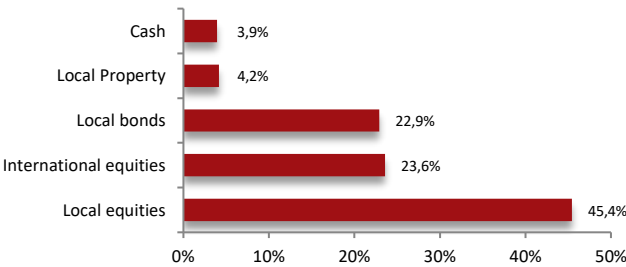
Investment Objective

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 diversification into multiple asset classes. The portfolio follows an actively managed multi-asset investment strategy that may incorporate 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 median managed South African MA high equity 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.

Sector Allocation



Top 10 Holdings

| | | | |
|--------------------------------|--------|-------------------------------|-------|
| NewFunds Govi (NFGOVI) | 22,91% | Naspers (NPN) | 5,11% |
| Sygnia Itrix UK (SYGUK) | 9,21% | Spar (SPP) | 4,96% |
| Satrix MSCI World ETF (STXWDM) | 7,44% | Royal Bafokeng Platinum (RBP) | 3,64% |
| Sygnia Itrix MSCI US (SYGUS) | 6,93% | MTN (MTN) | 3,37% |
| Northam Platinum (NHM) | 5,50% | Goldfields (GFI) | 3,03% |

Performance

| | 3 Months | 6 Months | 12 Months | YTD | 2 Year | 3 Year | 4 Year | 5 Year | Since Inception |
|--------------------|----------|----------|-----------|-------|--------|--------|--------|--------|-----------------|
| Balanced portfolio | 0,4% | 1,7% | 9,4% | 5,9% | 5,5% | 4,0% | 2,7% | 4,0% | 3,4% |
| Benchmark | 2,1% | 4,2% | 14,9% | 10,0% | 8,7% | 6,9% | 6,1% | 6,1% | 5,7% |

Returns for periods longer than 12 months have been annualised.

September 2021

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 Medium Equity Average (ASISA)
Target CPI plus 4%

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Economic Overview

Although the recent pick-up in inflation has been seen, by many, as transitory the US Fed has turned more hawkish and has started indicating that they will reduce Quantitative Easing (QE). Low interest rates and liquidity (QE) has supported US financial markets. The US recovery has progressed as the economy unlocked and we have now seen US consumer demand pick up, product shortages and inflation increase.

As QE is reduced there will be less support for financial markets, and this together with high US equity valuations will be a headwind to US equity returns. We now expect one year US equity returns to be below average. We have also seen a slowdown in Chinese manufacturing which has weighed on industrial metal

prices. This will impact commodity producing economies growth.

The SA economy is likely to lag the global recovery due to a slower vaccine rollout and unlocking of the economy, however, the pace of economic growth in SA is expected to improve in Q4 2021. In the short-term slower growth in China will impact the prices received for SA commodity exports, we however, remain positive on Platinum Group Metals given the projected future deficits. Overall we remain positive on SA equity on a valuation basis.

Market Overview

The third quarter of 2021 saw global risk asset prices peaking and retreating sharply over the month of September. Inflation concerns which have been driven by supply chain bottlenecks coupled with wage and energy price increases, have caused concern around the implications for Central Bank stimulus and interest rates. The unfolding collapse of the largest property development company in China, Evergrande, has brought to the fore concerns around potential contagion effects in the Chinese and global financial system.

During the third quarter global equity markets retreated a modest -1% in USD, emerging market equities retreated -8% in USD and SA Equity -0.80% in ZAR. In the SA equity market, we saw small-cap and mid-cap equities rallying 11.7% and 7.2% respectively, outperforming large caps by a significant margin. The resources

sector in SA came under pressure over the quarter, retreating -3.6% having been impacted by the collapse of iron ore prices by over 50% during the quarter. The industrial sector also came under pressure as Naspers and Prosus retreated on the back of negative investor sentiment caused by a raft of regulation introduced in China which impacted the valuations of Tencent. Health care and telcos were the best performing sub-sectors over the quarter while precious metals and basic materials were the laggards.

SA Bonds returned a modest 0.40%, underperforming SA cash by 0.60%. The rand depreciated by -5.1% to the US dollar over the past quarter.

Portfolio Activity

During the third quarter we bought AECL, Nedbank, Northam Platinum and MTN. We sold out of AngloGold Ashanti, Impala Platinum, FirstRand and AVI. The portfolio increased by 0,4% for the quarter with the last month of the quarter down 2,4%.

Positive contributions were attributable mainly to MTN, Satrix World ETF, Sygnia Itrix US and Spar. Losses were attributable to Royal Bafokeng Platinum, Naspers, Northam Platinum and Prosus. For the past 12 months the portfolio has increased 9,4% with the benchmark, the ASISA SA Medium equity, up 14,9%.